



Investor Presentation

January 2016

Disclaimer

FORWARD-LOOKING INFORMATION

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Forward-looking information contained in this presentation includes, among other things, the 2016 Budgeted Capital Expenditures, market trends, utilization and customer demand, and statements relating to future dividends. Completing those anticipated expenditures and the payment of future dividends assumes that Western's cash flow will be sufficient and is subject to known and unknown risks, uncertainties and other factors that could influence Western's actual results and cause actual results to differ materially from those stated, anticipated or implied in the forward-looking information. As such, readers are cautioned not to place undue reliance on the forward-looking information, as no assurance can be provided as to future results, levels of activity or achievements. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in more detail in Western's Annual Information Form and other documents available at www.sedar.com. and include risks associated with the oil and gas industry and demand for drilling rigs and oil and gas services.

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Company Snapshot



Contract Drilling

- Fleet of 57 drilling rigs
 - 52 based in Canada
 - 5 based in the United States



Well Servicing

- Fleet of 66 Canadian based service rigs



Oilfield Equipment Rental

- 3 rental locations servicing the most active areas of the WCSB
 - Fort St. John
 - Grande Prairie
 - Red Deer

Western Energy Services (WRG)

Share Price ¹	\$3.68
52-week high/low	\$7.90 / \$2.86
Shares outstanding ²	80 million
Market capitalization	\$296 million
Enterprise value	\$504 million

Balance Sheet Metrics

Book value per share ³	\$6.54
Price / book	56%

1) As of January 4, 2016

2) Fully diluted

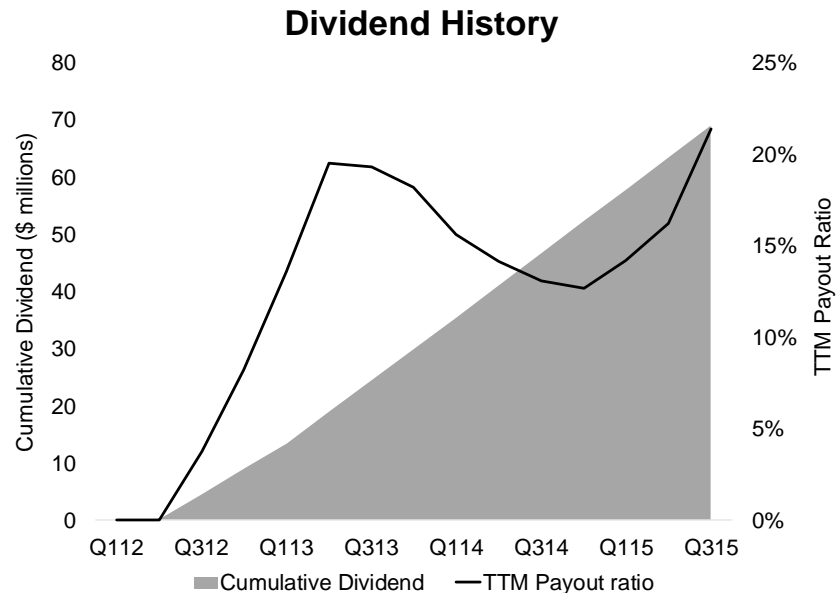
3) Book value per share equals tangible book value per share

Returning Cash to Shareholders

- Quarterly dividend of \$0.05/share
 - Annualized yield of 5.4% (as of January 4, 2016)
 - Over \$68 million in dividends paid since dividend was implemented in Q3 2012

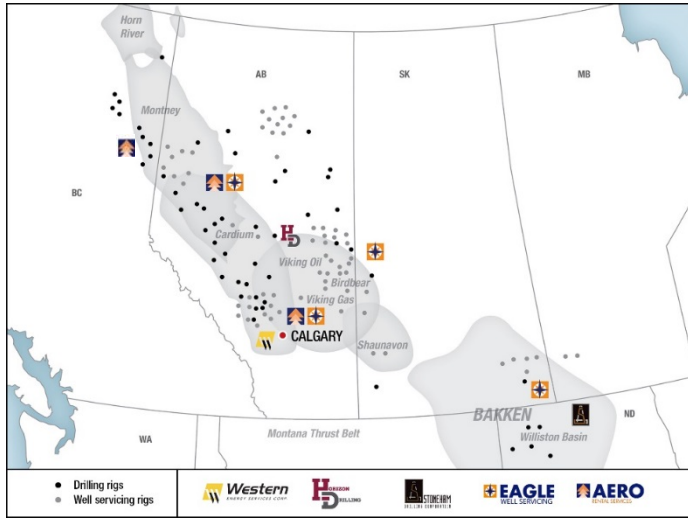
- Ongoing share repurchase plan

- Purchase of up to 4.55 million shares approved under the current NCIB
- More than \$6.8 million (1.3 million shares) repurchased pursuant to the previous NCIB
- Shares outstanding at lowest level since Q4 2013



Note: TTM Payout = TTM dividend / TTM Cash generated from operating activities

Business Highlights



123 total rigs
3 rental locations



**Seven pad
drilling rigs
in fleet**



**Modern,
highly
capable
drilling rig
fleet**



**High quality
fleet with
average age
of 6 years**



**Eight
slant
service
rigs**



**Rental assets
managed and
serviced by
pressure
control
specialists**

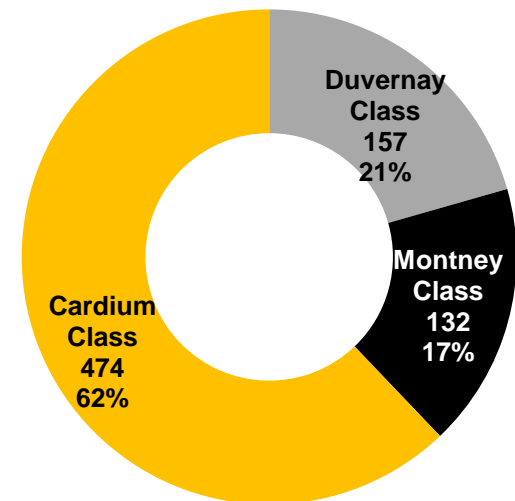


**Innovative
product
solutions**

Canadian Drilling Rig Market Trends

- Unconventional drilling and completion techniques, including pad drilling, continue to drive utilization
- Customers continue to focus on drilling efficiencies, capacity and rig features
- Demand for higher capacity drilling rigs
- Drilling rig market in Canada consists of three classes:
 - **Cardium class** rigs¹
 - **Montney class** rigs²
 - **Duvernay class** rigs³
- Market for Cardium class rigs is most competitive

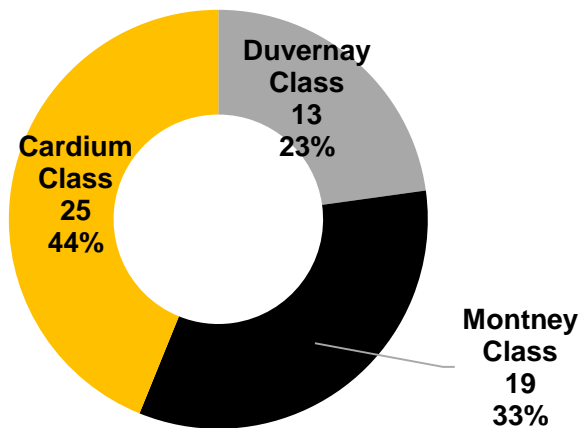
Canadian Industry Drilling Rigs by Class – Industry 763



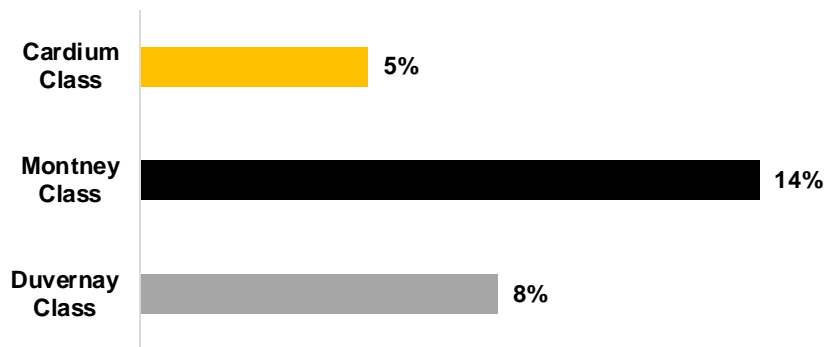
Source: Public Disclosure, CAODC and IHS Reports as of October 2015

Montney and Duvernay Class Focused Fleet Tailored to Customer Needs

Western's Rig Fleet by Class

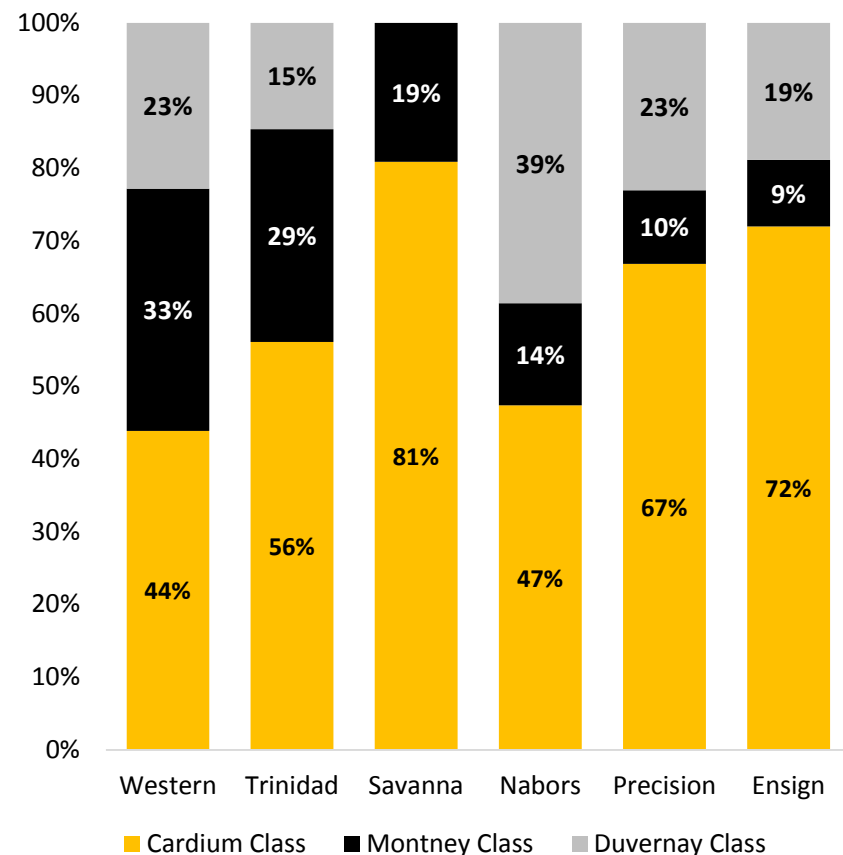


Western's % of Industry



Source: Public Disclosure, CAODC and IHS Reports as of October 2015
 Note: The industry drilling rig count was 763 as of October 2015

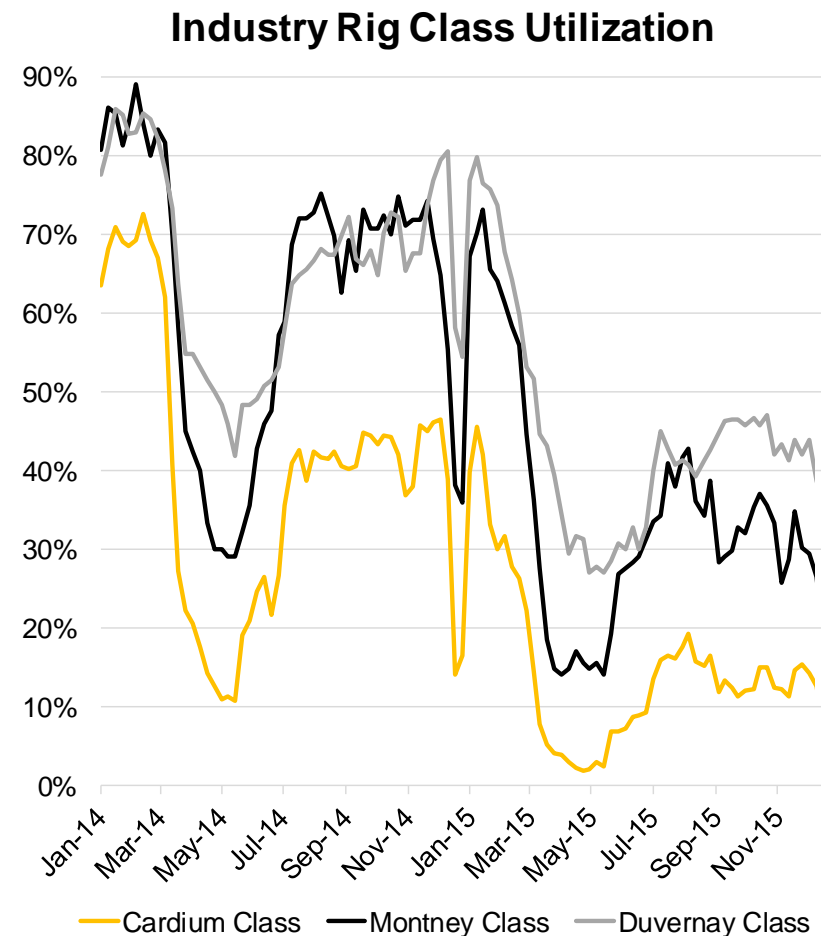
Industry Rig Fleet by Classification



Source: Public Disclosure as of October 2015 (based on companies of Western's size or greater)

Superior Utilization for Montney and Duvernay Class Rigs

- Montney class and Duvernay class rigs are the most sought after in Canada
 - These rig classes continue to generate above industry average utilization
 - ~1,400 bps Montney premium¹
 - ~2,100 bps Duvernay premium¹
 - Western has the highest percentage of Montney and Duvernay class rigs
- The average age of Western's fleet is 7 years
 - Average age of Western's Montney and Duvernay class rigs is 5 years



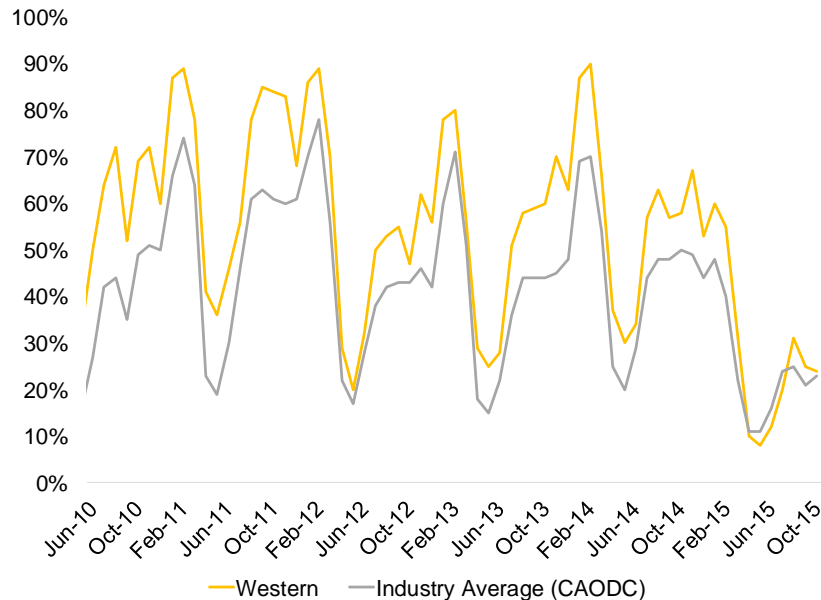
1) Average premium since January 1, 2014

Source: Nickle's, IHS Reports and industry research

Premium Drilling and Well Servicing Utilization

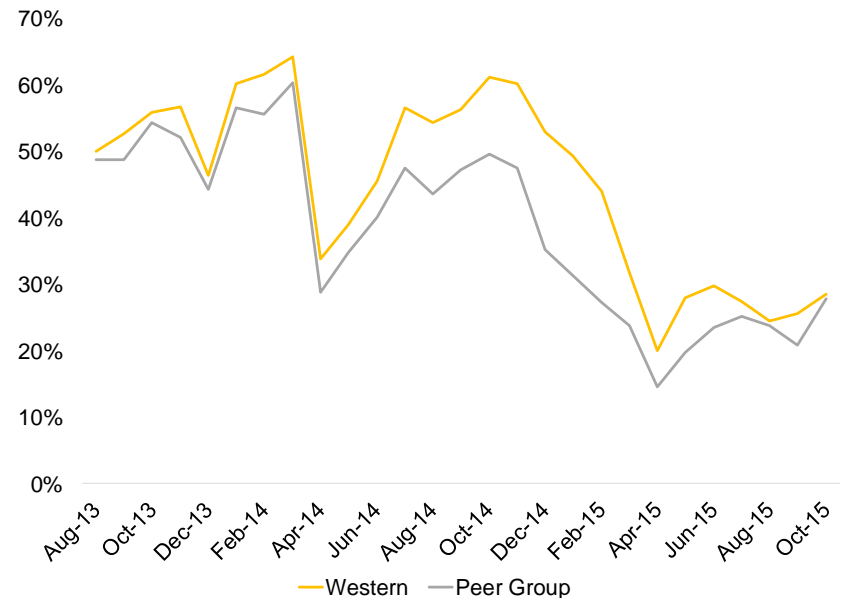
- Western's drilling and well servicing rig fleets have traditionally realized above average utilization, while balancing utilization and pricing considerations

Canadian Drilling Rig Utilization Rates



Source: CAODC estimates

Canadian Service Rig Utilization Rates



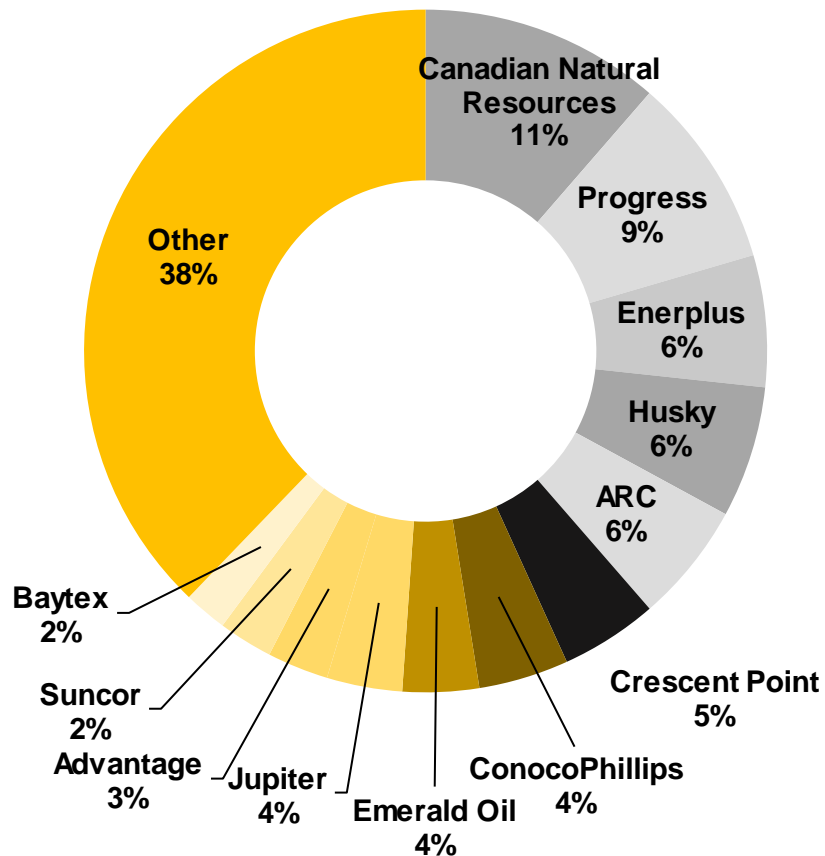
Source: CAODC estimates

Peer group includes CWC Well Services, Ensign Energy Services, Essential Energy Services, Precision Drilling and Savanna Energy Services

Monthly utilization = Operating hours / (Available rigs * 304)

Western's Customer Base

Consolidated YTD Revenues - 2015



- Western has a diversified revenue stream comprised of over 250 customers
 - Clients include a wide-array of public, private and multinational companies

Note: Consolidated YTD revenues through November 2015

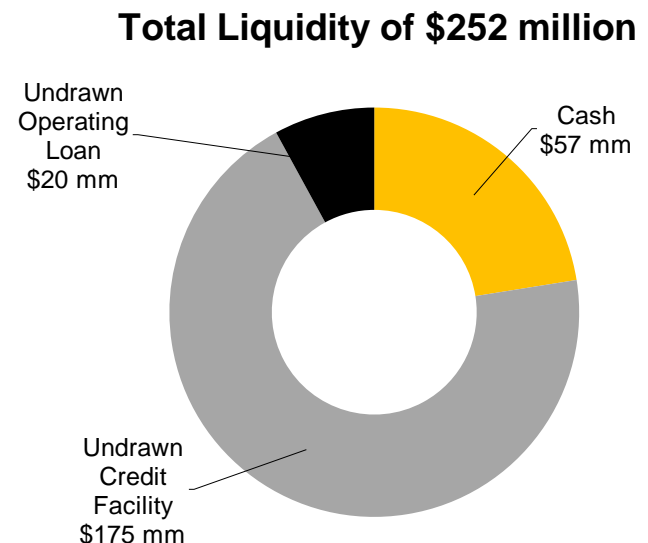
Operating Highlights

Operating Highlights	Third Quarter			Year to Date Sept 30		
	2015	2014	% Δ	2015	2014	% Δ
Contract Drilling						
<i>Canadian Operations</i>						
Rig fleet (end of period)	52	49	6%	52	49	6%
Operating Revenue per Revenue Day (CDN\$)	21,135	24,887	(15%)	23,815	25,852	(8%)
Drilling rig utilization - Revenue Day	28%	66%	(58%)	31%	64%	(52%)
Drilling rig utilization - Operating Day	26%	60%	(57%)	28%	58%	(52%)
CAODC industry average utilization	24%	46%	(48%)	24%	44%	(45%)
<i>United States Operations</i>						
Rig fleet (end of period)	5	5	-	5	5	-
Operating Revenue per Revenue Day (US\$)	30,260	26,239	15%	29,140 ⁽¹⁾	25,385	15%
Drilling rig utilization - Revenue Day	20%	100%	(80%)	37%	94%	(61%)
Drilling rig utilization - Operating Day	19%	89%	(79%)	32%	82%	(61%)
Well Servicing						
Rig fleet (end of period)	66	65	2%	66	65	2%
Service rig Operating Revenue per Service Hour (CDN\$)	712	804	(11%)	799	810	(1%)
Service rig utilization	26%	55%	(53%)	31%	53%	(42%)

(1) Excludes US\$4.5 million of shortfall commitment and standby revenue from take or pay contracts

Conservative Financial Position

- Cash balance
 - \$72 million of working capital (as at September 30, 2015)
- Net Debt to trailing 12 month adjusted EBITDA 2.0 to 1 (at September 30, 2015)
 - Onside with all covenants
 - No scheduled long-term debt repayments until January 2019
- Revolving and Operating Facilities currently undrawn
 - Extendible revolving credit facility of \$175 million
 - Operating demand revolving loan of \$20 million
 - \$252 million of total liquidity (at September 30, 2015)



Balance Sheet Overview

Consolidated Balance Sheet ('000s)	Sept 30, 2015	December 31, 2014
Cash and other current assets	\$ 102,201	\$ 158,823
Property and equipment	843,670	827,306
Goodwill and other	1,266	70,989
Total assets	\$ 947,137	\$ 1,057,118
Current liabilities	\$ 30,466	\$ 80,487
Long term debt and other	265,929	265,984
Deferred taxes	124,916	109,444
Total	421,311	455,915
Shareholders' equity	525,826	601,203
Total liabilities and equity	\$ 947,137	\$ 1,057,118

Credit Facility Covenants	Actual Sept 30, 2015	Covenant
Bank Debt (excluding Senior Notes) to EBITDA Ratio	-	2.5 to 1 or less
Debt to Capitalization Ratio	30%	60% or less
EBITDA to Interest Expense Ratio	4.8	2.0 to 1 or more

Credit Ratings

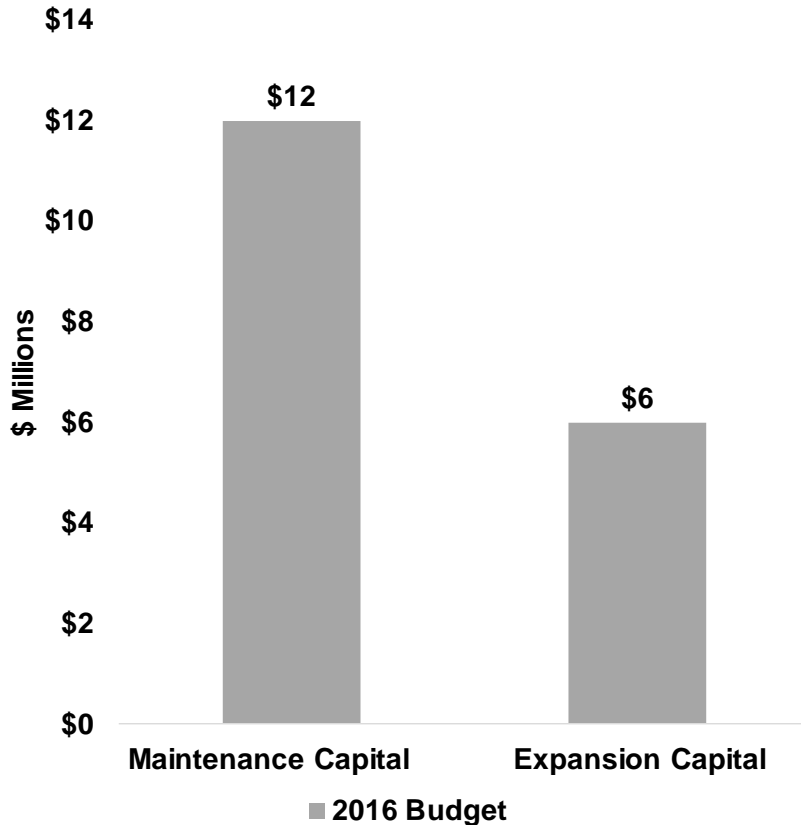
Standard & Poor's	B+
Moody's	B2

Financial Highlights

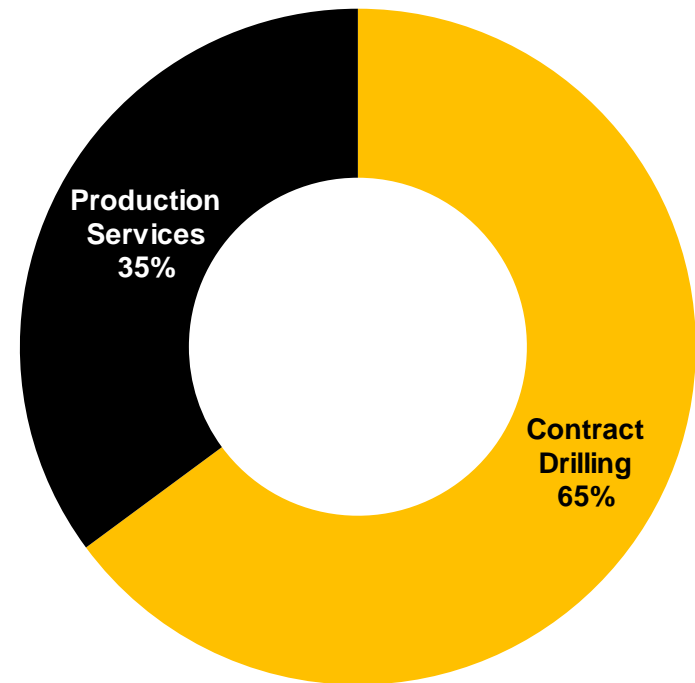
Financial Highlights (000s CDN\$)	Third Quarter			Nine Months Ended Sept 30			Year Ended December 31			
	2015	2014	% Δ	2015	2014	% Δ	2014	2013	2012	2011
Operating Revenue	44,350	117,960	(62%)	176,027	344,939	(49%)	474,120	353,124	282,856	237,428
Gross Margin	14,285	50,570	(72%)	72,579	149,405	(51%)	207,231	147,559	131,063	114,837
<i>As a % of Operating Revenue</i>	32%	43%	(26%)	41%	43%	(5%)	44%	42%	46%	48%
Adjusted EBITDA	8,080	42,782	(81%)	52,972	126,358	(58%)	176,777	117,423	108,931	99,324
<i>As a % of Operating Revenue</i>	18%	36%	(50%)	30%	37%	(19%)	37%	33%	39%	42%
Net Income (Loss)	(76,816)	14,718	(622%)	(74,129)	44,614	(266%)	36,450	35,246	45,178	64,746
per share (basic)	(1.04)	0.20	(620%)	(1.00)	0.60	(267%)	0.49	0.51	0.77	1.25
Dividends per share	0.075	0.075	-	0.225	0.225	-	0.30	0.30	0.15	-
Capital Expenditures	4,752	31,144	(85%)	30,303	77,533	(61%)	108,604	95,234	127,231	88,869

2016 Budgeted Capital Expenditures \$18 Million

Budgeted Capital Spending



Capital Spending By Segment



- Western will continue to manage its operations in a disciplined manner and make any required adjustments to its capital program as customer demand changes

Performance Driven Culture



Well Managed Service Company

- Strategic thinking embedded in every decision



Best-in-class People and Equipment

- From start to finish, every project, every person, is selected to support our performance driven focus



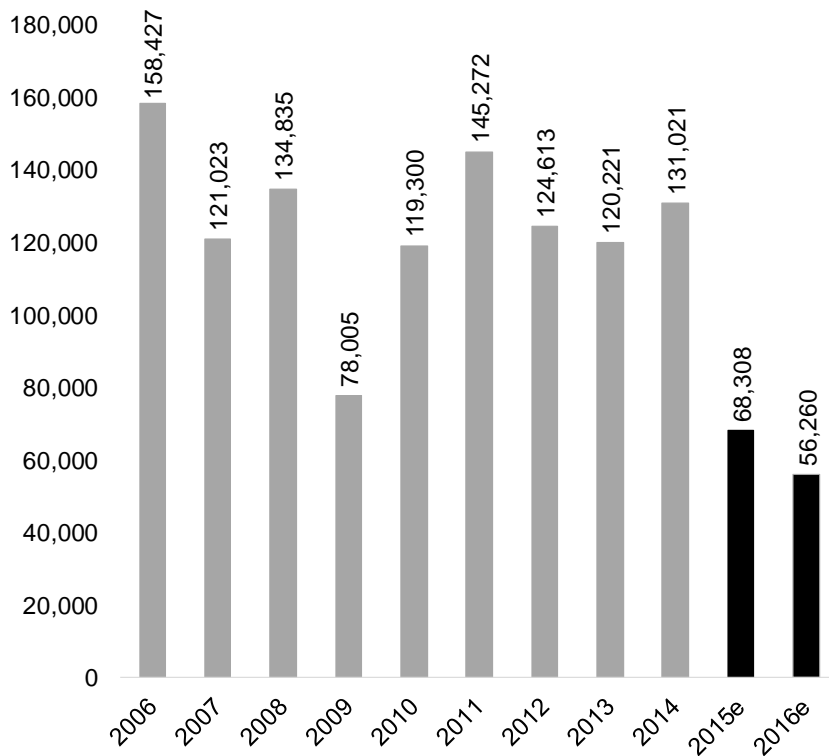
Capacity for Opportunistic Growth

- Strong balance sheet and track record of sustainable growth

Appendix

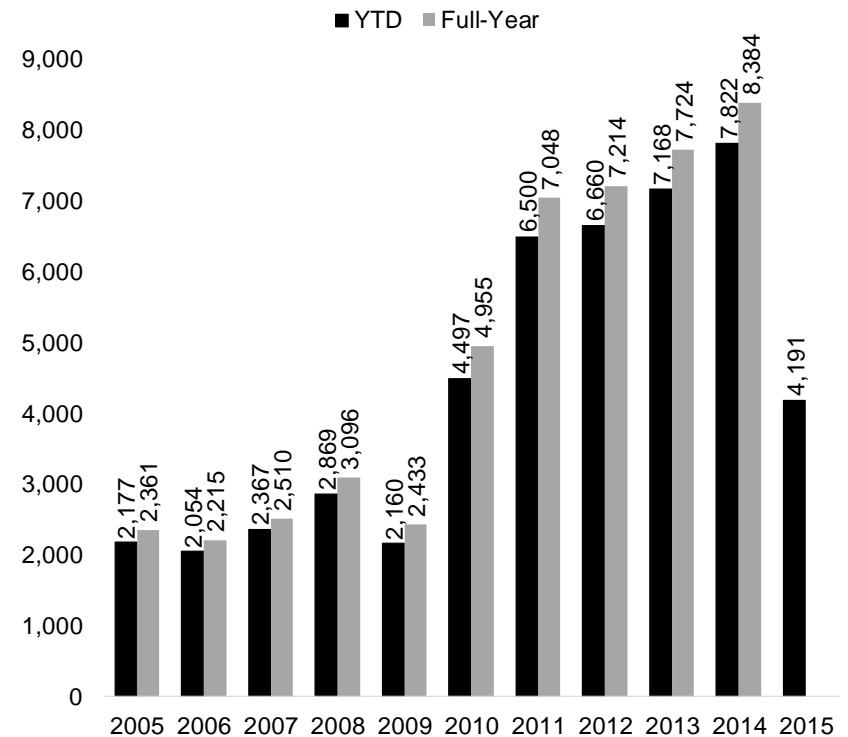
Canadian Drilling Industry Statistics

Operating Days



Source: CAODC, 2015 and 2016 Forecasts as at November 18, 2015

Horizontal Wells Drilled

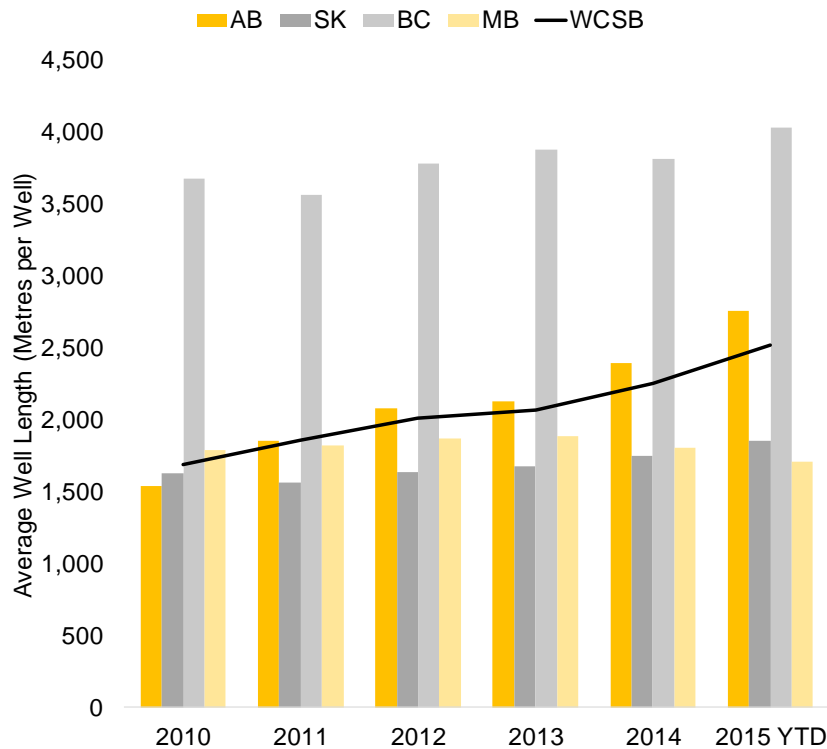


Source: JuneWarren-Nickle's Energy Group

Note: Year-to-date through November 2015

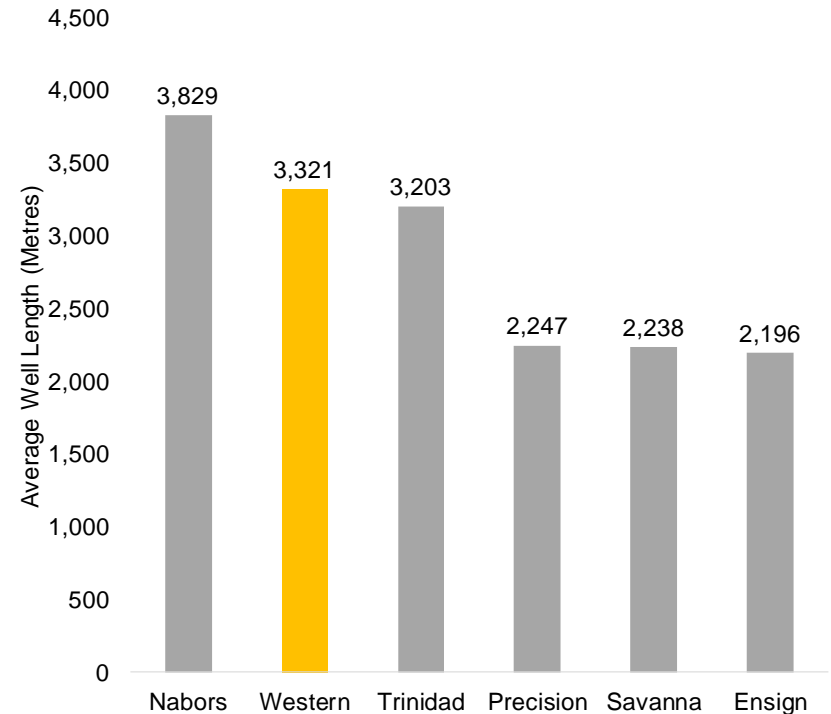
Historical Canadian Well Data

Average Well Length by Province



Source: JuneWarren-Nickle's Energy Group

YTD 2015 Average Well Length

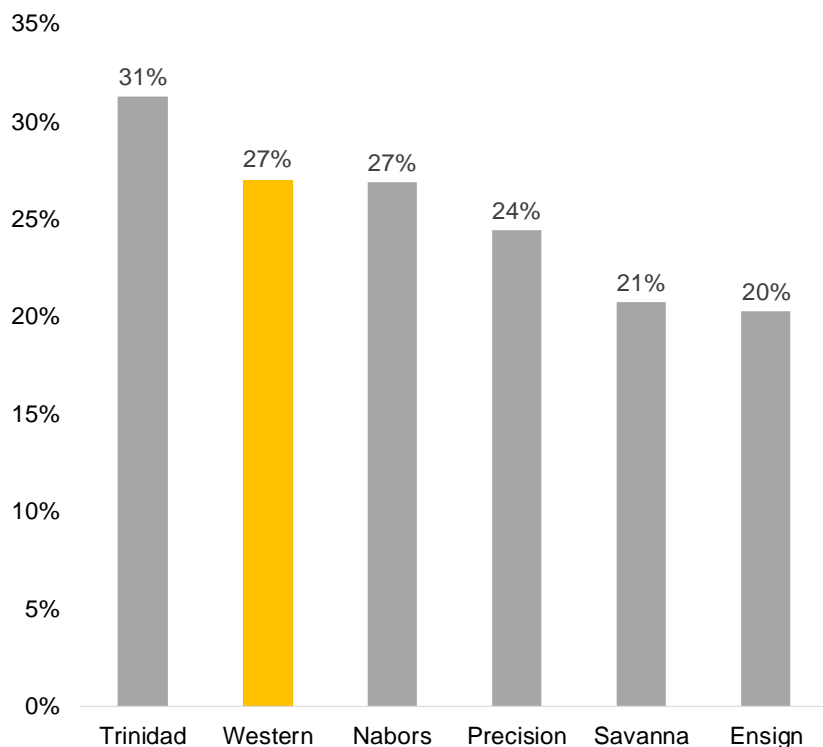


Source: JuneWarren-Nickle's Energy Group

Note: Year-to-date through September 2015

2015 Drilling Stats

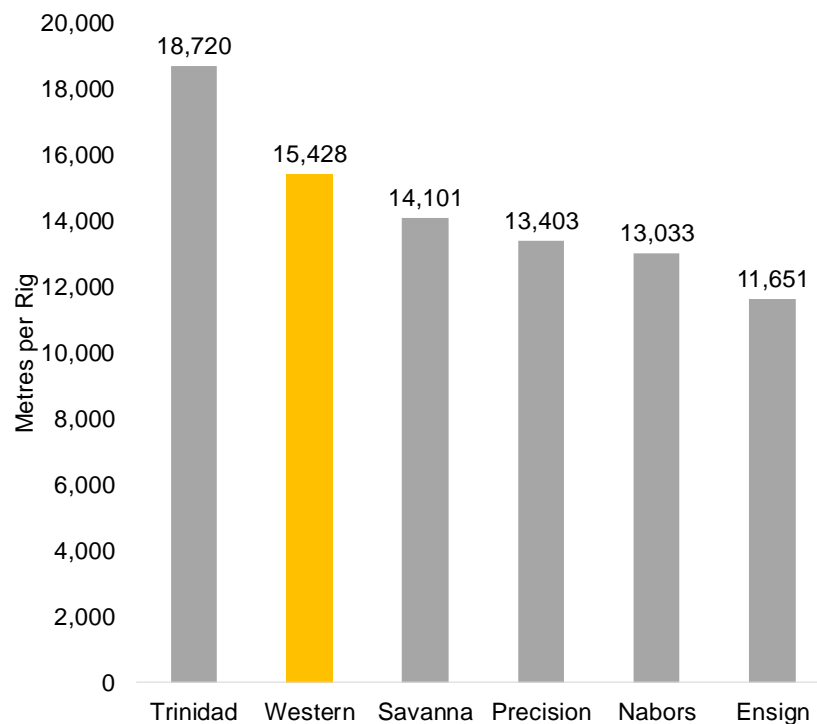
YTD Utilization



Source: CAODC

Note: Year-to-date through November 2015

YTD Metres Drilled per Rig

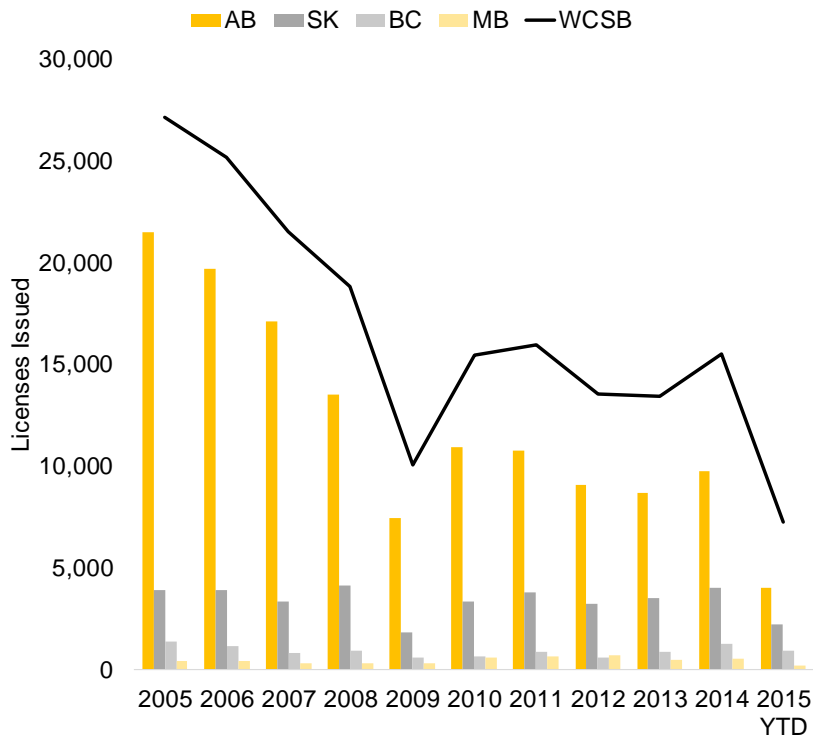


Source: JuneWarren-Nickle's Energy Group

Note: Year-to-date through September 2015

Provincial Well Licenses Issued

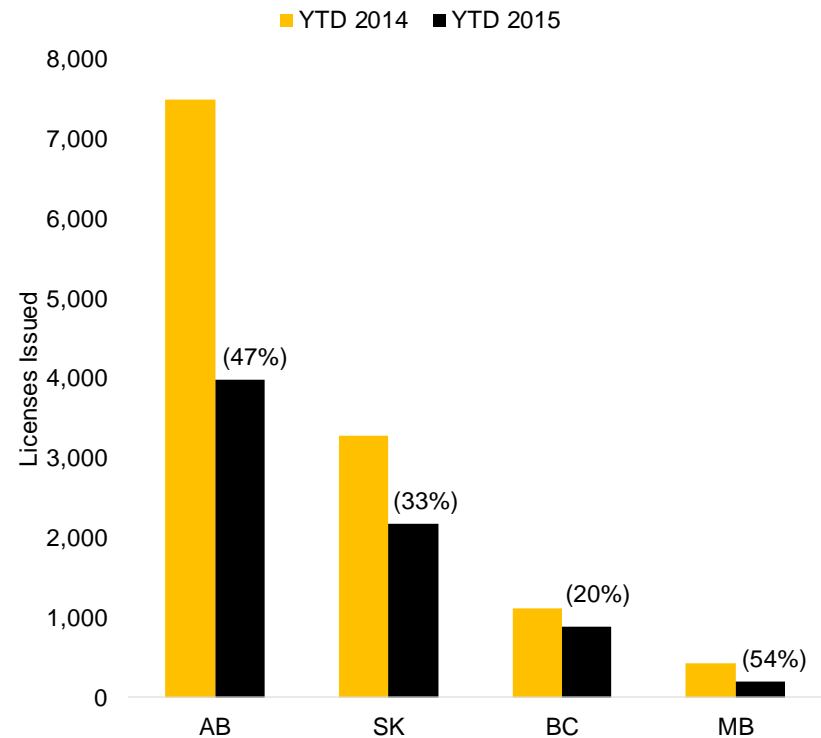
2005 to 2015



Source: JuneWarren-Nickle's Energy Group

Note: Year-to-date through November 2015

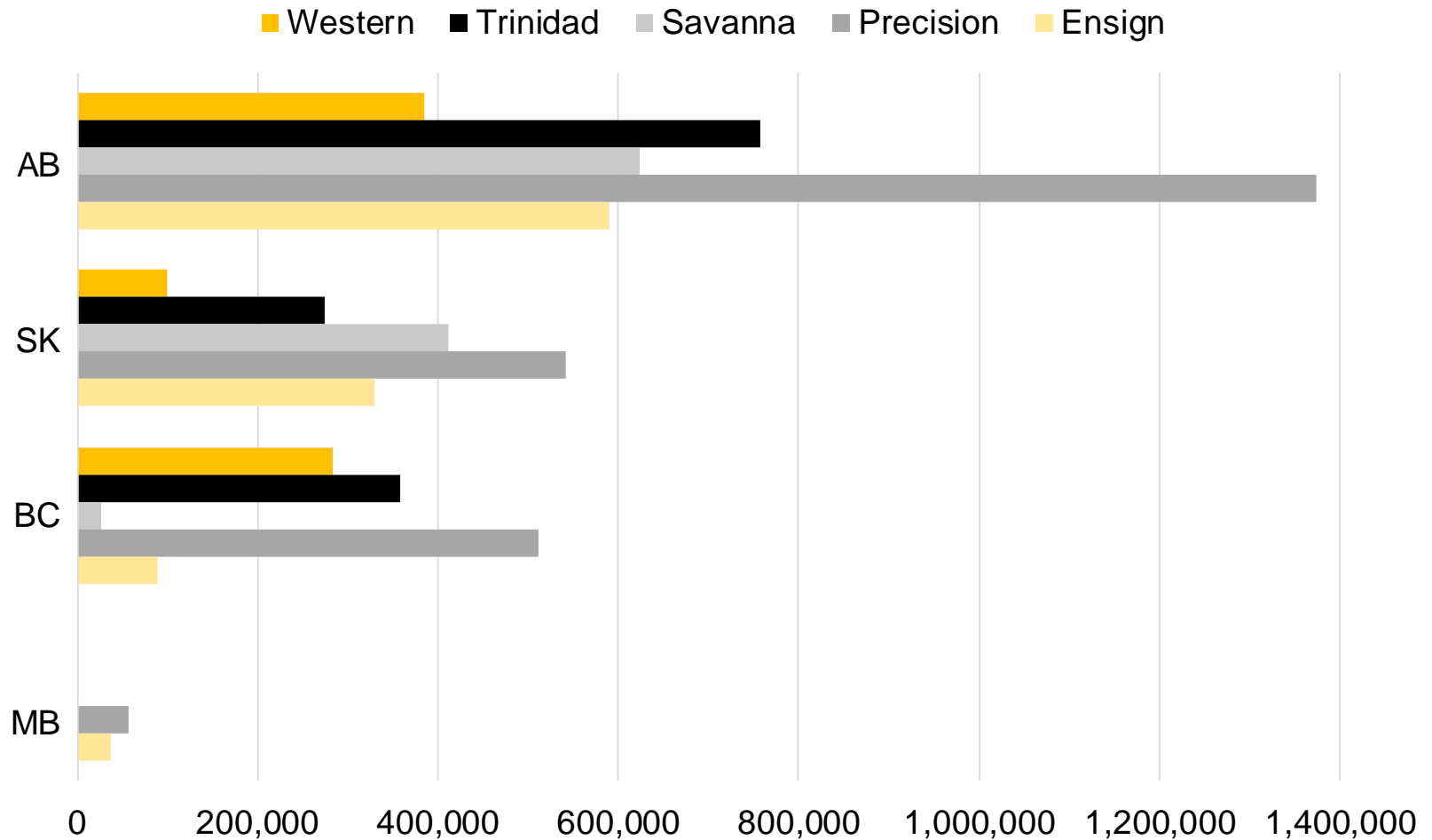
YTD 2015 vs. YTD 2014



Source: JuneWarren-Nickle's Energy Group

Note: Year-to-date through November 2015

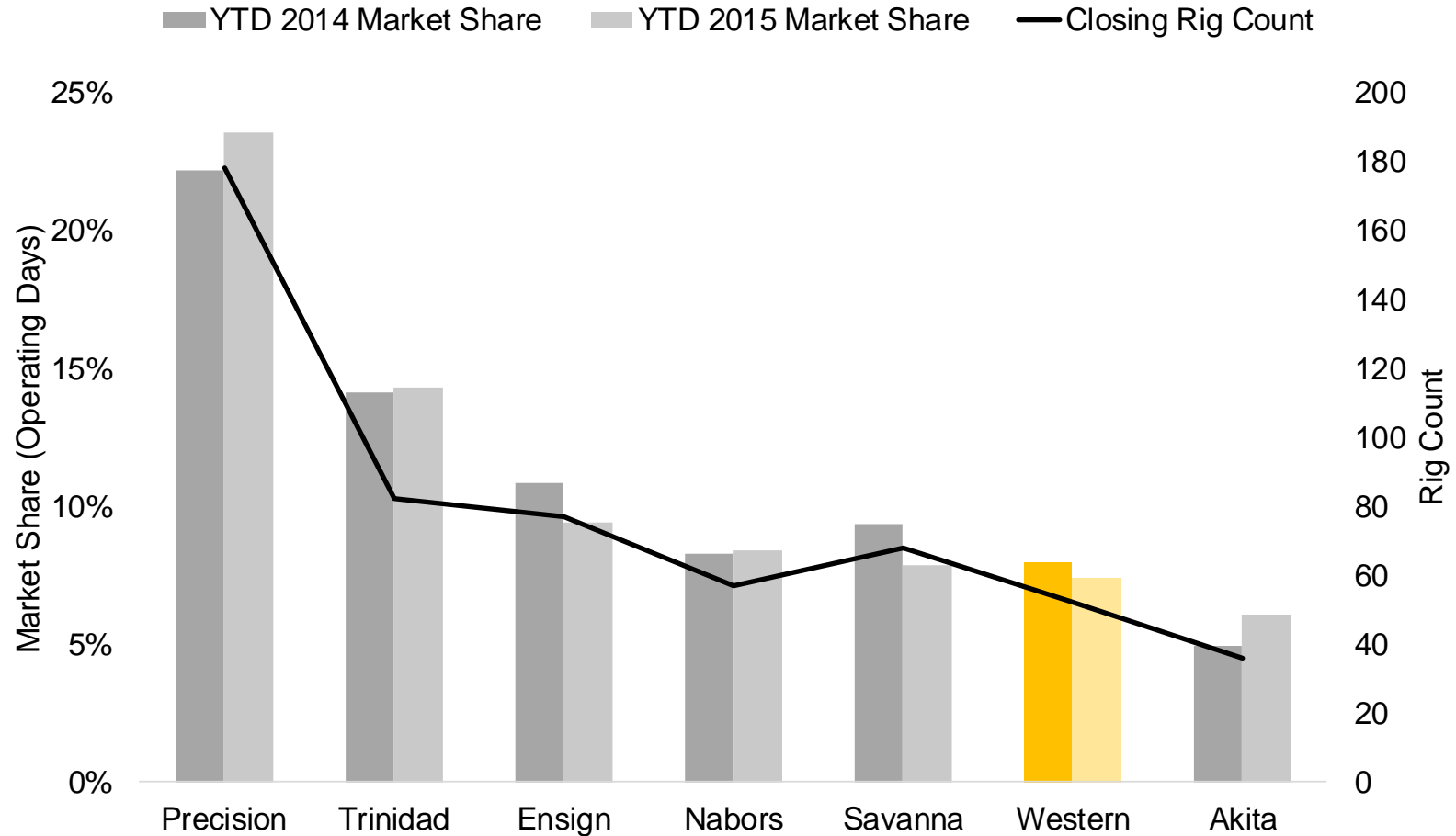
YTD 2015 Metres Drilled by Province



Source: June Warren-Nickle's Energy Group

Note: Year-to-date through September 2015

Drilling Rig Contractors Market Share



Source: CAODC

Note: Year-to-date through November 2015

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