WESTERN ENERGY SERVICES CORP. RELEASES SECOND QUARTER 2014 FINANCIAL AND OPERATING RESULTS, INCREASES 2014 CAPITAL BUDGET AND DECLARES QUARTERLY DIVIDEND

FOR IMMEDIATE RELEASE: July 30, 2014

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) is pleased to release its second quarter 2014 financial and operating results. Additional information relating to the Company, including the Company's financial statements and management's discussion and analysis as at and for the three and six months ended June 30, 2014 and 2013 will be available on SEDAR at www.sedar.com. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Second Quarter 2014 Highlights:

- Operating Revenue totalled $77.4 million, a $29.8 million increase (or 62%) over the same period in the prior year due to higher utilization and improved pricing in the contract drilling and production services segments, coupled with a larger average drilling rig fleet in Canada;
- Utilization per operating day in the Canadian contract drilling segment improved to 34% as compared to 28% in the second quarter of 2013 and the CAODC industry average of 25%. In the United States, contract drilling utilization per operating day improved to 80% as compared to 45% in the same period of the prior year mainly due to fleet upgrades and strong operational performance. With the exception of downtime for the completion of two 1,500 hp AC pad conversions, the United States fleet was fully utilized in the quarter;
- Total well servicing hours in Western's production services segment increased significantly in the second quarter of 2014 to 23,433 hours as compared to 13,718 hours in the second quarter of 2013, a 71% increase, due to increased activity. As a result, well servicing utilization improved to 40% as compared to 30% in the second quarter of 2013;
- EBITDA totalled $24.0 million (31% of Operating Revenue) in the second quarter of 2014 as compared to $9.2 million (19% of Operating Revenue) in the same period of the prior year. The increase in EBITDA is mainly due to the increased activity and improved pricing in both the contract drilling and production services segments coupled with effective cost control;
- During the second quarter of 2014, capital expenditures totalled $27.0 million and include $21.0 million of expansion capital, $3.9 million of maintenance capital and $2.1 million for critical spares. Capital spending mainly relates to Western's drilling rig build program, which totalled $15.8 million in the period incurred on the construction of two drilling rigs, as well as the completion of two 1,500 hp AC pad conversions in the United States, which were both commissioned during the second quarter of 2014;
- Additionally, Western is pleased to announce a $66 million increase to its 2014 capital budget, which includes the construction of two 5,000m telescopic ELR double drilling rigs, a 6,000m ELR AC triple pad drilling rig, a slant service rig, and additional ancillary drilling equipment. With this announcement, Western's 2014 capital budget is expected to total $170 million. Including these newly announced rig builds, Western now has three telescopic ELR double drilling rigs, two ELR AC triple pad drilling rigs, and one slant service rig under construction.

Year to Date Highlights:

- Operating Revenue totalled $227.0 million, an $89.3 million increase (or 65%) over the same period in the prior year due to the increased contribution from the production services segment following the acquisition of IROC Energy Services Corp. ("IROC") in April 2013, as well as increased utilization and improved pricing in both the contract drilling and production services segments, coupled with a larger average drilling rig fleet in Canada;
- On a year to date basis, contract drilling utilization per operating day in Canada averaged 57%, as compared to the CAODC industry average of 42% and 49% in the same period in the prior year. In the United States, contract drilling utilization per operating day increased significantly by 66% to 78% as compared to 47% in the first half of 2013. With the exception of downtime related to the completion of two 1,500 hp AC pad conversions, the United States fleet was fully utilized in the first half of 2014;
- For the six month period ended June 30, 2014, total well servicing hours in Western's production services segment increased significantly to 60,242 from 16,148 in the same period in the prior year. The increase can be attributed to improved utilization, which on a year to date basis increased to 51% in 2014 as compared to 29% in the same period of the prior year, coupled with the increased size and scale of Western's well servicing operations subsequent to the IROC acquisition in April 2013;
- EBITDA totalled $83.6 million (37% of Operating Revenue) in the first half of 2014 as compared to $43.6 million (32% of Operating Revenue) in the first half of 2013. The increase in EBITDA reflects the increased activity, improved day rates and the larger drilling rig fleet, coupled with effective cost control in the contract drilling segment, as well as improved utilization and pricing, in addition to the increased size and scale of Western's production services segment;
- During the first six months of 2014, capital expenditures totalled $46.4 million and include $36.9 million of expansion capital, $5.8 million of maintenance capital and $3.7 million for critical spares. Capital spending mainly relates to the drilling rig build program in the contract drilling segment for the construction of two drilling rigs which were commissioned in the first quarter of 2014 and an additional two drilling rigs currently under construction. Additionally, two 1,500 hp AC pad conversions were completed in the United States in the second quarter of 2014.

Selected Financial Information

(stated in thousands, except share and per share amounts)

Financial Highlights	Three months ended June 30 2014	2013	Change	Six months ended June 30 2014	2013	Change
Revenue	81,981	50,835	61%	243,397	148,841	64%
Operating Revenue(1)	77,352	47,616	62%	226,979	137,696	65%
Gross Margin(1)	31,206	16,087	94%	98,835	57,032	73%
Gross Margin as a percentage of Operating Revenue	40%	34%	18%	44%	41%	7%
EBITDA(1)	24,028	9,199	161%	83,576	43,583	92%
EBITDA as a percentage of Operating Revenue	31%	19%	63%	37%	32%	16%
Cash flow from operating activities	71,912	48,381	49%	110,546	70,825	56%
Capital expenditures	27,026	18,547	46%	46,389	36,703	26%
Net income (loss)	4,396	(3,381)	230%	29,896	11,522	159%
-basic net income (loss) per share	0.06	(0.05)	220%	0.40	0.18	122%
-diluted net income (loss) per share	0.06	(0.05)	220%	0.40	0.17	135%
Weighted average number of shares						
-basic	74,328,446	69,594,802	7%	73,919,531	64,630,363	14%
-diluted	75,733,872	69,594,802	9%	75,440,466	65,957,534	14%
Outstanding common shares as at period end	74,780,175	73,343,763	2%	74,780,175	73,343,763	2%
Dividends declared	5,609	5,501	2%	11,147	9,975	12%

(1) See "Financial Measures Reconciliations" included in this press release.

Operating Highlights	Three months ended June 30 2014	2013	Change	Six months ended June 30 2014	2013	Change
Contract Drilling						
Canadian Operations:						
Contract drilling rig fleet:						
-Average	49	45	9%	49	45	9%
-End of period	49	45	9%	49	45	9%
Operating Revenue per revenue day (CDN$)(1)	26,285	24,008	9%	26,368	25,009	5%
Operating Revenue per operating day (CDN$)(2)	28,632	26,082	10%	28,872	27,810	4%
Drilling rig operating days(3)	1,529	1,134	35%	5,061	4,010	26%
Drilling rig utilization per revenue day(4)	37%	30%	23%	63%	55%	15%
Drilling rig utilization rate per operating day(3)	34%	28%	21%	57%	49%	16%
CAODC industry average utilization rate(3)	25%	18%	39%	42%	38%	11%
United States Operations:						
Contract drilling rig fleet:						
-Average	5	5	-%	5	5	-%
-End of period	5	5	-%	5	5	-%
Operating Revenue per revenue day (US$)(1)	25,900	21,700	19%	24,905	22,324	12%
Operating Revenue per operating day (US$)(2)	28,568	29,046	(2%)	28,684	29,729	(4%)
Drilling rig operating days(3)	365	205	78%	711	422	68%
Drilling rig utilization per revenue day(4)	89%	60%	48%	90%	62%	45%
Drilling rig utilization per operating day(3)	80%	45%	78%	78%	47%	66%
Production Services						
Well servicing rig fleet:						
-Average	65	63	3%	65	36	81%
-End of period	65	64	2%	65	64	2%
Operating Revenue per service hour (CDN$)(2)	800	753	6%	814	735	11%
Total service hours	23,433	13,718	71%	60,242	16,148	273%
Service rig utilization rate(5)	40%	30%	33%	51%	29%	76%

(1) Operating Revenue per revenue day is calculated using Operating Revenue divided by operating and mobilization days.
(2) Operating Revenue per operating day and per service hour are calculated using Operating Revenue divided by operating days and service hours, respectively.
(3) Drilling rig utilization rate per operating day and drilling rig operating days are calculated on operating days only (i.e. spud to rig release basis).
(4) Drilling rig utilization rate per revenue day is calculated based on operating and move days.
(5) Service rig utilization rate calculated based on full utilization of 10 hours per day, 365 days per year.

Financial Position at (stated in thousands)	June 30, 2014	June 30, 2013	Change	Dec 31, 2013	Change
Working capital	71,704	22,799	215%	50,616	42%
Property and equipment	796,997	758,557	5%	783,225	2%
Total assets	1,016,112	903,882	12%	986,792	3%
Long term debt	263,293	232,529	13%	262,877	-

Western is an oilfield service company focused on three core business lines: contract drilling, well servicing and oilfield rental equipment services. Western provides contract drilling services through its division, Horizon Drilling (“Horizon”) in Canada, and its wholly owned subsidiary Stoneham Drilling Corporation (“Stoneham”) in the United States. Subsequent to the acquisition of IROC on April 22, 2013, Western provides well servicing operations in Canada through Western Energy Services Partnership’s (the “Partnership”) division Eagle Well Servicing (“Eagle”). Previously, well servicing operations were conducted through Western’s division Matrix Well Servicing (“Matrix”). Western also provides oilfield rental services in Canada through the Partnership’s division Aero Rental Services (“Aero”). Financial and operating results for Eagle and Aero from the date of the acquisition, as well as Matrix, are included in Western’s production services segment.

Western currently has a drilling rig fleet of 54 rigs, with an average age of approximately six years. Western is the sixth largest drilling contractor in Canada with a fleet of 49 rigs operating through Horizon. Additionally, Western has five Efficient Long Reach (“ELR”) triple drilling rigs deployed in the United States operating through Stoneham. Western is also the seventh largest well servicing company in Canada with a fleet of 65 rigs operating through Eagle. Western’s well servicing fleet is one of the newest in the Western Canadian Sedimentary Basin (“WCSB”), with an average age of approximately four years. Western’s oilfield equipment rental division, which operates through Aero, provides oilfield rental equipment for frac services, well completions and production work, coil tubing services and drilling.

During the first six months of 2014 commodity prices have improved as compared to the same period in the prior year. The price for light crude oil, such as Edmonton Par, increased on average by 15% and 14% for the three and six month periods ended June 30, 2014 respectively, compared to the same three and six month periods in 2013, while the price for heavy crude oil, such as the Western Canadian Select price, increased by 19% and 27% respectively. Natural gas prices have also improved significantly in the three and six months ended June 30, 2014, with the AECO 30-day spot rate increasing on average by 35% and 57% respectively, compared to the three and six months ended June 30, 2013 as heating demand increased in the first quarter due to a cold winter, resulting in decreased storage levels across North America. The demand for oil, along with an emphasis on liquids rich natural gas, has resulted in increased drilling of horizontal wells in both conventional and unconventional resource plays. Horizontal wells in the WCSB, as a percentage of all wells drilled, increased in the first six months of 2014 to 76% compared to 69% in the first six months of 2013. This has resulted in continued demand in the WCSB for Western’s ELR drilling rigs, as industry utilization rates for the second quarter of 2014 averaged 25%, which is an increase over the five year average of 22% and an improvement over the prior year when industry utilization averaged 18%. Similarly, industry utilization rates for the first six months of 2014 averaged 42%, which is consistent with the five year average of 42% and an improvement over the prior year when industry utilization averaged 38%.

Outlook

Western’s drilling rig fleet is specifically suited for drilling horizontal wells of increased complexity. In total, 94% of Western’s fleet are ELR drilling rigs with depth ratings greater than 3,000 meters and all of Western’s rigs are capable of drilling resource based horizontal wells. Currently, 21 of Western’s 54 drilling rigs (or 39%) are operating under long term take-or-pay contracts, with 15 of these contracts expiring between 2015 and 2017, providing a base level of future revenue. These contracts typically generate 250 operating days per year in Canada, as spring breakup restricts activity during the second quarter, while in the United States these contracts typically range from 330 to 365 revenue generating days per year.

Western’s approved capital spending for 2014 totals approximately $170 million comprised of $130 million in expansion capital and $40 million in maintenance capital, which includes $12 million for critical spare equipment. In total, budgeted capital spending has increased by $66 million from the previously disclosed $104 million. The increase relates to additional expansion capital related to the construction of two 5,000m telescopic ELR double drilling rigs, one 6,000m ELR AC triple pad drilling rig, a slant service rig for the production services segment, and additional ancillary drilling equipment. The majority of Western’s expansion capital budget relates to the drilling rig build program, which in addition to the three newly announced drilling rig builds, also includes the construction of one 6,000m ELR AC triple pad drilling rig and one 5,000m telescopic ELR double drilling rig in Canada. Expansion capital also includes two additional 1,500 hp AC pad conversions in the United States, which were both completed in the second quarter of 2014. Western believes the 2014 capital budget provides a prudent use of cash resources and ensures that it has the flexibility to execute on strategic opportunities as they arise. This budget demonstrates the Company’s commitment to maintaining and increasing Western’s premier drilling and well servicing rig fleet and expanding Western’s strategic presence in the oilfield rental equipment market. Western will continue to evaluate and expand its operations in a prudent manner and make any required adjustments to its capital program as these opportunities unfold during the remainder of 2014. Currently, Western expects approximately $30 million of its capital spending to carry over into 2015.

The increased commodity price environment and improving economic conditions in North America led to increased oilfield service activity in the first half of 2014. Western believes oilfield service activity in the second half of 2014 and beyond will remain strong, providing additional drilling rig build opportunities at attractive rates that meet our return on investment criteria. Activity is expected to remain strong as liquefied natural gas projects gain approval, crude oil transportation capacity increases through rail and pipeline development, drilling activity increases in various resource plays in Alberta and northeast British Columbia, and as foreign investment continues to flow into Canada. Currently, the largest challenges facing the oilfield service industry are producer spending constraints, pricing differentials on Canadian crude oil, the challenge to attract and retain skilled labour and increased gas production from shale plays across North America. The Company believes Western's modern drilling and well servicing rig fleet, strong utilization, and corporate culture will provide a distinct advantage in retaining and attracting qualified individuals. Western's view is that its modern fleet, strong customer base and solid reputation provide a competitive advantage which will enable the Company to continue its growth strategy and higher than industry average utilization.

Quarterly Dividend

On July 30, 2014, Western's Board of Directors declared a quarterly dividend of $0.075 per share, which will be paid on October 14, 2014, to shareholders of record at the close of business on September 30, 2014. The dividends are eligible dividends for Canadian income tax purposes. On a prospective basis, the declaration of dividends will be determined on a quarter-by-quarter basis by the Board of Directors.

Financial Measures Reconciliations

Western uses certain measures in this press release which do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS"). These measures which are derived from information reported in the condensed consolidated statements of operations and comprehensive income may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Company.

Operating Revenue

Management believes that in addition to revenue, Operating Revenue is a useful supplemental measure as it provides an indication of the revenue generated by Western's principal operating activities, excluding flow through third party charges.

The following table provides a reconciliation of revenue under IFRS as disclosed in the condensed consolidated statements of operations and comprehensive income to Operating Revenue:

	Three months ended June 30		Six months ended June 30	
(stated in thousands)	2014	2013	2014	2013
Operating Revenue				
Drilling	55,148	35,675	168,493	124,216
Production Services	22,946	11,941	59,494	13,480
Less: inter-company eliminations	(742)	-	(1,008)	-
	77,352	47,616	226,979	137,696
Third party charges	4,629	3,219	16,418	11,145
Revenue	81,981	50,835	243,397	148,841

Gross Margin

Management believes that in addition to net income, Gross Margin is a useful supplemental measure as it provides an indication of the results generated by Western's principal operating activities prior to considering administrative expenses, depreciation and amortization, how those activities are financed, the impact of foreign exchange, how the results are taxed, how funds are invested, and how non-cash items and one-time gains and losses affect results.

EBITDA

Management believes that in addition to net income, earnings before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("EBITDA") is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments similar to Gross Margin but also factors in the cash administrative expenses incurred in the period.

Operating Earnings

Management believes that in addition to net income, Operating Earnings is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments similar to EBITDA but also factors in the depreciation expense charged in the period.

The following table provides a reconciliation of net income under IFRS as disclosed in the condensed consolidated statements of operations and comprehensive income to Gross Margin, EBITDA and Operating Earnings:

	Three months ended June 30		Six months ended June 30	
(stated in thousands)	2014	2013	2014	2013
Gross Margin	31,206	16,087	98,835	57,032
Add (subtract):				
Administrative expenses	(7,906)	(7,578)	(16,979)	(14,877)
Depreciation – administrative	439	369	884	764
Stock based compensation – administrative	289	321	836	664
EBITDA	24,028	9,199	83,576	43,583
Depreciation – operating	(11,329)	(7,642)	(29,209)	(18,498)
Depreciation – administrative	(439)	(369)	(884)	(764)
Operating Earnings	12,260	1,188	53,483	24,321
Stock based compensation – operating	(195)	(218)	(417)	(372)
Stock based compensation – administrative	(289)	(321)	(836)	(664)
Finance costs	(5,327)	(3,995)	(10,730)	(7,754)
Other items	(113)	(1,044)	(602)	42
Income taxes	(1,940)	1,009	(11,002)	(4,051)
Net income (loss)	4,396	(3,381)	29,896	11,522

2014 Second Quarter Results Conference Call and Webcast

Western has scheduled a conference call and webcast to begin at 12:00 p.m. MST (2:00 p.m. EST) on Thursday, July 31, 2014.

The conference call dial-in number is 1-888-231-8191.

A live webcast of the conference call will be accessible on Western’s website at www.wesc.ca by selecting “*Investors*”, then “*Webcasts*”. Shortly after the live webcast, an archived version will be available for approximately 14 days.

An archived recording of the conference call will also be available approximately one hour after the completion of the call until August 15, 2014 by dialing 1-855-859-2056 or 416-849-0833, passcode 64861256.

Forward-Looking Statements and Information

This press release contains certain statements or disclosures relating to Western that are based on the expectations of Western as well as assumptions made by and information currently available to Western which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Western anticipates or expects may, or will occur in the future (in whole or part) should be considered forward-looking information. In some cases forward-looking information can be identified by terms such as “forecast”, “future,” “may”, “will”, “expect”, “anticipate,”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate”, “pro forma”, or other comparable terminology.

In particular, forward-looking information in this press release includes, but is not limited to, statements relating to future declaration of dividends; the future demand for the Company’s services and equipment; the terms of existing and future drilling contracts in Canada and the US and the revenues resulting there from; the Company’s expansion and maintenance capital plans for 2014, including the ability of current capital resources to cover Western’s financial obligations and the 2014 capital budget; the Company’s expected sources of funding to support such capital plans; expectations as to the increase in crude oil transportation capacity through rail and pipeline development; expectations as to the necessary approvals for liquefied natural gas projects being obtained; the expectation of continued foreign investment into the Canadian oilfield industry; the expectation of increase in oilfield services activities in general and drilling activity in various resource plays, in particular, including the type of drilling; the Company’s expected utilization for its drilling and well servicing divisions; strong oilfield activity levels and pricing; increased commodity pricing; and the improving economic conditions in North America; the Company’s ability to achieve its desired return on investment through existing or future rig build opportunities; the continued and enhanced marketability of the Company’s drilling and servicing rigs and the Company’s expected tax rate in 2014.

The material assumptions in making the forward-looking statements in this press release include, but are not limited to, assumptions relating to, demand levels and pricing for oilfield services; fluctuations in the price and demand for oil and natural gas; commodity pricing; general economic and financial market conditions; the Company’s ability to finance its operations; the effects of seasonal and weather conditions on operations and facilities; the competitive environment to which the various business segments are, or may be, exposed in all aspects of their business; the ability of the Company’s various business segments to access equipment (including spare parts and new technologies); changes in laws or regulations; currency exchange fluctuations and the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; and other unforeseen conditions which could impact the use of services supplied by Western and Western’s ability to response to such conditions.

Although Western believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Western cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risk that the demand for oilfield services will not continue to improve for the remainder of 2014, and other general industry, economic, market and business conditions. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive. Additional information on these and other risk factors that could affect Western's operations and financial results are included in Western's annual information form which may be accessed through the SEDAR website at www.sedar.com. The forward-looking statements and information contained in this press release are made as of the date hereof and Western does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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