



**NOTICE OF ANNUAL MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
AND PROXY STATEMENT DATED MARCH 23, 2016**

**WITH RESPECT TO THE  
ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 9, 2016**

**WESTERN ENERGY SERVICES CORP.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** the Annual Meeting (“**Western Meeting**”) of holders of common shares (“**Shareholders**”) of Western Energy Services Corp. (“**Western**”) will be held on the 9th day of May, 2016 **in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta** at 3:00 p.m. (Calgary time) for the following purposes:

- (a) To receive the audited financial statements of Western for the fiscal year ended December 31, 2015 and the auditor’s report on those statements;
- (b) To elect the board of directors of Western for the ensuing year;
- (c) To appoint Deloitte LLP, of Calgary, Alberta, as auditor of Western for the ensuing year and to authorize the board of directors of Western to fix their remuneration;
- (d) To confirm the adoption of amended and restated by-laws for Western, as set out in the Information Circular accompanying this Notice; and
- (e) To transact such further and other business as may properly come before the Meeting or adjournment(s).

The details of all matters proposed to be put before Shareholders at the Western Meeting are set forth in the Information Circular. At the Western Meeting, Shareholders will be asked to approve each of the foregoing items.

Only Shareholders of record at the close of business on March 23, 2016 are entitled to notice of and to attend the Western Meeting or any adjournment thereof and to vote thereat. **A Shareholder may attend the Western Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Western Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying Instrument of Proxy for use at the Western Meeting or any adjournment thereof. To be effective, the enclosed Instrument of Proxy must be mailed so as to reach or be deposited with the office of ComputershareTrust Company of Canada 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; Fax 1 (866) 249-7775 Attention: Proxy Department, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Western Meeting or any adjournment thereof or with the Chairman of the Western Meeting prior to the commencement thereof.**

DATED at the City of Calgary, in the Province of Alberta this 23<sup>rd</sup> day of March, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS,**

(signed) Tim Sebastian

Tim Sebastian  
Corporate Secretary

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**MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT  
FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 9, 2016**

**GENERAL**

Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this Management Information Circular and Proxy Statement (“**Information Circular**”), unless otherwise noted, all dollar amounts are expressed in Canadian dollars. Information contained in this Information Circular is given as of March 23, 2016 unless otherwise stated.

**SOLICITATION OF PROXIES**

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Western Energy Services Corp. (the “Corporation” or “Western”) for use at the Annual Meeting of holders (“Shareholders”) of common shares (“Common Shares”) of the Corporation (the “Western Meeting”) to be held on the 9th day of May, 2016 in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta at 3:00 p.m. (Calgary time) and at any adjournment(s), for the purposes set forth in the accompanying Notice of Meeting.**

Accompanying this Information Circular (and filed with applicable securities regulatory authorities) is the form of Proxy (“**Instrument of Proxy**”) for use by Shareholders at the Western Meeting.

Proxies will be solicited by mail and may also be solicited personally, or by telephone or any form of electronic communication by directors or officers of Western, who will not be specifically remunerated therefore. The cost of solicitation by management of Western will be borne by Western. Western will pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting securities of Western (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Information Circular, the Notice of Meeting and Instruments of Proxy to the beneficial owners of such securities. Western will provide, without cost to such persons, upon request to Western, additional copies of the foregoing documents required for this purpose.

**APPOINTMENT OF PROXIES**

**Shareholders who wish to be represented at the Western Meeting by proxy must complete and deliver the Instrument of Proxy, or another proper form of proxy to Computershare Trust Company of Canada in the manner set out in the Instrument of Proxy and described below. Shareholders are entitled to vote on all matters as described in the Instrument of Proxy. Each Shareholder has the right to appoint a person (who need not be a Shareholder), other than the persons designated by the Instrument of Proxy furnished by the Corporation, to represent such Shareholder at the Western Meeting. To exercise this right, a Shareholder should strike out the names of the persons named in the proxy and insert the name of the other person in the blank space provided on the Instrument of Proxy. Alternatively, a Shareholder may complete another appropriate Instrument of Proxy. Such Shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the Shareholder’s shares are to be voted. The nominee should bring personal identification with him or her to the Western Meeting. An Instrument of Proxy will not be valid unless it is deposited at the offices of Computershare Trust Company of Canada, Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; Fax 1 (866) 249-7775, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Western Meeting or any adjournment thereof. A proxy must be executed by the Shareholder or his attorney authorized in writing or if the Shareholder is a corporation, under its seal or by an officer or attorney thereof, duly authorized. A proxy is valid only at the Western Meeting in respect of which it is given or any adjournment of the Western Meeting.**

**REVOCAION OF PROXIES**

A Shareholder who has submitted an Instrument of Proxy may revoke it by an instrument in writing signed by the Shareholder or by an authorized attorney or, if the Shareholder is a corporation, by a duly authorized officer, and

deposited either: (i) at the offices of Computershare Trust Company of Canada, Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; Fax 1 (866) 249-7775, at any time up to and including the last business day preceding the day of the Western Meeting or any adjournment thereof; or (ii) with the Chairman of the Western Meeting on the day of the Western Meeting or any adjournment thereof. In addition, an Instrument of Proxy may be revoked: (i) by the Shareholder personally attending the Western Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a representative of the corporation attending the Western Meeting and voting such securities; or (ii) in any other manner permitted by law.

## **EXERCISE OF DISCRETION BY PROXYHOLDERS**

The persons named in the Instrument of Proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. In the absence of such direction, such Common Shares will be voted **FOR** the election of the nominees hereinafter set forth as directors of Western for the ensuing year, **FOR** the appointment of Deloitte LLP as auditor of the Corporation with the board of directors to set their remuneration, and **FOR** confirming the adoption of the amended and restated by-laws of the Corporation. **The enclosed Instrument of Proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations in the matters outlined in the accompanying Notice of Meeting or any other business which may properly come before the Western Meeting. The management of the Corporation knows of no such amendments, variations or other business to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not known to the management of Western should properly come before the Western Meeting, the Instrument of Proxy given pursuant to the solicitation by management of Western will be voted on such matters in accordance with the best judgment of the persons voting the proxy.**

## **SIGNING OF PROXY**

The Instrument of Proxy must be signed by the Shareholder or his duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer. An Instrument of Proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate shareholder) should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Western).

### **Voting by Internet or Telephone**

Shareholders may use the internet site at [www.investorvote.com](http://www.investorvote.com) or the telephone via the toll free number found on the front of the Instrument of Proxy to transmit their voting instructions. Shareholders should have the Instrument of Proxy in hand when they access the web site or call the toll free number. Shareholders will be prompted to enter their Control Number, which is located on the Instrument of Proxy. If Shareholders wish to vote by internet or telephone, your vote must be received not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the province of Alberta) prior to the time set for the Western Meeting or any adjournment of the Western Meeting. **The website or toll free telephone number may be used to appoint a proxyholder to attend and vote on a Shareholder's behalf at the Western Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxyholder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF SECURITIES**

### **Voting of Common Shares – General**

The authorized share capital of Western consists of an unlimited number of Common Shares and an unlimited number of preferred shares of Western ("**Preferred Shares**"). As at March 23, 2016, the Corporation had 73,646,292 Common Shares issued and outstanding and no Preferred Shares issued and outstanding. Each Common Share carries the right to one vote at meetings of the Shareholders of Western. Only persons registered as holders of

Common Shares as of the close of business on March 23, 2016 (the “**Record Date**”) are entitled to receive notice of and to vote at the Western Meeting, except to the extent that (a) the holder has transferred the ownership of any of his or her Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands not later than ten (10) days before the day of the Western Meeting that his or her name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his or her Common Shares at the Western Meeting.

A quorum of Shareholders is present at a meeting of Shareholders if at least two (2) persons are present holding or representing not less than twenty-five (25) percent of the Common Shares entitled to be voted at the Meeting. The amended and restated by-laws which were adopted by the Corporation on February 25, 2016 and which are being put to the Shareholders for confirmation at the Western Meeting increased the quorum percentage from five (5) percent to twenty-five (25) percent.

### **Advice to Non-Registered Holders**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold their Common Shares in their own name.** Only registered Shareholders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Western Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “**Non-Registered Holder**”) are in the name of a clearing agency (such as CDS & Co., the registration name for the Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms.) who is holding such shares on behalf of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include securities dealers, or brokers, trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans. If Common Shares are listed in a statement provided to a Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholders’ name.

In accordance with Canadian Securities legislation, Western has distributed copies of the Notice of the Western Meeting, this Information Circular and the Instruments of Proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders who have requested them.

Common Shares held by an Intermediary (or their agents and nominees) can only be voted or withheld at the direction of the Non-Registered Shareholder. Without specific instructions, Intermediaries are prohibited from voting securities for the Non-Registered Holder. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Financial Solutions Inc. in Canada) to forward meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will have received, in addition to this Information Circular, either a request for voting instructions or a form of proxy for the number of Common Shares held by the Non-Registered Holder along with instructions with respect to voting. The purpose of the form of proxy supplied to a Non-registered Holder is limited to instructing the registered Shareholder how to vote on behalf of the Non-Registered Holder.

Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies to direct the voting of the Common Shares they beneficially own.

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Western Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

### **Principal Holders of Common Shares**

As of the date of this Information Circular, the directors and officers of Western are not aware of anyone who beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Western entitled to be voted at the Western Meeting except as set forth in the following table, which is based on publicly available information:

Name of Shareholder and Municipality of Residence	Common Shares Owned, Controlled or Directed <sup>(1)</sup>	Percentage of Common Shares <sup>(2)</sup>
Connor, Clark & Lunn Investment Management Ltd. ("Connor Clark") Vancouver, British Columbia <sup>(1)(3)</sup>	9,405,128	12.77%
Franklin Resources, Inc. ("Franklin Templeton") San Mateo, California USA <sup>(1)(2)</sup>	7,959,460	10.81%

**Notes:**

- (1) Based on 73,646,292 issued and outstanding Common Shares as at March 23, 2016.
- (2) Based on publicly available information whereby as at June 30, 2015 Franklin Templeton reported (pursuant to the Early Warning System – Alternative Monthly Report filed on the System for Electronic Document Analysis and Retrieval ("SEDAR")) that it held 7,959,460 Common Shares.
- (3) Based on publicly available information whereby as at July 31, 2015 Connor Clark reported (pursuant to the Early Warning System – Alternative Monthly Report filed on SEDAR) that it held 9,405,128 Common Shares.

## FINANCIAL STATEMENTS

Western will place before the Shareholders at the Western Meeting the audited consolidated financial statements of Western for the financial years ended December 31, 2015 and 2014 and the auditor's report thereon. No vote by the Shareholders with respect to this matter is required. National Instrument 51-102, Continuous Disclosure Obligations, (the "**Instrument**") provides that Western is no longer required to send annual or interim financial statements or the management's discussion and analysis relating thereto to its registered and beneficial Shareholders unless they request copies of same. However, the *Business Corporations Act* (Alberta) ("**ABCA**") requires that annual financial statements be sent to each registered Shareholder unless waived in writing by the registered Shareholder. The Instrument also provides that Western must send annually a request form to its registered and beneficial Shareholders that may be used by such shareholders to request any or all of the annual and interim financial statements and the management's discussion and analysis relating thereto. Shareholders are encouraged to review and, if action is desired, send the enclosed return cards to Computershare Trust Company of Canada, Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; Fax 1 (866) 249-7775.

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Election of Directors

The affairs of the Corporation are managed by a board of directors (the "**Board**") who are elected annually for a one (1) year term at each annual meeting of Shareholders and who hold office until the next annual meeting, or until their successors are duly elected or appointed, or until a director vacates his office or is replaced in accordance with the articles and by-laws of the Corporation. The Board has fixed the number of directors to be elected at the meeting at five (5) and the following persons are proposed to be nominated for election as directors of Western at the Western Meeting. The Board has concluded that each nominee is well qualified to serve on Western's Board. The nominees have the relevant expertise essential to ensure appropriate strategic direction and oversight. Each director nominee has confirmed his eligibility and willingness to serve as a director if elected. The enclosed form of proxy or voting instruction form provides for Shareholders to vote for each director individually. In addition, the Corporation has adopted a majority voting policy in respect of the election of directors which is described below.

#### *Majority Voting*

The Board has adopted an individual voting standard for the election of directors. Under such individual voting standard, in the event that any nominee for election receives more "withheld" votes than "for" votes at any meeting at which Shareholders vote on the uncontested election of directors, the nominee shall forthwith submit his or her resignation to take effect immediately upon acceptance by the Board. It is anticipated that any decisions necessitated in the circumstances outlined in the preceding sentence will be made within 90 days, and the Board may fill any vacancy created thereby.

*Nominees for Election to the Board*

Donald D. Copeland  
Lorne A. Gartner

Alex R.N. MacAusland  
Ronald P. Mathison

John R. Rooney

The following table sets forth, for each nominee: their name, age, municipality, province or state and country of residence; their committee memberships; all positions and offices with Western now held by them; the period during which they have served as a director; other public company board memberships; their principal occupation for the last 5 years along with a brief biography; and the number and percentage of Common Shares that they have advised are beneficially owned, controlled or directed by them, directly or indirectly, as of March 23, 2016. The Corporation has adopted advance notice requirements for the nomination of directors by Shareholders, see “Confirmation of Amended & Restated By-Laws of the Corporation” below for further details.

**Donald D. Copeland**<sup>(1)(2)(3)</sup>

Age: 62  
Victoria, B.C. Canada  
Director since June 17, 2011  
Independent<sup>(4)</sup>

Mr. Copeland is an independent businessman. Prior to joining Western’s Board, Mr. Copeland was the Chairman of Stoneham Drilling Trust. Previously, he founded and served as the CEO and Chairman of a number of oil and gas corporations, both in the producing sector and oilfield services sector of the industry. He has served on the boards of numerous oil and gas industry corporations. Mr. Copeland received a Bachelor of Science degree in Chemical Engineering from the University of Calgary. He is a graduate of the Director’s Education Program sponsored by the Institute of Corporate Directors.

**Areas of Expertise**

- Operational Management (CEO/Senior Officer)
- Capital Financial Markets
- Environment, Health and Safety
- Corporate Governance / Board Member
- Sales and Marketing
- Mergers and Acquisitions
- Engineering
- Financial and Accounting
- Human Resource Management
- Legal Obligations / Requirements
- International Business Experience
- Compensation

2015 Board/Committee Membership		Attendance at Meetings during 2015				
Board		5 of 5	100%			
Audit <sup>(11)</sup>		2 of 2	100%			
Corporate Governance and Compensation		6 of 6	100%			
Health, Safety and Environment		4 of 4	100%			
Other Public Company Board Memberships		Public Board Interlocks				
Toscana Energy Income Corporation		None				
Securities Held						
Common Shares	Percentage <sup>(5)</sup>	Total Market Value of Common Shares <sup>(6)</sup>				
752,005	1.02%	\$2,158,254				
Stock Options Held						
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>		
Nov 25/11	Nov 24/16	20,000	\$7.41	Nil		
Dec 7/12	Dec 6/17	10,000	\$6.63	Nil		
Feb 11/14	Feb 10/19	10,000	\$7.76	Nil		
Aug 14/15	Aug 13/20	16,250	\$5.03	Nil		
RSUs Held						
Outstanding	Value of Outstanding RSUs <sup>(8)</sup>					
16,415	\$47,111					
Voting Results of 2015 Annual and Special Meeting		Votes For	Votes Withheld	Total Votes Cast		
		52,600,608	97.3%	1,447,913	2.7%	54,048,521

**Lorne A. Gartner**<sup>(1)(3)</sup>

Age: 66

Calgary, Alberta Canada

Director since June 16, 2011

Independent<sup>(4)</sup>**Areas of Expertise**

- Capital Financial Markets
- Financial and Accounting
- Commercial Banking
- Mergers and Acquisitions
- International Business Experience
- Operational Management (CEO/Senior Officer)
- Human Resource Management
- Management Information Systems
- Legal Obligations / Requirements
- Corporate Governance / Board Member
- Sales and Marketing
- Compensation

Mr. Gartner is an independent businessman. Formerly, Mr. Gartner was the Managing Director of Royal Bank of Canada Capital Markets, a position he held from 2000 to 2006. Prior to that time, Mr. Gartner was a Vice President of Royal Bank of Canada, Calgary Energy Group.

2015 Board/Committee Membership		Attendance at Meetings during 2015			
	Board	5 of 5	100%		
	Audit	4 of 4	100%		
	Health, Safety and Environment <sup>(11)</sup>	2 of 2	100%		
Other Public Company Board Memberships		Public Board Interlocks			
	Calfrac Well Services Ltd.	Messrs. Gartner and Mathison are both board members of Calfrac Well Services Ltd. and Tesla Exploration Ltd.			
	Tesla Exploration Ltd.				
Securities Held					
Common Shares	Percentage <sup>(5)</sup>	Total Market Value of Common Shares <sup>(6)</sup>			
79,886	0.11%	\$229,273			
Stock Options Held					
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options <sup>(6)</sup>	
Nov 25/11	Nov 24/16	20,000	\$7.41	Nil	
Dec 7/12	Dec 6/17	10,000	\$6.63	Nil	
Feb 11/14	Feb 10/19	10,000	\$7.76	Nil	
Aug 14/15	Aug 13/20	16,250	\$5.03	Nil	
RSUs Held					
Outstanding	Value of Outstanding RSUs <sup>(8)</sup>				
16,415	47,111				
Voting Results of 2015 Annual and Special Meeting		Votes For	Votes Withheld	Total Votes Cast	
		52,021,944	96.3%	2,026,577 3.7%	54,048,521

**Alex R.N. MacAusland**<sup>(1)</sup>

Age: 47

Calgary, Alberta Canada

Director since

December 1, 2013

Not Independent<sup>(9)</sup>**Areas of Expertise**

- Operational Management (CEO/Senior Officer)
- Capital Financial Markets
- Financial and Accounting
- Human Resource Management
- Environment, Health and Safety
- Legal Obligations / Requirements
- Corporate Governance / Board Member
- Sales and Marketing
- Mergers and Acquisitions
- Commercial Banking
- Labour Relations
- Management Information Systems / IT
- Government Relations
- Engineering
- International Business Experience
- Compensation

Mr. MacAusland, a founder of Western, has over 23 years of management and operational experience in the oilfield services industry in western Canada and the United States. Prior to being appointed President and Chief Executive Officer of Western on December 1, 2013, Mr. MacAusland was the President and Chief Operating Officer of Western from December 8, 2009 to December 1, 2013. Prior thereto, Mr. MacAusland was the President and CEO of Horizon Drilling Inc., a western Canadian based contract drilling provider, from 2008 until 2009. Prior to that Mr. MacAusland was the Senior Vice President of IROC Energy Services Corp., overseeing Eagle Well Servicing, Mission Drilling and Aero Rentals from 2006 until 2008. Prior to that, Mr. MacAusland was at Precision Drilling Corporation for 15 years in various capacities including Rig Manager and Contract Sales, followed by General Manager and then Vice President Operations responsible for Precision's well servicing rig fleet, snubbing, camp and catering divisions. Mr. MacAusland holds a Bachelors' degree in Political Science and Economics from St. Thomas University.

2015 Board/Committee Membership		Attendance at Meetings during 2015			
	Board	5 of 5	100%		
	Health, Safety and Environment	4 of 4	100%		
Other Public Company Board Memberships		Public Board Interlocks			
	None	None			
Securities Held					
Common Shares	Percentage <sup>(5)</sup>	Total Market Value of Common Shares <sup>(6)</sup>			
900,756	1.22%	\$2,585,170			
Stock Options Held <sup>(10)</sup>					
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
Aug 12/11	Aug 11/16	30,000	\$8.75	Nil	
Dec 7/12	Dec 6/17	30,000	\$6.63	Nil	
Feb 11/14	Feb 10/19	200,000	\$7.76	Nil	
Aug 15/14	Aug 14/19	160,000	\$10.06	Nil	
Aug 14/15	Aug 13/20	278,500	\$5.03	Nil	
RSUs Held <sup>(11)</sup>					
Outstanding	Value of Outstanding RSUs <sup>(8)</sup>				
40,509	\$116,261				
Voting Results of 2015 Annual and Special Meeting		Votes For	Votes Withheld	Total Votes Cast	
		53,203,764	98.4%	844,757 1.6%	54,048,521

**Ronald P. Mathison**<sup>(2)(3)</sup>

Age: 59

Calgary, Alberta Canada

Director since

December 17, 2010

Independent<sup>(3)</sup>

Mr. Mathison is the President and Chief Executive Officer of Matco Investments Ltd. and Matco Capital Ltd., private investment firms which specialize in providing capital and management expertise to companies in which they have an interest. Mr. Mathison has extensive experience in restructuring and financing corporations in both the public and private markets and is founder and Chairman of Calfrac Well Services Ltd. and Tesla Exploration Ltd. Until 2000, Mr. Mathison was a director and principal of Peters & Co. Limited, an investment firm specializing in the oil and natural gas industry. Prior thereto, Mr. Mathison and two other individuals formed the nucleus of Peters & Co. Capital, a private merchant banking equity firm that is widely associated with numerous restructurings of oil and natural gas exploration and production companies and oilfield service companies. Mr. Mathison received a Bachelor of Commerce degree (Hons) from the University of Manitoba and has earned Chartered Accountant, Chartered Business Valuator, and Chartered Financial Analyst designations.

**Areas of Expertise**

- Capital Financial Markets
- Financial and Accounting
- Commercial Banking
- Mergers and Acquisitions
- Legal Obligations / Requirements
- Corporate Governance / Board Member

2015 Board/Committee Memberships		Attendance at Meetings during 2015			
Board		5 of 5	100%		
Audit <sup>(11)</sup>		1 of 2	50%		
Corporate Governance and Compensation <sup>(11)</sup>		2 of 3	66.7%		
Other Public Company Board Memberships		Public Board Interlocks			
Calfrac Well Services Ltd.		Messrs. Mathison and Gartner are both board members of Calfrac Well Services Ltd. and Tesla Exploration Ltd.			
Tesla Exploration Ltd.					
Yellowhead Mining Inc.					
Securities Held					
Common Shares	Percentage <sup>(5)</sup>	Total Market Value of Common Shares <sup>(6)</sup>			
7,289,050	9.90%	\$20,919,574			
Stock Options Held					
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options <sup>(6)</sup>	
Nov 25/11	Nov 24/16	20,000	\$7.41	Nil	
Dec 7/12	Dec 6/17	10,000	\$6.63	Nil	
Feb 11/14	Feb 10/19	10,000	\$7.76	Nil	
Aug 14/15	Aug 13/20	16,250	\$5.03	Nil	
RSUs Held					
Outstanding	Value of Outstanding RSUs <sup>(8)</sup>				
21,715	\$62,322				
Voting Results of 2015 Annual and Special Meeting					
	Votes For	Votes Withheld	Total Votes Cast		
	51,424,928	95.2%	2,623,593	4.8%	54,048,521

**John R. Rooney**<sup>(1)(2)</sup>

Age: 59

Calgary, Alberta Canada

Director since

December 22, 2009

Independent<sup>(3)</sup>

Mr. Rooney is the Chairman and CEO of Northern Blizzard Resources Inc., a publicly traded oil and gas company, since November 2009. From December 2007 to April 2009, Mr. Rooney was the CEO of TUSK Energy Inc. From 2005 to 2007, Mr. Rooney was the President and CEO of Zenas Energy Inc. Mr. Rooney is a Chartered Accountant and a Chartered Business Valuator.

**Areas of Expertise**

- Operational Management (CEO/Senior Officer)
- Capital Financial Markets
- Financial and Accounting
- Corporate Governance / Board Member
- Mergers and Acquisitions
- International Business Experience
- Compensation
- Commercial Banking
- Management Information Systems / IT
- Legal Obligations / Requirements
- Government Relations
- Sales and Marketing

2015 Board/Committee Memberships		Attendance at Meetings during 2015	
Board		5 of 5	100%
Audit <sup>(12)</sup>		1 of 2	50%
Corporate Governance and Compensation		6 of 6	100%
Health, Safety and Environment <sup>(11)</sup>		2 of 2	100%
Other Public Company Board Memberships		Public Board Interlocks	
Northern Blizzard Resources Inc.		None	
Securities Held			
Common Shares	Percentage <sup>(5)</sup>	Total Market Value of Common Shares <sup>(6)</sup>	
502,095	0.68%	\$1,441,013	

- Human Resource Management
- Labour Relations
- Environment, Health and Safety

Stock Options Held						
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Stock Options <sup>(6)</sup>		
Nov 25/11	Nov 25/16	20,000	\$7.41	Nil		
Dec 7/12	Dec 6/17	10,000	\$6.63	Nil		
Feb 11/14	Feb 10/19	10,000	\$7.76	Nil		
Aug 14/15	Aug 13/20	16,250	\$5.03	Nil		
RSUs Held						
Outstanding		Value of Outstanding RSUs <sup>(8)</sup>				
16,415		\$47,111				
Voting Results of 2015 Annual and Special Meeting		Votes For	Votes Withheld	Total Votes Cast		
		52,596,425	97.3%	1,452,096	2.7%	54,048,521

**Notes:**

- (1) Member of the Health, Safety and Environment Committee.
- (2) Member of the Corporate Governance and Compensation Committee.
- (3) Member of the Audit Committee.
- (4) "Independent" refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 *Audit Committees*.
- (5) Percentage of Common Shares beneficially owned is calculated based on an aggregate of 73,646,292 Common Shares outstanding as of March 23, 2016.
- (6) Total Market Value of Common Shares was determined by multiplying the number of Common Shares held by each director nominee as of March 23, 2016 by \$2.87, which was the closing price of the Common Shares on the TSX on that date.
- (7) Based on the difference between the March 23, 2016 closing price of the Common Shares on the TSX of \$2.87 per share and the grant price of the Stock Option.
- (8) Value of the Outstanding RSUs was determined by multiplying the number of RSUs held by each director nominee as of March 23, 2016 by \$2.87, which was the closing price of the Common Shares on the TSX on that date.
- (9) Mr. MacAusland is not independent as he is the President and CEO of the Corporation.
- (10) Mr. MacAusland was granted Stock Options and RSUs for serving as an officer of the Corporation.
- (11) Appointed to the Committee on May 7, 2015.
- (12) Mr. Rooney was a member of the Audit Committee from January 1, 2015 to May 7, 2015.

**It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the election of the nominees described above as directors of Western. It is not contemplated that nominees will be unable to serve as directors, but, if that should occur for any reason prior to the Western Meeting, the persons named in the enclosed Instrument of Proxy reserve the right to vote for other nominees at their discretion.**

As at March 23, 2016, the directors and officers of Western, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 10,498,536 Common Shares, or approximately 14.3% of the issued and outstanding Common Shares, based on 73,646,292 issued and outstanding Common Shares. As at March 23, 2016, the directors and officers of Western, as a group, had outstanding stock options to purchase 3,218,450 Common Shares and 249,257 RSUs.

*Cease Trade Orders, Bankruptcies, Penalties or Sanctions*

Except as set forth below, none of the proposed directors is, or has been in the last 10 years: (a) a director, chief executive officer or chief financial officer of any company (including Western) that: (i) was subject to a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in that capacity; or (ii) was subject to a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (b) a director or executive officer of any company (including Western) that, while that proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Mathison indirectly holds a controlling interest in Riverside Quays Limited Partnership ("RQLP") a private Alberta limited partnership that was involved in the construction and sale of a 700-unit condominium project in

Calgary, Alberta. Mr. Mathison is a director of Statesman Riverside Quays Ltd. (“SRQL”), the former general partner of RQLP. SRQL, without Mr. Mathison’s authorization or approval, caused RQLP to default on its loan obligations to its lender and, on December 15, 2010, the lender obtained a court order appointing a receiver of SRQL and RQLP. Mr. Mathison subsequently arranged for the full payout of the loan to RQLP’s lender and for the appointment of a new general partner of RQLP. The receiver of SRQL and RQLP was discharged.

None of the proposed directors has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver manager or trustee appointed to hold his assets.

No proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security-holder in deciding whether to vote for a proposed director.

## **2. Appointment of the Auditor**

The Shareholders will also be asked to approve an ordinary resolution to appoint the firm of Deloitte LLP, Calgary, Alberta, to serve as auditor of Western until the next annual meeting of the Shareholders and to authorize the Board of directors of Western to fix their remuneration. Deloitte LLP has been the auditor of Western since January 12, 2010. Should Deloitte LLP for any reason be unwilling or unable to accept re-appointment, Western’s Board will exercise their discretion to appoint an alternate auditor.

For a breakdown of the “audit fees”, “audit-related fees”, “tax fees” and “all other fees” paid to Deloitte LLP by Western in fiscal 2015 and 2014, please see “Audit Committee Information – Auditor Service Fees” in Western’s 2015 Annual Information Form dated February 25, 2016.

**It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the appointment of Deloitte LLP as auditor of Western.**

## **3. Confirmation of Amended and Restated By-Laws of the Corporation**

### *General*

Early in 2016 the Board reviewed Western’s by-laws, which were adopted by the Board and Shareholders several years ago, and determined that they should be updated to, among other things, reflect the current provisions of the ABCA and certain corporate governance best practices. Accordingly, at a meeting of the Board held on February 25, 2016, the Board adopted amended and restated by-laws of Western (the “**Amended & Restated By-Laws**”). The Amended & Restated By-Laws are attached to this Information Circular as Schedule “C”. Pursuant to the requirements of the ABCA, the adoption of the Amended & Restated By-Laws must be submitted to Shareholders for confirmation.

### *Description of Key Differences Between the Previous By-Laws and the Amended & Restated By-Laws*

The following summarizes the key differences between the previous by-laws and the Amended & Restated By-Laws and is qualified in its entirety by the text of the provisions of the Amended & Restated By-Laws, which are attached to this Information Circular as Schedule “C”.

- The Amended & Restated By-Laws amend certain provisions to increase quorum requirements for: (i) Board meetings to a majority of directors; and (ii) for Shareholders’ meetings from 5% to 25% of the outstanding Common Shares.
- The Amended & Restated By-Laws recognize and permit electronic communications in accordance with the current provisions of the ABCA.

- The Amended & Restated By-Laws permit electronic delivery of notices or other information from Western to Shareholders.
- The Amended & Restated By-Laws allow the Board to set the number of directors of Western subject to the minimum and maximum number of directors prescribed in Western's articles.
- The Amended & Restated By-Laws also include an advance notice requirement (the "**Advance Notice Requirement**") for Shareholders who wish to nominate their own directors at an annual or special Shareholders' meeting. The Advance Notice Requirement was added to the Corporation's by-laws to facilitate an orderly and efficient director nomination process by ensuring that all Shareholders receive adequate notice of director nominations and sufficient information in respect of all nominees so that the proposed nominees' qualifications and suitability as directors can be evaluated and an informed vote cast for the election of directors. The Advance Notice Requirement fixes deadlines for submitting director nominations to the Corporation prior to any annual or special meeting of Shareholders where directors are to be elected, and sets forth the information that a Shareholder must include in their nomination in order for it to be valid. In the case of an annual Shareholders' meeting, the deadlines for notice of a Shareholders' director nominations are not less than 30 days prior to the meeting; provided, however, if the first public notice of an annual Shareholders' meeting is given less than 50 days prior to the meeting date, Shareholders must provide notice of their nominations by close of business on the 10th day following the announcement of the meeting. In the case of a special meeting (which is not also an annual meeting) called for the purpose of electing directors, Shareholders must provide notice of their nominations by close of business on the 15th day following first public announcement of the special Shareholders' meeting. The deadlines in the Advance Notice Requirement are supported by Institutional Shareholder Services Inc.

#### *Shareholder Approval*

At the Western Meeting, Shareholders will be asked to consider the following ordinary resolution confirming the adoption of the Amended & Restated By-Laws:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The adoption by the board of directors of the Corporation of By-Law Number 1 of the Corporation, in substantially the form set out in Schedule "C" to the Information Circular of the Corporation dated March 23, 2016, as amended and restated by-laws of the Corporation is hereby ratified, confirmed and approved.
2. Any one officer or director of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation to execute and deliver or file such documents and instruments, and to do all such other acts and things as are required or as such officer or director, in such officer's or director's sole discretion, may deem necessary to give full effect to or carry out the provisions of the foregoing resolution."

The resolution must be passed by a majority of the votes cast by the Shareholders present in person or by proxy at the Western Meeting. **It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR this resolution confirming the adoption of the Amended & Restated By-Laws.**

#### **4. Other Business**

Management is not aware of any other matters to come before the Western Meeting other than those set out in the Notice of Meeting. If other matters come before the Western Meeting, it is the intention of the individuals named in the Instrument of Proxy to vote the same in accordance with their best judgment in such matters.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Compensation Governance*

The Corporate Governance and Compensation Committee is responsible for continually monitoring and evaluating the compensation programs for Western's CEO and CFO (collectively, the "**Senior Executives**") and for making recommendations to the Board relating to Western's compensation plans for, and the compensation of, the Senior Executives and Board members as well as the aggregate short-term incentive plan ("**STIP**") pool for a particular year. The Corporation's compensation philosophy is aimed at attracting and retaining quality and experienced people which is critical to Western's success for the benefit of its Shareholders.

Compensation for employees, including Senior Executives and NEOs (as defined in "Compensation of Named Executive Officers – Summary Compensation Table" below), is comprised of three elements: base salary, annual performance bonus (cash bonuses) and long-term incentive compensation pursuant to Western's Stock Option Plan ("**Stock Option Plan**") and restricted share unit plan ("**RSU Plan**"). The Corporate Governance and Compensation Committee reviews all three components in assessing the compensation of the Senior Executives. Salaries and bonuses are intended to provide current compensation and short-term incentive ("**STI**") for employees to encourage them to meet the Corporation's annual performance targets. Stock options ("**Options**") and restricted share units ("**RSUs**") are granted as a long-term incentive ("**LTI**") and are designed to align with the benefit associated with the long-term appreciation in Western's share price performance.

The Corporate Governance and Compensation Committee considers and make recommendations to the Board with respect to the Senior Executives' STI and LTI granted pursuant to the Stock Option Plan and RSU Plan (collectively, the "**LTIPs**"); and, if applicable, any provisions within their employment contracts with respect to the same. When making such recommendations, the Corporate Governance and Compensation Committee analyzes a number of factors, including, but not limited to: compensation data compiled from Western's peer group; corporate performance; and individual performance. In assessing corporate performance, Western has established certain financial and health and safety targets discussed below. In assessing the performance of the individuals, consideration will be given to objective factors such as the level of responsibility, experience and expertise, as well as subjective factors such as leadership and individual performance.

The Corporate Governance and Compensation Committee along with the Board continues to review and refine the Corporation's compensation policies and practices to ensure that they are competitive within the oilfield services industry and consistent with the goal of maximizing the performance of the Corporation while not incentivizing excessive risk taking.

#### *Comparable Companies*

Western compares the compensation of its Senior Executives and NEOs to the compensation provided to executives in comparable positions of a comparable group of Canadian oilfield service companies. The comparable group is selected based on the nature of the organization's business taking into consideration size, complexity and style of operation. The companies in this comparison group compete with Western for executive personnel and therefore provide a useful benchmark for the Corporate Governance and Compensation Committee in its evaluation of the compensation programs for the Senior Executives and NEOs. Western looks to the following primary market competitors in comparing its Senior Executive and NEOs compensation:

Akita Drilling Inc.  
CWC Well Services Corp.  
Ensign Energy Services Inc.

Precision Drilling Corporation  
Savanna Energy Services Corp.  
Trinidad Drilling Ltd.

### *Independent Compensation Consultant*

Western initially retained Mercer (Canada) Limited (“**Mercer**”) for executive compensation design and support in February 2014. Mercer’s fees for executive compensation design and/or support in fiscal 2015 and 2014 were as follows:

<b>Services Provided</b>	<b>Fees in 2015</b>	<b>Fees in 2014</b>
Executive Compensation Related Fees <sup>(1)</sup>	\$4,091	\$140,286
Other fees <sup>(2)</sup>	\$15,540	\$8,631

**Notes:**

(1) Includes fees for services related to determining compensation levels for the Senior Executives, NEOs and the Board and review of peer companies in fiscal 2015 and 2014 plus design, review and implementation of new compensation policies in fiscal 2014.

(2) Includes fees for market trends and Western’s participation in, and access to, the annual market surveys carried out by Mercer in Canada.

### *Executive Compensation Program*

#### General

Western’s executive compensation program is designed to reward Senior Executives and NEOs based on Western’s overall performance and growth. The program balances annual rewards for achieving individual and corporate success on a short-term basis with equity-based LTIs (Options and RSUs) that are intended to reward the individual based on the long-term share price performance of Western.

#### Risk Oversight in Relation to Compensation Policies and Practices

As part of its annual review of the Corporation’s executive compensation programs, the Corporate Governance and Compensation Committee takes into consideration a number of factors including an analysis to ensure that the compensation programs provide the Senior Executives incentive to achieve both short and long-term objectives without motivating them to take unnecessary risk. In particular, the Corporation notes the following factors which it believes should mitigate the likelihood that its Senior Executives will take unnecessary or excessive risk for the sake of enhanced rewards:

- the aggregate annual performance STIP pool is calculated by management based upon the achievement of certain company-wide financial metrics and safety targets (See “**Components of Compensation – Annual Performance Short-Term Incentive Plan**” below). However the final aggregate STIP pool and the individual allocations are subject to Board discretion based on management recommendations;
- the Stock Option Plan is designed so that Options vest over at least a three year period and therefore encourages share price appreciation over the longer term. In doing so, the Corporate Governance and Compensation Committee believes this reduces the risk of actions which may have short-term advantages over long-term sustainable share price appreciation;
- the RSU Plan is designed so that RSUs vest over a three year period and, with respect to RSUs which are treasury settled, encourages share appreciation over the longer term. As with the Stock Option Plan, the Corporate Governance and Compensation Committee believes this reduces the risk of actions which may have short-term advantages over long-term sustainable share price appreciation; and
- Other than in the case of new hires, Western does not generally award off-cycle grants of Options or RSUs.

#### Anti-Hedging/Speculation Policies

In addition, the Corporation discourages short-term speculation on its shares. The Insider Trading Policy of the Corporation provides that no director, officer, employee or consultant of the Corporation shall engage in any of the following activities with respect to the securities of the Corporation:

- trading in securities of the Corporation on a short-term basis. Any Common Shares purchased on the open market must be held for a minimum of four months and ideally longer;
- purchase of Corporation securities on margin for the purpose of short-term speculation;

- short sales;
- buying or selling “put” or “call” options;
- purchasing financial instruments which are designed to hedge or offset a decrease in market value of equity securities granted by the Corporation as compensation or held, directly or indirectly, which financial instruments include but are not limited to, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly.

## **Components of Compensation**

The overall compensation program for employees, including the Senior Executives and NEOs, is comprised of three primary components:

### **Base Salaries and Benefits**

Salary amounts are set giving consideration to the skills required to carry out the Corporation’s business plan and how well the expertise and experience of these individuals fit with those requirements and the competitive marketplace. In addition, employees are provided benefits which include health and dental, short and long term disability and life insurance. As part of the benefits for employees in general, the Corporation has a matching plan (“**Matching Plan**”) whereby employees are given the option to contribute from 2% to 5% of their base salary to the plan which will, at the option of the employee, allocate such amount to a Registered Retirement Savings Plan (“**RRSP**”) or a Non-registered Savings Plan (“**NRSP**”). Contributions can be directed to purchase Common Shares or other designated securities available within the RRSP or NRSP and the Corporation will match RRSP or NRSP amounts and those matched funds will also be used for a RRSP or NRSP contribution. The foregoing is administered by a third party and such acquisitions of Common Shares can occur within the Matching Plan at any time.

### **Annual Performance Short-Term Incentive Plan**

Employees are eligible to receive an annual cash bonus based upon a combination of corporate and individual performance. The Corporation’s STIP is designed to reward eligible employees for performance against goals and objectives established at the beginning of the performance period. The STIP is structured to encourage and reward employees to maximize short-term results at Western. Performance measures are established by management at the corporate level for all eligible employees annually and are then reviewed and approved by the Board. However, the actual STIP pool amount and the individual bonus are subject to the discretion of the Board.

#### *The STIP Pool*

The target STIP pool is established by determining the total of STIP target amounts for all the employees as recommended by management for the year. The total STIP amount is a multiple of the target STIP pool determined and recommended to the Board based on the following performance targets:

1. Return on capital employed (“**ROCE**”). ROCE is calculated by dividing the pre-bonus earnings of the Corporation before interest and taxes by the average capital employed which is calculated as the average current assets (excluding cash) plus average PP&E and goodwill, less average current liabilities (excluding interest, tax and bonus payable amounts); and
2. Total recordable incident frequency (“**TRIF**”). TRIF is a lagging indicator that determines the injury rate based on the number of recordable injuries and the total number of hours worked in a year. The foundation of the formula for calculating TRIF is defined by the Occupational Health & Safety Administration, a federal agency of the United States that regulates workplace safety and health. TRIF is calculated by multiplying the number of recordable injuries and illnesses incurred during the year by 200,000 and dividing that product by the total number of hours that were actually worked by employees. The “200,000” used in this calculation is the equivalent number of hours for 100 employees working 40 hours per week for 50 weeks. The overall annual TRIF which is determined at the end of the relevant year is based on the total number of recordable injuries for all divisions and the total hours worked for all divisions in the year.

Management believes the use of ROCE as a financial performance measure provides direct alignment with the interests of shareholders by providing a tangible financial target that must be met in order for employees to realize economic value under the STIP. Management also believes that the use of ROCE provides a balanced management approach that encourages prudent entrepreneurial risks and efficient capital deployment. ROCE accounts for 85% of the total STIP pool amount.

In addition to the financial performance measure, the Corporation also uses TRIF as a health and safety performance measure. The use of TRIF reinforces the Corporation's commitment to protect the health and safety of its employees, contractors, clients and other third party personnel in the communities in which the Corporation operates. The use of TRIF as a performance target also helps make health and safety management a core part of the culture of the Corporation. TRIF accounts for 15% of the total STIP pool amount.

Upon final determination of the stated metrics compared to the established targets, the STIP pool and individual amounts to be paid to the Senior Executives as recommended by the Compensation Committee are provided to the Board for its review and approval.

In 2014 both ROCE and TRIF targets were exceeded resulting in a 1.36 multiplier for the total STIP pool of which the NEOs received an aggregate of \$2,122,000 compared to the target amount of \$1,375,096. In 2015, the minimum ROCE target was not achieved, however, TRIF improved dramatically resulting in a combined multiplier of 0.225. The aggregate STIP payout to NEOs in 2015 was \$397,000 compared to a target of \$1,608,000.

### **Long-Term Incentive Compensation**

#### *Options*

Options are viewed as an effective incentive to balance directors, officers, employees and consultants' focus between short-term operating performance and profitable long-term growth, which should translate into share price appreciation for the benefit of shareholders. With Option grants vesting over time, they also should serve as an effective employee retention tool. Despite the dilutive aspect of Options, they do directly align the interests of management and shareholders as the benefits derived from Options parallel the benefits realized by shareholders through share price appreciation. Options provide the potential for long-term rewards and above-average total compensation for superior, longer-term performance.

Directors, officers, employees and consultants are eligible to participate in Western's Stock Option Plan. The Stock Option Plan authorizes the Board to issue Options. Awards of Options are made from time to time to participants at varying levels consistent with the individual's position and responsibility. The Board approves Option grants as recommended by the Corporate Governance and Compensation Committee. Options are priced at the closing trading price of Western's Common Shares on the business day immediately preceding the date of grant. Options granted vest at a rate of one third each on the first, second and third anniversaries of the date of grant and have a 5 year term. The term and other provisions of the Options are subject to the terms of Western's Stock Option Plan.

#### *RSUs*

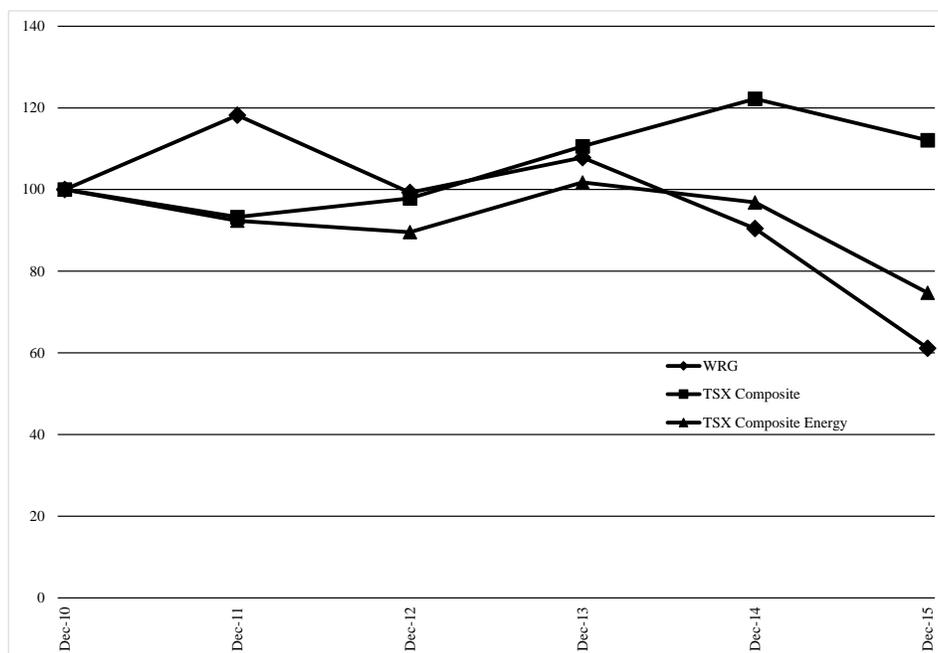
Directors, officers, employees and consultants are eligible to participate in the RSU Plan. The RSU Plan authorizes the Board to issue RSUs. Awards of RSUs are made from time to time to participants at varying levels consistent with the individual's position and responsibility. The Board approves grants as recommended by the Corporate Governance and Compensation Committee. The term and other provisions of the RSU are subject to the terms of the RSU Plan. RSUs granted vest at a rate of one third each on the first, second and third anniversaries of the date of grant.

### **Performance Analysis**

The graph below illustrates Western's share performance over the last five years.

### Share Price Performance Graph since 2010

The following graph compares the cumulative total return on Western's Common Shares from December 31, 2010 to December 31, 2015 with the S&P/TSX composite total return index and the S&P/TSX composite energy total return index for the same period. It assumes an initial investment of \$100 on December 31, 2010, with all dividends reinvested:



	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
Western Common Shares	100	118	99	108	90	61
S&P/TSX Composite Total Return Index	100	93	98	111	122	112
S&P/TSX Composite Energy Total Return Index	100	92	90	102	97	75

### Share Price Performance in Relation to Executive Compensation

Among the five NEOs for fiscal 2015, being Alex R.N. MacAusland, Jeffrey K. Bowers, Rick M. Harrison, Darcy D. Reinboldt and David G. Trann, Messrs. MacAusland, Bowers and Trann have been employees of the Corporation since before December 31, 2010. Mr. Harrison has been an employee of the Corporation since March 2011. Mr. Reinboldt has been an employee of the Corporation since December 2013. Since December 31, 2010, Western has completed six transactions including: two acquisitions, the disposition of Stimsol Canada Inc., one equity financing and two high yield debt financings. During this time period, Western's drilling rig fleet has grown from 22 to 57 drilling rigs on December 31, 2015, making Western the sixth largest contract drilling contractor in Canada, while the well servicing rig fleet has grown from zero to 66 service rigs at December 31, 2015, making Western the fourth largest well servicing contractor in Canada. During this period, Western also commenced operations of its production services segment in Canada and successfully completed a significant capital build program. All of these factors taken together resulted in strong revenue and EBITDA growth until the significant commodity price decline which started in June 2014 and continued throughout 2015. Compensation paid to the NEOs until December 31,

2014 and 2015 base salaries set at the end of fiscal 2014 reflect the significant increase in the scope and size of Western's business operations from December 31, 2010 to such time as well as Western's strong financial and operating results during such time.

2015 was a very difficult and challenging year for Western and North American oilfield service companies generally. The sharp decline in commodity prices that started in June 2014 resulted in historically low commodity prices and depressed industry conditions which prevailed throughout all of 2015. The average monthly spot price for West Texas Intermediate ("WTI") crude plummeted from approximately US\$108 per barrel in June 2014 to approximately US\$35 per barrel by December 2015. The low commodity price environment in 2015 resulted in significantly reduced activity levels by oil and gas exploration & production companies in both Canada and the United States. These reduced activity levels caused a severe decline in the demand for oilfield services, including the Corporation's equipment and services, and a reduction in the prices being paid for such services. As a result, the Corporation's utilization rates and revenues were adversely affected in 2015 by these market conditions.

In order to mitigate the adverse financial effects on the Corporation of the severely low commodity price environment throughout 2015, the Corporation significantly reduced its 2015 capital and other expenditures and implemented a number of external (suppliers) and internal (personnel) cost cutting measures as well as focusing on improved operational efficiencies and savings.

Personnel cost cutting measures and cost reductions to date include, among other things:

- a reduction of Western's non-field workforce by approximately 31% since December 31, 2014
- a 10% salary roll back effective February 22, 2016 for non-field employees
- a 10% reduction in directors' fees effective February 22, 2016
- decreases to employee activities/spending

Western's Corporate Governance and Compensation Committee believes that the compensation paid to the NEOs in 2015 was appropriate having regard to, on one hand, Western's operations and success in such a difficult market during 2015 and, on the other hand, the sharp drop in Western's share price throughout 2015 predominantly due to the commensurate sharp drop in commodity prices and the resultant significant adverse effect on Western's utilization rates and revenues. The Total Return Performance Graph set forth above demonstrates the strong correlation that exists between the compensation paid to Western's NEOs and Western's total shareholder return ("TSR") over the five year period. The NEOs total reported (versus realizable) compensation over the past five years has trended up and down in conjunction with Western's TSR, and the impact on Western's TSR from the sharp drop in the share prices of North American oilfield service companies from mid-2014 and throughout 2015 is reflected in the difference between the realizable and reported compensation of Western's NEOs illustrated in the table below. Compensation for the NEOs also reflects the high level of variable pay, both short and long term, which forms part of the total compensation program for the Corporation's executives.

### **Composition of the Corporate Governance and Compensation Committee**

The current members of the Corporate Governance and Compensation Committee are John R. Rooney (Chairman), Ronald P. Mathison and Donald P. Copeland. In addition to their experience as members of the Corporate Governance and Compensation Committee of Western, all such members have significant experience in dealing with executive compensation matters as directors and/or senior leaders of other energy-related public companies and all of such members currently serve, or have served, on the compensation committee of the board of directors of other energy related public companies. Each current member of the Corporate Governance and Compensation Committee is independent as defined under National Instrument 52-110 *Audit Committees* ("NI 52-110") and none received any compensation, directly or indirectly, from Western other than for services as a member of the Board and its committees, as applicable.

## *Relevant Education and Experience of Members of the Corporate Governance and Compensation Committee*

### *John R. Rooney (Chairman)*

Mr. Rooney has been the Chairman and CEO of Northern Blizzard Resources Inc., a publicly traded oil and gas company, since November 2009. From December 2007 to April 2009, Mr. Rooney was the CEO of TUSK Energy Inc. From 2005 to 2007, Mr. Rooney was the President and CEO of Zenas Energy Inc. Mr. Rooney is a Chartered Accountant and a Chartered Business Valuator.

### *Ronald P. Mathison*

Mr. Mathison is the President and Chief Executive Officer of Matco Investments Ltd. and Matco Capital Ltd., private investment firms which specialize in providing capital and management expertise to companies in which they have an interest. Mr. Mathison has extensive experience in restructuring and financing corporations in both the public and private markets and is founder and Chairman of Calfrac Well Services Ltd. and Tesla Exploration Ltd. Until 2000, Mr. Mathison was a director and principal of Peters & Co. Limited, an investment firm specializing in the oil and natural gas industry. Prior thereto, Mr. Mathison and two other individuals formed the nucleus of Peters & Co. Capital, a private merchant banking equity firm that is widely associated with numerous restructurings of oil and natural gas exploration and production companies and oilfield service companies. Mr. Mathison received a Bachelor of Commerce degree (Hons) from the University of Manitoba and has earned Chartered Accountant, Chartered Business Valuator, and Chartered Financial Analyst designations.

### *Donald D. Copeland*

Mr. Copeland is an independent businessman. Prior to joining Western's Board in June 2011, Mr. Copeland was the Chairman of Stoneham Drilling Trust. Previously, he founded and served as the CEO and Chairman of a number of oil and gas corporations, both in the producing sector and oilfield services sector of the industry. He has served on the boards of numerous oil and gas industry corporations. Mr. Copeland is also currently a director of Toscana Energy Income Corp. Mr. Copeland received a Bachelor of Science degree in Chemical Engineering from the University of Calgary. He is a graduate of the Director's Education Program sponsored by the Institute of Corporate Directors.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

### **Long-Term Incentive Equity Plans**

In order to attract and retain qualified personnel and provide incentives and rewards to the directors, officers, employees and consultants of Western, the Board has adopted a long-term incentive equity plan which includes the Stock Option Plan and the RSU Plan.

The Stock Option Plan authorizes the Board to grant Options to purchase Common Shares to directors, officers, employees and consultants of Western.

The RSU Plan authorizes the Board to issue RSUs which entitle the holder to either receive, at the Board's discretion, one Common Share or the cash equivalent of the fair market value of one Common Share to directors, officers, employees and consultants of Western.

Under the Stock Option Plan and the RSU Plan, the aggregate number of Common Shares issuable upon exercise of Options granted thereunder may not exceed 10% of the issued and outstanding Common Shares from time to time and 1% of the Shares will be allocated to the RSU plan for treasury settled RSUs and the Common Shares reserved for issuance to any one person shall not exceed 5% of the outstanding Common Shares from time to time.

## **Summary of Stock Option Plan**

### *Participation Limits*

The Stock Option Plan provides that the maximum number of Common Shares issuable pursuant to Options granted shall not exceed 10% of the aggregate number of issued and outstanding Common Shares. The number of Common Shares issuable to insiders pursuant to Options granted under the Stock Option Plan and any other security based compensation arrangement at any time may not exceed 10% of the outstanding Common Shares, and the number of Common Shares issued to insiders, within any one year period, under the Stock Option Plan and any security based compensation arrangement may not exceed 10% of the outstanding Common Shares. The maximum number of Common Shares that may be issued to any one participant under the Stock Option Plan is 5% of the outstanding Common Shares.

As of December 31, 2015, there were 6,058,906 Options issued and outstanding, representing 8.2% of the issued and outstanding Common Shares.

### *Granting of Options*

The Stock Option Plan provides that, at the time of granting an Option under the Stock Option Plan, the Board (or a committee thereof) will determine the exercise price when such Option is granted subject to any limitations imposed by any relevant stock exchange or regulatory authority and the exercise price shall not be less than an amount equal to the Market Value of the Common Shares. The Market Value is defined in the Stock Option Plan as any date when the market value of Common Shares of the Corporation is to be determined as the closing price on the trading day prior to the date of grant on the TSX. As well, the Board (or a committee thereof) will determine at the time of granting an Option under the Stock Option Plan the expiry date of each Option (not to exceed 5 years after the date of grant) and the extent to which each Option vests.

### *Vesting*

The Board has resolved that vesting provisions for Options granted by Western shall be as to 1/3 on the first anniversary of the date of grant, 1/3 on the second anniversary of the date of grant and 1/3 on the third anniversary of the date of grant.

### *Change of Control, Amalgamation or Sale*

The Stock Option Plan provides that vesting of Options shall accelerate and Options shall be exercisable immediately prior to the time that a change of control takes place as defined by the Stock Option Plan. In the event of a change of control of the Corporation, a participant in the Stock Option Plan shall be entitled to make an offer to the Corporation for the disposition and surrender of their Options for an amount (not to exceed the fair market value) specified in the agreement evidencing the Options and the Corporation may accept such offer subject to regulatory approval.

The Stock Option Plan also states that if Western amalgamates with another entity or sells all or substantially all of its assets in exchange for shares of another entity, Western shall ensure that the holders of Options shall receive shares in the successor entity on the same basis the Option holder would have received if the Option holder had purchased shares of Western immediately prior to the amalgamation or sale and that upon making such provision the Options shall terminate.

### *Take-over Bid*

If the Board approves a take-over bid of Western by another entity, the Options held shall accelerate to allow holders to exercise their Options to tender shares issuable pursuant thereto to the bid but shall be deemed not to have been issued if the bid is not successful. If such an approved take-over bid occurs, an Option holder has the right to exercise all of their Options; however, any Options not yet vested and exercisable may only be purchased for tender pursuant to the take-over bid. If an Option holder does not exercise and tender to the bid, the Options outstanding

after the bid may be cancelled by paying the holder the difference between the exercise price and the fair market value of the securities the Option holder would have received if their Options had been exercised.

#### *Additional Terms*

If an Option holder ceases to be an employee or a director of Western, as the case may be, the Option shall terminate on a date set forth in the Option agreement, such date not to be in excess of six months from the date of such termination. The Stock Option Plan states that Option agreements shall provide that upon the death of an Optionee, the Option shall terminate on a date set forth in the agreement which shall not be more than 12 months from the date of death. The Stock Option Plan does not provide for any assignability of Options.

#### *Amendments*

The Stock Option Plan also provides that the Board may, in its sole discretion and without further approval of the shareholders of Western, amend, suspend, terminate or discontinue the Stock Option Plan and may amend the terms and conditions of Options granted under the Stock Option Plan, subject to any required approval of any regulatory authority or applicable stock exchange. Subject to any required regulatory approval of any regulatory authority or stock exchange, the Board may at any time alter, amend or vary the Stock Option Plan without the approval of the shareholders of Western if the alteration, amendment or variance does not: (a) increase the number of shares that can be issued under the Stock Option Plan; (b) reduce the exercise price of an outstanding Option except for the normal anti-dilution provisions whereby option values are maintained in connection with a subdivision, consolidation, conversion, reclassification, re-division or re-designation of Common Shares or a reorganization, amalgamation, consolidation, merger, takeover bid or similar transaction involving Western; (c) extend the expiry date of an outstanding option or amend the Stock Option Plan to permit the grant of an option with an expiry date of more than five years from the grant date; (d) allow for the transfer of Options, except if the transfer is to an entity controlled by the Option holder, a charity or for estate planning or estate settlement purposes; (e) expand the categories of individuals eligible to participate in the Stock Option Plan; or (f) amend the Stock Option Plan to provide for other types of compensation through equity issuance.

### **Summary of RSU Plan**

#### *Purpose*

The purpose of the RSU Plan is to: (i) strengthen the ability of Western and its affiliates to attract and retain qualified directors, officers, employees and consultants of Western (“**Eligible Participants**”); (ii) align the interests of Eligible Participants with the interests of the Shareholders; and (iii) focus management of Western on operating and financial performance and total long-term Shareholder return by providing an increased incentive to contribute to Western’s growth and profitability.

#### *Compensation under the RSU Plan*

The RSU Plan provides for the issuance of RSUs. An RSU award entitles the grantee thereof to receive, on each applicable vesting date, either: (i) at the election of the Board or any committee of the Board delegated responsibility for the RSU Plan (either the Board or such committee of the Board referred to as the “**RSU Plan Committee**”) (A) the number of Common Shares deliverable on such vesting date pursuant to the terms of the RSU grant or (B) such lesser number of Common Shares as the RSU Plan Committee may determine in partial satisfaction of the number of Common Shares deliverable on such vesting date pursuant to the terms of the RSU grant; and (ii) unless the RSU Plan Committee determines to issue, in full settlement therefore, Common Shares on such vesting date in respect of an RSU award, a cash payment equal to the Fair Market Value (as such term is defined in the RSU Plan, determined on the basis of a five day volume weighted average) of a Common Share on such vesting date multiplied by the number of RSUs that vest to the grantee on such vesting date.

The RSU Plan Committee may consider the following factors in making RSU awards: (i) compensation data for comparable benchmark positions among the Corporation's competitors; (ii) the duties and seniority of the Eligible Participant; (iii) the performance of the Eligible Participant in the prior year relevant to the Performance Measures

(as defined in the RSU Plan) of the Corporation for the relevant performance period; (iv) individual and/or departmental contributions and potential contributions to the success of the Corporation; and (v) such other factors as deemed relevant in connection with accomplishing the purposes of the RSU Plan.

#### *Vesting*

An award under the RSU Plan shall vest as to one third on each anniversary date following the date such RSU is granted, subject to accelerated vesting in the event of a Change of Control (as such term is defined in the RSU Plan), provided that the vesting date for all RSUs granted under a particular award shall not be later than November 30 of the third year following the year the particular award was made.

#### *Common Shares Subject to the RSU Plan*

The number of Common Shares which may be reserved for issuance: (i)(A) under the RSU Plan shall not exceed 1% of the total number of Common Shares issued and outstanding from time to time; and (B) when combined with the maximum number of Common Shares which may be reserved for issuance under all other security based compensation arrangements of the Corporation shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time; and (ii) to “insiders” and their “associates” and “affiliates”, as such terms are defined by the *Securities Act* (Alberta), under the RSU Plan and all other security based compensation arrangements of Western cannot exceed 10% of the Common Shares issued and outstanding from time to time. In addition, the number of Common Shares which may be issued to insiders within any one year period under the RSU Plan and all other security based compensation arrangements of Western cannot exceed 10% of the total number of Common Shares issued and outstanding from time to time.

The number of Common Shares issuable in any 12 month period under the RSU Plan: (i) to any one Eligible Participant shall not exceed 2% of the total number of Common Shares issued and outstanding from time to time; and (ii) to employees whose primary function is conducting Investor Relations Activities (as such term is defined in the RSU Plan) shall not exceed in the aggregate 2% of the total number of Common Shares issued and outstanding from time to time.

The maximum number of Common Shares issuable to non-employee directors under the RSU Plan shall not exceed 1% of the total number of Common Shares outstanding from time to time and the aggregate Fair Market Value (as such term is defined in the RSU Plan) of Common Shares, at the time of grant, granted to any one individual non-employee director, in any 12-month period under the RSU Plan, shall not exceed \$150,000.

Where RSUs are satisfied, terminated or expire in accordance with the RSU Plan, the Common Shares in respect of such RSUs shall thereafter revert to the RSU Plan and shall be included in the total number of RSUs available for issuance under the RSU Plan.

#### *Blackout Periods*

If an RSU would vest within a Black-Out Period (as such term is defined in the RSU Plan) imposed by the Corporation, or which vest within five business days after a Black-Out Period ends (other than a Black-Out Period imposed due to a cease trade order), the vesting date of the RSUs shall be ten business days from the date any Black-Out Period ends.

#### *Termination of RSUs*

Upon a grantee ceasing to be a Eligible Participant by reason of the retirement of the grantee or due to Disability (as such term is defined in the RSU Plan) or death of the grantee, all outstanding RSUs previously granted to such grantee shall continue in full force and effect, and vesting and payment in respect of such RSUs shall continue to be made in accordance with the terms thereof, subject to the provisions of the RSU Plan, as if such grantee continued to be an Eligible Participant, provided however that the grantee shall only be entitled to receive on each vesting date, the number of Common Shares equal to the number of RSUs granted multiplied by a fraction (A) the numerator of

which is the number of days the grantee was an Eligible Participant of the Corporation during the applicable vesting period and (B) the denominator of which is the total number of days comprising the applicable vesting period.

Upon the grantee ceasing to be a Eligible Participant due to termination not for cause, effective as of the date of the termination without cause, all unvested RSUs held by such grantee shall be terminated and all rights to receive any payment thereunder shall be forfeited by the grantee and the grantee shall not be entitled to receive any compensation in lieu thereof, provided that the RSU Plan Committee may determine in its sole discretion, prior to the date such RSUs would otherwise terminate, to extend the date upon which such securities terminate.

Upon the grantee ceasing to be a Eligible Participant due to voluntary resignation by the grantee, all RSUs previously credited to such grantee which did not vest on or prior to the last day of any notice period applicable in respect of such grantee's voluntary termination date, shall be terminated and forfeited as of the grantee's termination date (or such longer period as determined by the RSU Plan Committee in its sole discretion).

In the event of the grantee ceasing to be a Eligible Participant due to involuntary termination for cause, effective as of the date notice is given to the grantee of such termination, all unvested RSUs held by such grantee shall be terminated and forfeited.

#### *Assignability*

Except as specifically provided in the RSU Plan, RSUs may not be transferred or assigned.

#### *Adjustments*

If the number of outstanding Common Shares changes as a result of (i) any change in the Common Shares through subdivision, consolidation, reclassification, or amalgamation or merger that is not a Change of Control or otherwise; (ii) rights being granted to Shareholders to purchase Common Shares at prices substantially below Fair Market Value; or (iii) Common Shares being converted into or exchangeable for other securities as a result of any reorganization, recapitalization, merger, consolidation or other transaction that is not a Change of Control, the RSU Plan Committee may make appropriate adjustments to the number of the RSUs outstanding which the RSU Plan Committee may, in its sole discretion (subject only to TSX approval if required), consider appropriate in the circumstances to prevent substantial dilution or enlargement of the rights thereunder.

In the event the Corporation pays a dividend on the Common Shares subsequent to the granting of a RSU, the number of Common Shares issuable pursuant to such grant of RSUs (or a cash payment in lieu of the issuance of Common Shares) shall be increased to account for the payment of such dividend.

#### *Change of Control*

If, before the vesting of an RSU in accordance with the terms thereof, a Change of Control (as defined in the RSU Plan) occurs prior to any of the vesting dates respecting an RSU, all of a grantee's RSUs that have not yet vested as of such time shall vest immediately prior to the effective time of the Change of Control, or such other time as determined advisable by the RSU Plan Committee, provided that such other time is not later than the date that the vesting would have otherwise occurred and is no earlier than 30 days before the date the vesting would otherwise have occurred.

#### *Foreign Grantees*

The Corporation may, without amending the RSU Plan, modify the terms of RSUs granted to Eligible Participants who provide services to the Corporation from outside of Canada in order to comply with the applicable laws of such jurisdictions. In addition, the terms of the RSUs granted to grantees subject to taxation in the United States will be subject to and will be determined by taking into consideration the terms stated in Appendix A to the RSU Plan.

## Amendments

The RSU Plan provides the RSU Plan Committee with the discretion to make certain amendments to the RSU Plan without the approval of Shareholders, provided that no such amendment to the RSU Plan shall cause the RSU Plan to cease to be subject to paragraph (k) of the definition of “salary deferral arrangement” as contained in the *Income Tax Act* (Canada).

In particular, the RSU Plan Committee may make amendments: (i) resulting in an addition to, deletion from or alteration of the RSU Plan or an RSU award that is necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange; (ii) to correct or rectify any ambiguity, defective provision, error or omission in the RSU Plan or a RSU award; and (iii) any other amendment that does not require shareholder approval under paragraph 7(d) of the RSU Plan.

Shareholder approval will be required for: (i) any increase in the maximum number of Common Shares reserved for issuance under the RSU Plan; (ii) any extension of the term of an RSU award benefiting an insider; (iii) any amendments to the RSU Plan to remove or to exceed the insider participation limits set forth in the RSU Plan; (iv) any change to the categories of individuals eligible to be selected for grants of RSU awards, where such change may broaden or increase the participation of insiders under the RSU Plan; (v) an amendment that would permit unit awards to be transferable or assignable other than for normal estate settlement purposes; and (iv) any amendment to the amendment provisions of the RSU Plan.

As of December 31, 2015, the RSUs granted and outstanding under the RSU plan, represented approximately 0.6% of the issued and outstanding Common Shares. Under the RSU Plan, the maximum number of Common Shares issuable under the RSU Plan shall not exceed 1% of the issued and outstanding Common Shares from time to time. Accordingly, as of December 31, 2015, there are approximately 326,194 unallocated RSUs available for issuance under the RSU Plan, representing approximately 0.4% of the issued and outstanding Common Shares.

## Equity Compensation Plan Information

The following table sets forth information as at December 31, 2015 with respect to the Corporation’s compensation plans under which equity securities of the Corporation are authorized for issuance:

<b>Plan Category</b>	<b>Number of Securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans<sup>(1)</sup></b>
Equity compensation plans approved by security holders			
Stock Option Plan	6,058,906	\$7.10	895,454 <sup>(2)</sup>
RSU Plan	410,269	N/A	326,194 <sup>(3)</sup>
Equity compensation plans not approved by security holders	None	N/A	N/A
<b>Total</b>	<b>6,469,175</b>		<b>895,454<sup>(1)(2)</sup></b>

### Notes:

- (1) The maximum number of Common Shares issuable under the LTIPs shall not exceed 10% of the aggregate number of issued and outstanding Common Shares.
- (2) The total number of Stock Options available as at December 31, 2015 (assuming no additional RSUs are issued).
- (3) The maximum number of Common Shares issuable under the RSU Plan shall not exceed 1% of the aggregate number of issued and outstanding Common Shares included in the LTIP limit of 10%.

## COMPENSATION OF NAMED EXECUTIVE OFFICERS

Compensation was paid to the NEOs during the aforementioned fiscal year as disclosed below.

### Summary Compensation Table

Securities legislation requires the disclosure of the compensation received by the NEOs of the Corporation for the three most recently completed financial years. “NEO” or “Named Executive Officer” is defined by the legislation

to mean (i) each of the Chief Executive Officer and Chief Financial Officer of the Corporation, regardless of the amount of compensation of that individual, (ii) each of the Corporation's three most highly compensated executive officers or individuals acting or in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation and bonus exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

An “**executive officer**” is defined by the legislation to mean (i) the Chair of the Corporation, (ii) a Vice-chair of the Corporation, (iii) the President of the Corporation, (iv) a Vice-president of the Corporation in charge of a principal business unit, division or function, such as sales, finance or production, or (v) an officer of the Corporation or any of its subsidiaries or any other person who performed a policy-making function in respect of the Corporation.

During the financial year ended December 31, 2015, there were five (5) NEOs of Western being Alex R.N. MacAusland, President and Chief Executive Officer; Jeffrey K. Bowers, Senior Vice President, Finance and Chief Financial Officer; Rick M. Harrison, Senior Vice President Operations, Darcy D. Reinboldt, Senior Vice President Operations and David G. Trann, Vice President Finance.

The following table sets forth all annual and long-term compensation information concerning the total compensation paid to the NEOs:

Name and Principal Position	Year	Salary (\$)	Share-based Awards <sup>(1)</sup> (\$)	Option-based Awards <sup>(2)</sup> (\$)	Non-equity incentive Plan Compensation (\$)		Pension Value (\$)	All other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(3)</sup>	Long-term Incentive Plans			
Alex R.N. MacAusland <sup>(5)</sup> President and Chief Executive Officer	2015	525,000	153,670	353,695	132,000	---	---	76,271	1,240,636
	2014	400,000	128,180	896,000	650,000	---	---	70,589	2,144,769
	2013	365,000	---	---	500,000	---	---	50,983	915,983
Jeffrey K. Bowers Senior Vice President Finance and Chief Financial Officer	2015	375,000	110,490	252,730	95,000	---	---	65,494	898,714
	2014	350,000	113,390	852,500	550,000	---	---	67,534	1,933,424
	2013	315,000	---	---	500,000	---	---	45,591	860,591
Rick M. Harrison Senior Vice President, Operations	2015	320,000	74,930	172,720	60,000	---	---	61,398	689,048
	2014	300,000	64,090	246,500	400,000	---	---	61,790	1,072,380
	2013	260,000	---	128,311	300,000	---	---	43,926	732,237
Darcy D. Reinboldt <sup>(6)</sup> Senior Vice President, Operations	2015	320,000	74,930	172,720	60,000	---	---	35,587	663,237
	2014	285,192	64,090	246,500	325,000	---	---	40,322	961,104
	2013	8,462	---	197,000	---	---	---	712	206,174
David G. Trann <sup>(7)</sup> Vice President, Finance	2015	245,000	52,070	118,110	50,000	---	---	41,687	506,867
	2014	230,000	52,258	194,300	255,000	---	---	39,472	771,030
	2013	210,000	---	128,311	215,000	---	---	30,425	583,736

**Notes:**

- (1) Represents the fair value of the share-based awards granted during the year. The fair value of the share-based awards granted to NEOs pursuant to the RSU Plan is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs granted by the closing price of Common Shares of Western on the grant date. The closing price on the date of grant of the RSUs was \$5.08 in 2015 and \$9.86 in 2014.
- (2) The grant date fair value of option-based awards granted to NEOs pursuant to the Stock Option Plan is \$1.27 for Options issued on August 14, 2015, \$2.90 for Options issued on August 15, 2014, \$2.16 for Options issued on February 11, 2014, \$2.16 for Options issued on February 3, 2014, \$1.97 for Options issued on December 18, 2013, \$1.83 for Options issued on May 7, 2013. The grant date fair value of Options issued in 2015 for compensation disclosure purposes is calculated using a Black-Scholes option pricing model with the following assumptions: (i) average risk-free of 1%; (ii) average expected life of 2.0 years; (iii) volatility of 60%; and (iv) expected dividend yield of 6%. This methodology is consistent with the method used to estimate the fair value of Stock Options in Western's financial statements.
- (3) These represent annual cash bonuses in respect of the particular fiscal year.
- (4) All Other Compensation for each of the NEOs is comprised of the following elements: Mr. MacAusland: monthly car allowance, monthly parking, physical wellness allowance, club memberships and RRSP contributions; Mr. Bowers: monthly car allowance, monthly parking, physical wellness allowance, club memberships and RRSP contributions; Mr. Harrison: monthly car allowance, monthly parking, physical

wellness allowance and RRSP contributions; Mr. Reinboldt: vehicle, monthly parking, physical wellness allowance and RRSP contributions; and Mr. Trann, monthly car allowance, monthly parking, physical wellness allowance and RRSP contributions.

- (5) Mr. MacAusland's 2015 base salary was considered and set by the Board in late 2014. The increase in his salary over 2014 reflects both Mr. MacAusland's performance in 2013 and 2014 as well as the results of a peer salary review conducted by the Corporate Governance and Compensation Committee with the assistance of Mercer. The results of such peer salary review concluded that Mr. MacAusland's 2013 and 2014 salary was below that of CEOs of other Canadian public oilfield service companies of a similar size. The salary increase for Mr. MacAusland in 2015 puts his salary within the range for CEOs of such companies.
- (6) Mr. Reinboldt was appointed Vice President, Drilling Operations on December 19, 2013 and appointed Senior Vice President, Operations on December 4, 2014.
- (7) Mr. Trann was appointed Vice President, Finance of Western on May 1, 2013.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth all awards outstanding at December 31, 2015 made to the NEOs:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options <sup>(1)</sup> (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(2)</sup> (\$)	Number of Shares or Units of Shares that have not Vested <sup>(3)</sup> (#)	Market or Payout Value of Share-based Awards that have not Vested <sup>(4)</sup> (\$)	Market or Payout Value of Values Vested Share-Based Awards not Paid out or Distributed (\$)
Alex R.N. MacAusland President and Chief Executive Officer	30,000	8.75	Aug 11, 2016	Nil	39,865	154,676	---
	30,000	6.63	Dec 6, 2017	Nil	---	---	---
	200,000	7.76	Feb 10, 2019	Nil	---	---	---
	160,000	10.06	Aug 14, 2019	Nil	---	---	---
	278,500	5.03	Aug 13, 2020	Nil	---	---	---
Jeffrey K. Bowers Senior Vice President Finance and Chief Financial Officer	30,000	8.75	Aug 11, 2016	Nil	30,184	117,114	---
	30,000	6.63	Dec 6, 2017	Nil	---	---	---
	200,000	7.76	Feb 10, 2019	Nil	---	---	---
	145,000	10.06	Aug 14, 2019	Nil	---	---	---
	199,000	5.03	Aug 13, 2020	Nil	---	---	---
Rick M. Harrison Senior Vice President, Operations	50,000	8.00	Apr 14, 2016	Nil	19,549	75,850	---
	10,000	7.60	Aug 9, 2017	Nil	---	---	---
	70,000	6.76	May 6, 2018	Nil	---	---	---
	85,000	10.06	Aug 14, 2019	Nil	---	---	---
	136,000	5.03	Aug 13, 2020	Nil	---	---	---
Darcy D. Reinboldt Senior Vice President, Operations	100,000	7.15	Dec 17, 2018	Nil	19,549	75,850	---
	85,000	10.06	Aug 14, 2019	Nil	---	---	---
	136,000	5.03	Aug 13, 2020	Nil	---	---	---
David Trann Vice President, Finance	2,667	8.75	Aug 11, 2016	Nil	14,137	54,852	---
	3,333	7.44	May 10, 2017	Nil	---	---	---
	6,667	7.60	Aug 9, 2017	Nil	---	---	---
	46,667	6.76	May 6, 2018	Nil	---	---	---
	67,000	10.06	Aug 14, 2019	Nil	---	---	---
	93,000	5.03	Aug 13, 2020	Nil	---	---	---

#### Notes:

(1) Options to purchase Common Shares.

(2) Based on the closing share price of the Common Shares on December 31, 2015 of \$3.88.

(3) Consists of RSUs and dividends paid pursuant to the RSU Plan.

(4) The fair value of the share-based awards granted to NEOs pursuant to the RSU Plan is a theoretical expected value calculated by multiplying the number of RSUs held by the closing price of the Common Shares on the calculation date of such RSUs, being \$3.88 on December 31, 2015.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth particulars concerning each incentive plan award granted to each of the NEOs for the year ended December 31, 2015:

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Alex R.N. MacAusland President and Chief Executive Officer	Nil	23,058	132,000
Jeffrey K. Bowers Senior Vice President Finance and Chief Financial Officer	Nil	20,401	95,000
Rick M. Harrison Senior Vice President, Operations	2,100	11,537	60,000
Darcy D. Reinboldt Senior Vice President, Operations	Nil	11,537	60,000
David Trann Vice President, Finance	2,100	9,408	50,000

**Notes:**

- (1) Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on the vesting date based on the difference between the closing market price of the Western’s Common Shares on the vesting date and the exercise price of the Options.
- (2) Represents the aggregate dollar value realized upon vesting of share-based awards. The value is based on the market value of the underlying shares on the vesting date.

**Reported vs. Realizable Compensation**

The following table provides further information and context with respect to Western’s NEO compensation versus its TSR by comparing the reported compensation of the NEOs in the Summary Compensation Table (“SCT”) for 2015, presented earlier in this Information Circular, with the NEOs’ realizable compensation as at December 31, 2015. The NEOs’ “realizable” compensation differs from their reported compensation in that it uses the December 31, 2015 “in the money” value of the Stock Options granted to them in 2015 (as set out elsewhere in this Information Circular) as opposed to the grant date value of those Stock Options (which was calculated using a Black-Scholes model), and the December 31, 2015 value of the RSUs (the number of Common Shares underlying the RSUs multiplied by the closing price of the of the Common Shares on the TSX on December 31, 2015) as opposed to the grant date of the RSUs. The major drop in the share prices of North American oil and gas exploration and production and service companies that started in mid-2014 and that has persisted throughout fiscal 2015 is reflected in the realizable versus reported values of the NEOs’ Stock Options and RSUs in the SCT. The aggregate total compensation provided to the NEOs in 2015, as reported in the SCT, was \$3,998,502 compared to the aggregate realizable compensation of \$2,823,328.

Name and Principal Position		Salary (\$)	Share-Based Awards <sup>(1)(2)</sup> (\$)	Option-Based Awards <sup>(3)(4)</sup> (\$)	Annual Incentive Plans <sup>(5)</sup> (\$)	All Other Compensation <sup>(6)</sup> (\$)	Total Compensation (\$)
Alex R.N. MacAusland President and Chief Executive Officer	SCT	525,000	153,670	353,695	132,000	76,271	1,240,636
	Realizable	525,000	118,988	-	132,000	76,271	852,259
Jeffrey K. Bowers Senior Vice President, Finance and Chief Financial Officer	SCT	375,000	110,490	252,730	95,000	65,494	898,714
	Realizable	375,000	85,550	-	95,000	65,494	621,044

Rick M. Harrison Senior Vice President, Operations	SCT	320,000	74,930	172,720	60,000	61,398	689,048
	Realizable	320,000	58,018	-	60,000	61,398	499,416
Darcy D. Reinboldt Senior Vice President, Operations	SCT	320,000	74,930	172,720	60,000	35,587	663,237
	Realizable	320,000	58,018	-	60,000	35,587	473,605
David G. Trann Vice President, Finance	SCT	245,000	52,070	118,110	50,000	41,687	506,867
	Realizable	245,000	40,317	-	50,000	41,687	377,004

**Notes:**

- (1) The SCT value is based on the grant date fair value of the RSUs granted during 2015 pursuant to the RSU plan (as set out elsewhere in this Information Circular).
- (2) The realizable value is based on the fair value using the closing price of Common Shares of Western on December 31, 2015 being \$3.88 per Common Share, including reinvestment of additional units received as dividend equivalents.
- (3) The SCT value is based on the grant date fair value of Stock Options granted in 2015 pursuant to the Stock Option Plan (as set out elsewhere in this Information Circular).
- (4) The realizable value of the Stock Options as at December 31, 2015 was nil as the grant price exceeded the closing price of Common Shares of Western on December 31, 2015.
- (5) These represent annual cash bonuses.
- (6) As set out elsewhere in this Information Circular.

### Termination and Change of Control Benefits

Messrs. MacAusland and Bowers (hereinafter “**Subject Employee**” or “**Subject Employees**”) are subject to terms of employment which continue indefinitely and provide for payment of the Subject Employee’s annual base salary and participation in certain benefits provided by the Corporation until the employment agreement is terminated. The employment agreements contain provisions providing for the payment by the Corporation to the Subject Employees of certain amounts and benefits in the event of termination and in the event of a “change of control”, as described below.

The Corporation is entitled to terminate the employment agreement with either Subject Employee at any time for just cause and is then obligated to pay such Subject Employee’s gross salary through to the termination date, any bonus declared but not yet paid, accrued and unused vacation and outstanding expense reimbursements. Either of the Subject Employees may terminate his employment by giving 30 days’ written notice.

The Corporation has a right to terminate either of the Subject Employees’ employment agreement by paying to the Subject Employee a severance amount (the “**Severance Amount**”) equal to (i) 24 months’ annual salary, (ii) 20% of amount referenced in (i) as compensation for lost benefits and perquisites, and (iii) 2 times the average of the amount awarded to the Subject Employee as a bonus pursuant to the Corporation’s bonus plan in respect of the 2 most recently completed performance years. Either of the Subject Employees will be entitled to treat his employment as being “Terminated without cause”, and be entitled to the Severance Amount, if the Corporation unilaterally makes material changes the Subject Employee’s position or duties, title or office, which includes any removal from or failure to re-elect or re-appoint the Subject Employee to any positions or offices, or if the Corporation reduces the Subject Employee’s annual salary or the Subject Employee’s other remuneration or responsibilities taken as a whole (“**Good Reason**”), unless such changes are made with the consent of the Subject Employee.

In the event of a change of control (as defined below), each of Subject Employees is entitled to the Severance Amount if (i) his employment is terminated by the Corporation without cause within 60 days of the date of a Change of Control; or (ii) Good Reason exists, then the Subject Employee may provide 30 days written notice of his intent to terminate his employment within 60 days of the date of the Change of Control and the existence of Good Reason.

The executive employment agreements define a “**Change of Control**” as follows: (i) the purchase or acquisition of common shares of the Corporation and/or securities convertible into common shares of the Corporation or carrying the right to acquire common shares of the Corporation (“**Convertible Securities**”) as a result of which a person, group of persons or persons acting jointly or in concert, or any Affiliates or Associates of any such person, group of persons or any of such persons acting jointly or in concert (collectively the “**Holders**”) beneficially own or exercise

control or direction over common shares and/or Convertible Securities of the Corporation such that, assuming after the conversion of the Convertible Securities beneficially owned by the Holders thereof, would have the right to cast more than 30% of the votes attached to all common shares of the Corporation; (ii) an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another entity pursuant to which the shareholders of the Corporation immediately thereafter do not own securities of the successor or continuing entity which would entitle them to cast more than 50% of the votes attaching to all of the Common Shares; (iii) a liquidation, dissolution or winding up of the Corporation; (iv) the sale, lease or exchange of all or substantially all of the assets of the Corporation; (v) the election at a meeting of the Corporation's shareholders of a number of directors, who were not included in the slate for election as directors approved by the prior Board, and would represent a majority of the Board; (vi) the appointment of a number of directors which would represent a majority of the Board and which were nominated by any holder of voting shares of the Corporation or by any group of holders of voting shares of the Corporation acting jointly or in concert and not approved by the Corporation's prior Board; or (vii) a determination by the Board that there has been a change, whether by way of a change in the holding of common shares, or otherwise in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.

The table below sets out an estimated aggregate amount that each of Messrs. MacAusland and Bowers would have been entitled to if he had been terminated without cause on December 31, 2015.

	Annual Salary Component (\$)	Loss of Benefits and Perquisites Component (\$)	Loss of Bonus Component (\$)	Total Severance Amount (\$)
Alex R.N. MacAusland	1,050,000	210,000	782,000	2,042,000
Jeffrey K. Bowers	750,000	150,000	645,000	1,545,000

## DIRECTOR COMPENSATION

Each director who is not an employee of Western receives an annual retainer of \$60,000 to be inclusive of meeting fees. The independent Chairman of the Board is paid an additional retainer of \$20,000 to be inclusive of meeting fees and a \$15,000 additional annual retainer is paid to the Chairman of the Audit Committee and a \$10,000 additional annual retainer is paid to each of the Chairman of the Corporate Governance and Compensation Committee and the Chairman of the Health, Safety and Environment Committee.

Miscellaneous out-of-pocket expenses incurred by the directors in carrying out their duties are to be reimbursed by Western. Directors' fees were reduced by 10% effective February 22, 2016 as part of the Corporation's cost control measures.

### Director Compensation Table

The following table sets forth particulars concerning all amounts of compensation provided to the non-management directors for the year ended December 31, 2015:

Name <sup>(1)</sup>	Fees Earned (\$)	Share-based Awards <sup>(2)</sup> (\$)	Option-based Awards <sup>(3)</sup> (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Donald D. Copeland	70,000	59,690	20,638	---	---	Nil	150,328
Lorne A. Gartner	75,000	59,690	20,638	---	---	Nil	155,328
Ronald P. Mathison	80,000	78,740	20,638	---	---	Nil	179,378
John R. Rooney	70,000	59,690	20,638	---	---	Nil	150,328

#### Notes:

- (1) Information for Mr. MacAusland, Chief Executive Officer of Western, is provided under "Summary Compensation Table".
- (2) Represents the fair value of the share-based awards granted during the year. The fair value of the share-based awards granted to directors pursuant to the RSU Plan is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs granted by the closing price of Common Shares of Western on the grant date. The closing price on the date of grant of the RSUs was \$5.08 in 2015 and \$9.86 in 2014.

- (3) The grant date fair value of option-based awards granted to each director pursuant to the Share Stock Option Plan is \$1.27 for options issued on August 14, 2015. The grant date fair value for compensation disclosure purposes is calculated using a Black-Scholes option pricing model with the following assumptions: (i) average risk-free of 1%; (ii) average expected life of 2.0 years; (iii) volatility of 60%; and (iv) expected dividend yield of 6%. This methodology is consistent with the method used to estimate the fair value of Stock Options in Western's financial statements.

### Summary of Board Meeting Attendance

Director	Board Meetings Attended		Audit Committee Meetings Attended		Corporate Governance and Compensation Committee Meetings Attended		Health, Safety and Environment Committee Meetings Attended		Board Retainer <sup>(1)</sup> (\$)	Additional Retainer <sup>(1)</sup> (\$)	Total Fees Paid (\$)
Donald D. Copeland <sup>(2)</sup>	5 of 5	100%	2 of 2	100%	6 of 6	100%	4 of 4	100%	60,000	10,000	70,000
Lorne A. Gartner <sup>(3)</sup>	5 of 5	100%	4 of 4	100%	N/A	N/A	2 of 2	100%	60,000	15,000	75,000
Alex R.N. MacAusland <sup>(4)</sup>	5 of 5	100%	N/A	N/A	N/A	N/A	4 of 4	100%	Nil	Nil	Nil
Ronald P. Mathison <sup>(5)</sup>	5 of 5	100%	1 of 2	50%	2 of 3	67%	N/A	N/A	60,000	20,000	80,000
John R. Rooney <sup>(6)</sup>	5 of 5	100%	1 of 2	50%	6 of 6	100%	2 of 2	100%	60,000	10,000	70,000
<b>TOTAL</b>											<b>295,000</b>

**Notes:**

- (1) Information relating to the compensation of the non-management directors is provided under "Director Compensation".  
(2) Mr. Copeland was appointed to the Audit Committee on May 7, 2015.  
(3) Mr. Gartner was appointed to the Health, Safety and Environment Committee on May 7, 2015.  
(4) Mr. MacAusland is a member of management and therefore does not receive meeting fees.  
(5) Mr. Mathison was appointed to the Audit Committee and the Corporate Governance and Compensation Committee on May 7, 2015.  
(6) Mr. Rooney was appointed to the Health, Safety and Environment Committee and ceased to be a member of the Audit Committee on May 7, 2015.

### Incentive Plan Awards

#### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding at December 31, 2015 made to the non-management directors. Information on the Share-Based awards and Option-Based awards granted to Mr. MacAusland who currently serves as a director and officer of the Corporation can be found under the heading "Outstanding Share-Based Awards and Option-Based Awards" for the NEOs:

Name	Option Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options <sup>(1)</sup> (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(2)</sup> (\$)	Number of Shares or Units of Shares that have not Vested <sup>(3)</sup> (#)	Market or Payout Value of Share-based Awards <sup>(4)</sup> (\$)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
Donald D. Copeland	20,000	7.41	Nov 24, 2016	Nil	16,155	62,681	---
	10,000	6.63	Dec 6, 2017	Nil	---	---	---
	10,000	7.76	Feb 10, 2019	Nil	---	---	---
	16,250	5.03	Aug 13, 2020	Nil	---	---	---
Lorne A. Gartner	20,000	7.41	Nov 24, 2016	Nil	16,155	62,681	---
	10,000	6.63	Dec 6, 2017	Nil	---	---	---
	10,000	7.76	Feb 10, 2019	Nil	---	---	---
	16,250	5.03	Aug 13, 2020	Nil	---	---	---
Ronald P. Mathison	20,000	7.41	Nov 24, 2016	Nil	21,370	82,916	---
	10,000	6.63	Dec 6, 2017	Nil	---	---	---
	10,000	7.76	Feb 10, 2019	Nil	---	---	---
	16,250	5.03	Aug 13, 2020	Nil	---	---	---
John R. Rooney	20,000	7.41	Nov 24, 2016	Nil	16,155	62,681	---

Name	Option Based Awards				Share-Based Awards		Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
	Number of Securities Underlying Unexercised Options <sup>(1)</sup> (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(2)</sup> (\$)	Number of Shares or Units of Shares that have not Vested <sup>(3)</sup> (#)	Market or Payout Value of Share-based Awards <sup>(4)</sup> (\$)	
	10,000	6.63	Dec 6, 2017	Nil	---	---	---
	10,000	7.76	Feb 10, 2019	Nil	---	---	---
	16,250	5.03	Aug 13, 2020	Nil	---	---	---

**Notes:**

- (1) Options to purchase Common Shares.
- (2) Based on the closing share price of the Common Shares on December 31, 2015 of \$3.88.
- (3) Consists of RSUs and dividends paid pursuant to the RSU Plan.
- (4) The fair value of the share-based awards granted to directors pursuant to the RSU Plan is a theoretical expected value calculated by multiplying the number of RSUs held by the closing price of Western's Common Shares on the calculation date of such RSUs, being \$3.88 on December 31, 2015.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth particulars concerning each incentive plan awards granted to each of the non-management directors for the year ended December 31, 2015:

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Donald D. Copeland	Nil	10,643	---
Lorne A. Gartner	Nil	10,643	---
Ronald P. Mathison	Nil	14,199	---
John R. Rooney	Nil	10,643	---

**Notes:**

- (1) Represents the aggregate dollar value that would have been realized if the Options under the option-based award had been exercised on the vesting date based on the difference between the closing market price of the Corporation's Common Shares on the vesting date and the exercise price of the Options.
- (2) Represents the aggregate dollar value realized upon vesting of share-based awards. The value is based on the market value of the underlying shares on the vesting date.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of the date hereof, no current or former director, executive officer or employee of Western was indebted to Western or its subsidiaries. Further, at no time since the beginning of the financial year ended December 31, 2015 did any director, executive officer or proposed director, or any associate of any such director or executive officer or proposed director of Western, owe any indebtedness to Western or owe any indebtedness to any other entity which is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Western.

**MANAGEMENT CONTRACTS**

Western has no management contracts or other arrangements in place where management functions are performed by a person or company other than the directors or Senior Executives of Western.

**CORPORATE GOVERNANCE**

National Policy 58-201 - *Corporate Governance Guidelines* (“NP 58-201”) establishes corporate governance guidelines which apply to all reporting issuers. Corporate Governance is the process and structure used to direct and manage the business and affairs of Western to achieve the Shareholders objectives. The Shareholders elect the directors who in turn are responsible for overseeing all aspects of the operations of Western, appointing management and ensuring that the business is managed properly, taking into account the interests of the Shareholders and other

stakeholders such as employees, customers, suppliers, and the community at large. Western is required to disclose certain specified corporate governance information with reference to NP 58-201 and National Instrument 58-101 (“NI 58-101”), addressing such items as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness of education of boards. The Board of Western, through the Corporate Governance and Compensation Committee, monitors changes with respect to corporate governance practices and regulatory requirements. The report which discloses the corporate governance practices of Western as required by NI 58-101 is set out in Schedule “A” hereto.

### **Mandate of the Board**

The Board has adopted a formal mandate, a copy of which is attached as Schedule “B” to this Information Circular and is available online at [www.wesc.ca](http://www.wesc.ca).

### **Board Composition**

The Board is currently composed of five (5) members. The Board has established three committees, the Audit Committee, the Corporate Governance and Compensation Committee and the Health, Safety and Environment Committee. All members of the Audit Committee are independent as defined by NI 52-110 and all members of the Corporate Governance and Compensation committee are independent as defined by NI 58-101. Three members of the Health, Safety and Environment Committee are independent as defined by NI 58-101. Mr. MacAusland, the President and CEO of Western, is a member of the Health, Safety and Environment Committee and is not considered independent as he is a member of management.

#### *Audit Committee*

The current members of the Audit Committee are Lorne A. Gartner (Chairman), Ronald P. Mathison and Donald D. Copeland. The Audit Committee is a standing committee appointed by the Board whose responsibility is to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting by Western. Each current member of the Audit Committee is independent as defined under National Instrument 52-110 - Audit Committees and none received directly or indirectly, any compensation from Western other than for services as a member of the Board and its committees. All current members of the Audit Committee are financially literate as defined under National Instrument 52-110 - Audit Committees. Further information regarding Western’s Audit Committee is contained under the heading “Audit Committee Information” in Western’s Annual Information Form dated February 25, 2016.

#### *Corporate Governance and Compensation Committee*

The directors who are currently members of the Corporate Governance and Compensation Committee are John R. Rooney (Chairman), Ronald P. Mathison and Donald D. Copeland, all of whom are independent as defined in NI 58-101. The Corporate Governance and Compensation Committee has the general responsibility for developing and monitoring Western’s approach to corporate governance matters and is responsible for recommending to the Board its size, composition and membership, succession planning for directors and Board committee structure. The Corporate Governance and Compensation Committee is also responsible for reviewing and approving the STIP Bonus pool and the Senior Executive’s compensation and reviewing senior officers’ compensation.

#### *Health, Safety and Environment Committee*

The directors who are currently members of the Health, Safety and Environment Committee are Donald D. Copeland (Chairman), John R. Rooney, Lorne A. Gartner and Alex R.N. MacAusland. Messrs. Copeland, Rooney and Gartner are independent as defined in NI 58-101. Mr. MacAusland is not considered independent as he is the President and CEO of Western. The Health, Safety and Environment Committee has the general responsibility for developing and monitoring Western’s approach to health and safety matters and assists the Board in its oversight of the health, safety and environmental issues, including the evaluation of Western’s programs, controls, and reporting systems, and compliance with applicable laws, rules and regulations.

## **Communicating with the Board**

Shareholders may write to the Board or any member or members of the Board in care of the Corporate Secretary at the head office of Western.

Letters addressed to the Board, or any individual independent director, are reviewed as a group to determine if a response from the Board is appropriate. While the Board oversees management, it does not participate in the day-to-day functions and operations of Western and is not normally in the best position to respond to inquiries on those matters. Inquiries on operations or day-to-day management of Western will be directed to the appropriate personnel within Western for a response. The Board has instructed the Corporate Secretary to review all correspondence and, in his discretion, not to forward any items if they are not relevant to Western's operations, policies and philosophies; or are not appropriate for consideration by the Board.

All inquiries will receive a written response from either the Board or management, if appropriate. The Corporate Secretary maintains a log of all correspondence addressed to members of the Board. Directors may review the log at any time and request copies of any correspondence received.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed under "*Interests of Management and Others in Material Transactions*" in Western's Annual Information Form dated February 25, 2016 and filed under Western's profile on the SEDAR website located at [www.sedar.com](http://www.sedar.com), Western is not aware of any material interest, direct or indirect, of any informed person of Western, any proposed nominee for election as a director of Western or any associate or affiliate of any of the foregoing in any transaction that took place since the beginning of the most recently completed financial year in any proposed or ongoing transaction of Western which has or will materially affect Western.

## **INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON**

No person who has been a director or executive officer of Western at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of Western, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors and the approval of the RSU Plan. All of the directors and officers of the Corporation hold RSUs.

## **NORMAL COURSE ISSUER BID**

On December 17, 2014, Western implemented a normal course issuer bid ("**2014 NCIB**") through the facilities of the TSX following acceptance of Western's notice (the "**2014 Notice**") to the TSX to conduct the 2014 NCIB. Under the 2014 NCIB the Corporation was permitted to acquire up to 5,550,000 Common Shares (the "**2014 Bid Shares**") prior to December 16, 2015, or an earlier date when all of the 2014 Bid Shares were purchased. Western purchased 1,320,700 shares under the 2014 NCIB.

On December 18, 2015, Western renewed the normal course issuer bid ("**2015 NCIB**") through the facilities of the TSX following acceptance of Western's notice (the "**2015 Notice**") to the TSX to conduct the 2015 NCIB. The Corporation may acquire up to 4,550,000 Common Shares (the "**2015 Bid Shares**") under the 2015 NCIB which expires on December 17, 2016, or the date when all of the 2015 Bid Shares are purchased. Western has not purchased any 2015 Bid Shares under the 2015 NCIB as of March 23, 2016.

A shareholder of Western may obtain a copy of the 2015 Notice, without charge, by contacting Western. See "*Additional Information*" for such contact information.

## **ADDITIONAL INFORMATION**

Financial information is provided in Western's consolidated financial statements and management's discussion and analysis as at and for the years ended December 31, 2015 and 2014 and the auditors' report thereon (the "**Annual**

**Report**”), which has been mailed to those Shareholders of Western who have so requested, along with this Information Circular. The Corporation will provide to any person upon request the Annual Report. These documents can be obtained free of charge by contacting the Corporate Secretary of Western at 1700, 215 – 9<sup>th</sup> Avenue SW, Calgary, Alberta T2P 1K3 or by accessing Western’s website at [www.wesc.ca](http://www.wesc.ca). Information relating to Western can also be obtained on SEDAR under Western’s profile at [www.sedar.com](http://www.sedar.com).

**SCHEDULE “A”**

**WESTERN ENERGY SERVICES CORP.  
CORPORATE GOVERNANCE PRACTICES**

National Instrument 58-101 (“**NI 58-101**”) and the associated National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) require issuers to disclose their corporate governance practices. In addition, the Corporation complies with National Instrument 52-110 on Audit Committees. The Corporation’s corporate governance practices are set out in the following table in accordance with NI 58-101.

<b>Corporate Governance Disclosure Requirement NI 58-101</b>	<b>Comments</b>
<p><b>1. Board of Directors</b> (a) Disclose the identity of directors who are independent.</p>	<p>The Corporate Governance and Compensation Committee have reviewed the independence of each Director of the Corporation on the basis of the definition of independence in NI 58-101. A director is “independent” if he or she has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment subject to certain circumstances where such material relationship is deemed by such definition. The Corporate Governance and Compensation Committee has determined, after reviewing such definition and the roles and relationships of each of the directors, that four of the five present directors and four of the five director nominees are independent in accordance with the above definition.</p> <p>The present directors and director nominees who are independent are:</p> <p align="center">Donald D. Copeland Lorne A. Gartner Ronald P. Mathison John R. Rooney</p>
<p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>The Corporate Governance and Compensation Committee has determined, after reviewing the above definition of “independence” and the roles and relationships of each of the directors that one of the five existing directors and one of the five director nominees is not independent from the Corporation. The present director and director nominee who is not independent is:</p> <p align="center">Alex R.N. MacAusland</p> <p>Mr. MacAusland is the President and CEO of Western.</p>
<p>(c) Disclose whether or not a majority of the directors are independent.</p>	<p>Four of the five existing directors and four of the five nominees proposed by Management for election to the Board are independent representing a majority of directors.</p>
<p>(d) If a director is presently a director of any other issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Mr. Copeland is a director of Toscana Energy Income Corporation. Mr. Gartner and Mr. Mathison are directors of Calfrac Well Services Ltd. and Tesla Exploration Ltd. Mr. Mathison is also a director of Yellowhead Mining Inc. Mr. Rooney is a director of Northern Blizzard Resources Inc.</p>
<p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such</p>	<p>The independent directors hold meetings at the end of each regularly scheduled directors meeting without the presence of management or the non-independent director(s). There were five meetings of the Board during the period January 1, 2015 to December 31, 2015. The independent directors held an in-camera session without management or the non-independent director present at each of those meetings.</p>

<b>Corporate Governance Disclosure Requirement NI 58-101</b>	<b>Comments</b>
meetings, disclose the number of meetings held during the preceding 12 months. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	
(f) Disclose whether or not the chair of the Board is an independent director, disclose the identity of the independent chair, and describe his or her role and responsibilities.	<p>Mr. Ronald P. Mathison is the Chairman of the Board. Mr. Mathison is an independent director.</p> <p>The position description of the Chairman of the Board provides for the Chairman to provide leadership to the Board and to serve as chair at shareholders meetings. The Chairman sets the agenda of all Board meetings, ensures the provision of accurate, timely and clear information to the directors. In addition, the Chairman supervises the committee Chairs.</p>
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the most recently completed financial year.	All the directors attended all of the Board meetings they were entitled to attend; whether in person or by telephone. For further information see “ <i>Summary of Board Meeting Attendance</i> ”.
<p><b>2. Board Mandate</b></p> <p>Disclose the text of the Board’s written mandate.</p>	The Board has adopted a Board Mandate. On an annual basis, the Board assesses the adequacy of the Board Mandate. In doing so, the Board completes a scorecard to confirm that it is doing all that is required of it under the mandate. The mandate of the Board is attached as Schedule ‘B’ to this Information Circular and is also available on the Corporation’s website at <a href="http://www.wesc.ca">www.wesc.ca</a> . A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation.
<p><b>3. Position Descriptions</b></p> <p>(a) Disclose whether or not the Board has developed written position descriptions for the Chair and the Chair of each Board committee.</p>	<p>The position descriptions of the Chairman of the Board and the chair of each Board committee are available on the Corporation’s website at <a href="http://www.wesc.ca">www.wesc.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation.</p> <p>The position description of the Chairman of the Board provides for the Chairman to provide leadership to the Board and to serve as chair at shareholders meetings. The Chairman also sets the agenda of all Board meetings and ensures the provision of accurate, timely and clear information to the directors. In addition, the Chairman supervises the committee Chairs.</p> <p>The position description of the committee Chairs provides for their participation in the development of committee meeting calendars and agendas. Committee Chairs preside over all committee meetings and ensure the orderly and efficient use of time in committee meetings. Committee Chairs provide reports to the Board on a regular basis.</p>
(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO.	<p>The position description of the CEO is available on the Corporation’s website at <a href="http://www.wesc.ca">www.wesc.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation.</p> <p>The position description of the CEO includes the following duties and responsibilities: strategy, leadership, relationships, operations, finance, reporting to the Board and relations with Shareholders, employees and the public. In general, the management of the Corporation is empowered to operate the business on a day-to-day basis. However any responsibility which is not</p>

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	delegated to either management or a committee of the Board remains with the Board. In general, all matters of policy and all actions proposed to be taken which are not in the ordinary course of business require the prior approval of the Board or of a Board committee to which approval authority has been delegated. The corporate objectives are developed by management and approved by the Board.
<p><b>4. <i>Orientation and Continuing Educations</i></b></p> <p>(a) Briefly describe what measures the board takes to orient new members regarding:</p> <ul style="list-style-type: none"> <li>(i) the role of the board, its committees and its directors; and</li> <li>(ii) the nature and operation of the issuer’s business.</li> </ul>	<p>New directors are provided with information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and discussions with senior management and other directors. Each director receives a director’s manual, which is updated as required. The directors meet regularly with management and are given periodic presentations on the business. Directors are expected to attend all scheduled Board and committee meetings in person, although attendance by telephone is permissible in appropriate circumstances. Directors are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.</p>
<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors.</p>	<p>The Board recognizes the importance of on-going director education and the need for each director to take personal responsibility for this process. Each director is expected to participate in continuing education programs to maintain any professional designation that they may have and which would be considered in their nomination as a director. In addition, each director is expected to participate in programs that would be necessary to maintain a level of expertise in order to perform his or her responsibilities as a director and to provide on-going guidance and direction to management. To facilitate ongoing education of the Corporation’s directors, the Corporate Governance and Compensation Committee may: (a) periodically canvas the directors to determine their training and education needs and interests; (b) arrange ongoing visitation by directors to the Corporation’s facilities and operations; (c) arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Corporation; and (d) encourage and facilitate presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.</p>
<p><b>5. <i>Ethical Business Conduct</i></b></p> <p>(a) Disclose whether or not the Board has adopted a written code for its directors, officers and employees. If the Board has adopted a written code:</p> <ul style="list-style-type: none"> <li>(i) disclose how an interested party may obtain a copy of the written code;</li> <li>(ii) describe how the Board monitors compliance with its code;</li> <li>(iii) provide a cross-reference to any material change report(s) filed within the preceding 12 months that pertains to any conduct of a Director or executive officer that</li> </ul>	<p>The Board has adopted a Code of Business Conduct and Ethics (“<b>Code of Ethics</b>”), a copy of which is available on the Corporation’s website at <a href="http://www.wesc.ca">www.wesc.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation.</p> <p>The Corporate Governance and Compensation Committee has the responsibility for monitoring compliance with the Code of Ethics and also ensures that management encourages and promotes a culture of ethical business conduct.</p> <p>The Board, through the Audit Committee Chair, also receives reports of all financial or accounting and other appropriate issues raised through Western’s anonymous toll-free whistleblower hotline.</p> <p>The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.</p>

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<p>constitutes a departure from the code; and</p> <p>(iv) describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest.</p>	<p>The Board also has a Communications Policy which regulates the manner in which material information is determined and disseminated.</p> <p>The Board has not granted any waiver of the Code of Ethics in favour of a Director or executive officer. Accordingly, no material change report has been required or filed.</p> <p>The Corporate Governance and Compensation Committee monitors the disclosure of conflicts of interest by directors and ensures that no director will vote or participate in a discussion on a matter, in respect of which, such director has a material interest.</p>
<p><b>6. Nomination of Directors</b></p> <p>(a) Describe the process by which the board identifies new candidates for board nomination.</p>	<p>This responsibility has been assigned to the Corporate Governance and Compensation Committee. To assist the Corporate Governance and Compensation Committee with reviewing the skill set of director candidates, a skill matrix was developed that sets forth the current make-up of the Board, allowing the Corporate Governance and Compensation Committee to identify criteria that a new candidate for the Board should possess. Criteria in the skills matrix included management, board and industry experience and areas of expertise. Before making a recommendation on a new director candidate, the Chairman of the Corporate Governance and Compensation Committee will meet with the candidate to discuss the candidate's interest and ability to devote the time and commitment required to serve on Western's Board.</p>
<p>(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors.</p>	<p>The Corporation's Corporate Governance and Compensation Committee has the responsibility to set criteria for Board members, identify individuals qualified to become Board members and, at the direction of the Board, either select or recommend that the Board select the director nominees for the next annual meeting of shareholders. The Corporation's Corporate Governance and Compensation Committee is presently comprised of three independent directors, being John R. Rooney (Chairman), Mr. Ronald P. Mathison and Donald D. Copeland. The Corporation's Corporate Governance practice requires that all members of its Corporate Governance and Compensation Committee shall be independent.</p>
<p>(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The Charter of the Corporate Governance and Compensation Committee incorporates the responsibilities, powers and operating terms of the Corporate Governance and Compensation Committee which are incorporated herein by reference. This Charter is available on the Corporation's website at <a href="http://www.wesc.ca">www.wesc.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation. The Charter of the Corporate Governance and Compensation Committee, amongst other items requires the Corporate Governance and Compensation Committee to (i) evaluate potential nominees to the Board by reviewing qualifications of prospective members and determines their relevance taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board; (ii) annually recommends to the Board the nominees for election or re-election to the Board; and (iii) annually reviews and assesses the adequacy of its Charter. In doing so, the Corporate Governance and Compensation Committee will complete a scorecard to confirm that it is doing all that is required of it under its Charter. If vacancies occur on the Board, the Corporate Governance and Compensation Committee may recommend nominees to the Board.</p>
<p><b>7. Compensation</b></p> <p>(a) Describe the process by which the board determines the</p>	<p>The Board established the Corporate Governance and Compensation Committee which is responsible to review and make recommendations to the Board regarding the adequacy and form of the compensation for Western's</p>

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<p>compensation for your company's directors or officers.</p>	<p>officers and directors. The Corporate Governance and Compensation Committee will regularly review the compensation practices of comparable companies.</p> <p>In particular, the Corporate Governance and Compensation Committee will, as required: (a) review and approve Western's goals and objectives relevant to the compensation of the President and CEO and the CEO compensation is based on that review; (b) review and recommend to the Board compensation, incentive plans and equity-based plans for non-CEO officers and directors, and for other key employees as identified by the CEO and approved by the Corporate Governance and Compensation Committee, and in particular, reviews and recommends to the Board the annual bonus payments for the CEO and executive officers; and (c) review executive compensation disclosure before Western publicly discloses such information.</p> <p>For more information, please see under the heading "<i>Compensation Discussion and Analysis</i>" in this Information Circular.</p>
<p>(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors.</p>	<p>The Corporation's corporate governance practices require that all members of its Corporate Governance and Compensation Committee shall be independent. The Corporate Governance and Compensation Committee is currently comprised of John R. Rooney (Chairman), Ronald P. Mathison and Donald D. Copeland. None of the current members of the Corporate Governance and Compensation Committee are officers, employees or former officers of the Corporation or any of its affiliates or is eligible to participate in the Corporation's executive compensation programs. All of the members of the current Corporate Governance and Compensation Committee have experience in executive compensation by virtue of their experience as current or former chief executive officers and as current or former senior executives. The Board believes the Corporate Governance and Compensation Committee collectively have the knowledge, experience and background required to fulfill its mandate.</p>
<p>(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The Corporate Governance and Compensation Committee Charter incorporates the responsibilities, powers and operating terms of the Compensation Committee which are incorporated herein by reference. The Charter is available on the Corporation's website at <a href="http://www.wesc.ca">www.wesc.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation.</p> <p>Briefly, the duties and responsibilities of the Corporate Governance and Compensation Committee include the development of a compensation policy, reviewing succession planning, evaluating the CEO, reviewing and recommending to the Board the CEO's, executive officers' and directors' compensation, and monitoring incentive arrangements.</p> <p>In particular, the Corporate Governance and Compensation Committee will, as required: (a) review and approve, Western's goals and objectives relevant to the compensation of the CEO and the CEO compensation is based on that review; (b) review, and recommend to the Board compensation, incentive plans and equity-based plans for non-CEO officers and directors, and for other key employees as identified by the CEO and approved by the Compensation Committee, and in particular, reviews and recommends to the Board the annual bonus payments for the CEO and executive officers; (c) review executive compensation disclosure before Western publicly discloses such information.</p>
<p><b>8. Other Board Committees</b> If the board has standing committees</p>	<p>The Corporation's Health, Safety and Environment Committee is presently comprised of three independent directors being Donald D. Copeland</p>

<b>Corporate Governance Disclosure Requirement NI 58-101</b>	<b>Comments</b>
<p>other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>(Chairman), John R. Rooney and Lorne Gartner along with Alex R.N. MacAusland, who is not considered independent as Mr. MacAusland is the President and Chief Executive Officer of Western. The Health, Safety and Environment Committee assists the Board in its oversight of the health, safety and environmental issues, including the evaluation of Western's programs, controls and reporting systems, and compliance with applicable laws, rules and regulations. The Charter of the Health, Safety and Environment Committee is available on the Corporation's website at <a href="http://www.wesc.ca">www.wesc.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at the head office of the Corporation.</p>
<p><b>9. Assessments</b>  Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for assessments.</p>	<p>The Corporate Governance and Compensation Committee has the mandate and responsibility to ensure that a process is in place for the annual review of the performance of individual directors, the Board as a whole and the Board committees. The directors are asked to complete a questionnaire which rates items such as structure and size of the Board and each committee, the knowledge and diversity of membership as well as the quality and timeliness of information received for discussion and the overall effectiveness in decision making. The anonymity of any particular submitter is maintained with the aggregate results presented to the Chair of the Corporate Governance and Compensation Committee for discussion and action if required. The results are then communicated to the full Board for discussion and recommendations as necessary.</p>
<p><b>10. Director Term Limits and Other Mechanisms of Board Renewal</b>  Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The Board believes that issues relating to board effectiveness, board renewal and board succession planning are best addressed by a strong chair, a thoughtful governance committee and independent-thinking board members. The Board is responsible for recommending to shareholders from time to time candidates for election to the Board that together contribute the right mix of skills and expertise to the Board. To assist in making those recommendations, the Board periodically conducts both formal and informal reviews of the effectiveness of the Board and individual Board members.</p> <p>The Board is concerned that imposing arbitrary and inflexible director term limits may result in Western losing valued directors at a time when Western most needs their skills, qualities and contributions, as well as their knowledge of the history and culture of the organization. Mandatory retirement ages pose the same risk and the Board does not want to risk the loss of key directors to retirement policies that seem unnecessarily arbitrary and inflexible when they force a high performing director off the Board. As a result the Board does not feel that it would be appropriate to set term limits for its directors but rather relies on the experience of its members to determine when Board renewals, Board removals and Board additions are appropriate.</p>
<p><b>11. Policies Regarding the Representation of Women on the Board</b>  Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p>	<p>The Board has not adopted any written policy relating to the identification and nomination of women directors. The Board evaluates potential nominees to the Board by reviewing the individual qualifications of prospective Board members and determining if the candidates' qualifications will meaningfully contribute to the effective functioning of the Board taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board, including knowledge and diversity of membership.</p>

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<p><b><i>12. Consideration of the Representation of Women in the Director Identification and Selection Process</i></b></p> <p>Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer’s reasons for not doing so.</p>	<p>The Board has not adopted a written policy relating to the identification and nomination of directors, including women directors. The number of women directors on the Board is a factor that the Corporate Governance and Compensation Committee considers when selecting new nominees for the Board. The Board feels that having written policies governing the selection of Board nominees could unduly restrict the Board's ability to select the most capable nominees.</p>
<p><b><i>13. Consideration Given to the Representation of Women in Executive Officer Appointments</i></b></p> <p>Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer’s reasons for not doing so.</p>	<p>The Board does not consider the level of representation of women in executive officer positions when making executive officer appointments. However, Western is committed to the fundamental principles of equal employment opportunities which are prescribed in its employment policies. These policies affirm Western’s commitment to treating people fairly, with respect and dignity, and to offering equal employment opportunities based upon an individual’s qualifications and performance. Furthermore, Western’s employment policies and procedures prohibit discrimination, including discrimination based on gender, and provides that candidates are selected based on the primary considerations of experience, skill and ability.</p>
<p><b><i>14. Issuer’s Targets Regarding the Representation of Women on the Board and in Executive Officer Positions</i></b></p> <p>(a) For purposes of this Item, a “target” means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer’s board or in executive officer positions of the issuer by a specific date</p>	<p>The Board is made up of a diverse set of individuals with a broad range of skill sets however, at this time it does not have any female members. The Board recognizes the potential benefits from different perspectives which could be realized through gender diversity within its ranks. While the Board has not set a target for the number or percentage of female members that it wishes to include, the matter of gender diversity will be reviewed by the Corporate Governance and Compensation Committee going forward.</p>

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(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.	See 14(a) above.
(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.	Western has not adopted a specific target regarding women in executive officer positions as it is an equal employment opportunity employer whereby candidates are selected based on the primary considerations of experience, skill and ability.
<b>15. Number of Women on the Board and in Executive Officer Positions</b>  (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.	As at the date hereof, none of the members of the Board of Western are women (0%).
(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	As at the date hereof, none of the executive officers of Western are women (0%).

## **SCHEDULE “B”**

### **MANDATE OF THE BOARD OF DIRECTORS OF WESTERN ENERGY SERVICES CORP. (THE “CORPORATION”)**

#### Stewardship of the Corporation

1. The Board of Directors of the Corporation (the “Board”) is responsible for the stewardship of the Corporation and for overseeing the conduct of the business of the Corporation and the activities of management, who are responsible for the day-to-day conduct of the business.

#### Director Obligations

2. Each director has the responsibility to:
  - (a) attend all regularly scheduled meetings of the Board and all of the Committees on which they serve and to be prepared for such meetings by reviewing materials provided in advance of meetings;
  - (b) act honestly and in good faith with a view to the best interests of the Corporation; and
  - (c) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### Board Composition

3. A majority of the Board will, at all times, be independent directors as defined in the current laws applicable to the corporation.

#### Board Meetings

4. The Board is responsible to:
  - (a) meet in person or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board; and
  - (b) hold meetings of the independent directors without management and non-independent directors present.

#### Board Chair and Lead Director

5. The Board is responsible to annually select an independent member of the Board to serve as Board Chair, (or if the CEO is also the Board Chair, a Lead Director) to:
  - (a) provide leadership to all directors;
  - (b) manage the affairs of the Board; and
  - (c) ensure that the Board functions effectively in fulfillment of its duties to the Corporation.

### Committees of the Board

6. The Board discharges its responsibilities directly and through its committees. As such the Board shall:
- (a) establish such Committees of the Board as are required by applicable law and as are necessary to effectively discharge the duties of the Board;
  - (b) appoint directors to serve as members of each Committee;
  - (c) appoint a chair of each Committee to:
    - (i) provide leadership to the Committee;
    - (ii) manage the affairs of the Committee;
    - (iii) ensure that the Committee functions effectively in fulfilling its duties to the Board and the Corporation.
  - (d) regularly receive and consider reports and recommendations of each Committee.

### Supervision of Management

7. The Board is responsible to:
- (a) select and appoint the CEO, and with the assistance of the Corporate Governance and Compensation Committee, establish CEO goals and objectives and evaluate CEO performance and develop a position description for the CEO which includes delineating management's responsibilities;
  - (b) assist the CEO to select and appoint executive officers, establish executive officers' goals and objectives and monitor their performance; and
  - (c) with the assistance of the Corporate Governance and Compensation Committee, maintain a succession plan for the replacement of the CEO and executive officers.

### Governance

8. The Board is responsible to:
- (a) annually review and on the advice of the Corporate Governance and Compensation Committee either approve or require revisions to the mandates of the Board and each Committee, position descriptions, the code of business conduct and ethics (the "**Code**") and all other policies of the Corporation (collectively the "**Governance Documents**");
  - (b) together with the Corporate Governance and Compensation Committee, to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers, and that the CEO and other executive officers create a culture of integrity through the organization; and that business is to be conducted on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Documents;
  - (c) ensure that all new directors receive a comprehensive orientation and that all new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors) and that all new directors should also understand the nature and operation of the Corporation's business; and

- (d) provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.

#### Communications

- 9. The Board is responsible to approve and maintain a process for the Corporation's stakeholders to contact the independent directors directly with concerns and questions regarding the Corporation.

#### Waivers and Conflicts

- 10. The Board is responsible, with the assistance of the Corporate Governance and Compensation Committee, for:
  - (a) monitoring compliance with the Code;
  - (b) providing or denying waivers from the Code; and
  - (c) disclosing departures from the Code including filing required material change reports for material departures from the Code containing:
    - (i) the date of the departure(s);
    - (ii) the parties involved in the departure(s);
    - (iii) the reason why the Board has or has not sanctioned the departure(s); and
    - (iv) any measures taken to address or remedy the departure(s).

#### Strategic Planning

- 11. The Board has the responsibility to:
  - (a) adopt a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risk of the businesses of the Corporation; and
  - (b) approve capital and operating budgets to implement the strategic plan.

#### Risk Management

- 12. The Board has the responsibility to:
  - (a) adopt a process to identify the principal business risks of the Corporation and to ensure the implementation of appropriate systems to manage those risks; and
  - (b) together with the Audit Committee, ensure policies and procedures are in place that are effective to maintain the integrity of the Corporation's:
    - (i) disclosure controls and procedures;
    - (ii) internal controls over financial reporting; and
    - (iii) management information systems.

### Financial Management

13. The Board has the responsibility to:
- (a) review and on the advice of the Audit Committee, approve, prior to their public dissemination:
    - (i) interim and annual consolidated financial statements and notes thereto;
    - (ii) managements' discussion and analysis of financial condition and results of operations;
    - (iii) relevant sections of the annual report, annual information form and management information circular containing financial information;
    - (iv) forecasted financial information and forward looking statements; and
    - (v) all press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and
  - (b) approve dividends and distributions, material financings, transactions affecting authorized capital or the issue and repurchase of shares and debt securities, and all material divestitures and acquisitions.

### Materials

14. The Board shall have access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

### Advisors

15. The Board has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Board in the discharge of its duties.

### Annual Review

16. Assess, on an annual basis, the adequacy of this Mandate of the Board.

**SCHEDULE "C"**

**BY-LAW NO. 1  
(amended and restated)**

A By-Law relating generally to the transaction of  
the business and affairs of **WESTERN ENERGY SERVICES CORP.**

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IT IS HEREBY ENACTED as By-law No. 1 of **Western Energy Services Corp.** (hereinafter called the "**Corporation**") as follows:

**SECTION ONE  
INTERPRETATION**

**1.01 Definitions**

In the by-laws of the Corporation, unless the context otherwise requires:

"**Act**" means the *Business Corporations Act* (Alberta), and any statute that may be substituted therefor, as from time to time amended;

"**appoint**" includes "**elect**" and vice versa;

"**articles**" means the articles attached to the Certificate of Incorporation of the Corporation as from time to time amended or restated;

"**board**" means the board of directors of the Corporation;

"**by-laws**" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"**meeting of shareholders**" means any meeting of shareholders, including any meeting of one or more classes or series of shareholders;

"**recorded address**" means, in the case of a shareholder, his address as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and, in the case of a director, officer, auditor or member of a committee of the board, his latest address as recorded in the records of the Corporation;

"**signing officer**" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by Section 2.03 or by a resolution passed pursuant thereto.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

### **1.02 Conflict with the Act, the Articles or any Unanimous Shareholder Agreement**

To the extent of any conflict between the provisions of the by-laws and the provisions of the Act, the articles or any unanimous shareholder agreement relating to the Corporation, the provisions of the Act, the articles or the unanimous shareholder agreement shall govern.

### **1.03 Headings and Sections**

The headings used throughout the by-laws are inserted for convenience of reference only and are not to be used as an aid in the interpretation of the by-laws. "Section" followed by a number means or refers to the specified section of this by-law.

### **1.04 Invalidity of any Provision of By-laws**

The invalidity or unenforceability of any provision of the by-laws shall not affect the validity or enforceability of the remaining provisions of the by-laws.

## **SECTION TWO BUSINESS OF THE CORPORATION**

### **2.01 Corporate Seal**

The corporate seal of the Corporation, if any, shall be in such form as the board may from time to time by resolution approve.

### **2.02 Financial Year**

The financial year of the Corporation shall end on such date in each year as the board may from time to time by resolution determine.

### **2.03 Execution of Instruments**

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments shall be signed on behalf of the Corporation by any director(s) or officer(s), or as otherwise directed by the board.

#### **2.04 Banking Arrangements**

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be authorized by the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

#### **2.05 Voting Rights in Other Bodies Corporate**

A signing officer may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the persons executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board or, failing the board, a signing officer may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

#### **2.06 Insider Trading Reports and Other Filings**

Any one officer or director of the Corporation may execute and file on behalf of the Corporation insider trading reports and other filings of any nature whatsoever required under applicable corporate or securities laws.

#### **2.07 Divisions**

The board may from time to time cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as the board may consider appropriate in each case. From time to time the board may authorize upon such basis as may be considered appropriate in each case:

- (a) the designation of any such division by, and the carrying on of the business and operations of any such division under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and
- (b) the appointment of officers for any such division and the determination of their powers and duties, provided that any such officers shall not, as such, be officers of the Corporation.

### **SECTION THREE DIRECTORS**

#### **3.01 Number of Directors**

Subject to any minimum and maximum number of directors prescribed in the articles, the board shall consist of such number of directors as may be determined from time to time by resolution of the board. No decrease in the number of directors will shorten the term of an incumbent director.

#### **3.02 Calling and Notice of Meetings**

Meetings of the board shall be called and held at such time and at such place as the board, the chairman of the board, the president or any two directors may determine, and the secretary or any other officer shall give notice of meetings when directed or authorized by such persons. Notice of each meeting of the board shall be given in the manner provided in the Act to each director not less than forty-eight hours before the time when the meeting is to be held, provided that, if a quorum of directors is present, the board may without notice hold a meeting immediately following an annual meeting of shareholders. Notice of a meeting of the board may be given verbally, in writing or

by telephone, telegraph or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting, except where required by the Act. Notwithstanding the foregoing, the board may from time to time fix a day or days in any month or months for regular meetings of the board at a place and hour to be named, in which case, provided that a copy of any such resolution is sent to each director forthwith after being passed and forthwith after each director's appointment, no other notice shall be required for any such regular meeting except where the Act requires specification of the purpose or the business to be transacted thereat.

### **3.03 Place of Meetings**

Meetings of the board may be held at any place in or outside Alberta. A director who attends a meeting of directors, in person or by electronic means, telephone or other communication facilities, is deemed to have consented to the location of the meeting except when he attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

### **3.04 Meetings by Telephone**

A director may participate in a meeting of the board or of a committee of the board by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear each other, and a director participating in a meeting by these means shall be deemed to be present at that meeting and shall be included in quorum.

### **3.05 Quorum**

Subject to the requirements of the Act requiring resident Canadians to be present at a meeting of the board, a quorum for the transaction of business at any meeting of the board shall consist of a majority of directors or such greater number of directors as the board may from time to time determine.

### **3.06 Chairman**

The chairman of any meeting of the board shall be the director present at the meeting who is the first mentioned of the following officers as have been appointed: chairman of the board, president or a vice-president (in order of seniority). If no such officer is present, the directors present shall choose one of their number to be chairman.

### **3.07 Action by the Board**

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote. The powers of the board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the directors who would be entitled to vote on that resolution at a meeting of the board. Resolutions in writing may be signed in counterparts.

### **3.08 Adjourned Meeting**

Any meeting of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

### **3.09 Remuneration and Expenses**

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for reasonable travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

### **3.10 Officers**

The board from time to time may appoint one or more officers of the Corporation and, without prejudice to rights under any employment contract, may remove any officer of the Corporation. The powers and duties of each officer of the Corporation shall be those determined from time to time by the board and, in the absence of such determination, shall be those usually incidental to the office held.

### **3.11 Agents and Attorneys**

The board shall have the power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

## **SECTION FOUR COMMITTEES**

### **4.01 Transaction of Business**

The powers of any committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. At all meetings of committees every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote. Resolutions in writing may be signed in counterparts.

### **4.02 Procedure**

Unless otherwise determined by the board, a quorum for meetings of any committee shall be a majority of its members, each committee shall have the power to appoint its chairman and the rules for calling, holding, conducting and adjourning meetings of the committee shall be the same as those governing the board. Each member of a committee shall serve during the pleasure of the board of directors and, in any event, only so long as he shall be a director. The directors may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

## **SECTION FIVE PROTECTION OF DIRECTORS AND OFFICERS**

### **5.01 Limitation of Liability**

No director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or with which any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets of or belonging to the Corporation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly, in good faith and with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## **5.02 Indemnity**

The Corporation shall, to the maximum extent permitted under the Act, indemnify a director or officer, a former director or officer, and a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate.

## **SECTION SIX SHARES**

### **6.01 Non-Recognition of Trusts**

Subject to the provisions of the Act, the Corporation may treat as the absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

### **6.02 Joint Shareholders**

If two or more persons are registered as joint holders of any share:

- (a) the Corporation shall record only one address on its books for such joint holders; and
- (b) the address of such joint holders for all purposes with respect to the Corporation shall be their recorded address;

any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

## **SECTION SEVEN DIVIDENDS**

### **7.01 Dividend Cheques**

A dividend payable in cash may be paid by cheque of the Corporation or of any dividend paying agent appointed by the board, to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs and the Corporation agrees to follow such direction. In the case of joint holders the cheque shall, unless such joint holders otherwise direct and the Corporation agrees to follow such direction, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. Alternatively, dividends payable in money may be paid to shareholders by such form of electronic funds transfer as the board considers appropriate.

### **7.02 Non-receipt of Cheques**

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case. No dividend shall bear interest against the Corporation.

### **7.03 Unclaimed Dividends**

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **SECTION EIGHT MEETINGS OF SHAREHOLDERS**

### **8.01 Chairman, Secretary and Scrutineers**

The chairman of any meeting of shareholders, who need not be a shareholder of the Corporation, shall be the first mentioned of the following officers as has been appointed and is present at the meeting: chairman of the board, president or a vice-president (in order of seniority). If no such officer is present and willing to act as chairman within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. The chairman shall conduct the proceedings at the meeting in all respects and his decision in any matter or thing, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instruments of proxy and any question as to the admission or rejection of a vote, shall be conclusive and binding upon the shareholders. The secretary of any meeting of shareholders shall be the secretary of the Corporation, provided that, if the Corporation does not have a secretary or if the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. The board may from time to time appoint in advance of any meeting of shareholders one or more persons to act as scrutineers at such meeting and, in the absence of such appointment, the chairman may appoint one or more persons to act as scrutineers at any meeting of shareholders. Scrutineers so appointed may, but need not be, shareholders, directors, officers or employees of the Corporation.

### **8.02 Persons Entitled to be Present**

The only persons entitled to be present at a meeting of shareholders shall be; (a) those entitled to vote at such meeting; (b) the directors and auditors of the Corporation; (c) others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting; (d) legal counsel to the Corporation when invited by the Corporation to attend the meeting; and (e) any other person on the invitation of the chairman or with the consent of the meeting.

### **8.03 Quorum**

A quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent shareholder so entitled, and representing in the aggregate not less than twenty-five percent (25%) of the outstanding shares of the Corporation carrying voting rights at the meeting, provided that, if there should be only one shareholder of the Corporation entitled to vote at any meeting of shareholders, the quorum for the transaction of business at the meeting of shareholders shall consist of the one shareholder.

### **8.04 Representatives**

The authority of an individual to represent a body corporate or association at a meeting of shareholders of the Corporation shall be established by depositing with the Corporation a certified copy of the resolution of the directors or governing body of the body corporate or association, as the case may be, granting such authority, or in such other manner as may be satisfactory to the chairman of the meeting.

### **8.05 Action by Shareholders**

The shareholders shall act by ordinary resolution unless otherwise required by the Act, articles, by-laws or any unanimous shareholder agreement. In case of an equality of votes either upon a show of hand or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

### **8.06 Show of Hands**

Upon a show of hands every persons who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

### **8.07 Ballots**

A ballot required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

### **8.08 Meetings by Telephone**

With the consent of the chairman of the meeting or the consent (as evidenced by a resolution) of the persons present and entitled to vote at the meeting, a shareholder or any other person entitled to attend a meeting of shareholders may participate in the meeting by electronic means, telephone or other communication facilities that permit all participants to communicate adequately with each other during the meeting, and a person participating in such a meeting by those means shall be considered present at the meeting and at the place of the meeting.

## **SECTION NINE NOTICE FOR NOMINATION OF DIRECTORS**

### **9.01 Nomination Procedures**

Subject to the Act and the articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (c) by any person (a “**Nominating Shareholder**”): (A) who, at the close of business on the date of the giving of the notice provided for below in this by-law and on the record date for notice of such meeting of shareholders, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this by-law.

### **9.02 Timely Notice**

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation at the principal executive offices of the Corporation in accordance with Section 9.04.

### **9.03 Manner of Timely Notice**

To be timely, a Nominating Shareholder's notice to the secretary of the Corporation must be made:

- (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the "Notice Date") of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

### **9.04 Proper Form of Timely Notice**

To be in proper written form, a Nominating Shareholder's notice to the secretary of the Corporation must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person for the last five years; (C) the status of such person as a "resident Canadian" as defined in the Act; (D) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice, any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

### **9.05 Notice to be Updated**

All information to be provided in a timely notice pursuant to Section 9.04 above shall be provided as of the date of such notice. To be considered timely and in proper written form a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting of shareholders.

### **9.06 Eligibility for Nomination as a Director**

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this by-law; provided, however, that nothing in this by-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

For purposes of this Section 9:

- (a) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
- (b) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authority of each province and territory of Canada.

#### **9.07 Delivery of Notice**

Notwithstanding any other provision of this by-law, notice given to the secretary of the Corporation pursuant to Section 9 may only be given by personal delivery, facsimile transmission or by email (to the secretary of the Corporation), and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

#### **9.08 Board Discretion**

Notwithstanding the foregoing, the Board may, in its sole discretion, waive all or any requirements in Section 9.

### **SECTION TEN NOTICES**

#### **10.01 Notice to Shareholders**

Unless the Act or these by-laws provide otherwise, any notice, document or other information required or permitted by the Act, the articles or these by-laws to be sent to a shareholder, may be sent by any one of the following methods: (i) by hand delivery, through the mail, or by a nationally recognized overnight delivery service for next day delivery, (ii) by means of fax, e-mail, or other form of electronic transmission, or (iii) by any other method permitted by applicable law. A notice to a shareholder shall be deemed to be given as follows: (A) if given by hand delivery, when actually received by the shareholder; (B) if sent through the mail addressed to the shareholder at the shareholder's address appearing on the share register of the Corporation, when deposited at a post office or public mail box; (C) if sent for next day delivery by a nationally recognized overnight delivery service addressed to the shareholder at the shareholder's address appearing on the share register of the Corporation, when delivered to such service; (D) if faxed, when sent to a number at which the shareholder has consented to receive notice; (E) if by e-mail, when sent to an e-mail address at which the shareholder has consented to receive notice; (F) if sent by any other form of electronic transmission, when sent to the shareholder; or (G) if sent by any other method permitted by applicable law, at the time that such person is deemed to have been given such notice pursuant to applicable law.

#### **10.02 Omissions and Errors**

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

#### **10.03 Persons Entitled by Death or Operation of Law**

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the

shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

**SECTION ELEVEN  
EFFECTIVE DATE**

**11.01 Effective Date**

This by-law shall come into force when made by the board in accordance with the Act.