Western Energy Services Corp.
Management's Discussion and Analysis

The following discussion of the financial condition, changes in financial condition and results of operations of the Company should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2009 and the audited annual consolidated financial statements for the year ended December 31, 2008 of Western Energy Services Corp. (the "Company "or “Western”) and the related notes included therein. This discussion and analysis is dated May 28, 2009.

Certain measures in this discussion do not have any standardized meaning as prescribed by Canadian generally accepted accounting principles ("GAAP") such as cash flow and therefore are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this MD&A in order to provide shareholders and potential investors with additional information regarding the Company.

This discussion and analysis contains certain forward-looking statements related but not limited to the Company's expectations, intentions, plans and beliefs concerning its business operations for 2009, expectations concerning the state of the economy and energy services industry and the Company's ability to generate revenue. Investment advisors, shareholders and potential investors are cautioned not to place undue reliance on forward-looking information which by its nature involves assumptions, risks and uncertainties, both general and specific, that contribute to the possibilities that predictions, projections, forecasts and future events will not occur. Consequently, actual results could differ materially from the expectations expressed in these forward-looking statements. The Company does not assume any responsibility to update this information for events subsequent to its preparation other than as may be required by applicable law. All amounts are expressed in Canadian funds unless indicated otherwise.

Overall Performance and Results of Operation

The key operational results for the quarter ended March 31, 2009 are:

- Quarterly revenues declined 36% from the corresponding quarter in 2008 reflecting the bleak state of the oil and gas services sector in North America.

- Declining revenues resulted in reduced operating margins as fixed costs comprised a larger share of the Company’s overall cost structure.

- The poor operating conditions have placed a major burden on the Company’s liquidity position. As a consequence the Company has initiated discussions with its lenders with a goal of restructuring its debt obligations. At this time the possible outcome of those discussions can not be determined.

- In the quarter, the Company continued with its program to further reduce costs by cutting staff, implementing salary rollbacks, selling non-core assets and cutting certain administrative costs. On a go-forward basis monthly operating costs have been reduced by $125,300 since the end of second quarter of 2008 and general and administrative (“G&A”) expenses are down 27.5% from the comparable quarter in 2008.

- Corporate debt held by Institutional third party lenders was reduced by $1,108,720 or 13.2% in the quarter.

The operating environment for the oil and gas services sector has continued to deteriorate in the first part of Q2. Management’s immediate focus is to maintain cash and liquidity to ensure the Company survives this severe downturn. Management and Board Members feel that a turnaround for the Company’s services will occur later this year. In particular it is felt that demand for the Company’s oil well remediation services should increase given the 92% rise in the oil commodity price since the beginning of the year.

Management will continue to focus on improving its business operations in 2009, reacting to the economic slowdown in a proactive manner that will realize upon the Company’s strength of providing services to the less cyclical production side of the oil and gas industry. The Company expects that the drilling aspect of the industry will continue to experience difficulties throughout the remainder of 2009. Management believes that the Company’s market direction and focus of production optimization through stimulation services will continue to provide a core revenue stream which the Company can further build upon.

Selected Annual Financial Information

Year ended (except for December 31, 2004 which is Eight Months ended)	December 31, 2008 ($)	December 31, 2007 ($)	December 31, 2006 ($)	December 31, 2005 ($)	December 31, 2004 ($)
Revenue	**12,731,894**	15,201,283	14,118,622	8,046,139	711,438
Income (loss) from continuing operations, before loss on sale, amortization, interest and income taxes	**27,692**	574,359	(533,209)	(1,914,233)	(984,629)
Cash outflow from continuing operations	**1,583,887**	1,113,645	921,005	2,059,014	905,052
Loss from continuing operations	**5,989,875**	5,520,830	3,222,375	3,487,461	1,211,364
- per share (1)	**0.43**	0.54	0.38	0.65	0.56
Net loss	**5,989,875**	4,525,850	4,667,951	3,487,461	1,211,364
- per share (1)	**0.43**	0.44	0.55	0.65	0.56
Total assets	**22,398,435**	26,902,201	19,015,931	11,299,158	8,942,819
Long term financial liabilities	**1,306,822**	1,593,660	1,973,786	392,060	875,152
Shareholder’s equity	**7,472,759**	9,505,842	7,754,008	6,481,021	3,577,144
Dividends declared	**-**	-	-	-	-

(1) Per share amounts for all periods reflect the 1 for 12 consolidation of shares that occurred in September 2008

Financial Instruments

The Company holds various financial instruments such as accounts receivable, accounts payable, revolving credit facilities, short term borrowings and long term debt. Management of the Company has decided to not use hedging to manage risks from interest rate or foreign currency fluctuations. The Company does not use derivative financial instruments. Credit risks are managed through credit or reference checks typical in the industry. In conjunction with accounting standards the Company classified its financial instruments as follows:

- Cash is a “financial asset held for trading”, is valued at fair value and gains or losses are charged to net income during the period.

- Accounts receivable are classified as “loans and receivables” and are valued using amortized cost determined with the effective interest method. As the Company’s accounts receivables have a short term nature, their fair value approximates their carrying value.

- Accounts payable and accrued liabilities, Note payable, Demand term loans, and Revolver and Short term borrowings are “other financial liabilities” and are valued using amortized costs determined with the effective interest method. Long term debt and Capital lease obligations are also “other financial liabilities” valued in the same fashion. Their fair values approximate their carrying values.

- The Company has not classified any financial instruments as “held to maturity” or “available for sale”.

Summary of Quarterly Results

Three months ended	March 31, 2009 ($)	December 31, 2008 ($)	September 30, 2008 ($)	June 30, 2008 ($)	March 31, 2008 ($)	December 31, 2007 ($)	September 30, 2007 ($)	June 30, 2007 ($)
Revenue	2,129,871	3,140,627	3,183,814	3,071,372	3,336,081	3,029,342	4,142,846	2,777,477
(Loss) income before loss on sale, amortization, interest, and income taxes	(190,764)	(293,026)	237,838	(32,402)	115,282	(508,497)	243,071	220,236
Loss from continuing operations	(1,101,360)	(1,574,438)	(2,306,405)	(1,168,489)	(980,689)	(3,095,946)	(884,110)	(1,057,075)
Per share [(1)]	(0.03)	(0.11)	(0.16)	(0.08)	(0.07)	(0.30)	(0.10)	(0.12)
Income (loss)	(1,101,360)	(1,574,438)	(2,306,405))	(1,168,489)	(980,689)	(3,095,946)	110,870	(1,057,075)
Per share [(1)]	(0.03)	(0.11)	(0.16)	(0.08)	(0.07)	(0.30)	0.01	(0.12)

(1) Per share amounts for all periods reflect the 1 for 12 consolidation of shares that occurred in September 2008

Liquidity and Capital Resources

The Company experienced a cash outflow of $352,271 from continuing operations during the first quarter of 2009 ($70,321 outflow Q1 2008). When combined with changes in non-cash working capital, total cash outflow from operating activities during Q1 2009 was $181,495 compared to a net inflow of $214,435 in 2008. Non-cash working capital was used by the Company primarily to fund its operating losses as the combined results of investing and financing activities were an inflow of $165,545 for Q1 2009.

The Quarter saw very little activity in the purchase or sale of equipment for the Company’s fleet. This process was largely completed in the fourth quarter of 2008 and the Company expects to be able to operate efficiently and profitably with its current fleet when market conditions improve.

During Q1 the Company borrowed $841,875 from an insider which was used to partially fund the $1.1 million of principal that was repaid on debt owed to third party institutional lenders in the Quarter.

At the end of 2008 the Company recognized that it needed to raise capital and reduce debt service costs to ensure its liquidity. Accordingly the following steps have been taken:

- Certain non-core capital assets have been identified and independently valued. Assets deemed superfluous to the Company's long term plans will be sold if and when purchasers can be identified.
- The Company has continued to manage its costs during this down cycle in the oil and natural gas exploration and development industry. G&A expenses have been further reduced from 2008 levels. However with the drop in revenues, fixed costs have grown as percentage of sales resulting in a deterioration of operating margins. It is unlikely that this trend will be reversed until economic conditions for the industry improve.

Transactions with Related Parties

During the three months ended March 31, 2009:

- the Company obtains legal services from a firm in which a director is a partner. At March 31, 2009 $300,721 was outstanding to this firm for legal services and is recorded within accounts payable.
- The Company sold and leased back its land and building located near Red Earth Creek, Alberta and certain pumping equipment to a company controlled by certain officers and directors of the Company. Both the sales and lease

amounts were conducted at fair market values. The Company also continued to lease its facilities near Grand Prairie Alberta from the same related company, under the terms of the existing 5 year lease.

- the Company borrowed a further $841,875 from 1063645 Alberta Ltd., a company controlled by a director of the Company under the same terms as previously existing short term borrowing.

Proposed Transactions

As of the date hereof the Company has no proposed transactions except that it has received $205,000 in proceeds for share subscriptions under a private placement for which it has not yet issued shares. The placement has not yet been priced.

Change in Accounting Policies

During the three months ended March 31, 2009 the Company adopted the Canadian Institute of Chartered Accountants' ("CICA") pronounced change to accounting standards effective for 2009.

Goodwill and Intangibles; The CICA has issued a new standard for recognition, measurement, presentation and disclosure of goodwill and intangible assets which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The Company's accounting policies with respect to goodwill and intangibles were unchanged on adoption of this standard.

Recent Accounting Pronouncements

International Financial Reporting Standards; The CICA Accounting Standards Board has adopted a strategic plan for the direction of accounting standards which includes converging accounting standards in Canada for public companies with International Financial Reporting Standards by the end of 2011. The Company continues to monitor and assess the impact of this proposed convergence.

Business Risks

A discussion of the business risks applicable to the Company is available in the MD&A for the year ended December 31, 2008. No material risks have been identified that are not listed in that discussion.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Controls over Financial Reporting

The Company has designed and implemented internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles ("GAAP). Due to its size, corporate structure, and decentralized operations the Company has identified certain weaknesses in its internal controls over financial reporting.

These weaknesses include:

- Due to a limited number of staff, which is typical for the size of the Company, it is not feasible to achieve adequate segregation of duties of its employees. This weakness and its associated risks are mitigated, in part, by senior management overview.

- The Company relies upon key personnel to oversee or perform certain functions, sometimes without review. For example the Company's CFO is the only employee with detailed knowledge of GAAP and he plays an instrumental role in the preparation of the consolidation of the Company's results and financial reporting. This weakness and its associated risks are mitigated, in part, by the oversight of the Audit Committee of the board of directors and of the Company's external auditors. The Company will consider hiring external consultants to assist with the implementation of future complex GAAP pronouncements.

- The Company does not have sufficient detailed internal expertise in areas which may cause errors in the planning, conduct and reporting of non-routine accounting and domestic and international tax transactions. This weakness and its associated risks are mitigated, in part, through the use of outside consultants as needs are identified.

Taking into account the present stage of the Company's development and the mitigating controls implemented respecting the above weaknesses, management has concluded that the hiring of additional personnel for the purpose of more completely addressing these weaknesses is not warranted at this time.

There have been no changes in the Company's systems of internal control over financial reporting that would materially affect, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Additional Data

Additional information relating to the Company is filed on SEDAR at www.sedar.com.

Summary of Equity Instruments as at May 28, 2009:

1. **Authorized share capital:**

   Unlimited number of voting common shares without nominal or par value.
   Unlimited number of non-voting preferred shares issuable in series.

2. **Shares issued and outstanding:**

   There were 32,246,405 common shares outstanding, with a recorded value of $14,544,204.

3. **Options outstanding:**

   There were 452,083 options outstanding to purchase common shares, with a recorded value of $469,819. The range of exercise prices and expiry dates for outstanding options are as follows:

Exercise Price	Number	Number Exercisable	Range of Expiry Date
$			
1.32	179,167	119,444	2012
1.80	8,333	8,333	2009
2.28	60,417	60,417	2009
3.36	183,333	183,333	2011
3.48	16,667	11,113	2011
4.38	4,166	4,166	2011

Options have an exercise price equal to the market price at the date of grant. No stock options were granted during 2008 or to date in 2009.

4. Warrants outstanding

The Company currently has no warrants outstanding.

5. Escrowed shares

There are 16,473 common shares held in escrow which will be released in October 2009.