



**NOTICE OF ANNUAL AND SPECIAL MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
AND PROXY STATEMENT DATED MARCH 21, 2012**

**WITH RESPECT TO THE  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 10, 2012**

**WESTERN ENERGY SERVICES CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** the Annual and Special Meeting (“**Meeting**”) of holders of common shares (“**Shareholder**”) of Western Energy Services Corp. (“**Western**”) will be held on the 10th day of May 2012 in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta at 3:00 p.m. (Calgary time) for the following purposes:

1. To receive and consider the audited financial statements of Western for the fiscal year ended December 31, 2011 and the Auditor’s report on those statements;
2. To approve an ordinary resolution to fix the number of directors of Western to be elected at the Meeting for the ensuing year at seven (7);
3. To elect the nominees to the board of directors of Western for the ensuing year, as set out in the Management Information Circular accompanying this Notice;
4. To appoint Deloitte & Touche LLP, Chartered Accountants, of Calgary, Alberta, as auditors of Western for the ensuing year and to authorize the board of directors of Western to fix their remuneration;
5. To consider and, if thought appropriate, to pass, with or without variation an ordinary resolution approving Plan Amendments to Western’s stock option plan, all as more particularly described in the Management Information Circular and Proxy Statement of Western dated March 21, 2012 accompanying this Notice (the “**Information Circular**”); and
6. To transact such other business as may be properly brought before the Meeting or any adjournment or adjournments thereof.

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

Only Shareholders of record at the close of business on March 21, 2012 are entitled to notice of and to attend the Meeting or any adjournment thereof and to vote thereat. A **Shareholder may attend the Meeting in person or may be represented by proxy**. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying Instrument of Proxy for use at the 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 Valiant Trust Company at #310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1; Fax (403) 233-2857 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 Meeting or any adjournment thereof or with the Chairman of the Meeting prior to the commencement thereof.

DATED at the City of Calgary, in the Province of Alberta this 21st of March 2012.

**BY ORDER OF THE BOARD OF DIRECTORS**



Jan M. Campbell  
Corporate Secretary

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**MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT  
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD  
MAY 10, 2012**

**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 21, 2012 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 and Special Meeting of holders of common shares (the “Common Shares”) of the Corporation (the “Western Meeting”) to be held on the 10th day of May 2012 in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta at 3:00 p.m. (Calgary time), and at any adjournment(s) thereof of the Western Meeting, 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 holders of Common Shares of Western at the 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 may 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**

**Holders of Common Shares of Western (“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 Valiant Trust Company 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 Valiant Trust Company, Proxy Department, #310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1; Fax (403) 233-2857, 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.

**REVOCATION 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 Valiant Trust Company, Proxy Department, #310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1; Fax (403) 233-2857, 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 approval of setting the number of directors at seven (7), **FOR** the approval of the election of the nominees hereinafter set forth as directors of Western, **FOR** the appointment of Deloitte & Touche LLP Chartered Accountants as Auditor of the Corporation and **FOR** the approval of the Plan Amendments to the Western Stock Option Plan. **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**

Shareholders may use the internet site at [www.valianttrust.com](http://www.valianttrust.com) to transmit their voting instructions. Shareholders should have the Instrument of Proxy in hand when they access the web site. Shareholders will be prompted to enter their Control Number, which is located on the Instrument of Proxy. If Shareholders wish to vote by internet, your vote must be received not later than 48 hours prior to the time set for the Western Meeting or any adjournment of the Western Meeting. **The website 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 21, 2012 (the “**Record Date**”), the Corporation had 58,533,287 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 in the Corporation as of the close of business on March 21, 2012, 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 five (5%) percent of the Common Shares entitled to be voted at the Meeting.

### 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 Non-Registered Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholders’ name.

In accordance with the 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.

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 form of proxy supplied to a Non-registered Holder is substantially similar to the Instrument of Proxy; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Non-Registered Holder.

The purpose of these instructions is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Western Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.

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 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	Securities Owned, Controlled or Directed <sup>(1)</sup>	Percentage of the Class of Outstanding Voting Securities of the Corporation <sup>(2)</sup>
Fidelity which may include Fidelity Management & Research Company; Pyramis Global Advisors, LLC; Strategic Advisers Incorporated; and FIL Limited <sup>(1)(2)</sup>	8,346,519	14.26%

**Notes:**

(1) Based on 58,533,287 issued and outstanding Common Shares of Western as at March 21, 2012.

(2) Based on publicly available information whereby as at March 21, 2012 Fidelity reported that it holds 8,346,519 Common Shares of Western.

### **FINANCIAL STATEMENTS**

Western will submit to the Shareholders at the Western Meeting, the audited consolidated financial statements of Western for the financial years ended December 31, 2011 and 2010 and the Auditors' Report thereon. No vote by the Shareholders with respect to these matters is required. National Instrument 51-102, Continuous Disclosure Obligations, ("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) 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 Valiant Trust Company, Proxy Department, #310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1; Fax (403) 233-2857.

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Number of Directors

The Articles of the Corporation provide that the Board of Directors (the “**Board**”) shall consist of not less than one (1) nor more than fifteen (15) persons. Shareholders will be asked to approve an ordinary resolution fixing the number of directors of Western for the ensuing year, at seven (7).

**It is the intention of the persons named in the Instruments of Proxy, if not expressly directed otherwise in such Instruments of Proxy, to vote such proxies FOR the ordinary resolution fixing the number of directors of Western at seven (7).**

### 2. Election of Directors

The affairs of the Corporation are managed by a 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 by-laws of the Corporation. 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 the shareholders to vote for each director individually. In addition the Corporation has adopted a majority director voting policy, 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 received more “withheld” votes than “for” votes at any meeting at which shareholders vote on the uncontested election of directors the Board will consider the result and, if deemed to be in the best interests of the Corporation and its Shareholders, may request that such nominee tender his resignation from the Board in a manner that facilitates an orderly transition. 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	Steven C. Grant	Murray K. Mullen	Dale E. Tremblay
Lorne A. Gartner	Ronald P. Mathison	John R. Rooney	

The following table sets forth, for each proposed director: 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 21, 2012.

**Donald D. Copeland** <sup>(1)(2)</sup>  
Age: 58  
Victoria, B.C. Canada  
Director since June 17, 2011  
Independent <sup>(3)</sup>

Mr. Copeland is an independent businessman. Mr. Copeland was the Chairman of Stoneham Administration Inc. administrator of Stoneham Drilling Trust from June 4, 2008 to June 17, 2011. Prior thereto Mr. Copeland was the Executive Chairman of Upper Lake Oil and Gas Ltd. from October 2007 to August 2008. Prior thereto, Mr. Copeland was Chairman and Chief Executive Officer of Diamond Tree Energy Ltd. and its predecessor from May 2001 to October 2007. Mr. Copeland received a BSc. 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**

CEO/COO/CFO  
Executive Officer  
Industry Experience  
Strategic Planning Other Public Board  
Experience  
Financial Acumen  
Governance  
Investment Community

2011 Board/Committee Membership			Attendance at Meetings during 2011 <sup>(4)</sup>	
Board			4 of 5	80%
Audit			2 of 2	100%
Corporate Governance and Compensation			2 of 2	100%
<b>Other Public Company Board Memberships</b>			<b>Public Board Interlocks</b>	
Crocotta Energy Inc.			None	
IROC Energy Services Corp.				
<b>Securities Held</b>				
Warrants	Total Market Value of Warrants <sup>(5)</sup>	Common Shares	Percentage <sup>(6)</sup>	Total Market Value of Common Shares <sup>(7)</sup>
Nil	Nil	568,767	0.97%	\$4,868,646
<b>Options Held</b>				
Date Granted	Expiry Date	Outstanding	Grant Price	Total Unexercised Money Unexercised Options <sup>(8)</sup>
Nov 25/11	Nov 24/16	20,000	\$7.41	20,000 \$23,000
<b>Voting Results of 2011 Annual and Special Meeting<sup>(9)</sup></b>			<b>Votes For</b>	<b>Votes Withheld</b>
			N/A	N/A
			<b>Total Votes Cast</b>	
			N/A	

**Lorne A. Gartner** <sup>(1)(2)</sup>  
Age: 62  
Calgary, Alberta Canada  
Director since June 16, 2011  
Independent <sup>(3)</sup>

2011 Board/Committee Membership			Attendance at Meetings during 2011 <sup>(10)</sup>	
Board			5 of 5	100%
Audit			2 of 2	100%
Corporate Governance and Compensation			2 of 2	100%
<b>Other Public Company Board Memberships</b>			<b>Public Board Interlocks</b>	
Calfrac Well Services Ltd.		Mr. Gartner and Mr. Mathison are both members of		
Tesla Exploration Ltd.		the board of Calfrac Well Services Ltd. and Tesla Exploration Ltd.		
<b>Securities Held</b>				
Warrants	Total Market Value of Warrants <sup>(5)</sup>	Common Shares	Percentage <sup>(6)</sup>	Total Market Value of Common Shares <sup>(7)</sup>
Nil	Nil	77,793	0.13%	\$665,908
<b>Options Held</b>				
Date Granted	Expiry Date	Outstanding	Grant Price	Total Unexercised Value of In-the-Money Unexercised Options <sup>(7)</sup>
Nov 25/11	Nov 24/16	20,000	\$7.41	20,000 \$23,000
<b>Voting Results of 2011 Annual and Special Meeting</b>			<b>Votes For</b>	<b>Votes Withheld</b>
			29,018,409	99.2%
			226,802	0.8%
			<b>Total Votes Cast</b>	
			29,245,211	

**Steven C. Grant**<sup>(1)(2)</sup>

Age: 69  
 Houston, Texas USA  
 Director since  
 December 22, 2009  
 Independent<sup>(3)</sup>

**Areas of Expertise**

Financial Acumen  
 Strategic Planning  
 Corporate Finance/M&A  
 Investment Community  
 CEO/COO/CFO  
 Executive Officer  
 Industry Experience  
 Other Public Board Experience  
 Governance  
 Compensation

Mr. Grant is an independent businessman who was formerly a Houston-based Managing Director of Energy Investment Banking with Raymond James & Associates; a New York Stock Exchange ("NYSE") listed investment banking and brokerage firm. Mr. Grant held such position from 1996 through February 2008. Prior to joining Raymond James & Associates, Mr. Grant was the Senior Vice President and Chief Financial Officer of Enterra Corporation, a NYSE listed oilfield service company, for a period of nine years. Mr. Grant received his MBA (Finance) from Harvard Graduate School of Business Administration in 1966 and a Bachelor of Arts (Economics) from Yale University in 1964.

2011 Board/Committee Memberships		Attendance at Meetings during 2011		
Board		12 of 14	86%	
Audit		4 of 4	100%	
Corporate Governance and Compensation		5 of 5	100%	
Other Public Company Board Memberships		Public Board Interlocks		
Mullen Group Ltd.		Mr. Grant and Mr. Mullen are both members of the Board of Directors of Mullen Group Ltd.		
Securities Held				
Warrants	Total Market Value of Warrants <sup>(5)</sup>	Common Shares	Percentage <sup>(6)</sup>	Total Market Value of Common Shares <sup>(7)</sup>
62,500	\$403,750	62,500	0.11%	\$535,000
Options Held				
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Options <sup>(8)</sup>
Mar 22/2010	Mar 21/2015	50,000	\$5.70	50,000
Nov 25/2011	Nov 24/2011	20,000	\$7.41	20,000
Voting Results of 2011 Annual and Special Meeting		Votes For	Votes Withheld	Total Votes Cast
		25,012,804	85.5%	4,232,407
			14.5%	29,245,211

**Ronald P. Mathison**<sup>(1)(2)</sup>

Age: 54  
 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 B.Comm (Hons) from the University of Manitoba and has earned Chartered Accountant, Chartered Business Valuator, and Chartered Financial Analyst designations.

**Areas of Expertise**

Financial Acumen  
 Strategic Planning  
 Corporate Finance/M&A  
 Other Public Board Experience  
 Governance  
 Investment Community

Board/Committee Memberships		Attendance at Meetings during 2011		
Board		11 of 14	79%	
Audit		3 of 4	75%	
Corporate Governance and Compensation		5 of 5	100%	
Other Public Company Board Memberships		Public Board Interlocks		
CMQ Resources Inc. CalfracWell Services Ltd Tesla Exploration Ltd.		Mr. Mathison and Mr. Gartner are both members of the board Calfrac Well Services Ltd. and Tesla Exploration Ltd.		
Securities Held				
Warrants	Total Market Value of Warrants <sup>(5)</sup>	Common Shares	Percentage <sup>(6)</sup>	Total Market Value of Common Shares <sup>(7)</sup>
Nil	Nil	5,849,352	9.99%	\$50,070,473
Options Held				
Date Granted	Expiry Date	Outstanding	Grant Price	Value of In-the-Money Unexercised Options <sup>(8)</sup>
Nov 25/11	Nov 24/16	20,000	\$7.41	20,000
Voting Results of 2011 Annual and Special Meeting		Votes For	Votes Withheld	Total Votes Cast
		25,013,152	85.5%	4,232,510
			14.5%	29,245,661

**Murray K. Mullen**<sup>(1)(2)</sup>

Age: 55  
 Calgary, Alberta Canada  
 Director since  
 December 22, 2009  
 Independent<sup>(3)</sup>

Mr. Mullen is the Chairman of the Board and Chief Executive Officer of Mullen Group Ltd. Mr. Mullen joined the Mullen Group of companies in 1977 after graduating from the University of Calgary with a B.A. Economics degree and has served in various capacities with Mullen Group, including senior executive positions that he has held from 1991.

**Areas of Expertise**

CEO/COO/CFO  
 Executive Officer  
 Industry Experience  
 Strategic Planning  
 Financial Acumen  
 Corporate  
 Finance/M&A  
 Other Public Board Experience  
 Governance  
 Compensation  
 Investment Community

Board/Committee Memberships			Attendance at Meetings during 2011		
Board			14 of 14		100%
Audit			4 of 4		100%
Corporate Governance and Compensation			5 of 5		100%
Other Public Company Board Memberships			Public Board Interlocks		
Mullen Group Ltd.			Mr. Grant and Mr. Mullen are both members of the Board of Directors of Mullen Group Ltd.		
Securities Held					
Warrants	Total Market Value of Warrants <sup>(5)</sup>	Common Shares	Percentage <sup>(6)</sup>	Total Market Value of Common Shares <sup>(7)</sup>	
62,500	\$403,750	156,250	0.27%	\$1,337,500	
Options Held					
Date Granted	Expiry Date	Outstanding	Grant Price	Total Unexercised	Value of In-the-Money Options <sup>(7)</sup>
Mar 22/10	Mar 21/15	50,000	\$5.70	50,000	\$143,000
Nov 25/11	Nov 24/16	20,000	\$7.41	20,000	\$23,000
Voting Results of 2011 Annual and Special Meeting			Votes For	Votes Withheld	Total Votes Cast
			25,013,904	85.5%	4,231,307
				14.5%	29,245,211

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

Age: 54  
 Calgary, Alberta Canada  
 Director since  
 December 22, 2009  
 Independent<sup>(3)</sup>

Mr. Rooney is currently the Chairman and Chief Executive Officer of Northern Blizzard Resources Inc., a private oil and gas company, since November 2009. From December 2007 to April 2009 Mr. Rooney was the Chief Executive Officer of Tusk Energy Inc., a public oil and gas company. From 2005 to 2007, Mr. Rooney was the President and Chief Executive Officer of Zenas Energy Inc., a public oil and gas company. Mr. Rooney is a Chartered Accountant, a Chartered Business Valuator and holds a B.A., Economics degree from the University of Western Ontario.

**Areas of Expertise**

CEO/COO/CFO/  
 Executive Officer  
 Financial Acumen  
 Other Public Board Experience  
 Governance

Board/Committee Memberships			Attendance at Meetings during 2011		
Board			13 of 14		93%
Audit			4 of 4		100%
Corporate Governance and Compensation			5 of 5		100%
Other Public Company Board Memberships			Public Board Interlocks		
Northern Blizzard Resources Ltd.					
Securities Held					
Warrants	Total Market Value of Warrants <sup>(5)</sup>	Common Shares	Percentage <sup>(6)</sup>	Total Market Value of Common Shares <sup>(7)</sup>	
62,500	\$403,750	437,500	0.75%	\$3,745,000	
Options Held					
Date Granted	Expiry Date	Outstanding	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Options <sup>(8)</sup>
Mar 22/10	Mar 21/15	50,000	\$5.70	50,000	\$143,000
Nov 25/11	Nov 25/16	20,000	\$7.41	20,000	\$23,000
Voting Results of 2011 Annual and Special Meeting			Votes For	Votes Withheld	Total Votes Cast
			25,014,054	85.5%	4,231,157
				14.5%	29,245,211

**Dale E. Tremblay**  
Age: 57  
Calgary, Alberta Canada  
Director since  
December 22, 2009  
Not Independent<sup>(11)</sup>

Mr. Tremblay is the Chairman and Chief Executive Officer of Western Energy Services Corp. From August 2005 to December 2009, Mr. Tremblay was the President and Chief Executive Officer of Saxon Energy Services Inc., and Chairman of the Board of SES Holdings Limited, the parent company of Saxon Energy Services Inc. until April 2011. Prior to that, Mr. Tremblay was the Senior Vice President, Finance and Chief Financial Officer of Precision Drilling Corporation from 1988 to 2005.

**Areas of Expertise**

CEO/COO/CFO  
Executive Officer  
Financial Acumen  
Industry Experience  
Corporate Finance/M&A  
International Experience  
Other Public Board Experience  
Governance  
Investment Community  
Strategic Planning  
Compensation

Board/Committee Memberships			Attendance at Meetings during 2011							
Board			14 of 14	100%						
Other Public Company Board Memberships			Public Board Interlocks							
Horizon North Logistics Inc.										
<b>Securities Held</b>										
Warrants	Total Market Value of Warrants <sup>(5)</sup>	Common Shares	Percentage <sup>(6)</sup>	Total Market Value of Common Shares <sup>(7)</sup>						
1,250,000	\$8,075,000	1,259,687	2.15%	\$10,782,921						
<b>Options Held</b>										
Date Granted	Expiry Date	Outstanding	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Options <sup>(7)</sup>					
Aug 12/11	Aug 11/16	150,000 <sup>(12)</sup>	\$8.75	150,000	\$Nil					
<b>Voting Results of 2011 Annual and Special Meeting</b>			<b>Votes For</b>	<b>Votes Withheld</b>	<b>Total Votes Cast</b>					
			27,106,512	92.7%	2,139,149					
				7.3%	29,245,661					

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee.
- (3) “Independent” refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 *Audit Committees*.
- (4) Mr. Copeland was appointed the Board of Directors on June 17, 2011 and attended all meetings of the Audit and Corporate Governance and Compensation committees held since his appointment, and attended 4 of the 5 board meeting held since his appointment.
- (5) Total Market Value of the Warrants was determined based on the difference between the March 21, 2012 closing price on the TSX of the Common shares of Western of \$8.56 per share and the issue price of the Warrants of \$2.10 Post-Consolidation.
- (6) Percentage of Western Shares beneficially owned is calculated based on an aggregate of 58,533,287 Western Shares outstanding as of March 21, 2012.
- (7) Total Market Value of Common Shares was determined by multiplying the number of Western Shares held by each director nominee as of March 21, 2012 by \$8.56, which was the closing price of the Western Shares on the TSX on that date.
- (8) Based the difference between the March 21, 2012 closing price on the TSX of the Common shares of Western of \$8.56 per share and the grant price of the Stock Option
- (9) Mr. Copeland was appointed to the Board subsequent to the shareholders meeting held on June 16, 2011.
- (10) Mr. Gartner was appointed to the Board of Directors on June 16, 2011 and attended all meetings of the Board of Directors, Audit and Corporate Governance and Compensation Committee meetings subsequent to his appointment
- (11) Mr. Tremblay is not independent as he is the CEO of Western.
- (12) Mr. Tremblay was granted options for serving as an officer and a director of the Corporation.

**It is the intention of the persons named in the Instruments of Proxy, if not expressly directed otherwise in such Instruments 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 Meeting, the persons named in the enclosed Instrument of Proxy reserve the right to vote for other nominees at their discretion.**

As at March 21, 2012, the directors and officers of Western, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 9,242,745 Common Shares, or approximately 15.79% of the issued and outstanding Common Shares of Western, based on 58,533,287 issued and outstanding Common Shares. As at March 21, 2012, the directors and officers of Western, as a group, have outstanding options to purchase 790,000 Common Shares of Western and 2,212,699 Warrants to purchase Common Shares of Western.

*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.

Dale Tremblay was a director of Liv Spa Inc., a private company that was placed into voluntary bankruptcy on August 22, 2008, which bankruptcy was completed on December 2, 2009.

Mr. Mathison indirectly holds a controlling interest in Riverside Quays Limited Partnership ("RQLP"); a private Alberta limited partnership involved in the construction of 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, save for certain oversight and minor administrative duties, in December 2011.

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.

### **3. Appointment of the Auditor**

The Shareholders will consider an ordinary resolution to appoint the firm of Deloitte & Touche LLP, Chartered Accountants, Calgary, Alberta, to serve as Auditor of Western until the next annual meeting of the Shareholders and to authorize the directors of Western to fix their remuneration. Deloitte & Touche LLP Chartered Accountants have been the Auditor of Western since June 29, 2010. Should Deloitte & Touche LLP for any reason be unwilling or unable to accept re-appointment, Western's directors will exercise their discretion to appoint an alternate auditor.

**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 & Touche LLP as Auditor of Western.**

### **4. Approval of the Amendments to the Stock Option Plan**

On October 13, 2011 the Corporation moved the listing of its Common Shares from the TSX Venture Exchange to the TSX. As part of the application by the Corporation to list its Common Shares on the TSX, the Corporation undertook to make certain amendments to its stock option plan (the "**Stock Option Plan**") and in addition the Corporation wishes to make other amendments to its stock option plan to more appropriately reflect other differences between the rules of the TSX and the TSXV. As such, the Corporation is proposing to make the following amendments to the Stock Option Plan (referred to herein as the "**Plan Amendments**"):

1. In Paragraph 3 under the heading “Granting of Options” remove the following words from the end of the first paragraph thereof:

“provided that for the purposes of paragraphs (c) and (d) an entitlement granted prior to the grantee becoming an Insider may be excluded in determining the number of Common Shares issued or issuable to Insiders.”

2. To remove the first sentence of paragraph 5 under the heading “Exercise Price” and replace that first sentence with the following:

“The exercise price (the “**Exercise Price**”) of an Option granted under the Plan shall be as determined by the Committee 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.”

3. To remove all of paragraph 14 under the heading “Amendment or Discontinuance of the Plan” and replace with the following new paragraph 14 under the same heading:

“The Board of directors of the Corporation (the “**Board**”) may at any time or from time to time, in its sole and absolute discretion, suspend, terminate or discontinue the Plan and may amend the terms and conditions of options granted pursuant to the Plan, subject to any required approval of any regulatory authority or 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 Plan without the approval of the shareholders of the Corporation if the alteration, amendment or variance does not:

- a. increase the number of shares that can be issued under the 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 shares or a reorganization, amalgamation, consolidation, merger, takeover bid or similar transaction involving the Corporation (for this purpose, cancellation or termination of an Option of a Plan participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Option);
- c. extend the expiry date of an outstanding Option or amend the Plan to permit the grant of an Option with an expiry date of more than five years from the grant date (except where an expiry date would have fallen within a blackout period as such period is defined in the insider trading policy of the Corporation);
- 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 Plan; or
- f. amend the Plan to provide for other types of compensation through equity issuance.

Without limiting the generality of the foregoing, some of the examples of the types of changes to the Plan or options granted under it that the Board could make without shareholder approval include:

1. housekeeping changes (such as a change to correct an immaterial inconsistency or clerical omission or a change to update a routine administrative provision such as contact information);
2. a change to the termination provisions for the Plan or for an Option as long as the change does not permit the Board or a committee thereof, to grant an Option with an expiry date of more than five years or extend an outstanding Option’s expiry date;

3. certain changes to provisions on the transferability of Options, namely, a transfer from an Option holder to an entity or trust controlled by the Option holder or a family member, a charity, or for estate planning or estate settlement purposes;
  4. a change deemed necessary or desirable to comply with applicable law or regulatory requirements.
4. To add the following definition to paragraph 17 of the Plan:

- (n) “**Market Value**” means any date when the market value of Common Shares of the Corporation is to be determined, the closing price on the trading day prior to the date of grant on the principal stock exchange on which Common Shares are listed, or if the Common Shares of the Corporation are not listed on any stock exchange, the Market Value shall be determined by the Board of Directors of the Corporation, acting reasonably and in good faith;

After making such proposed Plan Amendments the Stock Option Plan shall be in the form appended hereto as Schedule A. In addition, a summary description of the Stock Option Plan as amended is set forth under “Summary of Amended Stock Option Plan” under the heading “Securities Authorized for Issuance under Equity Compensation Plans.”

Shareholders will therefore be asked at the Western meeting to consider, and if thought to be advisable, to approve the Plan Amendments.

The text of the ordinary resolution which management intends to place before the Western Meeting for approval of the Plan Amendments to the Stock Option Plan is as follows:

**“BE IT RESOLVED** as an ordinary resolution of the Shareholders of the Corporation that:

1. The stock option plan (the “**Stock Option Plan**”) shall be amended by making those amendments described in the Management Information Circular of the Corporation dated March 21, 2012 as the “Plan Amendments” so the Stock Option Plan will, after such amendments, be in the form of Schedule “A” attached to such Information Circular.
2. Any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution.
3. Notwithstanding that this resolution has been passed by the Shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to amend the form of the New Option Plan in order to satisfy the requirements or requests of any regulatory authority without requiring further approval of the shareholders of the Corporation or to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

The foregoing resolution must be approved by a majority of votes cast by Shareholders who vote in person or by proxy at the Western Meeting in respect to this resolution.

**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 approval of the New Option Plan.**

## **5. 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

The Corporate Governance and Compensation Committee is responsible for making recommendations to the Board of Directors relating to the compensation of members of the Board of Directors, the Chief Executive Officer and the other executive officers. The Corporation's compensation philosophy is aimed at attracting and retaining quality and experienced people which is critical to the success of Western for the benefit of its shareholders. Employee compensation, including officer compensation, is comprised of three elements: base salary, short-term incentive compensation (cash bonuses) and long-term incentive compensation ("Options") pursuant to Western's stock option plan (the "Stock Option Plan"). The Corporate Governance and Compensation Committee review all three components in assessing the compensation of individual officers and of the Corporation as a whole. Salaries and bonuses are intended to provide current compensation and short-term incentive for employees to encourage them to meet the Corporation's goals. The Corporate Governance and Compensation Committee along with the Board of Directors will continue to review compensation policies to ensure that they are competitive within the oilfield services industry and consistent with the performance of the Corporation. Options are granted as a long-term incentive and to encourage an extended employment and long term growth commitment to Western.

The Corporate Governance and Compensation Committee will generally consider and make recommendations to the Board of Directors with respect to compensation for the officers of Western including the Chief Executive Officer, President and Chief Operating Officer and the Vice President Finance and Chief Financial Officer. When making such recommendations, the Corporate Governance and Compensation Committee may analyze a number of factors, including compensation data compiled from Western's peer groups, corporate performance and individual officer performance. In assessing corporate performance, Western does not have any pre-determined set targets, but will pay particular attention to corporate growth, operational and financial results and share price performance in the near and long term. In assessing the performance of individual officers, consideration may be given to objective factors such as the level of responsibility, experience and expertise, as well as subjective factors such as leadership and performance in such officer's specific role with Western.

Western compares its executive compensation to the compensation provided to executives in comparable positions by a comparable group of Canadian oilfield service companies. The comparable group is selected based on the nature of the comparable 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 Western's executive compensation programs. In addition to looking at historical information for Stoneham Drilling Trust (acquired by Western on June 10, 2011), Western looks to the following primary market competitors in comparing its executive compensation:

Ensign Energy Services Inc.	Akita Drilling Inc.	Total Energy Services Inc.
Precision Drilling Corporation	Savanna Energy Services Corp.	Trinidad Drilling Ltd.

Western's executive compensation program is designed to reward executive officers based on measurable financial parameters associated with both personal and overall corporate performance. The program also balances annual rewards for achieving individual and corporate success year over year with rewards based on the long-term share price performance of Western.

As part of its review of the Corporation's compensation program, the Corporate Governance and Compensation Committee believes that the compensation program provides executive officers of the Corporation 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 executive officers will take unnecessary or excessive risk for the sake of enhanced rewards:

- the annual performance bonus is at the Board of Director's discretion from year to year and based on comparison to peers. The compensation program of Western is designed to provide executive officers incentives for the achievement of near term and long term objectives, without motivating them to take unnecessary risk.

- the Stock Option Plan is designed so that options vest over at least a three year period and therefore encourages sustainable share price appreciation. As such, this program provides most of its rewards through long term sustainable share price appreciation which should reduce the risk of actions which may have short term advantages over long term sustainable share price appreciation.

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 Corporation securities 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 are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a Named Executive Officer or director 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, by the NEO or director.

### **Named Executive Officers**

Securities legislation requires the disclosure of the compensation received by each “Named Executive Officer” of the Corporation for the three most recently completed financial years. “**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, 2011, there were five (5) NEOs of Western being Dale E. Tremblay, Chief Executive Officer; Alex MacAusland, President and Chief Operating Officer; Jeffrey K. Bowers, Vice President, Finance and Chief Financial Officer; Marcel K. Lozinsky, Vice President, Operations, Horizon Drilling Inc.; and Cordell Verweire, Vice President, Marketing, Horizon Drilling Inc.

### **Annual Salaries**

Salary amounts were set giving consideration to the skills required to carry out the Corporation’s controlled growth and profitability plans, how well the expertise and experience of these individuals fit with those requirements and the competitive market place..

### **Annual Performance Bonus**

Western does not have a formal bonus plan but may award discretionary bonuses. The award of a bonus is determined, in all cases, by the Corporate Governance and Compensation Committee based upon review and analysis of the CEO’s recommendations, and then submitted to the Board of Directors for final approval. The discretionary bonus plan is structured to drive and reward short term results.

## **Long-Term Incentive Compensation – Options**

The Board of Directors view Options as an effective incentive to balance senior management's 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 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 above average performance as measured by qualitative and quantitative measures, provided Western's financial and operating results lead to the enhancement of shareholder value.

Directors, officers, employees and consultants are eligible to participate in Western's Option Plan. Awards of Options are made from time to time to participants at varying levels consistent with the individual's position and responsibility. The Board of Directors 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 before December 31, 2010 vest at a rate of one third on each of the second, third and fourth anniversaries of the date of grant and have a 5 year term. Options granted subsequent to December 31, 2010 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 Option Plan.

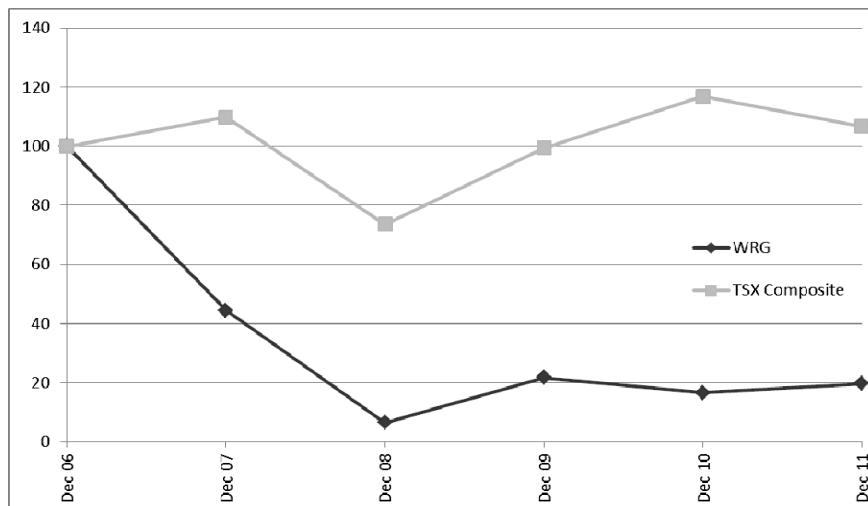
Mr. Tremblay was granted 150,000 options in 2011; Mr. MacAusland was granted 30,000 options in 2011; Mr. Bowers was granted 30,000 options in 2011; Mr. Lozinsky was granted 15,000 options in 2011 and Mr. Verweire was granted 26,000 options in 2011.

The Corporation did not retain the services of any compensation consultant during 2011.

## **Performance Analysis**

The Corporation has included two graphs below to illustrate its performance both over the last five years as well as since the recapitalization of Western, when the current management team and Board joined Western. The graph since the recapitalization proves a better illustration of Western's performance under the current NEOs.

The following graph compares Western's cumulative total return on Western's Common Shares from December 31, 2006 to December 31, 2011 and TSX composite for the same period. It assumes an initial investment of \$100 on December 31, 2006, with all dividends reinvested.



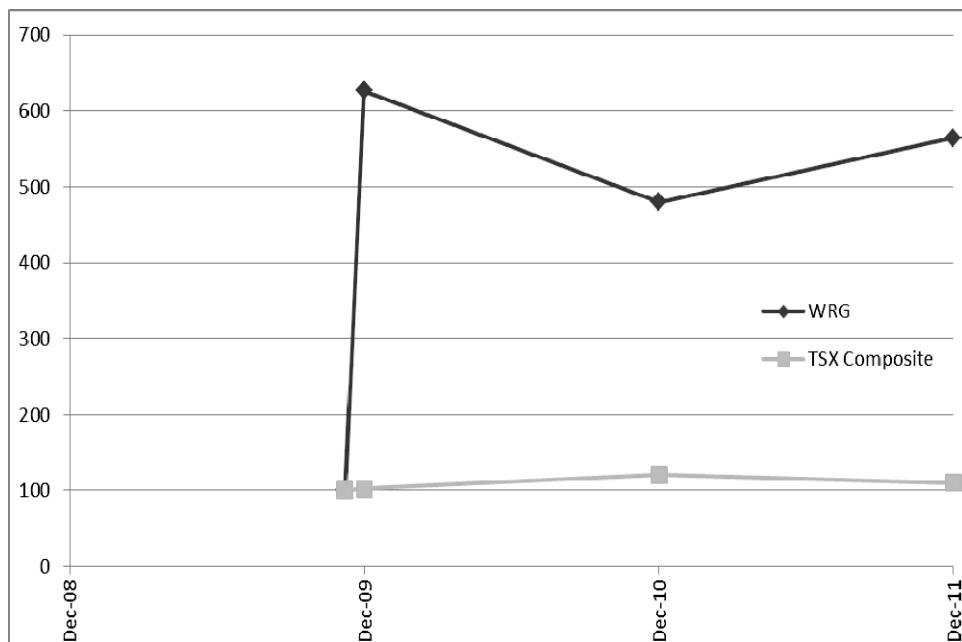
	<b>Dec. 28, 2006 (1)</b>	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2008</b>	<b>Dec. 31, 2009</b>	<b>Dec. 31, 2010</b>	<b>Dec. 31, 2011</b>
S&P/TSX Composite Total Return Index	100	110	74	99	117	107
Western Common Shares	100	44	6	22	17	20

Note:

(1) First trading day on the TSXV.

### Share Price Performance Graph since the Date of the Recapitalization

On December 8, 2009, Western announced a recapitalization and reorganization of the Corporation, whereby an entirely new management team and board of directors was appointed. Additionally, there was a substantial realignment of the financial interests of Western's creditors and shareholders. The following graph compares Western's cumulative total return on Western's Common Shares from the date the recapitalization and reorganization was announced to December 31, 2011, and TSX composite for the same period which provides a better illustration of Western's performance under the current NEOs. It assumes an initial investment of \$100 on December 7, 2009, with all dividends reinvested.



	<b>Dec. 7, 2009</b>	<b>Dec. 31, 2009</b>	<b>Dec. 31, 2010</b>	<b>Dec. 31, 2011</b>
Western Common Shares	100	627	480	565
S&P/TSX Composite Total Return Index	100	103	121	110

### Share Price Performance in Relation to Executive Compensation

Among the five NEOs for 2011, Messrs. Tremblay, MacAusland, and Bowers have been employees of the Corporation since the recapitalization of Western in December 2009. Messrs. Lozinsky and Verweire have been employees of the Corporation since the acquisition of Horizon in March 2010. Since the recapitalization, Western has completed 10 transactions including: 6 acquisitions, the disposition of its production services segment, 2 equity financings, and subsequent to December 31, 2011 a high yield debt financing. During this time period, Western's drilling rig fleet has grown from zero to 43 drilling rigs on December 31, 2011, making Western the sixth largest contract drilling company in Canada. Since the recapitalization, the Corporation's employee headcount has increased from 23 to 933 as at December 31, 2011. At the same time, Western has also commenced operations of its well servicing segment in Canada,

successfully completed a significant capital build program and established its corporate presence in the United States. During this period of time the Corporation has exceeded its budgeted return on equity and return on capital employed. All these factors taken together have resulted in strong revenue and EBITDA growth as well as improved EBITDA margins. As shown in the graph above, these achievements have translated into the dramatic shareholder return realized since the recapitalization, which has greatly exceeded the broader market return during the same period of time. Compensation paid to the NEOs reflects the significant increase in the scope and size of Western's business operations since the recapitalization as well as Western's strong financial and operating results. 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.

### **Compensation Governance**

The Board established the Corporate Governance and Compensation Committee for the purpose of, among other things to review and make recommendations to the Board regarding the adequacy and form of the compensation for Western's officers and directors. The Corporate Governance and Compensation Committee reviews the compensation practices of comparable companies. Directors who are officers of Western receive no additional remuneration for their services as directors.

In particular, the Corporate Governance and Compensation Committee: (a) will review and approve, at least annually, Western's goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO") and the CEO compensation is based on that review; (b) will review, at least annually, 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) will review executive compensation disclosure before Western publicly discloses such information.

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

The current members of the Corporate Governance and Compensation Committee are Steven C. Grant (Chairman), Donald P. Copeland, Lorne A. Gartner, Ronald P. Mathison, Murray K. Mullen and John R. Rooney. Each member of the Corporate Governance and Compensation Committee is independent as defined under Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110") and none received any compensation, directly or indirectly, from Western other than for services as a member of the board of directors of Western and its committees, as applicable.

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

##### *Steven C. Grant (Chairman)*

Mr. Grant is an independent businessman who was formerly a Houston-based Managing Director of Energy Investment Banking with Raymond James & Associates; a New York Stock Exchange ("NYSE") listed investment banking and brokerage firm. Mr. Grant held such position from 1996 through February 2008. Prior to joining Raymond James & Associates, Mr. Grant was the Senior Vice President and Chief Financial Officer of Enterra Corporation, a NYSE listed oilfield service company, for a period of nine years. For 10 years prior to that, Mr. Grant was a Senior Vice President Finance and Administration and CFO of WellTech Inc., a NYSE listed oilfield service company. While at both WellTech Inc. and Enterra, Corporation. Mr. Grant was involved in the design and implementation of compensation programs at each company. Mr. Grant received his MBA (Finance) from Harvard Graduate School of Business Administration in 1966 and a Bachelor of Arts (Economics) from Yale University in 1964.

##### *Donald D. Copeland*

Mr. Copeland is an independent businessman. Mr. Copeland was the Chairman of Stoneham Administration Inc. administrator of Stoneham Drilling Trust from June 4, 2008 to June 17, 2011. Prior thereto Mr. Copeland was the Executive Chairman of Upper Lake Oil and Gas Ltd. from October 2007 to August 2008. Prior thereto, Mr. Copeland was Chairman and Chief Executive Officer of Diamond Tree Energy Ltd. and its predecessor from May 2001 to October 2007. Mr. Copeland received a BSc. 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.

*Lorne A. Gartner*

Mr. Gartner is an independent businessman. Mr. Gartner was a 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.

*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 B.Comm (Hons) from the University of Manitoba and has earned Chartered Accountant, Chartered Business Valuator, and Chartered Financial Analyst designations.

*Murray K. Mullen*

Mr. Mullen is the Chairman of the Board and Chief Executive Officer of Mullen Group Ltd. Mr. Mullen joined the Mullen Group of companies in 1977 after graduating from the University of Calgary with a Bachelor of Arts (Economics) degree and has served in various capacities with Mullen Group, including as President and Chief Executive Officer, positions that he held from 1991 through September 2004. Mr. Mullen served on numerous public boards since 1993.

*John R. Rooney*

Mr. Rooney has been the Chairman and Chief Executive Officer of Northern Blizzard Resources Inc., a private oil and gas company, since November 2009. From December 2007 to April 2009 Mr. Rooney was the Chief Executive Officer of Tusk Energy Inc., a public oil and gas company. From 2005 to 2007, Mr. Rooney was the President and Chief Executive Officer of Zenas Energy Inc., a public oil and gas company. Mr. Rooney is a Chartered Accountant, a Chartered Business Valuator and holds a B.A., Economics degree from the University of Western Ontario.

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

### **Western Stock Option Plan**

In order to attract and retain qualified personnel and provide incentives and rewards to the directors, officers, employees and consultants of Western, the Board of Directors has adopted the Stock Option Plan (the "**Option Plan**"). The Option Plan authorizes the Board of Directors of Western to issue options ("**Options**") to purchase Common Shares to directors, officers, employees and consultants of Western. Under the Option 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 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 Current Option Plan**

The current Option Plan provides that the aggregate number of Common Shares issuable pursuant to stock options granted under the current Option Plan and under any other security based compensation arrangement, if any, and issued to insiders within any one year period and, issuable to insiders, shall in either case, not exceed 10% of the issued and outstanding Common Shares at the time of the grant of any stock option. In

addition, the current 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 current Option Plan provides that, at the time of granting an Option under the Option Plan, the Board of Directors, (or a committee thereof) will determine the exercise price, which is not to be less than the price permitted by the Toronto Stock Exchange (“**TSX**”). As well, the Board of Directors (or a committee thereof) will determine at the time of granting an Option under the 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 and is exercisable from time to time during the term of the Option. As well, the Board of Directors (or a committee thereof) will determine at the time of granting an Option under the current 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 and is exercisable from time to time during the term of the Option. The directors of Western have 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. The current Option Plan also provides that vesting of Options shall accelerate and Options shall be exercisable immediately prior to the time that a change of control takes place. The current Option Plan also states that Option agreements shall also 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 and if an Option holder ceases to be employee or a director of the Corporation, as the case may be, the Option shall terminate on a date set forth in the agreement, such date not to be in excess of six months from the date of such termination. The Option Plan also contains provisions to prevent dilution and to protect holders of Options in the event of reorganization and provides that in the event of a change of control of the Corporation, a person that has participated in the Option Plan (the “**Participant**”), 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. In the event of an approved take-over bid a holder of Options shall have 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.

As stated earlier in this Information Circular under “Matters to be Acted upon at the Meeting” paragraph 4 thereof under “Approval of the Amendments to the Stock Option Plan” the Corporation is proposing to make the Plan Amendments as described in that section. The Committee may amend or discontinue the current Option Plan at any time, provided that no such amendment may, without the consent of the Optionee, alter or impair any Option previously granted to an Optionee under the current Option Plan and provided further that any amendment to the Plan will be subject to receipt of all necessary regulatory approvals (if any).

### **Summary of Amended Stock Option Plan**

If the Plan Amendments are approved by the Shareholder of the Corporation on the basis contemplated in this Information Circular as described above the Stock Option Plan so amended (the “**Amended Plan**”) will be in the form of Schedule “A”. It is the intention of the Corporation that Options issued prior to the approval of the Plan Amendments will remain subject to the current Option Plan and that any Options issued after approval of the Plan Amendments will (if approved) be subject to the Amended Plan. A summary of the Amended Plan is as follows:

The Amended Plan provides that the aggregate number of Common Shares issuable pursuant to stock options granted under the Amended Plan and under any other security based compensation arrangement, if any, and issued to insiders within any one year period and, issuable to insiders, shall in either case, not exceed 10% of the issued and outstanding Common Shares at the time of the grant of any stock option. In addition, the Amended 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 Amended Plan provides that, at the time of granting an Option under the Amended Plan, the Board of Directors (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 Amended Plan as any date when the market value of Common Shares of the Corporation is to be determined, the closing price on the trading day prior to the date of grant on the principal stock exchange on which Common Shares are listed, or if the Common Shares of the Corporation are not listed on any stock

exchange, the Market Value shall be determined by the Board of Directors of the Corporation, acting reasonably and in good faith. As well, the Board of Directors (or a committee thereof) will determine at the time of granting an Option under the Amended 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 and is exercisable from time to time during the term of the Option. The directors of Western have 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. The Amended Plan also provides that vesting of Options shall accelerate and Options shall be exercisable immediately prior to the time that a change of control takes place. The Amended Plan states that if the Corporation amalgamates with another entity or sells all or substantially all of its assets in exchange for shares of another entity, the Corporation 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 the Corporation immediately prior to the amalgamation or sale and that upon making such provision the Options shall terminate. If the Board of Directors of the Corporation approves a take-over bid of the Corporation 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 and an Option holder does not exercise and tender to the bid as aforesaid, 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. The Amended Plan also states that Option agreements shall also 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 and if an Option holder ceases to be employee or a director of the Corporation, as the case may be, the Option shall terminate on a date set forth in the agreement, such date not to be in excess of six months from the date of such termination. The Amended Plan also contains provisions to prevent dilution and to protect the holders of Options in the event of reorganization and provides that in the event of a change of control of the Corporation, a person that has participated in the Option Plan (the “Participant”), shall be entitled to make an offer to the Corporation for the disposition and surrender of their Options for an amount (not to exceeds the fair market value) specified in the agreement evidencing the Options and the Corporation may accept such offer subject to regulatory approval. In the event of an approved take-over bid a holder of Options shall have 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. The Amended Plan does not provide for any assignability of Options. The Stock Option Plan also provides that the Board may, in its sole discretion and without further approval of the shareholders of the Corporation, amend, suspend, terminate or discontinue the Amended Plan and may amend the terms and conditions of stock options granted under the Amended 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 Amended Plan without the approval of the shareholders of the Corporation if the alteration, amendment or variance does not: (a) increase the number of shares that can be issued under the Amended 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 the Corporation; (c) extend the expiry date of an outstanding option or amend the Amended Plan to permit the grant of an option with an expiry date of more than 10 years from the grant date (except where an expiry date would have fallen within a blackout period of the Corporation); (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 Amended Plan; or (f) amend the Amended Plan to provide for other types of compensation through equity issuance.

As of March 21, 2012 there were 5,853,329 Common Shares (being 10% of the issued and outstanding Common Shares) reserved for issuance pursuant to the Option Plan. No options were exercised or surrendered for cash during the recently completed financial year ended December 31, 2011 by the Named Executive Officers.

### **Equity Compensation Plan Information**

The following table sets forth information as at December 31, 2011 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</b>
Equity compensation plans approved by security holders	2,101,000	\$6.94	3,752,329
Equity compensation Plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>2,101,000</b>	<b>\$6.94</b>	<b>3,752,329</b>

## COMPENSATION OF NAMED EXECUTIVE OFFICERS

Compensation was paid to the Named Executive Officers during the aforementioned fiscal year as disclosed below.

### Summary Compensation Table

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

<b>Name and Principal Position</b>	<b>Year</b>				<b>Non-equity incentive Plan Compensation (\$)</b>				
		<b>Salary (\$)</b>	<b>Share- based Awards (\$)</b>	<b>Option- based Awards<sup>(1)</sup> (\$)</b>	<b>Annual Incentive Plans</b>	<b>Long- term Incentive Plans</b>	<b>Pension Value<sup>(2)</sup> (\$)</b>	<b>All other Compensation<sup>(3)</sup> (\$)</b>	<b>Total Compensation (\$)</b>
Dale E Tremblay <sup>(4)</sup> Chief Executive Officer	2011	260,000	---	429,000	500,000	---	6,500	28,170	1,223,670
	2010	225,000	---	---	225,000	---	---	27,015	477,015
	2009	---	---	---	---	---	---	---	---
Alex MacAusland <sup>(5)</sup> President and Chief Operating Officer	2011	260,000	---	85,500	500,000	---	6,500	30,304	882,304
	2010	225,000	---	360,000	225,000	---	---	31,095	841,095
	2009	20,657	---	---	---	---	---	201,321	221,978
Jeffrey K. Bowers <sup>(5)</sup> Vice President Finance and Chief Financial Officer	2011	230,000	---	85,500	500,000	---	5,750	28,884	850,134
	2010	190,000	---	360,000	225,000	---	---	27,015	802,015
	2009	17,365	---	---	---	---	---	151,321	168,686
Marcel K. Lozinsky <sup>(6)</sup> Vice President, Operations, Horizon Drilling Inc.	2011	203,462	---	42,900	225,000	---	5,471	19,561	496,394
	2010	135,357	---	180,000	100,000	---	---	50,400	465,757
Cordell Verweire <sup>(7)</sup> Vice President, Marketing, Horizon Drilling Inc.	2011	187,385	---	70,160	200,000	---	4,231	22,304	484,080
	2010	127,115	---	59,000	100,000	---	---	20,924	307,039

#### Notes:

- (1) The grant date fair value of option-based awards granted to Named Executive Officers pursuant to the Share Option Plan is \$2.86 for options issued on August 12, 2011, \$2.65 for options issued on April 15, 2011, \$2.60 for options issued on November 22, 2010, \$1.22 for options issued on August 3, 2010, and \$2.34 for options issued on March 22, 2010. The grant date fair value of options issued in 2011 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; and (iii) volatility of 60%.
- (2) Pension value for each of the Named Executive Officers is comprised of the company contributions under a RRSP matching plan.
- (3) All Other Compensation for each of the Named Executive Officers is comprised of the following elements: Dale E. Tremblay: monthly car allowance and monthly parking; Alex MacAusland: monthly car allowance, monthly parking, physical wellness allowance and club membership; Jeffrey K. Bowers: monthly car allowance, monthly parking and physical wellness allowance; Marcel K. Lozinsky: monthly car allowance, monthly parking, and physical wellness allowance; Mr. Cordell Verweire: monthly car allowance, monthly parking, and physical wellness allowance. In 2010, in addition to the other compensation listed above, Mr. Lozinsky received a moving allowance. In 2009 signing bonuses were awarded to Messrs. MacAusland and Bowers on their appointments as President and COO and CFO respectively, which were paid on March 18, 2010, in the amounts of \$200,000 for Mr. MacAusland and \$150,000 for Mr. Bowers.
- (4) Mr. Tremblay chose not to take a salary in 2009. Mr. Tremblay was appointed CEO of Western on December 8, 2009.
- (5) Messrs. MacAusland and Bowers performed consulting services to Western from November 28 to December 7, 2009. Messrs. MacAusland and Bowers were appointed officers of Western on December 8, 2009.
- (6) Mr. Lozinsky joined Horizon Drilling Inc. as Vice President Operations on March 18, 2010.
- (7) Mr. Verweire joined Horizon Drilling Inc. as Vice President, Marketing on March 18, 2010.

## Long-Term Incentive Plan Awards to Named Executive Officers

No long-term incentive plan awards were made to any Named Executive Officer during the financial year ended December 31, 2011.

### Incentive Plan Awards

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

The following table sets forth all awards outstanding at December 31, 2011 made to the Named Executive Officers:

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	Market of Payout Value of Share-based Awards
Dale E Tremblay Chief Executive Officer	150,000	\$8.75	August 11, 2016	Nil	---	---
Alex MacAusland President and Chief Operating Officer	150,000 30,000	\$5.70 \$8.75	March 21, 2015 August 11, 2016	415,500 Nil	---	---
Jeffrey K. Bowers Vice President Finance and Chief Financial Officer	150,000 30,000	\$5.70 \$8.75	March 21, 2015 August 11, 2016	415,500 Nil	---	---
Marcel K. Lozinsky Vice President, Operations, Horizon Drilling Inc.	75,000 15,000	\$5.70 \$8.75	March 21, 2015 August 11, 2016	207,750 Nil	---	---
Cordell Verweire Vice President, Marketing, Horizon Drilling Inc.	20,000 10,000 20,000 6,000	\$5.70 \$5.70 \$8.00 \$8.75	March 21, 2015 August 2, 2015 April 14, 2016 August 11, 2016	55,400 27,700 9,400 Nil	---	---

#### Notes:

(1) Common Shares of Western.

(2) Based on the closing share price of the Common Shares on December 31, 2011 of \$8.47.

#### *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 Named Executive Officers for the year ended December 31, 2011. During 2011, there was no value in any option based awards, share based awards or non-equity incentive compensation to any of the Named Executive Officers as no Options vested during 2011.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-based Awards – Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Dale E Tremblay Chief Executive Officer	Nil	---	500,000
Alex MacAusland President and Chief Operating Officer	Nil	---	500,000
Jeffrey K. Bowers Vice President Finance and Chief Financial Officer	Nil	---	500,000
Marcel K. Lozinsky	Nil	---	225,000

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-based Awards – Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Vice President Operations, Horizon Drilling Inc.			
Cordell Verweire Vice President Operations Horizon Drilling Inc.	Nil	---	200,000

**Note:**

(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.

### Compensation of Directors

Effective January 1, 2011, the Board resolved that each director who was not an employee of Western receive an annual retainer of \$40,000 to be inclusive of meeting fees. Additionally, the Board resolved that no additional retainers be paid to the Lead Director, the Chairman of the Audit Committee nor the Chairman of the Corporate Governance and Compensation Committee. Miscellaneous out-of-pocket expenses incurred by the directors in carrying out their duties are to be reimbursed by Western.

### Director Compensation Table

The following table sets forth particulars concerning all amounts of compensation provided to the directors for the year ended December 31, 2011.

Name <sup>(1)</sup>	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards <sup>(2)</sup> (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Donald D. Copeland <sup>(3)</sup>	21,667	---	48,400	---	---	Nil	70,067
Lorne A. Gartner <sup>(4)</sup>	21,667	---	48,400	---	---	Nil	70,067
Steven C. Grant	40,000	---	48,400	---	---	Nil	88,400
Ronald P. Mathison	40,000	---	48,400	---	---	Nil	88,400
Murray K. Mullen	40,000	---	48,400	---	---	Nil	88,400
John R. Rooney	40,000	---	48,400	---	---	Nil	88,400

**Notes:**

- (1) Information for Dale E. Tremblay, the Chief Executive Officer of Western, is provided under "Summary Compensation Table".
- (2) The grant date fair value of option-based awards granted to non-management directors pursuant to the Share Option Plan is \$2.42 per option for options issued on November 25, 2011. 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 interest rate of 1%; (ii) average expected life of 2.0 years; and (iii) volatility of 60%.
- (3) Mr. Copeland was appointed to the Board of Directors on June 17, 2011.
- (4) Mr. Gartner was elected to the Board of Directors on June 16, 2011.

## Summary of Board Meeting Attendance

Director	Board Meetings Attended		Audit Committee Meetings Attended		Corporate Governance and Compensation Committee Meetings Attended		Board Retainer <sup>(1)</sup> (\$)	Total Fees Paid (\$)
Donald D. Copeland <sup>(2)</sup>	4 of 5	80%	2 of 4	100%	2 of 2	100%	21,667	21,667
Lorne A Gartner <sup>(3)</sup>	5 of 5	100%	2 of 4	100%	2 of 2	100%	21,667	21,667
Steven C. Grant	12 of 14	86%	4 of 4	100%	5 of 5	100%	40,000	40,000
Ronald P. Mathison	11 of 14	79%	3 of 4	75%	5 of 5	100%	40,000	40,000
Murray K. Mullen	14 of 14	100%	4 of 4	100%	5 of 5	100%	40,000	40,000
John R. Rooney	13 of 14	93%	4 of 4	100%	5 of 5	100%	40,000	40,000
Dale E. Tremblay <sup>(4)</sup>	14 of 14	100%	N/A		N/A		Nil	Nil
<b>TOTAL</b>								<b>203,334</b>

**Notes:**

- (1) Non-management directors are paid annual retainers which are inclusive of meeting fees. No additional retainers are paid to the Chairs of either the Audit or the Corporate Governance and Compensation Committee.
- (2) Mr. Copeland was appointed to the Board of Directors on June 17, 2011. Mr. Copeland attended all meetings of the Audit and Corporate Governance and Compensation Committee meetings held subsequent to his appointment. Mr. Copeland attended 4 of the 5 Board of Directors meetings held subsequent to his appointment.
- (3) Mr. Gartner was elected to the Board of Directors on June 16, 2011. Mr. Gartner attended all meetings of the Board of Directors, Audit and Corporate Governance and Compensation Committee meetings held subsequent to his election.
- (4) Mr. Tremblay is the Chairman and CEO of Western and does not receive meeting fees.

## Incentive Plan Awards

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

The following table sets forth all awards outstanding at December 31, 2011 made to the non-management Directors: Information on the options granted to Mr. Tremblay who 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	Market of Payout Value of Share-based Awards
Donald D. Copeland	20,000	7.41	November 24, 2016	21,200	---	---
Lorne A. Gartner	20,000	7.41	November 24, 2016	21,200	---	---
Steven C. Grant	50,000 20,000	5.70 7.41	March 21, 2015 November 24, 2016	138,500 21,200	---	---
Ronald P. Mathison	20,000	7.41	November 24, 2016	21,200	---	---
Murray K. Mullen	50,000 20,000	5.70 7.41	March 21, 2015 November 24, 2016	138,500 21,200	---	---
John R. Rooney	50,000 20,000	5.70 7.41	March 21, 2015 November 24, 2016	138,500 21,200	---	---

**Notes:**

- (1) Common Shares of Western.
- (2) Based on the closing share price of the Common Shares on December 31, 2011 of \$8.47.

### *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 non-Management directors for the year ended December 31, 2011. During 2011, there was no value in any option based awards, share based awards or non-equity incentive compensation to any of the non-management directors as no Options vested during 2011.

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year<sup>(1)</sup> (\$)</b>	<b>Share-based Awards – Value Vested During the Year (\$)</b>	<b>Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
Donald D. Copeland	Nil	---	---
Lorne A. Gartner	Nil	---	---
Steven C. Grant	Nil	---	---
Ronald P. Mathison	Nil	---	---
Murray K. Mullen	Nil	---	---
John R. Rooney	Nil	---	---

**Note:**

- (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.

## **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, 2011 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 executive officers 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 Directors 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 “B” hereto.

### **Mandate of the Board**

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

### **Board Composition**

The Board is currently composed of seven (7) members. The Board has established two committees, the Audit Committee and, the Corporate Governance and Compensation 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.

#### *Corporate Governance and Compensation Committee*

The directors who are currently members of the Corporate Governance and Compensation Committee are Steven C. Grant (Chairman), Donald D. Copeland, Lorne A. Gartner, Ronald P. Mathison, Murray K. Mullen

and John R. Rooney, 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 of Directors 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 Chief Executive Officer's compensation and reviewing senior officers' compensation.

### **Communicating with the Board**

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

Letters addressed to the Board of Directors, or any individual independent director, are reviewed as a group to determine if a response from the Board is appropriate. While the Board of Directors 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 her 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 of Directors.

All inquiries will receive a written response from either the Board of Directors or management, as appropriate. The Corporate Secretary maintains a log of all correspondence addressed to members of the Board of Directors. 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 March 21, 2012 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, other than as described below. All of the directors and officers hold Options to acquire Common Shares pursuant to the Option Plan. At the Western Meeting, Shareholders will be asked to consider, and if thought appropriate, approve an ordinary resolution approving the Option Plan. See "*Matters to be Considered at the Meeting – Approval of the Stock Option Plan*".

### **ADDITIONAL INFORMATION**

Financial information is provided in Western's consolidated financial statements and management's discussion and analysis for the most recently completed financial year ended December 31, 2011 and the Auditors report thereon (the "**Annual Report**"), December 31, 2011, which has been mailed to the Shareholders of Western 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 900, 606 – 4th Street SW, Calgary, Alberta T2P 1T1 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. - STOCK OPTION PLAN**

**1. Purpose of Plan**

The purpose of this plan (the “**Plan**”) is to develop the interest of existing or proposed Directors, Employees and Consultants of Western Energy Services Corp. (the “**Corporation**”) and its subsidiaries and other persons who provide or are proposed to provide ongoing management or consulting services to the Corporation or its subsidiaries in the growth and development of the Corporation by providing them with the opportunity through share purchase options to acquire an increased proprietary interest in the Corporation.

**2. Administration**

The Plan shall be administered by the Board of Directors of the Corporation, or if appointed, by a committee of directors appointed from time to time by the Board of Directors of the Corporation (such committee, or if no such committee is appointed, the Board of Directors of the Corporation is hereinafter referred to as the “**Committee**”) pursuant to rules of procedure fixed by the Board of Directors.

**3. Granting of Options**

The Committee may from time to time designate existing or proposed Directors, Employees and Consultants of the Corporation and its subsidiaries or any Insider of or other Western Service Provider to the Corporation and its subsidiaries (collectively, the “**Optionees**”) to whom options (“**Options**”) to purchase common shares (“**Common Shares**”) of the Corporation may be granted and the number of Common Shares to be optioned to each and may grant such Options, provided that:

- (a) the number of Common Shares reserved for issuance on exercise of all Options outstanding under the Plan at any time shall not exceed 10% of the Outstanding Common Shares at the time in question (the “**Common Share Maximum**”) subject to adjustment as set forth in Section 10 and as hereinafter provided;
- (b) the number of Common Shares reserved for issuance under the Plan to any one Optionee shall not exceed 5% of the Outstanding Common Shares;
- (c) the number of Common Shares issuable to Insiders, at any time, under all Share Compensation Arrangements, shall not exceed 10% of the Outstanding Common Shares;
- (d) the number of Common Shares issued to Insiders, within any one year period, under all Share Compensation Arrangements, shall not exceed 10% of the Outstanding Common Shares;
- (e) the number of Common Shares reserved for issuance to any one Consultant in a 12 month period shall not exceed 2% of the number of Outstanding Common Shares;
- (f) the number of Common Shares reserved for issuance to Optionees employed to provide Investor Relations Activities shall not exceed, in any 12 month period, in the aggregate, 2% of the number of Outstanding Common Shares; and
- (g) a grant of Options pursuant to this Plan shall constitute a representation by the Corporation that the Optionee is a bona fide Director, Employee or Consultant;

The Common Shares that are reserved for issuance on exercise of Options granted pursuant to this Plan that are cancelled, terminated or expire prior to the exercise of all or a portion thereof shall be available for a subsequent grant of Options pursuant to this Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, terminated or expired Options.

Subject to all necessary regulatory approvals, the Common Share Maximum, once in effect, may be increased by the Board of Directors with the approval of the shareholders of the Corporation if required by the stock exchanges (if any) upon which the Common Shares are then listed.

#### 4. Vesting

The Committee may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist. In the absence of any determination by the Committee as to vesting, vesting shall be as to 1/3rd of the number of Options granted on the date of grant, as to 1/3rd of the number of Options on the first anniversary of the date of grant and as to 1/3rd of the number of Options granted on the second anniversary of the date of grant. Notwithstanding the foregoing, vesting of Options shall accelerate and Options shall be exercisable immediately prior to the time that a Change of Control takes place and as otherwise provided herein. Further the Committee may, at its sole discretion at any time or in the option agreement in respect of any Options granted, accelerate or provide for the acceleration of, vesting of Options previously granted. Notwithstanding anything in this Paragraph 4, in the case of Options granted to Optionees employed to provide Investor Relations Activities, such Options shall vest in stages over yearly stages with no more than 1/4 of such Options vesting in any three month period.

#### 5. Exercise Price

The exercise price (the “**Exercise Price**”) of an Option granted under the Plan shall be as determined by the Committee 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. In the case of a reduction to the Exercise Price of Options held by Insiders, disinterested shareholder approval shall be obtained where the Optionee is an Insider of the Corporation at the time of the proposed reduction to the Exercise Price of such Options.

#### 6. Option Terms

The period during which an Option is exercisable shall, subject to the provisions of the Plan requiring acceleration of rights of exercise, be such period as may be determined by the Committee at the time of grant provided that no Option may be exercised beyond five (5) years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable. In addition, each Option shall provide that:

- (a) upon the death of the Optionee, the Option shall terminate on the date determined by the Committee which shall not be more than twelve (12) months from the date of death and, in the absence of any determination by the Committee, will be the date that is six (6) months following the date of death;
- (b) if the Optionee shall no longer be a director or officer of, be in the employ of or be providing ongoing management or consulting services to the Corporation, the Option shall terminate on the expiry of the period (the “**Termination Date**”) not in excess of six (6) months prescribed by the Committee at the time of grant, following the date that the Optionee ceases to be a director, officer or employee of the Corporation, or ceases to provide ongoing management or consulting services to the Corporation, as the case may be and, in the absence of any determination by the Committee, the Termination Date will be ninety (90) days following the date the Optionee shall no longer be a director or officer of, be in the employ of or be providing ongoing management or consulting services to the Corporation; and
- (c) in the case of an Option granted to an Optionee employed to provide Investor Relations Activities, such Option shall expire within 30 days after the Optionee ceases to be employed to provide Investor Relations Activities;

provided that the number of Common Shares that the Optionee (or his heirs or successors) shall be entitled to purchase until the Termination Date shall be the number of Common Shares which the Optionee was entitled to purchase on the date of death or the date the Optionee ceased to be an officer, director or employee of, or ceased providing ongoing management or consulting services to, the Corporation, as the case may be.

## **7. Exercise of Option**

Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its head office or such other place as may be specified by the Corporation, of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the shares then being purchased.

## **8. Surrender Offer**

In the event of a Change of Control, an Optionee may make an offer (the “**Surrender Offer**”) to the Corporation, at any time, for the disposition and surrender by the Optionee to the Corporation (and the termination thereof) of any of the Options granted hereunder for an amount (not to exceed fair market value) specified therein by the Optionee and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval required. If the Surrender Offer, either as made or as renegotiated, is accepted, the Options in respect of which the Surrender Offer relates shall be surrendered and deemed to be terminated and cancelled and shall cease to grant the Optionee any further rights thereunder upon payment of the amount of the agreed Surrender Offer by the Corporation to the Optionee.

## **9. Mergers, Amalgamation and Sale**

If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated in or with another corporation or entity or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation or other entity, the Corporation shall, subject to this Section 9, make provision that, upon exercise of an Option after the effective date of such merger, amalgamation or sale, the Optionee shall receive such number of shares of the continuing successor corporation or other entity in such merger or amalgamation or the securities or shares of the purchasing corporation or other entity as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Optionee in respect of the Common Shares subject to the Option shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof. Adjustments under this section or any determinations as to fair market value of any securities shall be made by the Committee, and any reasonable determination made by the Committee shall be binding and conclusive.

## **10. Acceleration of Vesting and Termination of Option in the Event of Approved Take-Over Bid**

In the event of an Approved Take-Over Bid, Optionees shall have the right to exercise Options granted hereunder to purchase all of the Common Shares which have not been previously purchased under such Options, but any such Common Shares not otherwise vested and exercisable may only be purchased for tender pursuant to such Approved Take-Over Bid. If for any reason such Common Shares are not so tendered or, if tendered, are not for any reason taken up and paid for by the offeree pursuant to such Approved Take-Over Bid, any such Common Shares so purchased by an Optionee shall be and be deemed to be cancelled and returned to treasury of the Corporation, shall be added back to the number of Common Shares, if any, remaining unexercised under the applicable Option and, upon presentation to the Corporation of share certificates representing such shares properly endorsed for transfer back to the Corporation, the Corporation shall refund to the Optionee all consideration paid on the exercise thereof. In the event an Approved Take-Over Bid is made and Common Shares are taken up and paid for pursuant to such Approved Take-Over Bid, the Corporation shall have the right to satisfy any obligations to an Optionee in respect of any Options not exercised by paying to the Optionee, in cash, the difference between the Exercise Price of unexercised Options and the fair market value of the securities to which the Optionee would have been entitled upon exercise of the unexercised Options on such date, which determination of fair market value shall be conclusively made by the Committee. Upon payment as aforesaid, the Options shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof.

## **11. Alterations in Shares**

In the event, at any time or from time to time, that the share capital of the Corporation shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the Common

Shares granted or the Corporation shall pay a dividend (other than in the ordinary course) upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, securities or other assets, or other relevant changes in the share capital of the Corporation, Options with respect to any Common Shares which have not been purchased at the time of any such consolidation, subdivision, stock dividend or other change shall be proportionately adjusted (including as to the number of Common Shares subject to the Option and the exercise price thereof, as applicable) so that the Optionee shall from time to time, upon the exercise of an Option, be entitled to receive the number of shares, securities or other property of the Corporation he would have held following such consolidation, subdivision, stock dividend or other change if the Optionee had purchased the shares and had held such shares immediately prior to such consolidation, subdivision, stock dividend or other change. Upon any such adjustments being made, the Optionee shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

## **12. Option Agreements**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, provisions as to vesting and expiry and any other terms approved by the Committee, all in accordance with the provisions of this Plan. The agreement will be in such form as the Committee may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with this Plan, any provisions respecting Options in the *Income Tax Act* (Canada) or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen and the rules of any regulatory body having jurisdiction over the Corporation.

## **13. Regulatory Authorities Approvals**

The Plan shall be subject to the approval, if required, of any Exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval, if required, shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

## **14. Amendment or Discontinuance of the Plan**

The Board of Directors of the Corporation (the “**Board**”) may at any time or from time to time, in its sole and absolute discretion, suspend, terminate or discontinue the Plan and may amend the terms and conditions of options granted pursuant to the Plan, subject to any required approval of any regulatory authority or 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 Plan without the approval of the shareholders of the Corporation if the alteration, amendment or variance does not:

- (a) increase the number of shares that can be issued under the 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 shares or a reorganization, amalgamation, consolidation, merger, takeover bid or similar transaction involving the Corporation (for this purpose, cancellation or termination of an Option of a Plan participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Option);
- (c) extend the expiry date of an outstanding Option or amend the Plan to permit the grant of an Option with an expiry date of more than five years from the grant date (except where an expiry date would have fallen within a blackout period, as such period is defined in the insider trading policy of the Corporation);
- (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 Plan; or

- (f) amend the Plan to provide for other types of compensation through equity issuance.

Without limiting the generality of the foregoing, some of the examples of the types of changes to the Plan or options granted under it that the Board could make without shareholder approval include:

- i) housekeeping changes (such as a change to correct an immaterial inconsistency or clerical omission or a change to update a routine administrative provision such as contact information);
- ii) a change to the termination provisions for the Plan or for an Option as long as the change does not permit the Board, or any committee thereof, to grant an Option with an expiry date of more than five years or extend an outstanding Option's expiry date;
- iii) certain changes to provisions on the transferability of Options, namely, a transfer from an Option holder to an entity or trust controlled by the Option holder or a family member, a charity, or for estate planning or estate settlement purposes;
- iv) a change deemed necessary or desirable to comply with applicable law or regulatory requirements.

## **15. Common Shares Duly Issued**

Common Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefor in accordance with the terms of the Option and the issuance of Common Shares thereunder will not require a resolution or approval of the Board of Directors of the Corporation.

## **16. Options to Companies**

The provisions herein in respect of the grant of Options shall apply, with appropriate modifications, to the grant of Options to a company either: (i) wholly-owned by any person whom Options may otherwise be granted hereunder; or (ii) controlled by any person to whom Options may otherwise be granted hereunder (and the shares of which are held directly or indirectly by any such person and such person's spouse, minor children and/or minor grandchildren), subject to any requirements of any applicable regulatory authority having jurisdiction, including any Exchange.

## **17. Definitions**

In this Plan, capitalized terms not otherwise defined in this Plan have the meanings set forth below. Notwithstanding the foregoing, where defined terms used herein are also defined in the policies of the TSXV and there are discrepancies between said defined terms, the defined term used in the policies of the TSXV shall prevail over the defined term used in this Plan during such period of time as the Corporation's Shares are listed on the TSXV.

- (a) A Company is an "**Affiliate**" of another Company if:
- (i) one of them is the subsidiary of the other; or
  - (ii) each of them is controlled by the same Company or individual.
- (b) "**Approved Take-Over Bid**" means a take-over bid (as defined in the Securities Act (Alberta)), which is not exempt from the take-over bid requirements of Part 14 of the Securities Act (Alberta) (or its replacement of successor provisions) made for the Common Shares or other Voting Shares of the Corporation with the approval or consent of the Board of Directors of the Corporation pursuant to which, if the Approved Take-Over Bid is successful, will result in a Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of the Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction

over, Voting Shares that have the right to cast more than 50% of the votes attached to all Voting Shares;

(c) “**Associate**” has the meaning ascribed thereto by the Securities Act (Alberta) as from time to time amended, supplemented or re-enacted;

(d) “**Change of Control**” means and it shall be deemed to have taken place if any of the following shall have occurred:

- (i) the purchase or acquisition, without the approval or consent of the Board of Directors of the Corporation, of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 30% of the votes attaching to all Voting Shares; or
- (ii) the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or entity which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation, such that assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares, and immediately following the event described in this paragraph, the directors of the Corporation immediately prior to such event do not constitute a majority of the Board of Directors (or equivalent) of the successor or continuing corporation or entity immediately following such event; or
- (iii) the election at a meeting of the Corporation’s shareholders of that number of persons which would represent a majority of the Board of Directors of the Corporation, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation’s shareholders by the Corporation; or
- (iv) the liquidation, dissolution or winding-up of the Corporation; or
- (v) the sale, lease or other disposition of all or substantially all of the assets of the Corporation (other than pursuant to an internal reorganization); or
- (vi) a determination by the Board of Directors of the Corporation that there has been a change, whether by way of a change in the holding of the Voting Shares of the Corporation 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;

(e) “**Company**”, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual;

(f) “**Consultant**” means, in relation to the Corporation, an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:

- (i) is engaged to provide on a ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a Distribution;

- (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (g) “**Consultant Company**” means, for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (h) “**Convertible Securities**” means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;
- (i) “**Directors**” means directors, senior officers and Management Company Employees of the Corporation, or directors, senior officers and Management Company Employees of the Corporation’s subsidiaries to whom Options can be granted in reliance on a prospectus exemption under applicable securities laws;
- (j) “**Employee**” means:
- (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Corporation or its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Corporation or its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.
- (k) “**Holder**” means a person, a group of persons or persons acting jointly or in concert, or persons associated or affiliated, within the meaning of the *Securities Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;
- (l) “**Investor Relations Activities**” means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
- (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
    - A. to promote the sale of products or services of the Corporation; or
    - B. to raise public awareness of the Corporation;
 that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
  - (ii) activities or communications necessary to comply with the requirements of:

- A. applicable securities laws; or
  - B. Exchange Requirements (as defined in the policies of the TSXV) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
- (iii) communications by a publisher of; or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
- A. the communication is only through the newspaper, magazine or publication; and
  - B. the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (iv) activities or communications that may be otherwise specified by the TSXV.
- (m) **“Management Company Employee”** means an individual employed by a Company or individual providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Company or individual engaged in Investor Relations Activities.
- (n) **“Market Value”** means any date when the market value of Common Shares of the Corporation is to be determined, the closing price on the trading day prior to the date of grant on the principal stock exchange on which Common Shares are listed, or if the Common Shares of the Corporation are not listed on any stock exchange, the Market Value shall be determined by the Board of Directors of the Corporation, acting reasonably and in good faith;
- (o) **“Insider”** of the Corporation means:
- (i) an insider as defined in the *Securities Act* (Alberta) as from time to time amended, supplemented or re-enacted, other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation; and
  - (ii) an Associate of any person who is an insider by virtue of paragraph (i);
- (p) **“Outstanding Common Shares”** at the time of any share issuance or grant of Options means the aggregate number of Common Shares and non-voting common shares that are outstanding immediately prior to the share issuance or grant of Options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including any Exchange on which the Common Shares may be listed;
- (q) **“Service Provider”** means a person or company engaged, or proposed to be engaged, by the Corporation to provide services for an initial, renewable or extended period of 12 months or more;
- (r) **“Share Compensation Arrangement”** means (i) a stock option plan for the benefit of employees, Insiders, Service Providers or any one of such groups, (ii) individual stock options granted to employees, Insiders or Service Providers if not granted pursuant to a plan previously approved by the Corporation’s securityholders, (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches a whole or a portion of the securities being purchased, (iv) stock appreciation rights involving issuances of securities from treasury, (v) any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Corporation, and (vi) security purchases from treasury by an employee, Insider or Service Provider which is

- financially assisted by the Corporation by any means whatsoever. For greater certainty, arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Corporation are not security based compensation arrangements;
- (s) “**subsidiary**” has the meaning assigned thereto under the *Securities Act* (Alberta) as from time to time amended, supplemented or re-enacted;
  - (t) “**TSXV**” means the TSX Venture Exchange; and
  - (u) “**Voting Shares**” means any securities of the Corporation ordinarily carrying the right to vote at elections of directors.

#### **18. No Effect on Employment or Retainer**

Participation in the Plan by an Optionee is entirely voluntary and does not affect the Optionee’s employment or continued retainer by, or other engagement with, the Corporation. Neither this Plan nor the granting to an Optionee of an Option hereunder of itself gives such Optionee any right to continue to be a director, officer, employee or consultant of the Corporation. None of the terms and conditions governing an Option shall be affected by any change in the terms of the Optionee’s employment or by engagement with the Corporation so long as the Optionee continues to hold Options. The terms of this Plan or any option agreement shall not affect in any manner whatsoever the terms or validity of any employment agreement to which the Corporation is a party.

#### **19. Decisions Final and binding**

All decisions and interpretations by the Committee respecting this Plan or Options granted hereunder, including decisions as to adjustments in the number of Common Shares to be received upon exercise of an Option or the exercise price thereof in accordance with Section 10 shall be final and binding on the Corporation and all Optionees and their respective successors.

#### **20. Effective Date**

This Plan is effective from June 8, 2006, as amended effective as of January 5, 2009.

**SCHEDULE “B”**  
**WESTERN ENERGY SERVICES CORP.**  
**CORPORATE GOVERNANCE PRACTICES**

The Corporation believes that effective corporate governance practices are fundamental to the overall success of a company. 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.

Corporate Governance Disclosure Requirement NI 58-101	Comments
<p><b>I. Board of Directors</b></p> <p>(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 of Directors, 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 six of the seven current directors who are also being proposed by the Board of Directors for the election to the Board of Directors of the Corporation are independent in accordance with the above definition. The present and proposed directors who are independent are:</p> <p style="text-align:center">Donald D. Copeland Lorne A. Gartner Steven C. Grant Ronald P. Mathison Murray K. Mullen 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 seven existing directors and one of the seven nominees proposed by Management for election to the Board of Directors of the Corporation are not independent from the Corporation. The present and proposed director who is not independent is:</p> <p style="text-align:center">Dale E. Tremblay Mr. Tremblay is the Chairman and CEO of Western.</p>
<p>(c) Disclose whether or not a majority of the directors are independent.</p>	<p>Six of the seven existing directors and six of the seven nominees proposed by Management for election to the Board of Directors of the Corporation are independent.</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. Grant and Mr. Mullen are directors of Mullen Group Ltd. Mr. Gartner and Mr. Mathison are directors of Calfrac Well Services Ltd. and Tesla Exploration Ltd. Mr. Mathison is also a director of CMQ Resources Inc. Mr. Rooney is a director of Northern Blizzard Resources Inc. Mr. Tremblay is a director of Horizon North Logistics Inc. Mr. Copeland is a director of Crocatta Energy Inc. and IROC Energy Services Corp.</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</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 directors. There were 14 meetings of the Board of directors during the period January 1 to December 31, 2011. The independent directors held an in-camera session without management present at four of those 14</p>

Corporate Governance Disclosure Requirement NI 58-101	Comments
independent directors hold such 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.	meetings.
(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>The Chair, Mr. Tremblay, is not independent. Despite that, the Board believes that there are substantial benefits to Western with Mr. Tremblay serving in this capacity that presently out-weigh having an independent Chair given Mr. Tremblay's knowledge of the operations of Western. The board has appointed Mr. Mullen as Lead Director to preside over meetings of the independent directors and to act as a liaison between the independent directors and the rest of the Board and management.</p> <p>The position description of the Chair of the Board provides for the Chair to provide leadership to the Board and to serve as chair at shareholders annual meetings. The Chair, along with the Lead Director sets the agenda of all Board meetings, ensures the provision of accurate, timely and clear information to the Directors. In addition, the Chair 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.	Two directors attended all 14 meetings of the Board of Directors held in 2011; one director attended 13 of 14 Board of Directors meetings; one director attended 12 of 13 Board of Directors meetings and one director attended 11 of 14 Board of Directors meetings held in 2011, whether in person or by telephone. Mr. Gartner was elected to the Board of Directors on June 16, 2011 and attended all five meetings of the Board held subsequent to his election. Mr. Copeland was appointed to the Board of Directors on June 17, 2011 and attended four of the five Board of Directors meeting held subsequent to his appointment. For further information see " <i>Summary of Board Meeting Attendance</i> ".
<b>2. Board Mandate</b> Disclose the text of the Board's written mandate.	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. Additionally, the Board has established a Board workplan. The mandate of the Board 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.
<b>3. Position Descriptions</b> (a) Disclose whether or not the Board has developed written position descriptions for the Chair and the Chair of each Board committee.	<p>The position descriptions of the Chair of the Board, the Lead Director and each 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 Chair of the Board provides for the Chair to provide leadership to the Board and to serve as chair at shareholders annual meetings. The Chair also sets the agenda of all Board meetings, ensures the provision of accurate, timely and clear information to the Directors. In addition the Chair supervises the Committee Chairs.</p> <p>The position description for the Lead Director provides for the Lead Director to provide independent leadership for the Board, in particular its independent directors, and to assist the Board in discharging its duties, responsibilities and</p>

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	<p>obligations independent of management.</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 delegated to either management or a Committee of the Board of Directors 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 the management and approved by the Board.</p>
<p><b>4. Orientation and Continuing Educations</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>The Corporate Governance and Compensation Committee is responsible for ensuring that new directors are provided with an orientation and education program which includes written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board of Director meetings and discussion 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>
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors.	<p>The Board recognizes the importance of ongoing 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 canvases 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. Ethical Business Conduct</b></p> <p>(a) Disclose whether or not the Board has adopted a written code for its Directors, officers</p>	<p>The Corporation's Board of Directors has adopted a Code of Business Conduct and Ethics ("Code of Ethics"), 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</p>

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<p>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 constitutes a departure from the code; and</li> <li>(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.</li> </ul>	<p>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> <p>The Board of Directors has also a Communications Policy which regulates the manner in which material information is determined and disseminated.</p> <p>The Board of Directors 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 ensure 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 the Corporation's Board of Directors.</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 is presently comprised of six independent directors, being Steven C. Grant (Chair), Donald D. Copeland, Lorne A. Gartner, Ronald P. Mathison, Murray K. Mullen and John R. Rooney. 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 operation 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)</p>

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	<p>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. Additionally, the Corporate Governance and Compensation Committee have established a committee workplan. If vacancies occur on the Board, the Corporate Governance and Compensation Committee would recommend nominees to the Board.</p>
<p><b>7. Compensation</b></p> <p>(a) Describe the process by which the board determines the compensation for your company's directors or officers.</p>	<p>The Board of Directors 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 officers and directors. The Corporate Governance and Compensation Committee will regularly review the compensation practices of comparable companies. Directors who are officers of Western receive no additional remuneration for their services as directors.</p> <p>In particular, the Corporate Governance and Compensation Committee: (a) will review and approve, at least annually, Western's goals and objectives relevant to the compensation of the Chief Executive Officer (the "CEO") and the CEO compensation is based on that review; (b) will review, at least annually, and recommend to the Board of Directors 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 of Directors the annual bonus payments for the CEO and executive officers; and (c) will 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>Effective January 1, 2011, the Board resolved that each director who was not an employee of Western receive an annual retainer of \$40,000 to be inclusive of meeting fees. Additionally, the Board resolved that no additional retainers be paid to the Chairman of the Audit Committee nor the Chairman of the Corporate Governance and Compensation Committee. Miscellaneous out-of-pocket expenses incurred by the directors in carrying out their duties are to be reimbursed by Western.</p>

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(b) Disclose whether or not the board has a compensation committee composed entirely of independent Directors.	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 Steven C. Grant (Chairman), Donald D. Copeland, Lorne A. Gartner, Ronald P. Mathison, Murray K. Mullen and John R. Rooney. None of the members of the Corporate Governance and Compensation Committee is an officer, employee or former officer of the Corporation or any of its affiliates or is eligible to participate in the Corporation's executive compensation programs. All of the members 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 of directors believes the Corporate Governance and Compensation Committee collectively have the knowledge, experience and background required to fulfill its mandate.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	<p>The Corporate Governance and Compensation Committee Charter incorporates the responsibilities, powers and operation 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: (a) will review and approve, at least annually, Western's goals and objectives relevant to the compensation of the CEO and the CEO compensation is based on that review; (b) will review, at least annually, 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) will review executive compensation disclosure before Western publicly discloses such information.</p>
<b>8. Other Board Committees</b> If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	There are no other standing committees of the Board of Directors of Western.
<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.	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 will be 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 completed questionnaires will be forwarded to the Lead Director. The anonymity of any particular submitter will be maintained with the aggregate results presented to the Lead Director for discussion and action if required. The results will then be communicated to the full Board for discussion and recommendations as necessary.

## SCHEDULE “C”

### 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:
  - (a) the stewardship of the business and affairs of the Corporation;
  - (b) supervising the management of the business and affairs of the Corporation;
  - (c) providing leadership to the Corporation by practicing responsible, sustainable and ethical decision making;
  - (d) ensuring that all major issues affecting the Corporation are given proper consideration; and
  - (e) directing management to ensure legal, regulatory and stock exchange requirements applicable to the Corporation have been met.

#### 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.
4. To be considered for nomination and election to the Board, directors must demonstrate integrity and high ethical standards in their business dealings, their personal affairs and in the discharge of their duties to and on behalf of the Corporation.

#### Board Meetings

5. 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;
  - (b) hold meetings of the independent directors without management and non-independent directors present; and
  - (c) comply with the position description applicable to individual directors.

## Board Chair

6 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

7 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 which committees shall include:
  - i. an audit committee;
  - ii. a corporate governance and compensation;
- (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; and
  - iv. to develop position descriptions for each Chair and Board Chair.
- (d) regularly receive and consider reports and recommendations of each Committee, in particular:
  - (i) Audit Committee reports and recommendations, particularly with respect to the Corporation's annual audit and quarterly reports;
  - (ii) Corporate Governance and Compensation Committee reports regarding governance issues and the nomination process and recommendations regarding nominees and candidates for election to the Board and recommendations with respect to corporate goals and objectives, CEO compensation and Board assessments and compensation;

## Supervision of Management

8 The Board is responsible to:

- (a) select and appoint the CEO, and with the assistance of the 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; and
- (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

9 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, take reasonable steps to satisfy itself that each director, the CEO and the executive officers are:
  - i. performing their duties ethically;
  - ii. conducting business on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Documents;
  - iii. fostering a culture of integrity throughout the Corporation; and
- (c) arrange, on the advice of the Corporate Governance and Compensation Committee, for the Governance Documents to be publicly disclosed.
- (d) 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
- (e) 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

10 The Board is responsible to:

- (a) approve and implement a communications policy which provides for disclosure and communications practices governing the Corporation; and
- (b) 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

11 The Board is responsible, with the assistance of the Corporate Governance and Compensation Committee, for:

- (a) reviewing departures from 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;
- ii. the parties involved;
- iii. the reason why the Board has or has not sanctioned the departure; and
- iv. any measures taken to address or remedy the departure.

### Strategic Planning

12 The Board has the responsibility to:

- (a) adopt a strategic planning process, annually approve a strategic plan for increasing shareholder value taking into account, among other things, the opportunities and risks of the Corporation's business, and regularly monitor the Corporation's performance against its strategic plan;
- (b) approve capital and operating budgets to implement the strategic plan;
- (c) conduct periodic reviews of the Corporation's resources, risks, and regulatory constraints and opportunities to facilitate the strategic plan; and
- (d) evaluate management's analysis of the strategies of existing and potential competitors and their impact, if any, on the Corporation's strategic plan.

### Risk Management

13 The Board has the responsibility to:

- (a) adopt a process to identify business risks and ensure appropriate systems to manage risks; and
- (b) together with the Audit Committee, ensure policies and procedures are in place and 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

14 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

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

Advisors

16 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.