

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

### Part I Reporting Issuer

|   |   |  |                      |
|---|---|--|----------------------|
| 1 Issuer's name<br><b>Western Energy Services Corp.</b>   |   | 2 Issuer's employer identification number (EIN)<br><b>98-0497362</b>                       |                      |
| 3 Name of contact for additional information<br><b>Corporate Secretary</b>  | 4 Telephone No. of contact<br><b>(403) 984-5916</b> | 5 Email address of contact<br><b>ir@wesc.ca</b>  |                      |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact<br><b>Suite 1700, 215 - 9th Avenue SW</b> |   | 7 City, town, or post office, state, and Zip code of contact<br><b>Calgary, AB T2P 1K3</b> |                      |
| 8 Date of action<br><b>April 22, 2013</b>   |   | 9 Classification and description<br><b>Common Shares</b>                                   |                      |
| 10 CUSIP number<br><b>958159</b>  | 11 Serial number(s)                                 | 12 Ticker symbol<br><b>(TSX) WRG</b>   | 13 Account number(s) |

### Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On April 22, 2013, Western Energy Services Corp., a corporation incorporated under the laws of Alberta, Canada ("WESC"), acquired all the issued and outstanding common shares of IROC Energy Services Corp., a corporation continued under the laws of Canada ("IROC") (the "Arrangement"). In the Arrangement, IROC shareholders exchanged each of their IROC common shares for either:**

- a) **CDN\$3.10 in cash;**
- b) **0.4063 of a WESC share;**
- c) **CDN\$1.24 in cash and 0.2438 of a WESC; or**
- d) **a combination thereof.**

**The Arrangement is described in full in the Management Information Circular of IROC dated March 20, 2013, which is available at [www.SEDAR.com](http://www.SEDAR.com).**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **WESC believes that, for U.S. federal income tax purposes, the Arrangement was a fully taxable transaction. As a result, former IROC shareholders should, for U.S. federal income tax purposes, have a basis in any WESC shares received in exchange for their IROC common shares equal to the fair market value (expressed in U.S. dollars) of such WESC shares on the date of receipt. However, because the matter is not free from doubt, former IROC shareholders should consult with their own tax advisors regarding the U.S. tax consequences of the Arrangement.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **In the absence of applicable statutory or regulatory guidance, the fair market value of publicly traded stock is generally considered to equal the average of the highest and lowest quoted selling prices for the stock on the relevant valuation date. Using this method and selling prices quoted on the Toronto Stock Exchange, the fair market value of a WESC share on April 22, 2013, the date of the organizational action described in this Report, was CDN\$6.915. As reported by the Bank of Canada, the average Canadian dollar to U.S. dollar exchange rate on such date (based on the highest and lowest reported rates) was \$1 CDN = \$0.9738. Thus, WESC estimates that the U.S. dollar value of a WESC share on April 22, 2013, was U.S.\$6.734. Former IROC shareholders should consult with their own tax advisors to determine the most appropriate measure of the fair market value of any WESC shares received in the Arrangement.**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► **The U.S. federal income tax consequences of the Arrangement to former IROC shareholders who held their IROC shares as a capital asset should be determined under Internal Revenue Code Sections 1001, 1011, 1221-1223, and 1012.**

In addition, if IROC was classified as a passive foreign investment company as defined under Code Section 1297 (a "PFIC") during any tax year in which a former IROC shareholder held IROC shares, then the U.S. federal income tax treatment of the Arrangement to such former IROC shareholder may be affected by the PFIC rules under Code Sections 1291-1298. Based on available information, IROC believes it was not a PFIC for its tax years ending December 31, 2001, through December 31, 2012, and it does not expect to be a PFIC for its tax year in which the Arrangement occurred. However, the determination of whether a non-U.S. corporation is a PFIC is fundamentally factual in nature, generally cannot be determined until the close of the year in question, and depends in part on complex U.S. federal income tax rules that are subject to varying interpretations. Consequently, there can be no assurance regarding the PFIC status of IROC for the current or any prior taxable year. Former IROC shareholders who are U.S. taxpayers should consult with their own tax advisors regarding the potential application of the PFIC rules.

18 Can any resulting loss be recognized? ► **If the Arrangement is a fully taxable transaction for U.S. federal income tax purposes, then, for such purposes, former IROC shareholders should recognize any gain or loss in their IROC common shares equal to the difference between (i) the fair market value of any WESC shares (expressed in U.S. dollars) and the U.S. dollar amount of any Canadian dollars received in the Arrangement and (ii) their adjusted tax basis in the IROC common shares exchanged therefor. The deduction of capital losses is subject to limitations.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **In general, any gain or loss recognized in the Arrangement should be reported by former IROC shareholders for their taxable year that includes April 22, 2013, the date of the organizational action described in this Report. Therefore, a former IROC shareholder who is a calendar year taxpayer would report the U.S. federal income tax consequences of the Arrangement on his, her, or its U.S. federal income tax return filed for the 2013 calendar year.**

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ► Jeffrey Bowers Date ► May 21, 2013

Print your name ► Jeffrey Bowers Title ► Senior VP Finance and CFO

**Paid Preparer Use Only**

|                            |                      |      |   |      |
|----------------------------|----------------------|------|---|------|
| Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| Firm's name ►              |                      |      | Firm's EIN ►                                    |      |
| Firm's address ►           |                      |      | Phone no.                                       |      |