



WESTERN ENERGY SERVICES CORP. ANNOUNCES STRATEGIC ACQUISITION OF SAVANNA ENERGY SERVICES CORP.

FOR IMMEDIATE RELEASE: March 9, 2017

CALGARY, ALBERTA - Western Energy Services Corp. ("Western") (TSX: WRG) is pleased to announce that it has entered into an arrangement agreement with Savanna Energy Services Corp. ("Savanna") (TSX: SVY) (the "Arrangement Agreement") to acquire Savanna pursuant to a court approved plan of arrangement (the "Transaction"), creating a stronger, more diverse North American and international oilfield service company. The combined company will be the second largest drilling and well servicing contractor in Canada, have material operations in a number of the most active US basins, and be a market leader in drilling and well servicing for Australian onshore liquefied natural gas ("LNG") suppliers. On a pro forma basis, Western will operate 157 drilling rigs, 153 well servicing rigs and have an increased inventory of oilfield rental equipment.

Transaction Summary

Under the terms of the Arrangement Agreement, Western will acquire all of the issued and outstanding common shares of Savanna (the "Savanna Shares") in exchange for common shares of Western (the "Western Shares"). Savanna shareholders will receive, for each Savanna Share held, 0.85 of a Western Share.

The share consideration offered to the Savanna shareholders, based on Western's 20-day volume weighted average trading price ("VWAP"), is equivalent to a 19% premium to the 20-day VWAP of the Savanna Shares on the Toronto Stock Exchange (the "TSX") for the period ended March 8, 2017. The offer price, based on Western's 20-day VWAP, reflects a premium of 63% to Savanna's price on November 23, 2016, prior to the announcement of an intention to make an unsolicited bid for Savanna. The Transaction value, based on Western's 20-day VWAP, is approximately \$533 million, including the assumption of approximately \$248 million in Savanna net debt, including estimated transaction costs.

Shareholders of Savanna, including the Alberta Investment Management Corporation ("AIMCo") as well as the directors and executive officers of Savanna, holding approximately 13.1% of the outstanding Savanna shares, have entered into lock up agreements to vote in favour of the Transaction. Shareholders of Western, including all directors and senior management, holding approximately 14.4% of the outstanding Western Shares, have entered into lock up agreements to vote in favor of the issuance of the Western Shares.

Strategic Rationale

The Transaction between Western and Savanna is expected to:

- Create a larger drilling and well servicing company that will be more cost effective in the current industry environment and be better able to provide a high level of service to our customers;
- Allow both the Western and Savanna shareholders to benefit from the combined company's improved ability to capitalize on growth;
- Provide a broader drilling platform from which to grow US and international operations;
- Improve liquidity for all shareholders of the combined company;
- Create greater geographic relevance within key operating areas throughout North America and Australia;
- Provide a broader combined customer base, benefitting from limited customer overlap;
- Increase exposure to First Nations' joint ventures for drilling, well servicing and oilfield rental equipment;

- Leverage the strengths of each company's management team;
- Benefit from the expertise of an expanded board of directors; and
- Combine two high quality oilfield service companies, each with a strong track record of performance.

The Transaction is also expected to provide strategic corporate benefits to Western shareholders, including:

- Significant accretion on a per Western Share basis;
- Significant operational synergies and efficiencies through combining operational facilities and reduced corporate overhead costs;
- Diversified revenue base with increased US exposure and the addition of international cash flows;
- Reduced corporate leverage; and
- Lower cost of capital.

"The transaction is a compelling strategic fit for stakeholders, customers, and employees of both companies." said Alex MacAusland, Western's President and Chief Executive Officer. "In this dynamic market, companies need to have a broad spectrum of drilling rigs spanning all rig classes. As we have said since we founded Western more than seven years ago, a successful drilling contractor needs to have the size and scale to provide a specific type of rig wherever and whenever it is required by a customer. This allows a contractor to be responsive as upstream spending changes. Now with the evolution of customer capital programs, particularly into plays such as the Viking and Lower Shaunavon, Savanna is a perfect fit for Western. We look forward to welcoming the Savanna employees, and with their help, we will continue to build a strong and focused oilfield service company".

Pro Forma Drilling Rig Fleet

Western operates a highly capable drilling rig fleet with 51 drilling rigs in Canada and five US based drilling rigs in the Williston Basin. This fleet will be augmented with the addition of 68 Canadian based drilling rigs, 28 US based drilling rigs and five Australian based drilling rigs. In Canada, Savanna has a fleet suitable for drilling across the Western Canadian Sedimentary Basin ("WCSB"), with a weighting to Cardium class rigs. Savanna's trailer single rigs and hybrid rigs are ideally suited for the prolific Viking oil play and for the oil sands region, two areas where Western has not historically had a significant presence. There is very little customer overlap between the two companies, bringing an increased level of diversification to the combined entity. With its highly capable Canadian fleet, Savanna has generated above industry average utilization throughout 2016 and through the first two months of 2017. Through 2017, Western and Savanna have each achieved industry leading utilization and, at March 8, 2017, the pro forma fleet would have more active rigs than any other drilling rig contractor in Canada. In the US, Savanna has operations in the Permian Basin, the DJ Basin, and the Marcellus, servicing three of the most active resource plays in the country. The majority of rigs are located in the Permian Basin where the recent increase in industry rig count has resulted in a significant improvement to the utilization of the Savanna rigs. In Australia, Savanna has five fit-for-purpose rigs located in Queensland that support the upstream development of a number of onshore LNG projects, which have recently commissioned incremental LNG trains and are operating under long-term LNG supply agreements, as well as supporting the domestic natural gas market.

The pro forma fleet will include 119 drilling rigs in Canada, 33 drilling rigs in the US and five rigs in Australia. Today, the pro forma company would have 69 active rigs in Canada, 13 active rigs in the US and 3 active rigs in Australia, implying utilization of 58%, 39%, and 60% in Canada, the US and Australia, respectively.

	Western	Savanna	Combined
Canada			
Cardium Class ¹⁾	24	55	79
Montney Class ²⁾	19	13	32
Duvernay Class ³⁾	8	-	8
United States			
Cardium Class ¹⁾	-	10	10
Montney Class ²⁾	-	13 (3 AC Pad)	13 (3 AC Pad)
Duvernay Class ³⁾	5 (3 AC Pad)	5 (3 AC Pad)	10 (6 AC Pad)
Australia			
	-	5	5
Total	56	101	157

1) Cardium class rig: Defined as any contract drilling rig which has a total hookload less than or equal to 399,999 lbs (or 177,999 daN).

2) Montney class rig: Defined as any contract drilling rig which has a total hookload between 400,000 lbs (or 178,000 daN) and 499,999 lbs (or 221,999 daN).

3) Duvernay class rig: Defined as any contract drilling rig which has a total hookload equal to or greater than 500,000 lbs (or 222,000 daN).

Pro Forma Well Servicing Rig Fleet

Savanna owns and operates service rigs across Canada, the US and Australia. Canadian operations span the WCSB with 57 well servicing rigs. Combined with Western's fleet of 66 well servicing rigs, the pro forma 123 Canadian well servicing rigs will provide incremental scope to better serve existing and new clients. Savanna's US well servicing operations are based in the Williston Basin, and are well positioned to benefit from an increase in activity in this oil weighted resource play. Savanna has a fleet of nine well servicing rigs and three flush-by units in Australia. These assets were built specifically for the needs of the Australian market and have seen strong utilization, which is expected to continue as these rigs support the gas development required to supply the regional LNG and domestic natural gas demand.

Following the transaction, the pro forma fleet will consist of 153 well servicing rigs, and will include 123 rigs in Canada, 18 rigs in the US, and 12 rigs in Australia.

	Western	Savanna	Combined
Canada	66	57	123
United States	-	18	18
Australia	-	12	12
Total	66	87	153

Pro Forma Oilfield Rental Equipment

The combination of the oilfield rental equipment of Western and Savanna will increase the variety of products for our customers, and will provide a larger and more diverse platform to support future growth. Western focuses predominantly on renting equipment used for pressure control applications, including blowout preventers, spooling, valves, and frac heads. Savanna adds a full-suite of oilfield rental equipment that will complement Western's current offering.

Financing

Western has received a commitment letter from certain of its lenders and expects to receive further commitments for a revised credit facility that will be available on closing to fund the larger, more diversified combined entity.

Western has received consent from AIMCo to maintain the \$200 million Second Lien Credit Facility upon closing of the transaction with no material changes to the terms and conditions of the facility, including the December 31, 2021 maturity, subject to the satisfaction of various conditions at or prior to closing. Additionally, AIMCo has entered into a Voting and Support Agreement with Western, pursuant to which it has agreed to vote in favour of the proposed transaction at Savanna's special meeting. AIMCo exercises control or direction over approximately 14.7 million Savanna Shares and 7.0 million common share purchase warrants. Upon closing, the unexercised common share purchase warrants will be converted to Western warrants at the applicable exchange rate.

In addition to the aforementioned debt instruments, Western will retain its 7^{7/8}% Senior Unsecured Notes that mature in January 2019. The pro forma company is expected to have net debt of approximately \$467 million upon closing, implying a net debt to 2018 consensus EBITDA ratio of 3.4x. Given the recent improvement in visibility for the oilfield services sector, Western believes this level of debt is suitable at this stage in the industry cycle.

Pro Forma Summary, Transaction Terms and Conditions

Upon closing of the Transaction, Western is anticipated to have the following pro forma characteristics:

- A fleet of 157 drilling rigs, featuring rigs that safely and efficiently meet the needs of a broad spectrum of customers;
- The second largest and one of the most active drilling rig fleets in Canada;
- Diverse and marketable drilling rig fleets in Canada and the United States;
- A modern fleet of 153 well servicing rigs, including the second largest well servicing rig fleet in Canada;
- Significant well servicing rig presence in the Williston Basin;
- A leader in upstream LNG drilling and well servicing in Australia; and
- Pro forma Western Shares outstanding of approximately 176 million (188 million fully diluted).

The Transaction is expected to be completed in May 2017 and is subject to standard TSX, Court and regulatory approvals and other closing conditions. The Transaction will require approval by at least 66^{2/3}% percent of the Savanna Shares represented in person or by proxy at a special meeting of Savanna shareholders and a majority of the votes cast by Savanna shareholders after excluding the votes cast by those persons whose votes may not be included under the Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

The issuance of the Western Shares pursuant to the Transaction will require approval by a simple majority of the Western Shares represented in person or by proxy at a special meeting of Western shareholders, pursuant to the requirements of the TSX. Western's Board of Directors has resolved to postpone the annual general

meeting and special meeting of Western shareholders (the "Western Meeting"), currently scheduled to be held on April 27, 2017, to May 9, 2017 in order to allow the Western shareholders to consider the approval of the issuance of Western Shares in the Transaction at the same meeting. Western expects to mail the management information circular with respect to the Western Meeting in early April 2017. A copy of the information circular will be filed on Western's profile at www.sedar.com when it is mailed.

In addition, and conditional upon the completion of the transaction, it is expected that Chris Strong, the current President and Chief Executive Officer of Savanna, and another mutually acceptable nominee will join the Western Board of Directors.

Raymond James Ltd. is acting as the financial advisor to Western in connection with the Transaction, and has provided the Board with its verbal opinion that, as the date hereof, subject to the review of the final form of documents effecting the Transaction, and certain assumptions, limitations and qualifications contained therein, the consideration to be paid for the Shares of Savanna by Western is fair, from a financial point of view to Western (the "Fairness Opinion").

The Transaction has received unanimous approval by the directors of Savanna (the "Savanna Board") and by the independent committee formed by the Savanna Board (the "Independent Committee"). The Savanna Board has unanimously determined that the Transaction is fair to the Savanna shareholders and is in the best interests of Savanna and its shareholders, and has resolved to recommend that Savanna shareholders vote in favour of the Transaction.

Similarly, the Transaction has received the unanimous approval of the directors of Western (the "Western Board"). The Western Board has unanimously determined that the Transaction is in the best interests of Western and its shareholders and has resolved to recommend that the Western shareholders vote in favour of the issuance of the Western Shares.

Following the closing of the Transaction, in addition to the two Savanna director nominees joining Western's Board, it is expected that several members of the Savanna management team will stay on to assist in the integration and management of the combined company.

Pursuant to the terms of the Arrangement Agreement, Savanna and Western have each agreed that they will not solicit or initiate discussions regarding any other business combination or sale of material assets. Each company may respond to unsolicited superior proposals subject to certain requirements and notification to the other party, which has the right to match any superior proposals within a 72 hour period. The Transaction provides for a reciprocal non-completion fee of \$15 million payable in certain circumstances if the Transaction is not completed.

Complete details of the terms of the Transaction are set out in the Arrangement Agreement, which will be filed and available for viewing on SEDAR under each of Western and Savanna's profiles at www.sedar.com. Further information regarding the Transaction, including a copy of the written Fairness Opinion, will be included in the management information circular to be filed by Western in connection with the Western Meeting.

Financial Advisors

Raymond James Ltd. is acting as exclusive financial advisor to Western with respect to the Transaction.

Blake, Cassels & Graydon LLP is acting as legal counsel to Western with respect to the Transaction.

About Western Energy Services Corp.

Western is an oilfield service company which provides contract drilling services in Canada through its division Horizon Drilling and in the United States through its wholly owned subsidiary Stoneham Drilling Corporation. In Canada, Western also provides well servicing through its division Eagle Well Servicing and provides oilfield rental services through its division Aero Rental Services.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the shares in any jurisdiction. The shares offered will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to a United States person, absent registration, or an applicable exemption therefrom.

Forward-Looking Statements and Information

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

In particular, forward-looking information in this press release includes, but is not limited to, information about the Transaction and its impacts, including without limitation: (a) the anticipated closing of the Transaction and the timing thereof; (b) the anticipated operational and strategic benefits of the Transaction including in particular, the information set out under the headings "Strategic Rationale", "Pro Forma Drilling Rig Fleet", "Pro Forma Well Servicing Fleet", "Pro Forma Oilfield Rental Equipment", and "Pro Forma Summary, Transaction Terms and Conditions"; (c) the anticipated benefits identified as being the reasons that the Western Board and the Savanna Board, respectively, are each recommending the Transaction; (d) the anticipated timing of the management information circular; (e) the expectation that several members of the Savanna management team will stay on with Western following the completion of the Transaction; and (f) the anticipated impact of the Transaction on Western including in particular, pro forma market capitalization, and the information set out under the heading "Pro Forma Summary, Transaction Terms and Conditions".

The forward-looking information provided in this press release is based upon a number of material factors and assumptions including without limitation: (a) that the Transaction will be completed in the timelines and on the terms currently anticipated; (b) that all necessary TSX, Court and regulatory approvals will be obtained on the timelines and in the manner currently anticipated; (c) that all necessary Western and Savanna shareholder approvals will be obtained; and (d) general assumptions respecting the business and operations of both Western and Savanna, including that each business will continue to operate in a manner consistent with past practice and pursuant to certain industry and market conditions.

Forward-looking information is subject to a number of risks and other factors that could cause actual results and events to vary materially from that anticipated by such forward-looking information. In particular, the completion of the Transaction is subject to a number of risks including, without limitation: (a) TSX, Court and regulatory approvals may not be obtained in the timelines or on the terms currently anticipated or at all; (b) Western and/or Savanna shareholder approval may not be obtained; (c) the Transaction is subject to a number of closing conditions and no assurance can be given that all such conditions will be met or will be met in the timelines required by the Arrangement Agreement; and (d) the business, operational and/or financial performance or achievements of Western or Savanna may be materially different from that currently

anticipated. In particular, the synergies and benefits anticipated in respect of the Transaction are based on the current business, operational and financial position of each of Western and Savanna, which are subject to a number of risks and uncertainties. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive. Additional information on these and other risk factors that could affect Western's operations and financial results are included in Western's annual information form which may be accessed through the SEDAR website at www.sedar.com. The forward-looking statements and information contained in this press release are made as of the date hereof and Western does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Non-IFRS Measures

Western uses certain measures in this press release which do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS"). These measures, describing the expected net debt and the expected ratio of net debt to EBITDA, may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding Western's expectations regarding the pro forma financial position of Western following the acquisition of Savanna. Expected net debt is calculated by deducting the expected cash and cash equivalents from the aggregate of the expected long term debt and current portion of long term debt. Consensus 2018 EBITDA is based on analyst estimates regarding the net earnings before deducting finance cost, income tax and depreciation.

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