



NEWS RELEASE

WESTERN ENERGY SERVICES CORP. ANNOUNCES THE CLOSING OF DEBT FINANCING, PRIVATE PLACEMENT, BOUGHT DEAL FINANCING, AND CREDIT FACILITY AMENDMENTS

FOR IMMEDIATE RELEASE: October 17, 2017

CALGARY, ALBERTA - Western Energy Services Corp. ("**Western**") (TSX: WRG) is pleased to announce that it has completed its previously announced financings with Alberta Investment Management Corporation ("**AIMCo**") providing for a \$215 million second lien senior secured term loan facility (the "**Second Lien Facility**") and a private placement (the "**Private Placement**") of 9.1 million common shares of Western ("**Common Shares**") at a price of \$1.25 per Common Share for gross proceeds of \$11,375,000. In conjunction with the closing of the Second Lien Facility, Western has issued 7,099,546 warrants to purchase Common Shares to AIMCo (the "**Warrants**"). Each Warrant will entitle AIMCo to acquire one Common Share at an exercise price per Common Share equal to \$1.77 at any time prior to October 17, 2020.

Western has also closed its previously announced bought deal offering of Common Shares (the "**Bought Deal**"). Pursuant to the Bought Deal, Western issued 9.1 million Common Shares at a price of \$1.25 per Common Share for gross proceeds of \$11,375,000. The syndicate of underwriters for the Bought Deal was led by Peters & Co. Limited.

Additionally, Western has completed a number of amendments to its credit facilities, led by HSBC Bank Canada, including the following:

- Extended the maturity of its revolving credit facility (the "**Revolving Facility**") and its committed operating line (the "**Operating Facility**" and together with the Revolving Facility, the "**Credit Facilities**") to December 17, 2020;
- Increased the limit of the Revolving Facility from \$50.0 million to \$70.0 million, while the \$10.0 million Operating Facility limit remains unchanged;
- The interest coverage and current ratio covenants have been permanently removed;
- A debt service coverage covenant has been added, which is calculated based on EBITDA, as defined in the Credit Facilities agreement, divided by the sum of interest expense and scheduled long term debt principal repayments. This covenant will only be tested when the outstanding principal under the Credit Facilities exceeds \$40.0 million or net book value of property and equipment is less than \$500.0 million. If applicable, the debt service coverage ratio must meet or exceed 1.0 as at and prior to March 31, 2018, 1.25 as at June 30, 2018, 1.5 as at September 30, 2018 and December 31, 2018, and 2.0 thereafter; and
- The Revolving Facility will continue to include an accordion feature, whereby an incremental \$50.0 million of borrowing would be available, subject to approval of the lenders.

Western expects that the net proceeds of the Second Lien Facility, Private Placement and Bought Deal Financing, along with cash on hand and funds available under the Credit Facilities, will be used to redeem its outstanding 7^{7/8}% senior unsecured notes (the "**Senior Notes**") in the first quarter of 2018 when the Senior Notes will be redeemable at par. Further updates on the timing and mechanics of the Senior Notes redemption will be provided in due course.



About Western

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

About AIMCo

AIMCo is one of Canada's largest and most diversified institutional investment managers with more than \$100 billion of assets under management. Established on January 1, 2008, AIMCo's mandate is to provide superior long-term investment results for its clients. AIMCo operates at arm's-length from the Government of Alberta and invests globally on behalf of 32 pension, endowment and government funds in the Province of Alberta.

Forward Looking Statements and Information

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to the use of the net proceeds of the Second Lien Facility, Private Placement and Bought Deal, and the expected redemption of all remaining Senior Notes. These forward-looking statements and information are based on certain key expectations and assumptions made by Western. Although Western believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Western cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with general economic conditions, the demand for Western's services, volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally, currency exchange rate risk, compliance with covenants and/or repayment obligations under the Credit Facilities and the indenture governing the Senior Notes, changes in legislation, dependence on, and concentration of, major customers, and the creditworthiness and performance by the Western's counterparties and customers.

Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other risk factors that could affect Western's operations or financial results are included in Western's annual information form and may be accessed through the SEDAR website (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 or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The securities referenced herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws. This press release is not an offer of any securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an exemption from registration. The securities will not be publicly offered in the United States.

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