



WESTERN ENERGY SERVICES CORP. FILES PRELIMINARY PROSPECTUS FOR RIGHTS OFFERING

FOR IMMEDIATE RELEASE: March 30, 2022

CALGARY, ALBERTA - Western Energy Services Corp. (the "**Company**" or "**Western**") (TSX: WRG) announces that it has filed a preliminary short form prospectus (the "**Preliminary Prospectus**") with the securities regulatory authorities in all the provinces of Canada with respect to a proposed rights offering to its shareholders to raise \$31.5 million (the "**Rights Offering**"). The Company has also concurrently filed a registration statement on Form F-7 with the United States Securities and Exchange Commission in the United States relating to the Rights Offering.

As described in the Company's press release dated March 22, 2022, the Company has entered into a debt restructuring agreement (the "**Debt Restructuring Agreement**") with Alberta Investment Management Corporation. ("**AIMCo**"), the lender under its second lien term loan facility (the "**Second Lien Facility**"), with respect to a debt restructuring transaction (the "**Restructuring Transaction**") which includes the conversion of \$100 million of the principal amount outstanding under the Second Lien Facility into common shares of the Company (the "**Common Shares**") and an extension of the maturity date of the Second Lien Facility to the fourth anniversary of the closing date of the Restructuring Transaction. Additional information regarding the Restructuring Transaction and the transactions related thereto is included in the Company's March 22, 2022 press release and in the Preliminary Prospectus.

As a condition to the completion of the Restructuring Transaction, the Company is required to complete the Rights Offering to its shareholders to raise proceeds of \$31.5 million. Under the Rights Offering, each shareholder of the Company on a record date to be determined prior to filing the Final Prospectus (as defined below) for the Rights Offering (the "**Record Date**") will be entitled to receive one right (a "**Right**") for each Common Share held. Each Right will entitle a holder to purchase a number of Common Shares (the "**Basic Subscription Privilege**") at the Subscription Price (as defined below) such that the total proceeds of the Rights Offering will be \$31.5 million. Under the Debt Restructuring Agreement, the subscription price (the "**Subscription Price**") at which each Common Share will be issued upon the exercise of Rights will be \$0.016 per share. However, the Subscription Price is subject to reduction, if necessary to comply with the pricing requirements of National Instrument 41-101 or the Toronto Stock Exchange ("**TSX**") regarding the required discount to market price at the time of filing the Final Prospectus. The Rights will also entitle any shareholder who fully exercises the Basic Subscription Privilege attached to their Rights to subscribe for additional Common Shares pursuant to an additional subscription privilege, all as described in more detail in the Preliminary Prospectus.

Under the Rights Offering, any Rights that would otherwise be distributed by the Company to shareholders who are not resident in the provinces of Canada or the United States, will instead be delivered to the subscription agent appointed by the Company, who will hold such Rights as agent for the benefit of all such ineligible holders. Further information regarding the treatment of Rights issued to shareholders resident in ineligible jurisdictions is included in the Preliminary Prospectus.

G2S2 Capital Inc. ("**G2S2**"), G2S2's subsidiary Armco Alberta Inc. ("**Armco**"), Ronald P. Mathison and Matco Investments Ltd. ("**Matco**"), currently the Company's largest shareholders, have entered into a standby purchase agreement (the "**Standby Purchase Agreement**") with the Company wherein G2S2, Matco, and Mr. Mathison have agreed to exercise in full their Basic Subscription Privilege and,

in the case of each of G2S2, Armco and Matco (collectively, the "**Standby Purchasers**"), subscribe for any shares not subscribed for by other eligible shareholders under the Rights Offering (the "**Standby Commitment**"), either directly or through an affiliate. The proceeds of the Rights Offering will be applied to reduce the principal amount outstanding under the Second Lien Facility by \$10 million, with the remaining \$21.5 million being applied to fund maintenance and growth capital for the Company and for general corporate purposes. AIMCo has agreed that it will not exercise the Rights issued to it in the Rights Offering.

Following a review of the Preliminary Prospectus by the Canadian securities regulators, the Company expects to file a final short form prospectus (the "**Final Prospectus**") and to deliver the Final Prospectus to its shareholders who hold Common Shares on the Record Date. The Rights Offering will be open for at least 21 days. It is expected that the Record Date will be a date, to be announced by the Company when such date is determined, in early to mid-April 2022 and that the expiry date of the Rights Offering and the closing date of the Rights Offering and Debt Restructuring will be in early May 2022. The Rights Offering and the Debt Restructuring Agreement are subject to a number of conditions, including receipt of any necessary regulatory approvals and the approval of the Toronto Stock Exchange.

Further, more detailed information regarding the Rights Offering is included in the Preliminary Prospectus which is filed on SEDAR under Western's profile at www.sedar.com and the Form F-7 registration statement which is filed with the United States Securities and Exchange Commission on EDGAR at www.sec.gov.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities of the Company in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such province, state or jurisdiction.

About Western

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

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", "will", "outlook" 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 regarding the Restructuring Transaction; the terms of the Rights Offering; the conduct of the Rights Offering; the determination of the Subscription Price for the Rights Offering; the size of the Rights Offering; the intended use of proceeds of the Rights Offering; the participation of certain security holders in the Rights Offering, including the Standby Purchasers, G2S2, Ronald Mathison and AIMCo; the expected record date for the Rights Offering, the timing for the Rights Offering; the anticipated closing date of the Rights Offering and Debt Restructuring; and the conditions of the Restructuring Transaction and the Rights Offering.

These forward-looking statements and information are based on certain key expectations and assumptions made by Western in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are

appropriate in the circumstances. 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 relating to the Company's need for significant additional future capital and the Company's ability to raise additional funding; risks relating to the influence of significant shareholders of the Company over the Company's business operations and share price; risks associated with the potential further deterioration of industry conditions that could negatively affect Western's performance and financial condition; the risk that any of the conditions set forth in the agreements providing for the Debt Restructuring are not satisfied on a timely basis, including receipt of TSX approval on satisfactory conditions, or other termination events under such agreements occur; and Western's inability to meet its obligations under its credit facilities such that further financing is not available.

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.

For more information, please contact: Alex R.N. MacAusland, President and CEO, or Jeffrey K. Bowers, Senior VP Finance and CFO at 403.984.5916.