WESTERN ENERGY SERVICES CORP. RELEASES THIRD QUARTER 2014 FINANCIAL AND OPERATING RESULTS AND DECLARES QUARTERLY DIVIDEND

FOR IMMEDIATE RELEASE: October 30, 2014

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) is pleased to release its third quarter 2014 financial and operating results. Additional information relating to the Company, including the Company's financial statements and management's discussion and analysis as at and for the three and nine months ended September 30, 2014 and 2013 will be available on SEDAR at **www.sedar.com**. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Third Quarter 2014 Highlights:

- Operating Revenue totalled $118.0 million, a $22.4 million increase (or 23%) over the same period in the prior year due to higher utilization and improved pricing in the contract drilling and production services segments, coupled with a larger average drilling rig fleet in Canada;
- Utilization per operating day in the Canadian contract drilling segment improved to 60% as compared to the CAODC industry average of 46% and 56% in the third quarter of 2013. In the United States, contract drilling utilization per operating day remained strong at 89% as compared to 88% in the same period of the prior year. The United States drilling rig fleet was fully utilized in the third quarter of 2014 as drilling rig utilization per revenue day was 100%;
- Total well servicing hours in Western's production services segment increased in the third quarter of 2014 to 33,071 hours as compared to 30,328 hours in the third quarter of 2013, a 9% increase due to increased activity. As a result, well servicing utilization improved to 55% as compared to 51% in the third quarter of 2013;
- Adjusted EBITDA totalled $42.8 million (36% of Operating Revenue) in the third quarter of 2014 as compared to $30.3 million (32% of Operating Revenue) in the same period of the prior year. The increase in Adjusted EBITDA is mainly due to increased activity and improved pricing in both the contract drilling and production services segments coupled with effective cost control in all of Western's divisions;
- During the third quarter of 2014, capital expenditures totalled $31.1 million and included $24.6 million of expansion capital, $3.5 million of maintenance capital and $3.0 million for critical spares. Capital spending mainly relates to Western's drilling rig build program, which totalled $18.3 million in the period incurred on the construction of five drilling rigs.

Year to Date Highlights:

- Operating Revenue totalled $344.9 million, an $111.6 million increase (or 48%) over the same period in the prior year due to the increased contribution from the production services segment following the acquisition of IROC Energy Services Corp. ("IROC") in April 2013, as well as increased utilization and improved pricing in both the contract drilling and production services segments, coupled with a larger average drilling rig fleet in Canada;
- On a year to date basis, contract drilling utilization per operating day in Canada averaged 58%, as compared to the CAODC industry average of 44% and 52% in the same period in the prior year. In the United States, contract drilling utilization per operating day increased by 2,200 bps to 82% as compared to 60% in the nine months ended September 30, 2013. With the exception of downtime related to the completion of two 1,500 hp AC pad conversions in the first half of 2014, the United States fleet was fully utilized in the nine months ended September 30, 2014;
- For the nine month period ended September 30, 2014, total well servicing hours in Western's production services segment increased significantly to 93,313 from 46,476 in the same period in the prior year. The increase can be attributed to improved utilization, which on a year to date basis increased to 53% in 2014 as compared to 40% in the same period of the prior year, coupled with the increased size and scale of Western's well servicing operations subsequent to the IROC acquisition in April 2013;
- Adjusted EBITDA totalled $126.4 million (37% of Operating Revenue) in the nine months ended September 30, 2014 as compared to $73.9 million (32% of Operating Revenue) in the same period in the prior year. The increase in Adjusted EBITDA reflects the increased activity, improved day rates and the larger drilling rig fleet in the contract drilling segment, as well as improved utilization and pricing, in addition to the increased size and scale of Western's production services segment and effective cost control in all of Western's divisions;
- During the nine month period ended September 30, 2014, capital expenditures totalled $77.5 million and include $61.6 million of expansion capital, $9.3 million of maintenance capital and $6.6 million for critical spares. Capital spending mainly relates to the drilling rig build program in the contract drilling segment as two drilling rigs were commissioned in the first quarter of 2014 with an additional five drilling rigs under construction, one of which has been commissioned subsequent to September 30, 2014. Additionally, two 1,500 hp AC pad conversions were completed in the United States in the second quarter of 2014.

Selected Financial Information

(stated in thousands, except share and per share amounts)

	Three months ended Sept 30			Nine months ended Sept 30		
Financial Highlights	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
Revenue	125,225	101,389	24%	368,622	250,230	47%
Operating Revenue(1)	117,960	95,597	23%	344,939	233,293	48%
Gross Margin(1)	50,570	37,547	35%	149,405	94,579	58%
Gross Margin as a percentage of Operating Revenue	43%	39%	10%	43%	41%	5%
Adjusted EBITDA(1)	42,782	30,297	41%	126,358	73,880	71%
Adjusted EBITDA as a percentage of Operating Revenue	36%	32%	13%	37%	32%	16%
Cash flow from operating activities	22,975	6,667	245%	133,521	77,492	72%
Capital expenditures	31,144	31,002	-%	77,533	67,705	15%
Net income	14,718	7,927	86%	44,614	19,449	129%
-basic net income per share	0.20	0.11	82%	0.60	0.29	107%
-diluted net income per share	0.19	0.11	73%	0.59	0.28	111%
Weighted average number of shares						
-basic	74,849,483	73,351,805	2%	74,232,921	67,569,459	10%
-diluted	75,742,044	73,793,367	3%	75,641,911	68,587,001	10%
Outstanding common shares as at period end	74,883,428	73,366,253	2%	74,833,428	73,366,253	2%
Dividends declared	5,615	5,502	2%	16,762	15,478	8%

(1) See "Financial Measures Reconciliations" included in this press release.

	Three months ended Sept 30			Nine months ended Sept 30		
Operating Highlights	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
Contract Drilling						
Canadian Operations:						
Contract drilling rig fleet:						
-Average	49	45	9%	49	45	9%
-End of period	49	46	7%	49	46	7%
Operating Revenue per revenue day(1)	24,887	23,055	8%	25,852	24,294	6%
Operating Revenue per operating day(2)	27,350	25,385	8%	28,343	26,918	5%
Drilling rig operating days(3)	2,692	2,335	15%	7,754	6,345	22%
Drilling rig utilization per revenue day(4)	66%	62%	6%	64%	57%	12%
Drilling rig utilization rate per operating day(5)	60%	56%	7%	58%	52%	12%
CAODC industry average utilization rate(5)	46%	40%	15%	44%	39%	13%
United States Operations:						
Contract drilling rig fleet:						
-Average	5	5	-%	5	5	-%
-End of period	5	5	-%	5	5	-%
Operating Revenue per revenue day (US$)(1)	26,239	21,777	20%	25,385	22,080	15%
Operating Revenue per operating day (US$)(2)	29,348	24,410	20%	28,905	27,128	7%
Drilling rig operating days(3)	410	403	2%	1,121	825	36%
Drilling rig utilization per revenue day(4)	100%	98%	2%	94%	74%	27%
Drilling rig utilization per operating day(5)	89%	88%	1%	82%	60%	37%
Production Services						
Well servicing rig fleet:						
-Average	65	65	-%	65	46	41%
-End of period	65	65	-%	65	65	-%
Operating Revenue per service hour(2)	804	743	8%	810	740	9%
Total service hours	33,071	30,328	9%	93,313	46,476	101%
Service rig utilization rate(6)	55%	51%	8%	53%	40%	33%

(1) Operating Revenue per revenue day is calculated using Operating Revenue divided by operating and mobilization days.
(2) Operating Revenue per operating day and per service hour are calculated using Operating Revenue divided by operating days and service hours, respectively.
(3) Drilling rig operating days are calculated on a spud to rig release basis.
(4) Drilling rig utilization rate per revenue day is calculated based on operating and mobilization days divided by total available days.
(5) Drilling rig utilization rate per operating day is calculated on operating days only (i.e. spud to rig release basis) divided by total available days.
(6) Service rig utilization rate is calculated based on actual well servicing hours divided by available hours, being 10 hours per day per well servicing rig, 365 days per year.

Financial Position at (stated in thousands)	Sept 30, 2014	Sept 30, 2013	Change	Dec 31, 2013	Change
Working capital	71,912	45,862	57%	50,616	42%
Property and equipment	816,825	770,770	6%	783,225	4%
Total assets	1,040,973	947,836	10%	986,792	5%
Long term debt	263,624	263,050	-%	262,877	-%

Western is an oilfield service company focused on three core business lines: contract drilling, well servicing and oilfield rental equipment services. Western provides contract drilling services through its division, Horizon Drilling ("Horizon") in Canada, and its wholly owned subsidiary Stoneham Drilling Corporation ("Stoneham") in the United States. Subsequent to the acquisition of IROC on April 22, 2013, Western provides well servicing operations in Canada through Western Energy Services Partnership's (the "Partnership") division, Eagle Well Servicing ("Eagle"). Previously, well servicing operations were conducted through Western's division, Matrix Well Servicing ("Matrix"). Western also provides oilfield rental services in Canada through the Partnership's division, Aero Rental Services ("Aero"). Financial and operating results for Eagle and Aero from the date of the acquisition, as well as Matrix, are included in Western's production services segment.

Western currently has a drilling rig fleet of 55 rigs, with an average age of approximately seven years. Western is the sixth largest drilling contractor in Canada with a fleet of 50 rigs operating through Horizon. Additionally, Western has five Efficient Long Reach ("ELR") triple drilling rigs deployed in the United States operating through Stoneham. Western is also the seventh largest well servicing company in Canada with a fleet of 65 rigs operating through Eagle. Western's well servicing rig fleet is one of the newest in the Western Canadian Sedimentary Basin ("WCSB"), with an average age of approximately five years. Western's oilfield equipment rental division, which operates through Aero, provides oilfield rental equipment for frac services, well completions and production work, coil tubing services and drilling.

Crude oil prices weakened in the third quarter of 2014. The price for light oil, such as West Texas Intermediate ("WTI"), decreased by 8% for the three months ended September 30, 2014, as compared to the same period in the prior year and by 6% as compared to the second quarter of 2014. The price for heavy oil, such as Western Canadian Select ("WCS"), decreased by 1% for the third quarter of 2014 as compared to the same period of the prior year and by 6% as compared to the second quarter of 2014. For the nine months ended September 30, 2014, WTI increased marginally by 1% and WCS increased by 17% as compared to the same period in 2013. Natural gas prices have improved significantly in the three and nine months ended September 30, 2014, with the AECO 30-day spot rate increasing on average by 66% and 60% respectively, compared to the three and nine months ended September 30, 2013, as heating demand increased in the first quarter due to a cold winter, resulting in decreased storage levels across North America. However, subsequent to September 30, 2014, the commodity price environment for crude oil and natural gas has deteriorated as compared to the third quarter 2014 average. The demand for oil, along with an emphasis on liquids rich natural gas, resulted in increased drilling of horizontal wells in both conventional and unconventional resource plays. Horizontal wells in the WCSB, as a percentage of all wells drilled, increased in the nine month period ended September 30, 2014 to 76% compared to 70% in the same period of 2013. This has resulted in continued demand in the WCSB for Western's ELR drilling rigs, as industry utilization rates for the third quarter of 2014 averaged 46%, which is an increase over the five year average of 45% and an improvement over the prior year when industry utilization averaged 40%. Similarly, industry utilization rates for the first nine months of 2014 averaged 44%, which is consistent with the five year average of 43% and an improvement over the prior year when industry utilization averaged 39%.

Outlook

Western's drilling rig fleet is specifically suited for drilling horizontal wells of increased complexity. In total, 95% of Western's fleet are ELR drilling rigs with depth ratings greater than 3,000 meters and all of Western's rigs are capable of drilling resource based horizontal wells. Currently, 19 of Western's 55 drilling rigs (or 35%) are operating under long term take-or-pay contracts, with 13 of these contracts expiring between 2015 and 2017, providing a base level of future revenue. These contracts typically generate 250 operating days per year in Canada, as spring breakup restricts activity during the second quarter, while in the United States these contracts typically range from 330 to 365 revenue generating days per year.

Western's approved capital spending for 2014 remains unchanged totalling approximately $170 million comprised of $130 million in expansion capital and $40 million in maintenance capital, which includes $12 million for critical spare equipment. The majority of Western's expansion capital budget relates to the drilling rig build program, which in addition to the three telescopic double drilling rigs already commissioned in Canada during 2014, one of which was commissioned subsequent to September 30, 2014, includes two additional 5,000m telescopic ELR double drilling rigs and two 6,000m ELR AC triple pad drilling rigs. Expansion capital also includes two additional 1,500 hp AC pad conversions in the United States, which were both completed in the second quarter of 2014, the construction of a slant well servicing rig for the production services segment as well as additional oilfield rental equipment and ancillary drilling and well servicing equipment. Western believes the 2014 capital budget provides a prudent use of cash resources and ensures that it has the flexibility to execute on strategic opportunities as they arise, or alternatively adjust downward if necessary should there be a prolonged downturn in oilfield service activity. Western expects approximately $45 million of its capital spending to carry forward into 2015. With this carry forward, the Company will have flexibility over the timing and deployment of some, or all, of this capital. This budget demonstrates the Company's commitment to maintaining and increasing Western's premier drilling and well servicing rig fleet and expanding Western's strategic presence in the oilfield rental equipment market.

While commodity prices for much of 2014 have been strong, the recent pressure on crude oil and natural gas prices may negatively impact our customer's cash flows and may affect their capital spending on oilfield services into 2015. However, the impact of lower commodity prices has been partially offset by the weakening of the Canadian dollar. Western believes oilfield service activity for the fourth quarter of 2014 and the first quarter of 2015 will remain steady, with less visibility beyond spring breakup in 2015. Activity will be impacted by the development of resource plays in Alberta and northeast British Columbia including those related to liquefied natural gas projects, increased crude oil transportation capacity through rail and pipeline development and foreign investment into Canada. Currently, the largest challenges facing the oilfield service industry are producer spending constraints as a result of lower commodity prices, pricing differentials on Canadian crude oil, the challenge to attract and retain skilled labour and the potential negative impact on gas pricing caused by increased gas production from shale plays across North America. The Company believes Western's modern drilling and well servicing rig fleet, strong utilization, and corporate culture will provide a distinct advantage in retaining and attracting qualified individuals. Western's view is that its modern fleet, strong customer base and solid reputation provide a competitive advantage which will enable the Company to continue its growth strategy and higher than industry average utilization.

Restricted Share Unit Plan

Western has adopted a restricted share unit plan (the "RSU Plan") pursuant to which restricted share units ("RSU") may be granted to directors, officers, employees and certain service providers, and has granted RSUs under the RSU Plan. Although the TSX has accepted the adoption of the RSU Plan, the RSU Plan and RSUs granted thereunder prior to the receipt of shareholder approval of the RSU Plan remain subject to shareholder ratification, which will be sought at the Company's next annual meeting. The maximum number of shares reserved for issuance under the RSU Plan may not exceed (i) 1% of the issued and outstanding common shares of the Company, and (ii) when combined with all other security based compensation arrangements of Western (including options granted under the Company's stock option plan), 10% of the issued and outstanding shares of the Company.

Quarterly Dividend

On October 30, 2014, Western's Board of Directors declared a quarterly dividend of $0.075 per share, which will be paid on January 15, 2015, to shareholders of record at the close of business on December 31, 2014. The dividends are eligible dividends for Canadian income tax purposes. On a prospective basis, the declaration of dividends will be determined on a quarter-by-quarter basis by the Board of Directors.

Financial Measures Reconciliations

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 which are derived from information reported in the condensed consolidated statements of operations and comprehensive income 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 the Company.

Operating Revenue

Management believes that in addition to revenue, Operating Revenue is a useful supplemental measure as it provides an indication of the revenue generated by Western's principal operating activities, excluding flow through third party charges.

Gross Margin

Management believes that in addition to net income, Gross Margin is a useful supplemental measure as it provides an indication of the results generated by Western's principal operating activities prior to considering administrative expenses, depreciation and amortization, how those activities are financed, the impact of foreign exchange, how the results are taxed, how funds are invested, and how non-cash items and one-time gains and losses affect results.

The following table provides a reconciliation of revenue under IFRS, as disclosed in the condensed consolidated statements of operations and comprehensive income, to Operating Revenue and Gross Margin:

	Three months ended Sept 30		Nine months ended Sept 30	
(stated in thousands)	**2014**	**2013**	**2014**	**2013**
Operating Revenue				
Drilling	86,735	69,499	255,228	193,715
Production Services	31,463	26,127	90,957	39,607
Less: inter-company eliminations	(238)	(29)	(1,246)	(29)
	117,960	**95,597**	**344,939**	**233,293**
Third party charges	7,265	5,792	23,683	16,937
Revenue	**125,225**	**101,389**	**368,622**	**250,230**
Less: operating expenses	(90,891)	(77,375)	(265,079)	(188,079)
Add:				
Depreciation – operating	16,042	13,262	45,251	31,785
Stock based compensation – operating	194	271	611	643
Gross Margin	**50,570**	**37,547**	**149,405**	**94,579**

Adjusted EBITDA

Management believes that in addition to net income, earnings before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("Adjusted EBITDA") is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments similar to Gross Margin but also factors in the cash administrative expenses incurred in the period.

Operating Earnings

Management believes that in addition to net income, Operating Earnings is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments similar to Adjusted EBITDA but also factors in the depreciation expense charged in the period.

The following table provides a reconciliation of net income under IFRS, as disclosed in the condensed consolidated statements of operations and comprehensive income, to EBITDA, Adjusted EBITDA and Operating Earnings:

	Three months ended Sept 30		Nine months ended Sept 30	
(stated in thousands)	**2014**	**2013**	**2014**	**2013**
Net income	**14,718**	**7,927**	**44,614**	**19,449**
Add:				
Finance costs	5,155	4,149	15,885	11,903
Income taxes	5,525	3,647	16,527	7,698
Depreciation – operating	16,042	13,262	45,251	31,785
Depreciation – administrative	448	347	1,332	1,086
EBITDA	**41,888**	**29,332**	**123,609**	**71,921**
Add:				
Stock based compensation – operating	194	271	611	643
Stock based compensation – administrative	918	519	1,754	1,183
Other items	(218)	175	384	133
Adjusted EBITDA	**42,782**	**30,297**	**126,358**	**73,880**
Subtract:				
Depreciation – operating	(16,042)	(13,262)	(45,251)	(31,785)
Depreciation – administrative	(448)	(347)	(1,332)	(1,086)
Operating Earnings	**26,292**	**16,688**	**79,775**	**41,009**

2014 Third Quarter Results Conference Call and Webcast

Western has scheduled a conference call and webcast to begin at 12:00 p.m. MST (2:00 p.m. EST) on Friday, October 31, 2014.

The conference call dial-in number is 1-888-231-8191.

A live webcast of the conference call will be accessible on Western's website at www.wesc.ca by selecting "*Investors*", then "*Webcasts*". Shortly after the live webcast, an archived version will be available for approximately 14 days.

An archived recording of the conference call will also be available approximately one hour after the completion of the call until November 14, 2014 by dialing 1-855-859-2056 or 416-849-0833, passcode 15225905.

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, statements relating to future declaration of dividends; the future demand for the Company's services and equipment; the terms of existing and future drilling contracts in Canada and the US and the revenues resulting therefrom; the Company's expansion and maintenance capital plans for 2014, including the ability of current capital resources to cover Western's financial obligations and the 2014 capital budget; the Company's expected sources of funding to support such capital plans; expectations as to the increase in crude oil transportation capacity through rail and pipeline development; expectations as to the necessary approvals for liquefied natural gas projects being obtained; the expectation of continued foreign investment into the Canadian oilfield industry; the expectation of increase in oilfield services activities in general and drilling activity in various resource plays, in particular, including the type of drilling; the Company's expected utilization for its drilling and well servicing divisions; strong oilfield activity levels and pricing; increased commodity pricing; and the improving economic conditions in North America; the Company's ability to achieve its desired return on investment through existing or future rig build opportunities; the continued and enhanced marketability of the Company's drilling and servicing rigs; the Company's expected tax rate in 2014; and the receipt of shareholder approval for the Company's restricted share unit plan.

The material assumptions in making the forward-looking statements in this press release include, but are not limited to, assumptions relating to, demand levels and pricing for oilfield services; fluctuations in the price and demand for oil and natural gas; commodity pricing; the continued business relationship between the Company and its one significant customer; general economic and financial market conditions; the development of liquefied natural gas projects, crude oil transport and pipeline approval and development; the Company's ability to finance its operations; the effects of seasonal and weather conditions on operations and facilities; the competitive environment to which the various business segments are, or may be, exposed in all aspects of their business; the ability of the Company's various business segments to access equipment (including spare parts and new technologies); changes in laws or regulations; currency exchange fluctuation; the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; and other unforeseen conditions which could impact the use of services supplied by Western including Western's ability to respond to such conditions.

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, the risk that the demand for oilfield services will not continue to improve for the remainder of 2014, and other general industry, economic, market and business conditions. 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.

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