



NEWS RELEASE

WESTERN ENERGY SERVICES CORP. ANNOUNCES CONCURRENT DEBT AND EQUITY FINANCINGS

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FOR IMMEDIATE RELEASE: September 22, 2017

CALGARY, ALBERTA - Western Energy Services Corp. ("**Western**") (TSX: WRG) is pleased to announce that it has entered into agreements with Alberta Investment Management Corporation ("**AIMCo**") providing for a \$215 million second lien senior secured term loan facility and a private placement (the "**Private Placement**") of 9,100,000 common shares of Western ("**Common Shares**") at a price of \$1.25 per Common Share, for aggregate gross proceeds of \$11,375,000 (together the "**AIMCo Financings**").

Western has concurrently entered into an agreement with a syndicate of underwriters (the "**Underwriters**") led by Peters & Co. Limited, pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 9,100,000 Common Shares at a price of \$1.25 per Common Share, for aggregate gross proceeds of \$11,375,000 (the "**Bought Deal Financing**").

Additionally, Western has received commitments from certain of its lenders to effect amendments to its senior secured credit facilities (the "**Credit Facility**"). Upon closing of the proposed amendments to the Credit Facility, the maturity date will be extended to December 2020.

Western expects that the net proceeds of the AIMCo Financings and the Bought Deal Financing, along with cash on hand and funds available under the Credit Facility, will be used to redeem its outstanding 7^{7/8}% senior unsecured notes (the "**Senior Notes**").

AIMCo Financings

Second Lien Term Loan

AIMCo, on behalf of certain of its clients, has agreed to provide Western with a \$215 million second lien senior secured term loan facility (the "**Term Loan**"). Funds under the Term Loan will be made available to Western in a single draw, which is to occur no later than February 15, 2018. The Term Loan will mature five years from the date that Western elects to draw the funds (the "**Draw Date**"). Interest will be paid semi-annually, at the rate of 7.25% per annum. Amortization payments equal to 1% of the principal amount will be payable annually, in equal quarterly installments, beginning on July 1, 2018, with the balance due on maturity. Western may not prepay the Term Loan prior to the second anniversary of the Draw Date, except with payment of a make-whole premium. At any time following the second anniversary of the Draw Date and prior to the third anniversary of the Draw Date, Western may prepay the Term Loan at a price equal to 105% of the principal amount repaid. Thereafter, Western may prepay the Term Loan with no prepayment premium. Amounts borrowed under the Term Loan that are repaid or prepaid will not be available for reborrowing.

In conjunction with the closing of the Term Loan, Western has agreed to issue to AIMCo 7,099,546 warrants to purchase Common Shares (the "**Warrants**"). Each Warrant will entitle AIMCo to acquire one Common Share at an exercise price per Common Share equal to a 45% premium to the volume weighted average price of the



Common Shares for the five trading days ended prior to the date of issue of the Warrants, at any time prior to three years following the date of issue of the Warrants. Provided the volume weighted average price of the Common Shares is greater than the exercise price of the Warrants for 60 consecutive calendar days, Western will have the option to require AIMCo to exercise all or any portion of the Warrants at any time or from time to time.

Closing of the Term Loan is subject to completion of definitive loan documentation and satisfaction of certain conditions, including the approval of the Warrants by the Toronto Stock Exchange and the concurrent closing of the Private Placement, the Bought Deal Financing and the amendments to the Credit Facility.

Peters & Co. Limited acted as financial advisor to Western in connection with the Term Loan.

Private Placement

Western has also entered into an agreement with AIMCo whereby AIMCo has committed to purchase, on a private placement basis, 9,100,000 Common Shares at a price of \$1.25 per Common Share for aggregate gross proceeds of \$11,375,000. Completion of the Private Placement is subject to certain conditions, including the receipt of all necessary regulatory approvals (including that of the Toronto Stock Exchange) and the concurrent closing of the Bought Deal Financing and the Term Loan. Common Shares issued under the Private Placement will be subject to a hold period of four months.

On a pro forma basis upon completion of the Private Placement and Bought Deal Financing, AIMCo will own approximately 10% of Western's outstanding Common Shares (approximately 16% of Western's outstanding Common Shares if the Warrants are exercised in full).

Bought Deal Financing

Western has entered into an agreement for a bought deal financing through a syndicate of Underwriters led by Peters & Co. Limited pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 9,100,000 Common Shares at a price of \$1.25 per Common Share for aggregate gross proceeds of \$11,375,000.

The Common Shares will be distributed by way of a short form prospectus in all provinces of Canada, except Quebec, and in the United States and certain other jurisdictions as Western and the Underwriters may agree on a private placement basis. Completion of the Bought Deal Financing is subject to certain conditions, including the receipt of all necessary regulatory approvals (including that of the Toronto Stock Exchange) and the concurrent closing of the Term Loan and Private Placement.

Closing of the AIMCo Financings and Bought Deal Financing are expected to occur on or about October 17, 2017. Proceeds of the AIMCo Financings and Bought Deal Financing will be used, along with other funding, to redeem Western's outstanding Senior Notes.

Capital Structure Update

Western intends to redeem its Senior Notes due on January 30, 2019 no earlier than January 30, 2018, at which time the Senior Notes will be redeemable at par. Further updates on the timing and the mechanics of the Senior Note redemption will be provided in due course.



“Since the beginning of the downturn in the oilfield service industry, we have focused on managing our business to maximize returns for our stakeholders.” said Alex MacAusland, President & CEO. “These financings represent a continuation of this effort, positioning Western with an appropriate capital structure to succeed in the current business environment. We are pleased to have this opportunity to partner with AIMCo, and look forward to our continued evolution as a strong and focused oilfield service company.”

“On behalf of our clients, AIMCo is very pleased to be able to enter into this agreement with Western,” states Kevin Uebelein, AIMCo CEO. “Our team of investment professionals are attuned to the challenges that face Alberta’s energy industry and we are confident that the highly-experienced executive team at Western Energy Services have put in place a strategic direction that will see the company realize the full benefit of future growth opportunities.”

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 arms-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 expected closing date of the AIMCo financings and Bought Deal Financing, the expected Draw Date of the Term Loan, the use of proceeds thereof, the proposed amendments to the Credit Facility, 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, including the assumption that Western will be able to negotiate definite documentation for the Term Loan and the amendments to the Credit Facility, obtain all regulatory approvals for the financings and satisfy all other conditions precedent to the completion of the proposed transactions. 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 inability to obtain regulatory approvals, 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 Facility and Senior Note indenture, 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.

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.