WESTERN ENERGY SERVICES CORP. RELEASES SECOND QUARTER 2012 FINANCIAL RESULTS AND DECLARES INITIAL DIVIDEND

FOR IMMEDIATE RELEASE: August 8, 2012

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) is pleased to release its second quarter 2012 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 six months ended June 30, 2012 and 2011 will be available on SEDAR at www.sedar.com. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Highlights:

- Revenue totalled $44.8 million in the second quarter of 2012, a $14.5 million increase (or 48%) over the same period in the prior year due to an increased drilling rig fleet and improved day rates in Canada which was partially offset by lower activity in Canada;
- Second quarter EBITDA increased by $0.9 million (or 10%) to $9.4 million in 2012 (21% of consolidated revenues), as compared to $8.5 million in 2011 (28% of consolidated revenues). The increase in EBITDA is due to Western's growth in the contract drilling segment, however the decrease as a percentage of revenue is mainly due to higher overhead costs required to support the Company's growth and maintenance costs, for items such as budgeted recertifications and discretionary rig painting, that were planned for the second quarter to take advantage of downtime during spring breakup to help minimize revenue downtime in the future. EBITDA as a percentage of revenue, after normalizing for $2.3 million in discretionary rig painting that was incurred in the period, would have been approximately 26%;
- Net income totalled $0.8 million ($0.01 per share) in the second quarter of 2012, a decrease of $3.4 million as compared to net income of $4.2 million ($0.08 per share) in the same period of the prior year. The decrease in net income is mainly due to increased finance costs of $2.7 million, as a result of Western's senior unsecured notes issuance in January 2012; increased depreciation expense of $2.1 million, as a result of an increase in drilling rig operating days; and increased income taxes of $2.4 million due to a recovery in the prior year relating to tax planning associated with the acquisition of Stoneham Drilling Trust. These factors were partially offset by reduced acquisition costs as $2.6 million was incurred in the prior year relating to the acquisition of Stoneham Drilling Trust;
- In Canada, utilization per operating day in the contract drilling segment averaged 27% in the second quarter as compared to the CAODC industry average of 21%;
- In the United States, utilization per operating day in the contract drilling segment averaged 71% in the second quarter;
- The Company's well servicing segment worked a total of 844 service hours in the second quarter of 2012, for an average utilization of 22%;
- During the second quarter of 2012, the Company extended the maturity on its $125.0 million revolving credit facility by one year to June 7, 2015.

Selected Financial Information

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

	Three months ended June 30			Six months ended June 30		
Financial Highlights	2012	2011	Change	2012	2011	Change
Revenue	44,819	30,340	48%	155,706	80,433	94%
Gross Margin(1)	14,108	11,274	25%	64,321	32,662	97%
Gross Margin as a percentage of revenue	31%	37%	(16%)	41%	41%	0%
EBITDA(1)	9,364	8,533	10%	53,606	27,459	95%
EBITDA as a percentage of revenue	21%	28%	(25%)	34%	34%	0%
Cash flow from operating activities	58,930	21,026	180%	84,647	30,641	176%
Capital expenditures	39,602	14,667	170%	76,005	29,606	157%
Net income	827	4,193	(80%)	23,835	15,537	53%
-basic net income per share(2)	0.01	0.08	(88%)	0.41	0.35	17%
-diluted net income per share(2)	0.01	0.08	(88%)	0.39	0.33	18%
Weighted average number of shares						
-basic(2)	58,533,287	51,010,095	15%	58,533,287	44,541,870	31%
-diluted(2)	60,429,663	53,028,369	14%	60,612,851	46,533,545	30%
Outstanding common shares as at period end	58,533,287	58,533,287	0%	58,533,287	58,533,287	0%

(1) See financial measures reconciliations.
(2) Prior year amounts adjusted to reflect the 20:1 share consolidation completed on June 22, 2011.

Financial Position at (stated in thousands)	June 30, 2012	June 30, 2011	Change	Dec 31, 2011	Change
Working capital	65,582	23,384	180%	39,874	64%
Property and equipment	536,579	432,980	24%	473,930	13%
Total assets	699,356	543,117	29%	619,645	13%
Long term debt	171,764	116,186	48%	108,039	59%

	Three months ended June 30			Six months ended June 30		
Operating Highlights	2012	2011	Change	2012	2011	Change
Contract Drilling						
Canadian Operations:						
Contract drilling rig fleet:						
-Average	41	28	46%	40	26	54%
-End of period	41	40	3%	41	40	3%
Drilling revenue per operating day (CDN$)	33,507	29,124	15%	34,117	28,678	19%
Drilling rig operating days(1)	998	1,011	(1%)	3,873	2,774	40%
Drilling rig utilization per revenue day(2)	30%	44%	(32%)	60%	67%	(10%)
Drilling rig utilization rate per operating day(1)	27%	40%	(33%)	54%	60%	(10%)
CAODC industry average utilization rate(1)	21%	24%	(13%)	43%	46%	(7%)
United States Operations:						
Contract drilling rig fleet:						
-Average	5	3 (3)	67%	5	3 (3)	67%
-End of period	5	3	67%	5	3	67%
Drilling revenue per operating day (US$)	33,560	39,970	(16%)	33,566	39,970	(16%)
Drilling rig operating days(1)	322	23	1,300%	677	23	2,843%
Drilling rig utilization per revenue day(2)	89%	66% (3)	35%	94%	66% (3)	42%
Drilling rig utilization per operating day(1)	71%	36% (3)	97%	74%	36% (3)	106%
Well Servicing						
Well servicing rig fleet:						
-Average	4	-	100%	3	-	100%
-End of period	5	-	100%	5	-	100%
Revenue per service hour (CDN$)	579	-	100%	580	-	100%
Total service hours	844	-	100%	1,274	-	100%
Service rig utilization rate(4)	22%	-	100%	23%	-	100%

(1) Drilling rig utilization rate per operating day and drilling rig operating days are calculated on a spud to rig release basis.

(2) Drilling rig utilization rate per revenue day is calculated based on operating and move days.

(3) Calculated from the date of acquisition of the United States operations (June 10, 2011).

(4) Service rig utilization rate calculated based on full utilization being 10 hour days, 365 days per year.

Outlook

Western currently has a drilling rig fleet of 47 rigs, with an additional 3 telescopic ELR double drilling rigs under construction. Western is the sixth largest drilling contractor in Canada with a fleet of 42 rigs. Currently, Western has five drilling rigs deployed in the United States. Additionally, Western currently has five well servicing rigs operating in the Lloydminster area, with an additional five under construction.

Western's drilling rig fleet is specifically suited for the current market which is focused on drilling wells of increased complexity. In total, approximately 96% of Western's fleet are ELR rigs with depth ratings greater than 3,000 meters and all of Western's rigs are capable of drilling resource base horizontal wells. Approximately 50% of Western's fleet is currently under long term take-or-pay contracts with an average remaining contract life of approximately 1.5 years, which provide a base level of revenue. These contracts typically generate 250 operating days per year in Canada, as the annual 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 2012 capital spending is expected to total approximately $140 million, which includes approximately $80 million in expansion capital and $60 million in maintenance capital. Expansion capital in the contract drilling segment aggregates to approximately $65 million and mainly relates to Western's drilling rig build program which includes the completion of seven telescopic ELR double drilling rigs in 2012, four of which have already been commissioned. Of the remaining three drilling rigs currently under construction, one is expected to be completed in each of the next three quarters. Expansion capital in the well servicing segment relates to the construction of five new internally guyed single service rigs, which are anticipated to be completed in the latter part of the fourth quarter of 2012 and early in the first quarter of 2013. Maintenance capital relates to various items such as rotational equipment, drill pipe, replacement parts and infrastructure upgrades.

In 2012, the price for natural gas has remained soft, with the AECO 30-day spot rate on average decreasing by approximately 42%. While the year over year average WTI crude oil price has remained constant, pricing differentials in Canada have increased and as such the year over year average Edmonton Par price has decreased by approximately 7%. The lower commodity price environment for crude oil and natural gas, coupled with the uncertain economic environment, due in part to the European debt crisis, is expected to result in a modest decrease in drilling activity in the second half of 2012 as compared to the same period of the prior year. As such, the Company expects lower utilization in 2012 as compared to the prior year, when industry utilization reached a five-year high. However, the Company does not expect significant pricing pressure on day rates on the deeper rigs in the industry's fleet. Notwithstanding the softening commodity price environment, Western continues to believe that additional rig build opportunities in both the contract drilling and well servicing segments will be available. Currently, the largest challenges facing the drilling industry are pricing differentials on Canadian crude oil, low natural gas prices, and the challenge to attract and retain skilled labour. The Company believes Western's modern drilling rig fleet, which has an average life of less than six years, and corporate culture will provide a distinct advantage in attracting qualified individuals. Western is of the view, that it's modern ELR rig fleet, strong customer base and solid reputation will provide a competitive advantage which will enable the Company to maintain its growth strategy and above industry average utilization through a period of lower commodity prices and drilling activity.

Initial Dividend

Western is pleased to announce the Board of Directors' intention to implement a dividend policy that provides for an annual cash dividend of $0.30 per share. As such, the Board of Directors has declared an initial quarterly cash dividend of 7.5 cents per share, payable on October 12, 2012, to shareholders of record at the close of business on September 28, 2012. The dividends will be eligible dividends for Canadian income tax purposes.

Based on Western's strong operating and financial results to date, our expectations for continued demand over the next 12-24 months and given our balance sheet strength, the Board of Directors felt it was appropriate to implement a quarterly dividend at this time. On a prospective basis, the declaration of dividends will be determined on a quarter-by-quarter basis by the Board of Directors. We believe that this sustainable dividend balances rewarding our shareholders with a significant dividend payment and the ability to continue to execute our aggressive growth plans.

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 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.

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, how those activities are financed, the impact of foreign exchange, how the results are taxed, how funds are invested, and how non-cash charges and one-time gains or losses affect results.

EBITDA

Management believes that in addition to net income, earnings from continuing operations before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("EBITDA") as derived from information reported in the condensed consolidated statements of operations and comprehensive income 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 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 (loss) to Gross Margin, EBITDA and Operating Earnings:

	Three months ended June 30		Six months ended June 30	
(stated in thousands)	2012	2011	2012	2011
Gross Margin	14,108	11,274	64,321	32,662
Add (subtract):				
Administrative expenses	(5,286)	(2,992)	(11,872)	(5,634)
Depreciation – administrative	178	82	372	136
Stock based compensation-administrative	364	169	785	295
EBITDA	9,364	8,533	53,606	27,459
Depreciation – operating	(4,941)	(2,954)	(14,605)	(7,737)
Depreciation – administrative	(178)	(82)	(372)	(136)
Operating Earnings	4,245	5,497	38,629	19,586
Stock based compensation – operating	(116)	(67)	(258)	(116)
Stock based compensation-administrative	(364)	(169)	(785)	(295)
Finance costs	(3,250)	(509)	(6,031)	(1,071)
Other items	335	(2,335)	304	(1,372)
Income taxes	(23)	2,333	(8,024)	(1,664)
(Loss) income from discontinued operations	-	(557)	-	469
Net income	827	4,193	23,835	15,537

2012 Second Quarter Results Conference Call and Webcast

Western has scheduled a conference call and webcast to begin promptly at 12:00 p.m. MST (2:00 p.m. EST) on August 9, 2012.

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 "*Investor Relations*", 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 August 23, 2012 by dialing 1-855-859-2056 or 1-416-849-0833, passcode 12671917.

Forward-Looking Statements and Information:

This Press Release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. All statements other than statements of historical fact contained in this Press Release may be forward-looking statements and forward-looking information. In particular, forward-looking information in this Press Release include, but are not limited to under the heading "Outlook" the statements "Western's 2012 capital spending is expected to total approximately $140 million, which includes approximately $80 million in expansion capital and $60 million in maintenance capital. Expansion capital in the contract drilling segment aggregates to approximately $65 million and mainly relates to Western's drilling rig build program which includes the completion of seven telescopic ELR double drilling rigs in 2012, four of which have already been commissioned. Of the remaining three drilling rigs currently under construction, one is expected to be completed in each of the next three years. Expansion capital in the well servicing segment relates to the construction of five new internally guyed single service rigs, which are anticipated to be completed in the latter part of the fourth quarter of 2012 and early in the first quarter of 2013." and the statements "The lower commodity price environment for crude oil and natural gas, coupled with the uncertain economic environment, due in part to the European debt crisis, is expected to result in a modest decrease in drilling activity in the second half of 2012 as compared to the same period of the prior year. As such, the Company expects lower utilization in 2012 as compared to the prior year, when industry utilization reached a five year high. However, the Company does not expect significant pricing pressure on day rates on the deeper rigs in the industry's fleet. Notwithstanding the softening commodity price environment, Western continues to believe that additional rig build opportunities in both the contract drilling and well servicing segments will be available." and in addition, under the heading "Initial Dividend" Western announced the "intention to implement a dividend policy that provides for an annual cash dividend of $0.30 per share." These forward-looking statements and information are based on certain key expectations and assumptions made by Western, including the assumption that notwithstanding an expectation of lower utilization for its services such lowered expectations will not be severe enough to affect Western's ability to complete its currently planned expansion capital program and to sustain an annual dividend of $0.30 per share. 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, general economic, market and business conditions. 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 and financial results are included in Western's annual information form and the other disclosure documents filed by Western with securities regulatory authorities 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 and forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Dale E. Tremblay
Chief Executive Officer
403.984.5929
dtremblay@wesc.ca

Alex MacAusland
President and COO
403.984.5932
amacausland@wesc.ca

Jeffrey K. Bowers
VP Finance and CFO
403.984.5933
jbowers@wesc.ca