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Western Energy Services Corp. Announces Two Private Company Acquisitions and a \$75 million Bought Deal Financing

CALGARY, ALBERTA – Western Energy Services Corp. (“Western” or the “Company”) (TSX Venture: WRG) is pleased to announce that it has entered into agreements to acquire all of the issued and outstanding shares of two separate privately held companies, each of which owns and operates oil and gas drilling rigs for a total purchase price of approximately \$84 million, including the assumption of debt (the “Acquisitions”). Western is also pleased to announce a \$75 million bought deal financing (the “Financing”), co-lead by Cormark Securities Inc. and Raymond James Ltd. to finance the Acquisitions.

Horizon Acquisition

Western is pleased to announce that it has entered into an agreement to acquire Horizon Drilling Inc. (“Horizon”). Under the terms of a pre-acquisition agreement (the “Horizon Agreement”), Western will make an all cash offer to acquire all of Horizon’s outstanding Class A shares (“Horizon Shares”), including the assumption of debt, for total consideration of approximately \$66 million, (the “Horizon Offer”). The purchase price for the Horizon Shares will be funded with the proceeds from the Financing.

The Horizon assets include 8 drilling rigs, consisting of the following:

- 2 AC triples with a depth rating of 4,500 metres and 1,200 hp drawworks;
- 4 AC Range III singles with a depth rating of 3,000 metres and 1,100 hp drawworks;
- 1 AC Range III single with a depth rating of 2,000 metres and 600 hp drawworks; and
- 1 conventional single with a depth rating of 1,200 metres and 350 hp drawworks.

All of the drilling rigs have top drives and are capable of drilling horizontal wells and have achieved above industry average utilization in 2009 of 42.5%. Currently 7 of the 8 rigs are working.

The Horizon Offer is subject to certain conditions, including the acquisition by Western of not less than 90% of the outstanding Horizon Shares (on a diluted basis), completion of the Financing and the receipt of all regulatory approvals, including the approval of the TSX Venture Exchange (the “TSXV”). The board of directors of Horizon has unanimously determined that the Horizon Offer is in the best interest of Horizon and its shareholders. Certain Horizon shareholders holding approximately 85.6% of the currently outstanding Horizon Shares have indicated their agreement to deposit their Horizon Shares in acceptance of the Horizon Offer.

The Horizon Agreement provides for the payment of a non-completion fee in the amount of \$1,000,000 in certain circumstances. Horizon has agreed not to solicit further offers or initiate discussions or negotiations with any third party concerning the sale of Horizon, subject to fiduciary obligations. The Horizon Offer is expected to be mailed to all Horizon shareholders as soon as practicable.

Cedar Creek Acquisition

Western is also pleased to announce that it has entered into an agreement to acquire Cedar Creek Drilling Ltd. (“Cedar Creek”). Under the terms of a pre-acquisition agreement with Cedar Creek (the “Cedar Creek Agreement”), Western will make an offer (the “Cedar Creek Offer”) to acquire all of Cedar Creek’s outstanding Class A common shares (“Cedar Creek Shares”) for consideration of approximately 20.5 million common shares of Western (the “Western Shares”). In addition, Cedar Creek currently has outstanding debt of approximately \$13 million.

The assets of Cedar Creek include 3 telescopic double drilling rigs with a depth rating of 3,500 metres and 750 hp drawworks. All of the Cedar Creek drilling rigs are well suited for horizontal drilling.

The Cedar Creek Offer is subject to certain conditions, including the acquisition by Western of not less than 100% of the outstanding Cedar Creek Shares (on a diluted basis) and the receipt of all regulatory approvals, including the approval of the TSXV. The board of directors of Cedar Creek has unanimously determined that the Cedar Creek Offer is in the best interest of Cedar Creek and its shareholders. Certain Cedar Creek shareholders holding approximately 78.6% of the currently

outstanding Cedar Creek Shares have indicated their agreement to deposit their Cedar Creek Shares in acceptance of the Cedar Creek Offer.

The Cedar Creek Agreement provides for the payment of a non-completion fee in the amount of \$1,000,000 in certain circumstances. Cedar Creek has agreed not to solicit further offers or initiate discussions or negotiations with any third party concerning the sale of Cedar Creek, subject to fiduciary obligations. The Cedar Creek Offer is expected to be mailed to all Cedar Creek shareholders as soon as practicable.

Pro Forma Asset Base

Upon closing of the Acquisitions, Western will have a fleet of 11 drilling rigs which are, on average, less than 4 years old, have modern designs, move and rig-up efficiently and enjoy a premium customer base. Western believes the assets will be in high demand as exploration and development of key resource plays requiring horizontal drilling continues to increase. Western also anticipates very little integration risk with Horizon and Cedar Creek as management is intimately familiar with the assets and believes operational efficiencies can be achieved with larger scale.

Dale Tremblay, Chief Executive Officer of Western, states “The acquisitions of Horizon and Cedar Creek provide an important stepping-stone for the development and growth of Western. These two transactions provide Western with immediate cash flow, sustainable profitability, key human resource capabilities and operational expertise. This platform will help Western achieve its goal of creating an oilfield services leader.”

Upon completion of the Acquisitions and Financing (described below), Western will have 527.6 million shares outstanding (578.1 million on a fully diluted basis) and approximately \$5.0 million of net debt.

Bought Deal Financing

The Company has entered into a bought deal financing agreement with a syndicate of underwriters co-led by Cormark Securities Inc. and Raymond James Limited and including FirstEnergy Capital Corp., Peters & Co. Limited and Thomas Weisel Partners Canada Inc. (collectively, the “Underwriters”) to issue 375 million Western Shares at a price of \$0.20 per Western Share for gross proceeds of \$75 million.

The net proceeds of the Financing will be used to fund the acquisition of Horizon, reduce the debt of Horizon and Cedar Creek, and for general corporate purposes consistent with the Company’s stated business objectives.

The Western Shares shall be offered in all provinces of Canada (other than Quebec) by way of short form prospectus, and in the U.S. on a private placement basis pursuant to exemptions from registration requirements.

Closing of Acquisitions and Financing

The closing of the Financing and the Acquisitions are expected to occur contemporaneously on or about March 18, 2010, each of which are subject to certain conditions including the approval of the TSXV and the receipt of necessary regulatory approvals. Each of the Acquisitions is subject to the completion of the Financing and the Financing is subject to the completion of the acquisition of Horizon.

The Acquisitions are consistent with the Company’s belief that current market conditions in the Canadian energy sector provide an optimal opportunity to build a new Canadian focused oilfield service provider through consolidation. The Company believes that it will be in a position to attract qualified staff to grow the organization. It is anticipated that these factors combined with access to capital will provide Western with the opportunity for increased returns.

The management team of Western (the “Management Team”) is a cohesive group with a proven track record of creating value for investors. The recapitalized Western will be focused from both a business line and geographical perspective. The Management Team’s history of using strict fiscal management with a focus on strategic acquisitions will allow Western to differentiate itself from its peer-group.

Due to the experience of the Management Team, it is their intention to initially focus their efforts in three core business lines in Canada encompassing contract drilling, service rigs and rental & production services. The business plan will see the

Management Team pursue strategic acquisitions focused on strengthening and adding depth to these core business lines with an emphasis on attracting business from Canadian customers engaged in unconventional resource development.

FORWARD-LOOKING INFORMATION

This press release contains certain statements or disclosures relating to the Company that are based on the expectations of the Company as well as assumptions made by and information currently available to the Company 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 the Company anticipates or expects may, or will occur in the future (in whole or in 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, this press release makes reference to the Acquisitions and the Financing. Readers are cautioned that certain conditions must be met before any of the foregoing transactions can proceed. Such conditions include the receipt of all necessary regulatory approvals, including the approval of the TSXV.

There is no assurance that the Financing will close and if the Financing is not completed, neither of the Acquisitions can be completed. In addition, even if the Financing can be completed, it is conditional upon the completion of the closing of the acquisition of all of the Horizon Shares and there is no assurance of the completion of the purchase of all the Horizon Shares. Even in the Financing and the purchase of all Horizon Shares is completed, there is no assurance that the purchase of the Cedar Creek Shares will be completed.

Under the heading “Closing of Acquisitions and Financing” there are statements pertaining to the intentions of the Management Team with respect to seeking opportunities in three core business lines in Canada, encompassing contract drilling, service rigs and rental & production services. There are also statements to the effect that the Management Team will pursue strategic acquisitions focused on strengthening and adding depth to its core businesses. Those statements assume that the Company will be able to attract enough additional capital or credit to allow for such acquisitions and that those acquisitions, if made, would strengthen and add depth to the Company. There is a risk that, due to a number of factors, adequate additional capital and credit may not become available to the Company and even if such capital does become available, there is further risk that opportunities may either not be available or, if completed, are ultimately not accretive.

As such, many factors could cause the performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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