WESTERN ENERGY SERVICES CORP. RELEASES FOURTH QUARTER AND YEAR END 2012 FINANCIAL AND OPERATING RESULTS AND DECLARES QUARTERLY DIVIDEND

FOR IMMEDIATE RELEASE: February 27, 2013

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) is pleased to release its fourth quarter and year end 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 years ended December 31, 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 $83.3 million in the fourth quarter of 2012, a $18.0 million decrease (or 18%) over the same period in the prior year as a result of lower utilization in Canada. The slowdown in oilfield service activity was due in part to uncertain economic conditions, increased pricing differentials on Canadian crude oil and lower natural gas prices, which resulted in reduced producer spending on capital programs. For the year ended December 31, 2012, revenue increased by $46.1 million (or 18%) to $308.6 million as compared to $262.5 million in the prior year, mainly due to an increased drilling rig fleet following the acquisition of Stoneham Drilling Trust in the prior year;
- Fourth quarter EBITDA decreased by $10.1 million (or 24%) to $31.4 million in 2012 (38% of revenue) as compared to $41.5 million in 2011 (41% of revenue) due to lower activity levels. For the year ended December 31, 2012, EBITDA totalled $108.9 million (35% of revenue), an increase of 10% over the prior year due to improved day rates in Canada and an increased drilling rig fleet;
- Net income decreased by $11.2 million to $13.1 million in the fourth quarter of 2012 ($0.22 per basic common share) as compared to $24.3 million in the same period in the prior year ($0.42 per basic common share) due to the decrease in EBITDA, higher finance costs and higher depreciation expense. Net income decreased by $19.6 million to $45.2 million ($0.77 per basic common share) for the year ended December 31, 2012 as compared to $64.7 million ($1.25 per basic common share) in the prior year due in large part to the $10.1 million gain recognized on the sale of StimSol Canada Inc. in 2011. After normalizing for this transaction, net income for the year decreased by $9.5 million which is mainly attributable to increased finance costs of $8.8 million subsequent to the January 2012 senior notes issuance and higher depreciation expense, offset by the increase in EBITDA;
- During the fourth quarter of 2012, utilization in the contract drilling segment averaged 55% in Canada as compared to the CAODC industry average of 40% and the 2011 fourth quarter average of 79%. For the year, utilization in Canada averaged 54% as compared to the industry average of 42% and 70% in 2011. In the United States, utilization averaged 62% for the fourth quarter, compared to 79% in the fourth quarter of 2011 and 68% for the year, compared to 70% in the prior year;
- For the three months ended December 31, 2012, capital expenditures totalled $20.3 million and included $13.2 million of expansion capital mainly related to Western's drilling rig build program, $2.7 million of maintenance capital and $4.4 million for critical spares. For the year, capital expenditures totalled $127.2 million of which, $72.9 million related to expansion capital, $31.8 million related to maintenance capital and $22.5 million related to critical spares;
- On February 21, 2013, the Company entered into an arrangement agreement to acquire all of the issued and outstanding common shares of IROC Energy Services Corp., a transaction valued at $193.7 million. The transaction is expected to close prior to the end of April 2013 and will establish Western as the seventh largest well servicing company in Canada.

Selected Financial Information

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

Financial Highlights	Three months ended December 31 2012	2011	Change	Year ended December 31 2012	2011	Change
Revenue	83,338	101,300	(18%)	308,617	262,519	18%
Gross Margin[(1)]	37,360	47,170	(21%)	131,063	114,837	14%
Gross Margin as a percentage of revenue	45%	47%	(4%)	42%	44%	(5%)
EBITDA[(1)]	31,381	41,473	(24%)	108,931	99,324	10%
EBITDA as a percentage of revenue	38%	41%	(7%)	35%	38%	(8%)
Cash flow from operating activities	11,021	25,337	(57%)	104,916	59,368	77%
Capital expenditures	20,328	34,336	(41%)	127,231	88,869	43%
Net income	13,092	24,314	(46%)	45,178	64,746	(30%)
-basic net income per share	0.22	0.42	(48%)	0.77	1.25 [(2)]	(38%)
-diluted net income per share	0.22	0.40	(45%)	0.74	1.21 [(2)]	(39%)
Weighted average number of shares						
-basic	59,485,594	58,533,287	2%	58,784,692	51,595,078 [(2)]	14%
-diluted	60,800,390	60,549,515	0%	60,860,359	53,640,617 [(2)]	13%
Outstanding common shares as at period end	59,582,143	58,533,287	2%	59,582,143	58,533,287	2%
Dividends declared	4,469	-	100%	8,924	-	100%

(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)	December 31, 2012	December 31, 2011	Change
Working capital	77,628	39,874	95%
Property and equipment	568,157	473,930	20%
Total assets	749,448	619,645	21%
Long term debt	186,948	108,039	73%

Operating Highlights	Three months ended December 31 2012	2011	Change	Year ended December 31 2012	2011	Change
Contract Drilling						
Canadian Operations:						
Contract drilling rig fleet:						
-Average	44	37	19%	41	32	28%
-End of period	44	38	16%	44	38	16%
Drilling revenue per operating day (CDN$)	31,904 (1)	33,199	(4%)	32,212 (1)	29,885	8%
Drilling rig operating days(2)	2,198	2,706	(19%)	8,127	8,074	1%
Drilling rig utilization per revenue day(3)	62%	88%	(30%)	60%	77%	(22%)
Drilling rig utilization rate per operating day(2)	55%	79%	(30%)	54%	70%	(23%)
CAODC industry average utilization rate(2)	40%	61%	(34%)	42%	50%	(16%)
United States Operations:						
Contract drilling rig fleet:						
-Average	5	5	0%	5	4 (4)	25%
-End of period	5	5	0%	5	5	0%
Drilling revenue per operating day (US$)	33,017	30,705	8%	33,315	33,038	1%
Drilling rig operating days(2)	286	365	(22%)	1,238	640	93%
Drilling rig utilization per revenue day(3)	79%	93%	(15%)	85%	89% (4)	(4%)
Drilling rig utilization per operating day(2)	62%	79%	(22%)	68%	70% (4)	(3%)
Well Servicing						
Well servicing rig fleet:						
-Average	7	-	100%	5	-	100%
-End of period	8	-	100%	8	-	100%
Revenue per service hour (CDN$)	614	-	100%	596	-	100%
Total service hours	2,633	-	100%	5,705	-	100%
Service rig utilization rate(5)	45%	-	100%	36%	-	100%

(1) Excludes $2.2 million of standby revenue from take or pay contracts.
(2) Drilling rig utilization rate per operating day and drilling rig operating days are calculated on operating days only (i.e. spud to rig release basis).
(3) Drilling rig utilization rate per revenue day is calculated based on operating and move days.
(4) Calculated from the date of acquisition of the United States operations (June 10, 2011).
(5) Service rig utilization rate calculated based on full utilization of 10 hours per day, 365 days per year.

Outlook

Western currently has a drilling rig fleet of 50 rigs, with an additional telescopic Efficient Long Reach ("ELR") double drilling rig under construction which will be the Company's first convertible pad rig. Western is the sixth largest drilling contractor in Canada with a fleet of 45 rigs. Currently, Western has five drilling rigs deployed in the United States. Additionally, Western has 10 well servicing rigs operating in Canada in the Lloydminster area.

Western's drilling rig fleet is specifically suited for the current market which is focused on drilling horizontal wells of increased complexity. In total, 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 based horizontal wells. Approximately one quarter of Western's fleet is currently under long term take-or-pay contracts with an average remaining contract life of approximately 14 months, 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 expects capital spending in 2013 to total $80 million including $20 million of carry forward capital from 2012 and $60 million relating to Western's 2013 capital budget. Western's 2013 capital budget includes approximately $28 million in expansion capital, $20 million in maintenance capital and $12 million in critical spare equipment. Expansion capital in the contract drilling segment aggregates to approximately $19 million and mainly relates to increasing our drilling rig fleet's pumping capacity in Canada and adding rig moving systems to certain drilling rigs in the United

States, as well as additional drill pipe and other drilling equipment. Maintenance capital in 2013 of $20 million includes $10 million in drilling equipment, $6 million in drill pipe and $4 million relating to equipment recertifications.

Approximately $20 million remaining from Western's 2012 capital program is expected to be spent in 2013 mainly relating to the completion of two telescopic ELR double drilling rigs, one of which has already been commissioned. Western will finance its 2013 capital expenditure budget substantially from operating cash flows while maintaining our conservative balance sheet going into 2013 and positioning the Company for future opportunities.

In 2012, the price for natural gas has remained soft, with the AECO 30-day spot rate on average decreasing by approximately 35% as compared to the prior year. While the year over year average WTI crude oil price has remained relatively constant, increased pricing differentials in Canada, as a result of pipeline infrastructure constraints and refining capacity limitations, have resulted in a 9% year over year decrease in the average Edmonton Par price. 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 similar levels of drilling activity in 2013 as compared to 2012. As such, the Company expects similar utilization in 2013 as compared to the prior year. Notwithstanding the softening commodity price environment, Western continues to believe that additional rig build opportunities in the contract drilling segment will be available as liquefied natural gas projects gain approval, drilling activity increases in the Duvernay and Montney resource plays in Alberta and northwest British Columbia, coupled with increased foreign investment in Canada. Currently, the largest challenges facing the drilling industry are producer spending constraints, pricing differentials on Canadian crude oil, low natural gas prices, a strong Canadian dollar and the challenge to attract and retain skilled labour. The Company believes Western's modern drilling rig fleet, which has an average age of approximately six years, and corporate culture will provide a distinct advantage in retaining and attracting qualified individuals. Western is of the view, that its modern ELR rig fleet, strong customer base and solid reputation provides a competitive advantage which will enable the Company to continue its growth strategy and higher than industry utilization through a period of lower commodity prices and drilling activity.

Quarterly Dividend

On February 27, 2013, Western's Board of Directors declared a quarterly dividend of $0.075 per share, which will be paid on April 12, 2013, to shareholders of record at the close of business on March 28, 2013. The dividends are eligible dividends for Canadian income tax purposes. We believe that this sustainable dividend policy 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, 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.

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 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 consolidated statements of operations and comprehensive income to Gross Margin, EBITDA and Operating Earnings:

	Three months ended December 31		Year ended December 31	
(stated in thousands)	2012	2011	2012	2011
Gross Margin	37,360	47,170	131,063	114,837
Add (subtract):				
Administrative expenses	(6,572)	(6,260)	(24,409)	(16,987)
Depreciation – administrative	365	165	971	446
Stock based compensation – administrative	228	398	1,306	1,028
EBITDA	31,381	41,473	108,931	99,324
Depreciation – operating	(9,067)	(9,012)	(31,890)	(24,541)
Depreciation – administrative	(365)	(165)	(971)	(446)
Operating Earnings	21,949	32,296	76,070	74,337
Stock based compensation – operating	(153)	(125)	(537)	(307)
Stock based compensation – administrative	(228)	(398)	(1,306)	(1,028)
Finance costs	(3,237)	(1,246)	(12,437)	(3,650)
Other items	(583)	1,472	(756)	(677)
Income taxes	(4,656)	(7,076)	(15,856)	(14,793)
Income from discontinued operations	-	(609)	-	10,864
Net income	13,092	24,314	45,178	64,746

2012 Fourth Quarter and Year End 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 February 28, 2013.

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 March 14, 2013 by dialing 1-855-859-2056 or 1-416-849-0833, passcode 10267873.

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 include, under the heading "Outlook" the statements:

"Western expects capital spending in 2013 to total $80 million including $20 million of carry forward capital from 2012 and $60 million relating to Western's 2013 capital budget. Western's 2013 capital budget includes approximately $28 million in expansion capital, $20 million in maintenance capital and $12 million in critical spare equipment" and "Western will finance its 2013 capital expenditure budget substantially from operating cash flows while maintaining our conservative balance sheet going into 2013 and positioning the Company for future opportunities." and, "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 similar levels of drilling activity in 2013 as compared to 2012. As such, the Company expects similar utilization in 2013 as compared to the prior year." and, "Western is of the view, that its modern ELR rig fleet, strong customer base and solid reputation provides a competitive advantage which will enable the Company to continue its growth strategy and higher than industry utilization through a period of lower commodity prices and drilling activity."

These forward-looking statements and information are based on certain key expectations and assumptions made by Western, including the assumption that its cash flow during 2013 will be sufficient to cover its budgeted expansion and maintenance capital expenditures, that its rig utilization rates will not materially decrease from 2012 levels and that its modern rig fleet will allow it to continue its growth strategy and maintain a higher utilization than industry averages.

In addition the press release states on the front page thereof: "On February 21, 2013, the Company entered into an arrangement agreement to acquire all of the issued and outstanding common shares of IROC Energy Services Corp., a transaction valued at $193.7 million, the transaction is expected to close prior to the end of April 2013 and will establish Western as the seventh largest well servicing company in Canada."

Readers are cautioned that there are a number of conditions that must be met, including the approval of the shareholders of IROC before the above-described transaction can be completed.

The forward-looking information assumes the completion of the above-described transaction and there is no assurance that all of the conditions to the above-described transaction will be met and therefore there is a risk that the above-described transaction will not be completed and if completed the expected benefits may not materialize.

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.

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