Western
ENERGY SERVICES CORP.

WESTERN ENERGY SERVICES CORP. RELEASES FOURTH QUARTER AND YEAR END 2011 FINANCIAL AND OPERATING RESULTS

FOR IMMEDIATE RELEASE: March 8, 2012

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) is pleased to release its fourth quarter and year end 2011 financial and operating results prepared under International Financial Reporting Standards ("IFRS"). Effective January 1, 2011, Western began reporting its financial results under IFRS. Prior year comparative amounts have been changed to reflect results as if Western had always prepared its financial results using IFRS. 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, 2011 and 2010 will be available on SEDAR at www.sedar.com. All amounts are denominated in Canadian dollars ($CDN) unless otherwise identified.

Highlights:

- Revenue in the fourth quarter of 2011 totalled $101.3 million, a $74.7 million increase (or 281%) over the prior year. For the year ended December 31, 2011, revenue increased by $206.5 million (or 369%) to $262.5 million as compared to $56.0 million in the prior year;
- EBITDA totalled $41.5 million (41% of revenue) in the fourth quarter of 2011, a $32.1 million increase (or 343%) over the prior year. For the year ended December 31, 2011, EBITDA totalled $99.3 million (38% of revenue) an increase of 502% over the prior year. The increase reflects the growth in the contract drilling segment which exited 2011 with 43 rigs as compared to 22 rigs in 2010;
- Net income from continuing operations, before considering gains on business acquisitions, totalled $24.9 million ($0.43 per share) in the fourth quarter of 2011, an increase of 751%, and $53.9 million ($1.04 per share) for the year ended December 31, 2011, an increase of 1,362% as compared to the same periods in the prior year;
- During the fourth quarter, utilization in the contract drilling segment averaged 79% in Canada as compared to the CAODC industry average of 61%. For the year, utilization in Canada averaged 70% as compared to the CAODC industry average of 52%. In the United States, utilization averaged 79% in the fourth quarter and 70% for the year;
- For the three and twelve months ended December 31, 2011 capital expenditures totalled $34.3 million and $88.9 million, respectively. The majority of Western's capital spending related to its drilling rig build program, which incurred $16.7 million in the fourth quarter and $43.0 million in the year. Additionally, Western spent $2.6 million and $5.2 million, respectively during the three and twelve months ended December 31, 2011 on the construction of five next generation well servicing rigs, the first of which began operations in the first quarter of 2012. The remaining capital spending related to ancillary drilling equipment;
- Subsequent to year end, on January 30, 2012 Western completed a private offering of $175.0 million aggregate principle amount of 7⅞% senior unsecured notes due January 30, 2019.

Selected Financial Information

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

Financial Highlights	Three months ended Dec 31, 2011	Three months ended Dec 31, 2010	Year ended Dec 31, 2011	Year ended Dec 31, 2010
Revenue	101,300	26,582	262,519	56,009
EBITDA(1)	41,473	9,359	99,324	16,504
EBITDA as a percentage of revenue	41%	35%	38%	29%
Cash flow from operating activities	25,337	3,716	59,368	10,953
Capital expenditures	34,336	13,826	88,869	21,282
Net income from continuing operations	24,923	2,766	53,882	23,339(2)
-basic net income per share	0.43	0.10	1.04	1.03
-diluted net income per share	0.41	0.09	1.00	0.96
Net income	24,314	5,739	64,746(3)	26,590(2)
-basic net income per share	0.42	0.20	1.25	1.17
-diluted net income per share	0.40	0.19	1.21	1.09
Weighted average number of shares				
-basic	58,533,287	28,220,418	51,595,078	22,724,270
-diluted	60,549,515	29,769,783	53,640,617	24,385,704
Outstanding common shares as at period end	58,533,287	37,680,944	58,533,287	37,680,944

(1) See financial measures reconciliations.
(2) Includes a $19.7 million non-recurring gain on acquisitions.
(3) Includes a $10.1 million non-recurring gain on the sale of StimSol Canada Inc.

Operating Highlights	Three months ended Dec 31, 2011	Three months ended Dec 31, 2010	Year ended Dec 31, 2011	Year ended Dec 31, 2010
Contract Drilling				
Canadian Operations				
Contract drilling rig fleet:				
-Average	37	16	32	13[(1)]
-End of period	38	22	38	22
Drilling revenue per operating day (CDN$)	33,199	27,487	29,885	25,349
Drilling rig operating days[(2)]	2,706	967	8,074	2,210
Drilling rig utilization rate[(2)]	79%	65%	70%	58%[(1)]
CAODC industry average utilization rate[(2)]	61%	50%	52%	37%[(1)]
United States Operations				
Contract drilling rig fleet:				
-Average	5	-	4[(3)]	-
-End of period	5	-	5	-
Drilling revenue per operating day (US$)	30,705	-	33,038	-
Drilling rig operating days[(2)]	365	-	640	-
Drilling rig utilization rate[(2)]	79%	-	70%[(3)]	-

Financial Position at (stated in thousands)	Dec 31, 2011	Dec 31, 2010	Jan 1, 2010
Working capital	39,874	13,156	809
Property and equipment	473,930	188,355	-
Total assets	619,645	264,108	12,269
Long term debt	108,039	46,054	-

(1) Calculated from the date of acquisition of the Contract Drilling segment (March 18, 2010).

(2) Utilization rate calculated on a spud to rig release basis.

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

Outlook

Western currently has a drilling rig fleet of 44 rigs, with an additional 3 rigs under construction. Western is the sixth largest drilling contractor in Canada with a fleet of 39 drilling rigs. As a result of the acquisition of Stoneham on June 10, 2011, Western has entered the United States market with the intention of building a strong presence, initially in the Williston basin of North Dakota. Currently, Western has five drilling rigs deployed in the United States. Subsequent to year-end, the Company has established a corporate presence in Denver, Colorado. Additionally, during 2012 Western commenced operations of four next generation well servicing rigs in the Lloydminster, Alberta area with the fifth expected to be delivered by the end of the first quarter. This moves Western towards its stated objective of entering the well servicing industry in Canada.

Western's drilling rig fleet is specifically suited for the current market which is focused on drilling wells of increased complexity. In total, approximately 95% of Western's fleet are Efficient Long Reach ("ELR") rigs with depth ratings greater than 3,000 meters and all of Western's rigs are capable of drilling horizontal wells. Approximately 66% of Western's fleet is under long term take-or-pay contracts, which provide a base level of revenue. These contracts typically generate 250 utilization days per year in Canada, as the annual spring breakup restricts activity during the second quarter, while in the United States these contracts typically generate approximately 300 utilization days per year.

Western has increased its 2012 capital budget to include the construction of 3 additional ELR telescopic double drilling rigs for approximately $32.0 million, all of which are expected to be contracted prior to going into service. Additionally, the Board of Directors approved the construction of 5 additional next generation well servicing rigs for approximately $10.0 million. As such, our revised capital expenditures are expected to be approximately $125 million for 2012, which includes approximately $75 million in expansion capital and approximately $50 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 drilling rigs in 2012, one of which has already been commissioned. Of the remaining drilling rigs currently under construction, one is expected to be completed in each of the first, second and third quarters of 2012. The three new builds discussed above are anticipated to be completed in the latter part of the fourth quarter of 2012 or early in the first quarter of 2013. Expansion capital in the well servicing segment relates to the five service rig builds discussed above, which are anticipated to be completed in the latter part of the fourth quarter of 2012 or early in the first quarter of 2013. Maintenance capital relates to various items such as rotational equipment, drill pipe, replacement parts and infrastructure upgrades. Western believes that with continued strong pricing environments for oil and natural gas liquids, additional rig build opportunities will be available.

Drilling activity in Canada and the United States was substantially higher in 2011 as compared to the last number of years. Furthermore, Western's utilization rates have consistently been above industry average due to the Company's modern rig fleet, strong customer base and solid reputation. Western believes that customers targeting oil and liquids-rich natural gas wells will continue to drive demand in 2012 and lead to levels of utilization consistent with 2011. Currently the largest challenges facing the drilling industry are the growth of the industry's drilling rig fleet, as contract drillers continue to expand their fleet, depressed natural gas prices, and the challenge to attract and retain skilled labour. Despite the weakness in natural gas prices, which have recently hit 10 year lows, the price for oil and natural gas liquids remains strong, which to this point has driven the strong activity levels in 2011 and the first quarter of 2012. Currently Western's fleet is fully crewed with qualified personnel and three crews on every rig. The Company believes Western's modern fleet and corporate culture will provide a distinct advantage in attracting qualified individuals. Western has a proven track record for delivering high quality equipment and well trained, highly skilled crews to its customers who rely on the Company to drill increasingly complex long reach horizontal wells. As such, Western is well positioned for future growth.

Financial Measures Reconciliations

Western uses certain measures in this press release which do not have any standardized meaning as prescribed by 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.

EBITDA

Management believes that in addition to net income from continuing operations, earnings from continuing operations before interest and finance costs, taxes, depreciation, 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 Western's principal business activities prior to consideration of 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.

Operating Earnings

Management believes that in addition to net income from continuing operations, 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 from continuing operations under IFRS as disclosed in the consolidated statements of operations and comprehensive income to EBITDA and Operating Earnings.

(stated in thousands of Canadian dollars)	Three months ended Dec 31, 2011	Three months ended Dec 31, 2010	Year ended Dec 31, 2011	Year ended Dec 31, 2010
EBITDA	41,473	9,359	99,324	16,504
Less:				
Depreciation – operating	9,012	3,021	24,541	6,942
Depreciation – administrative	165	47	446	124
Operating earnings	32,296	6,291	74,337	9,438
Less:				
Stock based compensation – operating	125	31	307	81
Stock based compensation – administrative	398	125	1,028	375
Finance costs	1,246	358	3,650	883
Other items	(1,472)	1,376	677	1,600
Gain on business acquisitions	-	161	-	(19,653)
Income taxes	7,076	1,474	14,793	2,813
Net income from continuing operations	24,923	2,766	53,882	23,339

2011 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 March 8, 2012.

The conference call dial-in number is 1-888-231-8192.

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 22, 2012 by dialing 1-855-859-2056 or 1-416-849-0833, passcode 56136739.

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 and statements in this press release include, but are not limited to, "capital expenditures are expected to be approximately $125 million for 2012, which includes approximately $75 million in expansion capital and approximately $50 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 drilling rigs in 2012, one of which has already been commissioned. Of the remaining drilling rigs currently under construction, one is expected to be completed in each of the first, second and third quarters of 2012. The three new builds discussed above are anticipated to be completed in the latter part of the fourth quarter of 2012 or early in the first quarter of 2013. Expansion capital in the well servicing segment relates to the five service rig builds discussed above, which are anticipated to be completed in the latter part of the fourth quarter of 2012 or early in the first quarter of 2013." and "Western believes that customers targeting oil and liquids-rich natural gas wells will continue to drive demand in 2012 and lead to levels of utilization consistent with 2011". These forward-looking statements and information are based on certain key expectations and assumptions made by Western, including the assumption that the demand for Western's drilling rigs will remain strong through 2012 and that such demand and financial performance will not affect expansion capital. 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	Alex MacAusland	Jeffrey K. Bowers
Chief Executive Officer	President and COO	VP Finance and CFO
403.984.5929	403.984.5932	403.984.5933
dtremblay@wesc.ca	amacausland@wesc.ca	jbowers@wesc.ca