



**Western**  
ENERGY SERVICES CORP.



# Management Team with a Track Record of Success

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## Management Representatives

**Dale E. Tremblay**  
*CEO & Chairman*

- Non-executive Chairman of Saxon Energy Services Inc. (resigned effective April 5, 2011)
- Former President, CEO and Director of Saxon Energy Services Inc.
- Former Vice President Finance and CFO of Precision Drilling Corporation

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**Alex MacAusland**  
*President & COO*

- Former President and CEO of Horizon Drilling Inc.
- Former Senior Vice President of IROC Energy Services Corp.
- Former Vice President Operations of Precision Drilling Corporation

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**Jeffrey K. Bowers**  
*Vice President,  
Finance & CFO*

- Former Vice President Finance and CFO of Horizon Drilling Inc.
- Former Vice President Finance and CFO of Frac Source Inc.
- Former Officer and Group Controller of Precision Energy Services

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- Management team has over 75 years of combined industry experience
  - Management & Directors own 16.4% of basic shares outstanding

# Strong Corporate Governance

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## Independent Board Members

**Murray K. Mullen**  
*Lead Director*

- CEO and Chairman of the Mullen Group
- Director of ShawCor Ltd.
- Former Director of Precision Drilling Corporation

**Steve C. Grant**  
*Director*

- Director of Mullen Group Ltd. and Horizon North Logistics Inc.
- Former Director of Precision Drilling Corporation and Saxon Energy Services Inc.
- Former Managing Director, Investment banking at Raymond James & Associates
- Former Senior VP & CFO of Enterra Corporation

**Ronald P. Mathison**  
*Director*

- Former Founder and Chairman of Pantera
- President and CEO of Matco Investments Ltd. and Matco Capital
- Founder and Chairman of Calfrac Well Services Ltd. and Tesla Exploration Ltd.
- Former Director and Principal of Peters & Co. Limited.

**John R. Rooney**  
*Director*

- Chairman and CEO of Northern Blizzard Resources Inc.
- Former Director of Gastar Exploration Ltd., Caza Oil & Gas Inc. and Tuscany International
- Former President & CEO of TUSK Energy Corporation, Zenas Energy Inc., Blizzard Resources Inc., and Equatorial Energy Inc.
- Former Director of Saxon Energy Services Inc.

**Lorne A. Gartner**  
*Director Nominee*

- Director of Calfrac Well Services Ltd. and Telsa Exploration Ltd.
- Former Managing Director of the Royal Bank of Canada Capital Markets
- Former Vice President of the Royal Bank of Canada, Calgary Energy Group

**Donald D. Copeland**

- Former Chairman of Stoneham Administration Inc.
- Was added June 16, 2011

# Summary of Stoneham Transaction

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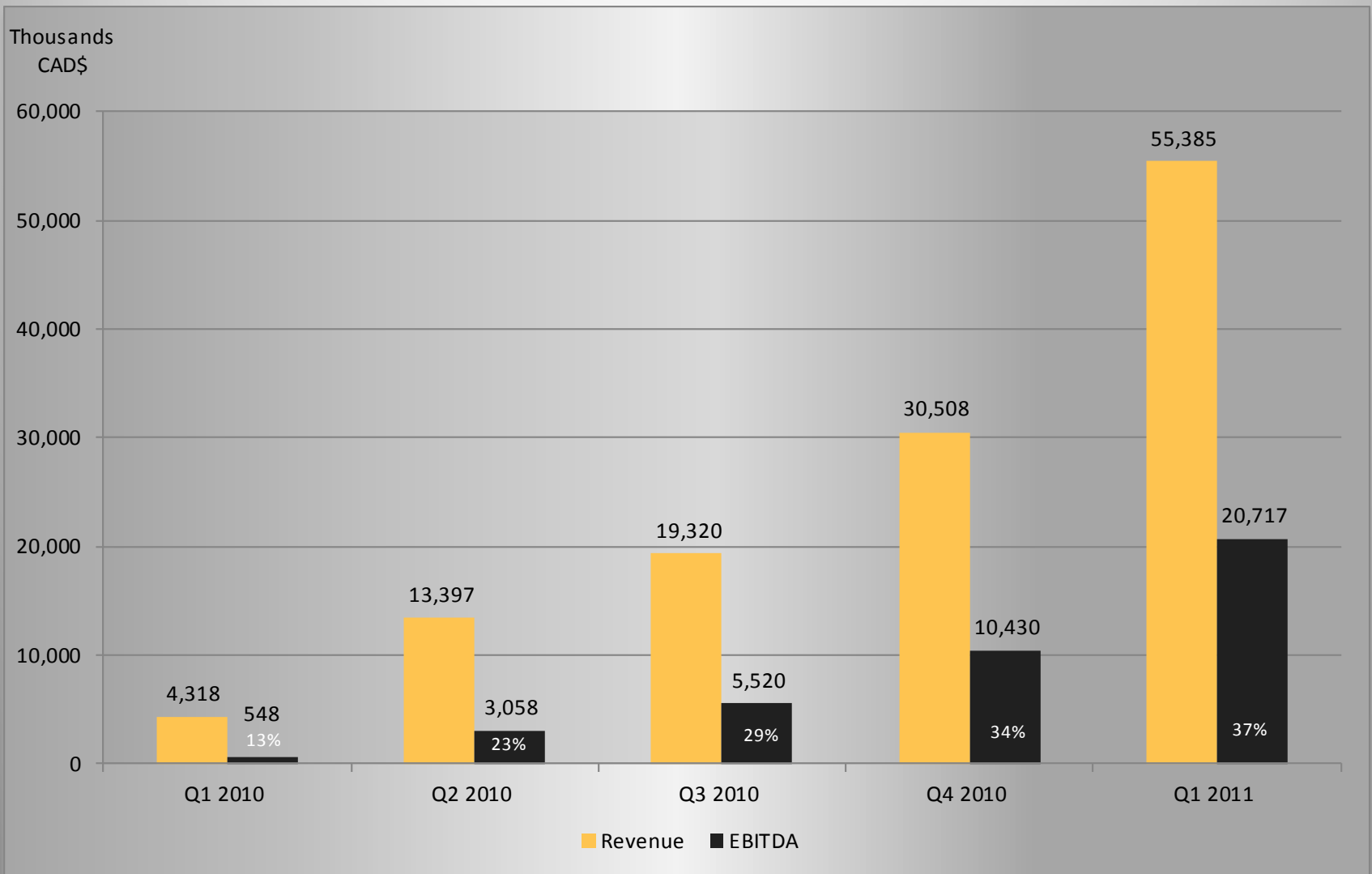
- **On April 7<sup>th</sup>, 2011, Western and Stoneham announced that they had entered into a merger agreement, the transaction closed on June 10, 2011**
  - Stoneham Drilling Trust is a leading deep drilling rig contractor with 19 rigs, all of which are rated to depths >3,000m, with an average age of 6 years
  
- **Transaction Details**
  - Under the terms of the transaction, Stoneham unitholders received at their election: (i) 61.538 Western common shares; or (ii) \$24.00 in cash, subject to a maximum of \$115 million in aggregate cash paid, resulting in the issuance of approximately 196 million Western common shares and the payment in \$115 million in cash
  - Unitholders who elected to receive all cash for their units received cash consideration for approximately 80.8% of their units and share consideration for the remaining 19.2%
  - Total transaction value was approximately C\$236mm, including the assumption of C\$45mm in debt and transaction costs
  - Financing for the transaction includes a C\$86mm bought deal equity offering (completed Mar. 29, 2011) and draw on upsized C\$160mm bank facilities
  
- **Stoneham Strategic Rationale**
  - *Market Scale:* Western becomes Canada's 6th largest contract driller by number of rigs
  - *Fleet Enhancement:* Adds 19 modern ELR rigs with history of high utilization rates
  - *Synergies:* Significant operating synergies within 12 – 18 months

# Q1 2011 – Consolidated Results

Financial Highlights (Thousands CAD \$)	Q1 2011	2010 Total	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenue	55,385	67,543	30,508	19,320	13,397	4,318
EBITDA	20,717	19,556	10,430	5,520	3,058	548
	37%	29%	34%	29%	23%	13%
Net Income from continuing operations	11,516	27,652	5,822	10,514	(215)	11,531
per share - basic/diluted	0.02/0.01	0.05/0.05	0.01/0.01	0.02/0.02	0.00/0.00	0.06/0.05
Capital Expenditures	15,021	24,591	14,181	6,480	3,871	59
Operating Highlights	Q1 2011	2010 Total	Q4 2010	Q3 2010	Q2 2010	Q1 2010
<b>Contract drilling (Horizon)</b>						
Contract drilling rig fleet:						
Average	23	13	16	14	11	11
End of period	24	22	22	15	11	11
Drilling revenue per operating day	27,988	25,349	27,487	23,165	24,278	25,059
Drilling rig utilization rate	85%	58%	65%	61%	46%	46%
CAODC industry average utilization rate	68%	37%	50%	40%	19%	44%
<b>Production Services (StimSol)</b>						
Jobs completed	1,115	2,598	885	509	426	778
Average revenue per job completed	4,746	4,630	4,435	5,570	5,265	3,249

Note: The financial highlights above represent IFRS numbers

# Quarterly Revenue & EBITDAs



# Corporate Overview – Post Stoneham Transaction

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■ Common Shares	
➤ Basic	1,171.1 Million/58.6 Million (Post consolidation)
➤ Diluted	1,254.6 Million/62.7 Million (Post consolidation)
■ Current Share Price (as at June 15, 2010)	0.39/\$7.80 (Post consolidation)
■ Market Capitalization(f.d.)	\$489.3 Million
■ Net Debt	\$120.0 Million
■ Enterprise value (f.d.)	\$609.3 Million
■ Working Capital (excl. current-portion of LTD)	\$38.5 Million
■ Capital assets (NBV)	\$426.4 Million
■ Book value per share (f.d.)	\$0.30

Pro forma Stoneham acquisition March 31, 2011.

# Company Snapshot – Business Segments

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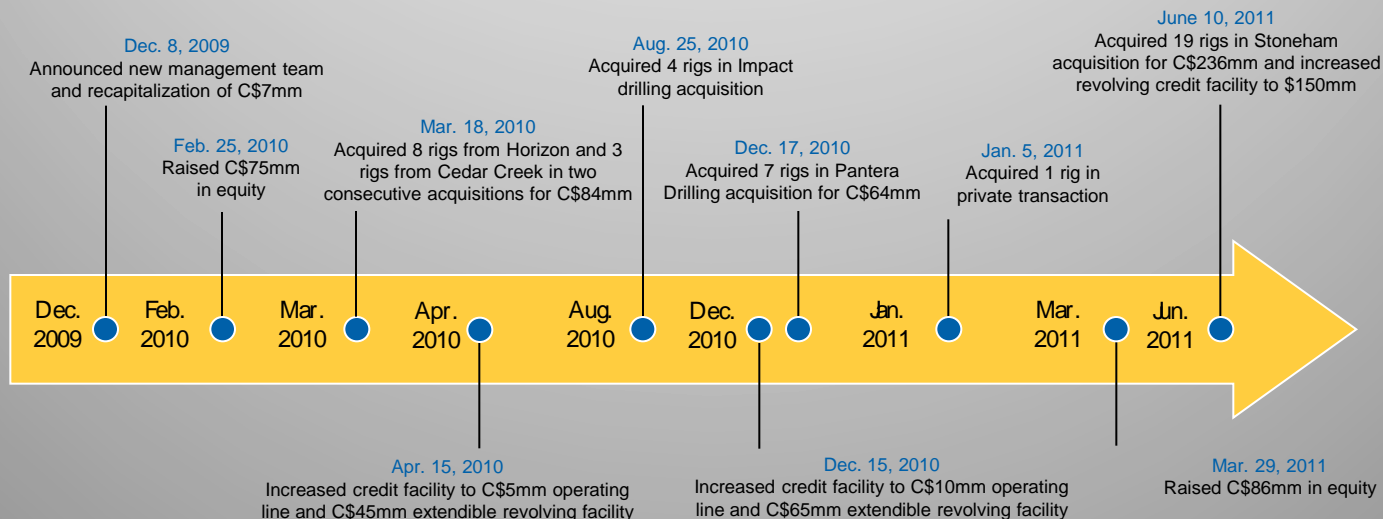
- Contract Drilling Services
  - Provided through Horizon Drilling Inc.
  
- Production Services
  - Small to medium size acid and solvent blends, stimulation and remedial products and services, transportation and pumping services
  - Provided through StimSol Canada Inc.





# Company History

- Recapitalization completed in December 2009 laid foundation for sustainable growth
  - C\$7 million private placement (new board and management subscribed for C\$4.8 million)
  - Conversion of bridge lending facility, debentures and other obligations into common shares
  - Appointment of new Board of Directors
  - Senior credit facility amended
- Growth achieved through disciplined and prudently financed acquisitions
- Strategic direction guided by experienced management team and strong Board of Directors



# Company Highlights

High quality modern fleet, well-suited to current environment

- 91% of fleet rated to depths >3,000m
  - Unlocks new basins for better exploitation of conventional reservoirs
  - 85% of rigs currently directed to oil drilling
  - Positions WRG well to capture rising day rates following spring breakup
- Average fleet age of 5 years, well below industry average of 15+ years

Significant scale, diverse blue chip customer base

- Through a series of well-planned and prudent acquisitions, WRG has become the 6<sup>th</sup> largest contract land driller in Canada
- Diverse client base comprised of top-tier E&P operators in the WCSB
- Diversification of revenue, with maximum of 4 rigs dedicated to any one customer

Industry leading utilization rates, flexible cost structure and strategic contract coverage

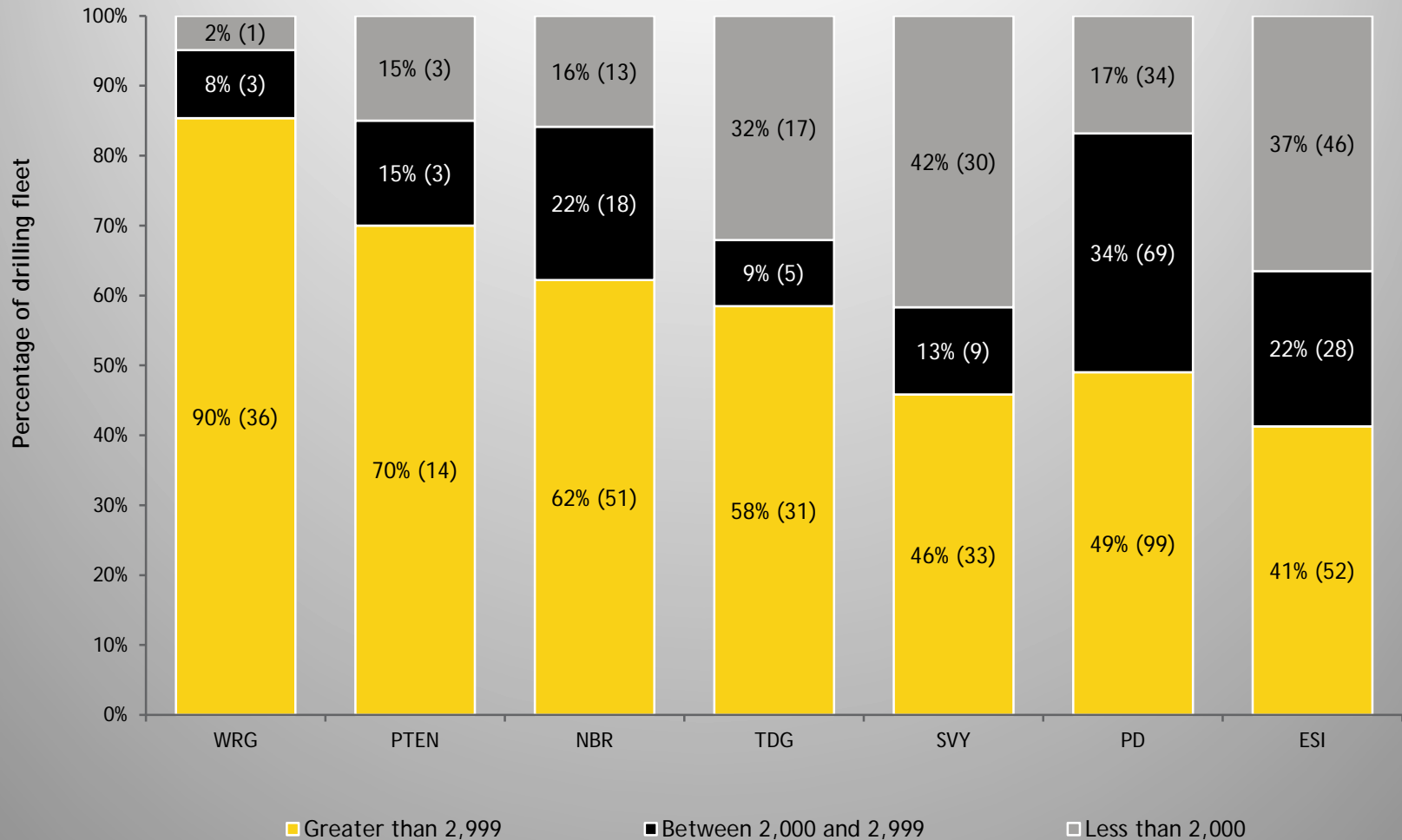
- 85% average utilization rate compares favorably to industry average of 68%<sup>(1)</sup>
- 46% operating margin in drilling division driven by efficient cost structure
- 52% of WRG rigs are currently under contract with commitment days / years; expiry dates range from 5 months to 4 years, consistent with Company policy<sup>(1)</sup>

Best in class management team

- Management team and Board of Directors extremely well regarded in the oilfield services space
- Proven track record of building respected and profitable drilling companies
- Top 3 executives have over 75 years of combined industry experience

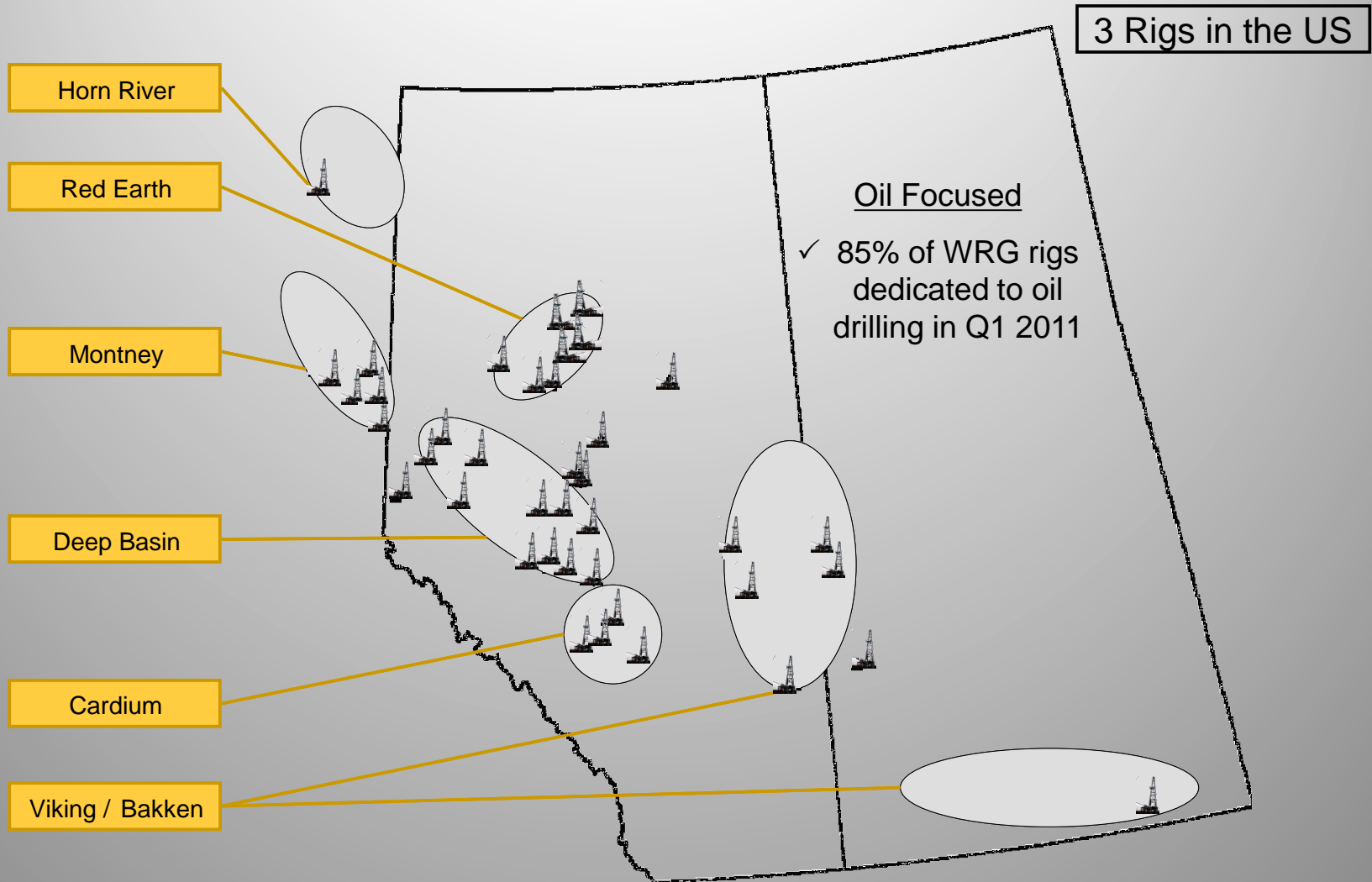
(1) Western Energy as of Q1 2011; Source: Company reports and Canadian Association of Oilwell Drilling Contractors

# Leading Deep Driller in the WCSB (by percentage of Rigs)



Source: Nickle's Energy, Company Reports, RBC CM Estimates, WRG figures are PF for SDG acquisition

# Premier Deep Capacity Fleet Across WCSB



# Outlook

Industry is moving towards drilling wells with increased complexity

- Strong market for oil and natural gas liquids has resulted in customers targeting these specific wells
  - 85% of Western's rigs are focused on oil drilling
- During 2010 42% of the wells drilled in western Canada were horizontal wells, representing a 43% increase over the prior year
- All of Western's fleet fits with the requirements for horizontal wells in respect to pumping capabilities, depth capacity, and top drive requirements

Industry experiencing a shortage of qualified people

- Western's fleet is fully crewed with qualified people
- Company's modern fleet and corporate culture have distinguished it from its competitors, attracting qualified individuals
- This has allowed the Company to exceed industry utilization rates consistently in 2010, with 2011 Q1 utilization exceeding the industry by approximately 25%

Company Outlook

- Total capital expenditures in 2011 are expected to be approximately C\$68 million (~C\$25mm of maintenance and ~C\$43mm of expansion in 2011)
- Western continues to focus its efforts on consolidating the Canadian oilfield services industry. Current market conditions in the sector provide opportunity to grow through acquisition and organic growth into three core businesses:
  - Contract Drilling;
  - Services Rigs; and
  - Rental and production services
- Maintaining above average utilization rates, improving drilling day rates and low personnel turnover, Western has established a strong platform for growth