

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada other than Quebec but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, General Counsel and Corporate Secretary of Western Energy Services Corp. at 1700, 215 – 9th Avenue S.W. Calgary, Alberta, T2P 1K3, (telephone (403) 984-5916), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

September 28, 2017



### WESTERN ENERGY SERVICES CORP.

**\$11,375,000**

**9,100,000 Common Shares**

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**Price: \$1.25 per Common Share**

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This short form prospectus qualifies the distribution of 9,100,000 common shares ("**Common Shares**") of Western Energy Services Corp. ("**Western**" or the "**Corporation**") at a price of \$1.25 (the "**Offering Price**") per Common Share (the "**Offering**"). See "*Plan of Distribution*".

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "WRG". On September 21, 2017, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$1.33 and on September 27, 2017, the last trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was \$1.37. Western has applied to list the Common Shares offered under this short form prospectus on the TSX. Listing will be subject to Western fulfilling all the listing requirements of the TSX.

	<b>Price to Public</b>	<b>Underwriters' Fee<sup>(1)</sup></b>	<b>Net Proceeds to Western<sup>(2)(3)</sup></b>
Per Common Share .....	\$1.25	\$0.0625	\$1.1875
Total.....	\$11,375,000	\$568,750	\$10,806,250

**Notes:**

- (1) Pursuant to the terms of the Underwriting Agreement (as defined herein), the Corporation has agreed to pay to the Underwriters a fee equal to 5.0% of the gross proceeds of the Offering (the "**Underwriters' Fee**").

- (2) Before deducting the expenses of the Offering, estimated to be \$210,000, which will be paid from the proceeds of the Offering.
- (3) If the Concurrent Private Placement (as defined herein) is completed, the total net proceeds of the Offering and the Concurrent Private Placement will be \$21,277,500, after deducting the Underwriters' Fee of \$568,750, the Agents' Fee (as defined herein) of \$568,750 and the estimated expenses of the Offering and the Concurrent Private Placement of \$335,000.

Peters & Co. Limited (the "**Lead Underwriter**"), AltaCorp Capital Inc., HSBC Securities (Canada) Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., Raymond James Ltd. and TD Securities Inc. (together with the Lead Underwriter, the "**Underwriters**"), as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by Western and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*".

**The price for the Common Shares offered under this short form prospectus was determined by negotiation between Western and the Lead Underwriter, on behalf of itself and the other Underwriters. The Underwriters may offer the Common Shares at a price lower than that stated above. Notwithstanding any such reduction by the Underwriters in the Offering Price, Western will still receive a price of \$1.25 per Common Share purchased by the Underwriters under the Offering. See "*Plan of Distribution*".**

The Common Shares will be registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee. A purchaser of Common Shares will only receive a customer confirmation from the registered dealer that is a participant in CDS and from or through whom the Common Shares are purchased.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription book at any time without notice. Closing of the Offering (the "**Closing Date**") is expected to occur on or about October 17, 2017, or such other date as Western and the Lead Underwriter may agree but, in any event, not later than 42 days after the date of the receipt for the (final) short form prospectus. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

The Corporation has entered into an agreement (the "**Subscription Agreement**") with Alberta Investment Management Corporation ("**AIMCo**") dated September 21, 2017 pursuant to which it has agreed to issue, and AIMCo has agreed to purchase on a private placement basis, 9,100,000 Common Shares at a price of \$1.25 per Common Share for gross proceeds of \$11,375,000 (the "**Concurrent Private Placement**"). This short form prospectus does not qualify the distribution of the Common Shares to be issued pursuant to the Concurrent Private Placement. Such Common Shares will be subject to a four month statutory hold period. The Underwriters are acting as agents to the Corporation pursuant to an agency agreement with respect to the Concurrent Private Placement and will receive a fee in connection therewith equal to 5% of the gross proceeds of the Concurrent Private Placement (the "**Agents' Fee**"). Completion of the Concurrent Private Placement is subject to a number of conditions including the concurrent closing of the Offering and the Second Lien Facility (as defined herein) and approval of the TSX. Completion of the Offering is conditional on the concurrent closing of the AIMCo Financings. See "*Recent Developments*".

**Each of HSBC Securities (Canada) Inc. and TD Securities Inc. is, directly or indirectly, a subsidiary of a Canadian chartered bank which is a lender to Western. In addition, ATB Financial is a minority shareholder of AltaCorp Capital Inc. and is an affiliate of Alberta Treasury Branches, which is also a lender to the Corporation. Additionally, the Underwriters are acting as agents to the Corporation with respect to the Concurrent Private Placement and will receive the Agents' Fee in connection with the Concurrent Private Placement. The fees payable to these Underwriters may be paid, directly or indirectly, out of the proceeds of the Offering. In addition, Peters & Co. Limited is acting as exclusive financial advisor to the Corporation in connection with the Second Lien Facility and each of the Underwriters will receive a fee in connection with the closing of such financing. Consequently, Western may be considered to be a connected issuer of each of these Underwriters under applicable Canadian securities laws. See "*Relationship Between Western and Certain Underwriters*".**

In the opinion of Blake, Cassels & Graydon LLP, counsel to Western, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters, on the basis of the applicable legislation in effect on the date hereof, and subject to the

qualifications and assumptions discussed under the heading "*Eligibility for Investment*", the Common Shares, on the Closing Date, will be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**") for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered disability savings plan ("**RDSP**"), a registered education savings plan ("**RESP**") and a tax-free savings account ("**TSFA**"). See "*Eligibility for Investment*". **An investment in Common Shares may be subject to certain tax consequences that are not fully described herein. Prospective purchasers are urged to consult their own legal and tax advisors with respect to an investment in Common Shares.**

**An investment in the Common Shares involves risk. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing. See "*Risk Factors*" in this short form prospectus and the risk factors set out under the heading "*Risk Factors*" in the Annual Information Form (as defined herein).**

The head office of Western is located at 1700, 215 – 9<sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 1K3. The registered office of Western is located at 600, 815 – 8<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 3P2.

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## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, General Counsel and Corporate Secretary of Western, at its offices located at 1700, 215 – 9<sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 1K3 (telephone (403) 984-5916). Copies of the documents incorporated herein by reference are also available electronically at [www.sedar.com](http://www.sedar.com).

The following documents of Western, which have been filed with securities commissions or similar authorities in Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this short form prospectus or in any other subsequently filed document that is also incorporated by reference in this short form prospectus:

- (a) the annual information form of the Corporation dated February 22, 2017 for the year ended December 31, 2016 (the "**Annual Information Form**");
- (b) the audited consolidated financial statements of the Corporation as at December 31, 2016 and 2015 and for the years then ended, together with the notes thereto and the auditor's report thereon;
- (c) the management's discussion and analysis of the Corporation for the year ended December 31, 2016 (the "**Annual MD&A**");
- (d) the condensed consolidated financial statements of the Corporation as at June 30, 2017 and for the three and six months ended June 30, 2017 and 2016, together with the notes thereto;
- (e) the management's discussion and analysis of the Corporation for the three and six months ended June 30, 2017 (the "**Interim MD&A**");
- (f) the management information circular and proxy statement of the Corporation dated April 6, 2017 for the annual and special meeting of shareholders of the Corporation held on May 9, 2017 (the "**Information Circular**");
- (g) the material change report of the Corporation dated March 17, 2017; and
- (h) the material change report of the Corporation dated April 7, 2017.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by Western with a securities commission or other similar securities regulatory authority in Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution are deemed to be incorporated by reference in this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference in this short form prospectus shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained in this short form prospectus or in any other subsequently filed document which is also, or is deemed to be, incorporated by reference in this short form prospectus modifies or supersedes such statement. The modifying or superseding statement does not have to state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed to be an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is**

**required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.**

## **MARKETING MATERIALS**

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that is used by the Underwriters in connection with the Offering does not form a part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of any marketing materials that has been, or will be, filed under Western's profile on SEDAR at [www.sedar.com](http://www.sedar.com) before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this short form prospectus.

## **FORWARD-LOOKING INFORMATION**

Certain statements contained in this short form prospectus and the documents incorporated by reference in this short form prospectus constitute forward-looking information and statements within the meaning of applicable Canadian securities laws (collectively, "**forward-looking information**").

In addition to the cautionary statement below, with respect to forward-looking information contained in the documents incorporated by reference in this short form prospectus, purchasers should refer to the cautionary statements under the headings "*Forward-Looking Information*" in the Annual Information Form and "*Forward-Looking Statements*" in the Annual MD&A and the Interim MD&A, as well as to the advisories section of any documents incorporated by reference in this short form prospectus that are filed after the date hereof.

The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "plans", "intends", "might" and similar expressions are intended to identify forward-looking information. In particular, but without limiting the foregoing, this short form prospectus contains forward-looking information pertaining to the following: the ability of Western to complete the Offering, including receiving the necessary regulatory and stock exchange approvals therefor; the anticipated Closing Date; the anticipated manner in which Western will use the proceeds of the Offering as described under "*Use of Proceeds*"; the timing of completion and use of proceeds of the AIMCo Financings; the listing of the Common Shares issuable pursuant to this short form prospectus, the Common Shares issuable pursuant to the Concurrent Private Placement and the Common Shares issuable on exercise of the AIMCo Warrants (as defined herein); the expectation of receiving lender consent; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

Various material factors, expectations and assumptions were used in drawing the conclusions or making the forecasts and projections contained in the forward-looking information throughout this short form prospectus. While Western believes that the expectations and material factors and assumptions reflected in the forward-looking information are reasonable as at the date hereof, there can be no assurance that any of these expectations, factors or assumptions will prove to be correct. In particular, in presenting its forward-looking information, Western has made assumptions respecting, among other things: that all regulatory and stock exchange approvals for the Offering and the Concurrent Private Placement will be received in the manner and on the timelines currently anticipated; that Western will continue to upgrade rigs in a manner consistent with past practice and customer requests; that Western's customers will honour their take-or-pay contracts; that Western will continue to be in a position to deploy its rigs in a manner consistent with past practice; future liquidity, debt levels and capital requirements; future industry conditions and general economic conditions; oil and gas supply and demand conditions in 2017; internal capital expenditure programs and other expenditures by oil and gas exploration and production companies; areas of industry activity and rig demand in such areas; regulatory and legislative conditions; commodity prices, in particular oil and gas; future expected cash flows; foreign currency exchange rates and interest rates; and future performance and operations of joint ventures and partnership arrangements.

The forward-looking information included in this short form prospectus is not a guarantee of future performance and should not be unduly relied upon. Such information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information including, without limitation: (i) volatility in market prices for oil, natural gas and liquefied natural gas; (ii) volatility in exchange rates for the Canadian dollar relative to other world currencies; (iii) liabilities and risks inherent in the drilling industry, including technical problems; (iv) competition for, among other things, capital and skilled personnel; (v) changes in general economic, market and business conditions in Canada and the United States; (vi) actions by governmental or regulatory authorities (both domestic and foreign), including changes in tax laws and the risk of nationalization and expropriation of assets; (vii) the ability for the customers of Western and its subsidiaries to raise capital and to continue with their drilling oil and gas exploration and production programs; (viii) the impact of adverse weather on the operations of Western and its subsidiaries; (ix) political uncertainty and instability in North America and internationally and changes in political leadership in North America and elsewhere; (x) volatility in interest and tax rates; (xi) operating risks inherent in the oilfield service industry; (xii) variations in internal capital expenditure programs and other expenditure programs and other expenditures by oil and gas exploration and production companies; (xiii) volatility in supply and demand for commodities; and (xiv) changes in general economic conditions including the capital and credit markets. The outcome and timing of the Offering and the AIMCo Financings may differ from that currently anticipated by Western and regulatory approvals may not be obtained on the timelines anticipated or at all. While Western intends to use the net proceeds from the Offering in the manner stated herein, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in Western's best interests. Should any one of a number of issues arise, Western may also find it necessary to alter its current business strategy, capital expenditure and/or dividend program.

Western cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. Additional information on these and other factors which could affect Western's operations or financial results are included under the heading "*Risk Factors*" and under the heading "*Risk Factors*" in the Annual Information Form. Additional information may also be found in Western's other reports on file with the Canadian securities regulatory authorities. The forward-looking information contained in this short form prospectus is expressly qualified by this cautionary statement. Neither Western nor any of the Underwriters undertake any obligation to publicly update or revise any forward-looking information except as expressly required by applicable securities laws.

## WESTERN ENERGY SERVICES CORP.

Western is an oilfield service company, with its corporate head office located in Calgary, Alberta. Western's contract drilling segment provides contract drilling services in Canada through Horizon Drilling, a division of Western, from an operations base in Leduc, Alberta, and in the United States through Stoneham Drilling Corporation, a wholly owned subsidiary of Western, from an operations base in Williston, North Dakota. In Canada, the Corporation's production services segment provides well servicing through Eagle Well Servicing, a division of Western Production Services Corp., with operating bases in Red Deer and Grande Prairie, Alberta and Lloydminster and Estevan, Saskatchewan, and oilfield rental equipment services through Aero Rental Services, a division of Western Production Services Corp., a wholly owned subsidiary of Western, which operates out of facilities in Red Deer and Grande Prairie, Alberta and Fort St. John, British Columbia.

Western's drilling rig fleet currently consists of a total of 56 drilling rigs (51 in Canada and five in the United States). Western is currently the fifth largest drilling contractor in Canada based on the number of rigs registered with the Canadian Association of Oilwell Drilling Contractors. The Corporation's drilling rig fleet is specifically suited for the current market, which has moved towards drilling wells of increased complexity and all of Western's rigs are capable of drilling horizontal wells. In total, 57% of Western's drilling rig fleet are Montney and Duvernay class rigs and the remaining 43% are Cardium class rigs. Montney and Duvernay class rigs have higher hookloads compared to Cardium class rigs. Western's fleet of drilling rigs is one of the newest in Canada, and Western's commitment to training employees and developing technology has resulted in Western establishing a strong foothold within Canada.

Eagle Well Servicing, Western's well servicing division, is the sixth largest well servicing contractor in Canada. Eagle Well Servicing owns and operates 66 service rigs consisting of 32 singles, 26 doubles and eight slant service rigs.

Aero Rental Services, Western's oilfield equipment rental division, supplies exploration and production companies, as well as other oilfield service companies, with oilfield rental equipment for hydraulic fracturing services, well completions and production work, coil tubing, and drilling services.

Western's revenue by segment for fiscal 2016 and 2015 is outlined below:

<i>(stated in thousands)</i>	<b>Year Ended December 31, 2016</b>	<b>Year Ended December 31, 2015</b>
Contract Drilling	\$84,054	\$157,879
Production Services	\$40,428	\$69,962

For a detailed description of the business of Western and its subsidiaries, refer to the information provided under the headings "*Corporate Structure*", "*General Development of the Business of the Corporation and its Operating Entities*" and "*Description of the Corporation's Business and Operations*" in the Annual Information Form.

## RECENT DEVELOPMENTS

### Credit Facilities

The Corporation is party to a third amended and restated credit agreement dated April 27, 2016 among the Corporation, as revolving borrower and an operating borrower, Western Production Services Corp., as an operating borrower, HSBC Bank Canada ("**HSBC**") and the other persons party thereto from time to time in their capacity as lenders (the "**First Lien Lenders**"), and HSBC, as administrative agent for the First Lien Lenders (the "**First Lien Agent**"), as amended by a first amending agreement dated July 25, 2016 (as amended, the "**First Lien Credit Agreement**"), which established senior secured credit facilities in favour of the Corporation (collectively, the "**First Lien Facilities**"), including a \$10 million operating facility (the "**Operating Facility**") and a \$50 million syndicated revolving facility (the "**Revolving Facility**"). The First Lien Credit Agreement includes a covenant relief period (the "**Covenant Relief Period**") from January 1, 2016 to December 31, 2017, during which (i) the interest coverage ratio has been waived, and (ii) there are restrictions on exercising an accordion feature whereby an incremental \$50 million of borrowing would become available, and on certain payments made by the Corporation, including

dividends, normal course issuer bid purchases and capital expenditures in excess of Western's approved budget. On September 21, 2017, the Corporation entered into a commitment letter with HSBC (the "**First Lien Commitment Letter**") wherein HSBC provided its commitment and agreed to act as lead arranger for the purpose of (i) increasing the aggregate amount of the Revolving Facility from \$50 million to up to \$70 million and keeping the \$10 million Operating Facility, (ii) extending the maturity date of the First Lien Facilities from December 17, 2018 to December 17, 2020, (iii) eliminating the Covenant Relief Period, and (iv) otherwise amending the First Lien Credit Agreement to contemplate and permit the Second Lien Facility. The closing of the amendments to the First Lien Facilities contemplated by the First Lien Commitment Letter (the "**First Lien Amendments**") is subject to the consent and commitment of the First Lien Lenders (other than HSBC), which consents and commitments are currently being sought. The other material amendments agreed to in the First Lien Commitment Letter include: (i) removing the interest coverage ratio and current ratio financial covenants and adding a new Debt Service Coverage Ratio (as defined herein) financial covenant, which will only be tested if the aggregate principal amount outstanding under the First Lien Facilities at any time during the applicable period (the "**Outstanding Principal**") exceeds \$40 million or the net book value of the Corporation's property, plant and equipment is less than \$500 million, (ii) adding a restriction on making distributions, including dividends, or completing acquisitions if the Consolidated Debt (as defined herein) to Consolidated EBITDA (as defined herein) ratio of 5:1 is exceeded, (iii) limiting the Corporation to drawing a maximum of \$40 million for the purposes of repaying the Senior Notes (as defined herein), and (iv) limiting the requirement for the Corporation to report its borrowing base (or adhere to other provisions in the First Lien Credit Agreement relating to its borrowing base) to calendar months where the Debt Service Coverage Ratio applicable to the current fiscal quarter is less than 2.0:1.0 and either (A) the Outstanding Principal exceeds \$40 million or (B) the net book value of the Corporation's property, plant and equipment is less than \$500 million. The financial covenants to which the Corporation will be subject in the First Lien Credit Agreement following the effectiveness of the First Lien Amendments will be as follows:

<u>Financial Covenant</u>	<u>Required Threshold</u>
Maximum Consolidated Senior Debt to Consolidated EBITDA Ratio <sup>(1)(2)</sup>	3.0:1.0 or less
Maximum Consolidated Debt to Consolidated Capitalization Ratio <sup>(3)(4)</sup>	0.6:1.0 or less
Minimum Debt Service Coverage Ratio <sup>(5)(6)</sup>	For fiscal quarters ending September 30, 2017, December 31, 2017 and March 31, 2018, 1.00:1.00 or more For fiscal quarter ending June 30, 2018, 1.25:1.00 or more For fiscal quarters ending September 30, 2018 and December 31, 2018, 1.50:1.00 or more For fiscal quarter ending March 31, 2019 and each fiscal quarter thereafter, 2.00:1.00 or more

**Notes:**

- (1) Consolidated Senior Debt in the First Lien Credit Agreement, as amended by the First Lien Amendments, will be defined as indebtedness under the Revolving Facility, the Operating Facility and finance leases; reduced by all cash and cash equivalents ("**Consolidated Senior Debt**").
- (2) Consolidated EBITDA in the First Lien Credit Agreement, as amended by the First Lien Amendments, will be defined on a trailing twelve-month basis as consolidated net income (loss), plus interest, provision for income taxes, depreciation and amortization and any other non-cash items or extraordinary gains or non-recurring losses, less earnings on minority interest, gains on sale of property and equipment and any other non-cash items or extraordinary or non-recurring earnings or gains that are included in the calculation of consolidated net income ("**Consolidated EBITDA**").
- (3) Consolidated Debt in the First Lien Credit Agreement, as amended by the First Lien Amendments, will be defined as Consolidated Senior Debt plus (a) outstanding principal of unsecured debt (including non-bank debt issued by the Corporation that is represented by bonds or notes, does not carry an investment grade rating, is unsecured and bears interest at a higher rate as compared to investment grade issues); and (b) the Second Lien Facility ("**Consolidated Debt**").
- (4) Consolidated Capitalization in the First Lien Credit Agreement, as amended by the First Lien Amendments, will be defined as the aggregate of Consolidated Debt and total shareholders' equity as reported on the consolidated balance sheet.
- (5) Debt Service Coverage Ratio in the First Lien Credit Agreement, as amended by the First Lien Amendments, will be defined as, for any period, the ratio of the Corporation's Consolidated EBITDA to the sum of its consolidated interest expenses and scheduled principal payments in respect of its Consolidated Debt, in each case over such period (the "**Debt Service Coverage Ratio**").
- (6) The Debt Service Coverage Ratio is only tested in any fiscal quarter if the Outstanding Principal exceeds \$40 million at any time in such fiscal quarter or the net book value of the Corporation's property, plant and equipment is less than \$500 million.

The closing of the First Lien Amendments is subject to a number of customary conditions including, without limitation, receipt of the commitments and consents of all of the First Lien Lenders. In addition, the closing of the First Lien Amendments is subject to the First Lien Agent and First Lien Lenders having satisfactory evidence that

the Offering and the AIMCo Financings shall have been completed prior to or concurrently with the closing of the First Lien Amendments. See "*Risk Factors*".

### **AIMCo Financings**

On September 21, 2017, the Corporation entered into the Subscription Agreement with AIMCo, pursuant to which the Corporation agreed to issue, and AIMCo agreed to purchase on a private placement basis, 9,100,000 Common Shares at a price of \$1.25 per share for gross proceeds of \$11,375,000. The Underwriters are acting as agents to the Corporation pursuant to an agency agreement with respect to the Concurrent Private Placement and will receive the Agents' Fee in connection therewith equal to 5% of the gross proceeds of the Concurrent Private Placement. This short form prospectus does not qualify the distribution of the Common Shares to be issued pursuant to the Concurrent Private Placement. Such Common Shares will be subject to a four month statutory hold period. Western has applied to list the Common Shares to be issued pursuant to the Concurrent Private Placement on the TSX. Listing will be subject to Western fulfilling all the listing requirements of the TSX.

On September 21, 2017, the Corporation entered into a commitment letter with AIMCo, pursuant to which AIMCo agreed to provide a second lien senior secured credit facility (the "**Second Lien Facility**") and together with the Concurrent Private Placement, the "**AIMCo Financings**") in favour of the Corporation in an aggregate principal amount of up to \$215 million. The Second Lien Facility will mature five years from the Draw Date (as defined herein) and the interest rate under the Second Lien Facility will be 7.25% per annum. The proceeds from the Second Lien Facility will be made available in a single draw to be made no later than February 15, 2018 (the date of such single draw being the "**Draw Date**"), which proceeds are required to be used to partially repay the Senior Notes. See "*Use of Proceeds*". Amortization payments equal to 1% of the principal amount will be payable annually, in equal quarterly installments, beginning on July 1, 2018. In addition to a number of customary conditions to the single draw under the Second Lien Facility, it is a condition precedent to such single draw that, on the date that notice is provided by the Corporation of its intention to make such single draw, there shall be at least \$30 million in undrawn capacity under the First Lien Facilities. Amounts borrowed under the Second Lien Facility that are repaid or prepaid will not be available for reborrowing. The Corporation may not prepay the Second Lien Facility prior to the second anniversary of the Draw Date, except with payment of a make-whole premium. At any time following the second anniversary of the Draw Date and prior to the third anniversary of the Draw Date, the Corporation may prepay the Second Lien Facility at a premium equal to 5% of the principal amount repaid. Thereafter, the Corporation may prepay the Second Lien Facility with no prepayment premium. If a change of control occurs in respect of the Corporation prior to the six month anniversary of the closing of the Second Lien Facility, then the Corporation shall be required to repay in full the amount of all loans outstanding under the Second Lien Facility, together with all accrued and unpaid interest thereon, and a fee of \$6,500,000.

In conjunction with the closing of the Second Lien Facility, the Corporation has agreed to issue to AIMCo, for no additional consideration, 7,099,546 warrants to purchase Common Shares (the "**AIMCo Warrants**"), entitling AIMCo to acquire up to 7,099,546 Common Shares at an exercise price equal to a 45% premium above the volume weighted average closing price of the Common Shares during the five trading days leading up to the issue date of such AIMCo Warrants. The AIMCo Warrants will be exercisable, in whole or in part, at any time for a term of three years. Provided the volume weighted average price of the Common Shares is greater than the exercise price of the AIMCo Warrants for 60 consecutive calendar days (excluding any and all calendar days during which a take-over bid (as such term is defined by National Instrument 62-104 – *Take-Over Bids and Issuer Bids*)) the Corporation will have the option to require AIMCo to exercise all or any portion of the AIMCo Warrants at any time thereafter and from time to time. This short form prospectus does not qualify the distribution of the AIMCo Warrants or the Common Shares to be issued upon exercise thereof. The AIMCo Warrants and Common Shares issuable upon exercise thereof will be subject to a four month statutory hold period. Western has applied to list the Common Shares issuable upon the exercise of the AIMCo Warrants on the TSX. Listing will be subject to Western fulfilling all the listing requirements of the TSX.

Assuming completion of the Offering and the AIMCo Financings, AIMCo will beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 9,100,000 Common Shares (16,199,546 Common Shares if the AIMCo Warrants are exercised in full) representing approximately 10% (approximately 16% if the AIMCo Warrants are exercised in full) of the issued and outstanding Common Shares.

Peters & Co. Limited is acting as exclusive financial advisor to the Corporation in connection with the Second Lien Facility and each of the Underwriters will receive a fee in connection with the closing of such financing. See "*Relationship Between the Corporation and Certain Underwriters*".

The AIMCo Financings are subject to a number of customary conditions including, without limitation, receipt of the approval of the TSX to the issuance of the Common Shares pursuant to the Concurrent Private Placement and the AIMCo Warrants and the consent of the lenders under the Revolving Facility. In addition, the closing of the Offering, the closing of the AIMCo Financings and the closing of the First Lien Amendments are each subject to the condition that the Underwriters, AIMCo and the First Lien Agent and First Lien Lenders, as applicable, shall have satisfactory evidence that each financing shall close concurrently with the others (or that the Offering and the AIMCo Financings shall close prior to the First Lien Amendments). If any of the Offering, the Concurrent Private Placement, the Second Lien Facility or the First Lien Amendments does not close, then none of the Offering, the Concurrent Private Placement, the Second Lien Facility or the First Lien Amendments shall close, unless such condition is waived by the Underwriters, AIMCo or the First Lien Agent and First Lien Lenders, as applicable. See "*Risk Factors*".

### DESCRIPTION OF THE COMMON SHARES

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares.

Western is authorized to issue an unlimited number of Common Shares. As at September 27, 2017, there were 73,974,594 Common Shares issued and outstanding. Holders of Common Shares are entitled to dividends as and when declared by the board of directors of Western (the "**Board**"), to one vote per share at meetings of shareholders and, upon liquidation, to receive such assets of Western as are distributable to the shareholders of Western, subject to the rights of holders of preferred shares having priority over the Common Shares. All of the Common Shares issued and outstanding have been issued as fully paid and non-assessable. See also "*Dividends*" and "*Risk Factors*".

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated share and loan capital of Western as at June 30, 2017, and the pro forma consolidated share and loan capital of Western as at June 30, 2017, after giving effect to the Offering and the AIMCo Financings. Other than as set forth below, there has not been any material change in the share and loan capital of Western on a consolidated basis, since June 30, 2017.

	As at June 30, 2017 (000's except Common Share data)	As at June 30, 2017 after giving effect to the Offering and the AIMCo Financings (000's except Common Share data)
Long-term Debt		
Senior Notes <sup>(1)</sup>	\$265,000	\$265,000 <sup>(7)</sup>
First Lien Facilities <sup>(2)</sup>	\$Nil	\$Nil
Second Lien Facility <sup>(3)</sup>	-	\$Nil
Shareholders' equity <sup>(4)(5)(6)</sup>	\$418,521 (73,798,126 Common Shares)	\$439,798 (91,998,126 Common Shares)

**Notes:**

- (1) Western has \$265.0 million 7% senior unsecured notes (the "**Senior Notes**") outstanding which are due on January 30, 2019. The Senior Notes contain certain early redemption options under which Western has the option to redeem all or a portion of the Senior Notes at various redemption prices, which include the principal amount plus accrued and unpaid interest, if any, to the applicable redemption date. Interest is payable semi-annually on January 30 and July 30. The Senior Notes are unsecured, ranking equal in right of payment to all existing and future unsecured indebtedness, and have been guaranteed by Western's current and future subsidiaries. The indenture governing the Senior Notes contains certain restrictions relating to items such as making restricted payments and incurring additional debt.
- (2) As at June 30, 2017, Western had the Operating Facility and the Revolving Facility. As at June 30, 2017, the First Lien Facilities were undrawn. On September 21, 2017, the Corporation entered into the First Lien Commitment Letter for the purpose of increasing the amount

- of credit available under, extending the maturity date of, and otherwise amending the terms of the First Lien Facilities (which amendments are subject to obtaining the consent and commitments of all other First Lien Lenders). See "*Recent Developments – Credit Facilities*".
- (3) Concurrent with the closing of the Offering and the Concurrent Private Placement, the Corporation intends to enter into the Second Lien Facility. See "*Recent Developments – AIMCo Financings*". Funds under the Second Lien Facility will be made available to Western in a single draw, which is to occur no later than February 15, 2018.
  - (4) Based on the issuance of 9,100,000 Common Shares pursuant to the Offering for aggregate gross proceeds of \$11,375,000 less the Underwriters' Fee of \$568,750 and the estimated expenses of the Offering of \$210,000 and the issuance of 9,100,000 Common Shares pursuant to the Concurrent Private Placement for aggregate gross proceeds of \$11,375,000 less the Agents' Fee of \$568,750 and the estimated expenses of the Concurrent Private Placement of \$125,000 for net proceeds to Western of \$21,277,500. See "*Plan of Distribution*".
  - (5) The Corporation also expects to issue 7,099,546 AIMCo Warrants in connection with the closing of the Second Lien Facility. See "*Recent Developments – AIMCo Financings*" for a description of the AIMCo Warrants.
  - (6) As at June 30, 2017, Western had 6,099,375 stock options issued and outstanding, with a weighted average exercise price of \$6.17. As at June 30, 2017, Western had 411,835 equity settled restricted share units issued and outstanding pursuant to Western's restricted share unit plan.
  - (7) The Corporation intends to use the net proceeds from the Offering and the AIMCo Financings, among other things, to retire the Senior Notes. Western intends to redeem the Senior Notes due on January 30, 2019 no earlier than January 30, 2018, at which time the Senior Notes will be redeemable at par. See "*Use of Proceeds*".

### PRIOR SALES

During the 12-month period prior to the date of this short form prospectus, Western did not sell any Common Shares. The following table summarizes the issuance by Western of securities convertible into Common Shares during the past 12 months.

Date	Securities	Price Per Security (\$)	Number
October 3, 2016	Stock Options	2.22 <sup>(1)</sup>	52,650
October 3, 2016	Restricted Share Units <sup>(2)</sup>	N/A	2,000
January 3, 2017	Stock Options	3.10 <sup>(1)</sup>	118,750
January 3, 2017	Restricted Share Units <sup>(2)</sup>	N/A	6,200
April 3, 2017	Stock Options	2.36 <sup>(1)</sup>	2,100
July 4, 2017	Stock Options	1.75 <sup>(1)</sup>	14,230
August 23, 2017	Stock Options	1.24 <sup>(1)</sup>	1,223,741

**Notes:**

- (1) Represents the exercise price per stock option issued pursuant to Western's stock option plan. See "*Securities Authorized For Issuance Under Equity Compensation Plans*" in the Information Circular.
- (2) Represents restricted share units issued pursuant to Western's restricted share unit plan. See "*Securities Authorized For Issuance Under Equity Compensation Plans*" in the Information Circular.

### PRICE RANGE AND TRADING VOLUME OF COMMON SHARES

The Common Shares are listed and posted for trading on the TSX under the symbol "WRG". The following table sets forth certain trading information in respect of the Common Shares since September 2016, as reported by the TSX.

Month	Low (\$)	High (\$)	Trading Volume
<b>2016</b>			
September	2.16	2.87	3,173,000
October	2.12	2.79	4,692,020
November	1.95	2.50	3,340,277
December	2.35	3.42	8,448,718
<b>2017</b>			
January	2.95	3.52	2,123,184
February	2.59	3.12	1,033,948
March	2.09	2.85	4,683,625
April	1.90	2.45	4,413,795
May	1.90	2.25	2,101,420
June	1.74	2.18	1,735,967

July	1.36	1.79	2,355,486
August	1.19	1.43	3,874,760
September 1-27	1.07	1.48	8,094,447

On September 21, 2017, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$1.33 and on September 27, 2017, the last trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was \$1.37.

### **DIVIDENDS**

The amount and timing of future cash dividends, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions, including, among other things, cash flow from operations generated by Western and its subsidiaries, financial requirements for Western's operations and the execution of its growth strategy, fluctuations in working capital, the timing and amount of capital expenditures, debt service requirements and covenants, statutory liquidity requirements under the *Business Corporations Act* (Alberta) and other factors beyond the control of Western.

On February 25, 2016, the Board suspended the declaration of dividends until further notice. There is no guarantee the Board will declare dividends in the future.

### **USE OF PROCEEDS**

The estimated net proceeds of the Offering to be received by Western, after deducting the estimated expenses of the Offering of \$210,000 and the Underwriters' Fee of \$568,750, will be \$10,596,250. See "*Plan of Distribution*".

The estimated net proceeds of the Concurrent Private Placement, after payment of the expenses of the Concurrent Private Placement estimated to be \$125,000 and the Agents' Fee of \$568,750, will be \$10,681,250.

The Second Lien Facility and the net proceeds of the Offering and the Concurrent Private Placement will be used for the redemption of \$236,277,500 of the Senior Unsecured Notes. See "*Consolidated Capitalization*". The balance of the Senior Notes will be redeemed using funds from a combination of cash on hand and a draw on the First Lien Facility.

The \$265.0 million of Senior Notes are due on January 30, 2019. The Senior Notes contain certain early redemption options under which Western has the option to redeem all or a portion of the Senior Notes at various redemption prices, which include the principal amount plus accrued and unpaid interest, if any, to the applicable redemption date. Interest is payable semi-annually on January 30 and July 30. The indenture governing the Senior Notes contains certain restrictions relating to items such as making restricted payments and incurring additional debt. Western intends to redeem its Senior Notes no earlier than January 30, 2018, at which time the Senior Notes will be redeemable at par.

Subject to the closing of the Offering, the Concurrent Private Placement and the Second Lien Facility, the Corporation believes that no significant event needs to occur for the Corporation to complete the redemption of the Senior Notes no earlier than January 30, 2018.

While Western intends to use the net proceeds of the Offering as stated above, there may be circumstances where, for sound business reasons, actual expenditures may in fact differ. See "*Risk Factors*".

### **PLAN OF DISTRIBUTION**

Subject to the terms and conditions of an underwriting agreement (the "**Underwriting Agreement**") dated effective September 22, 2017, between Western and the Underwriters, Western has agreed to sell to the Underwriters, and the Underwriters have agreed to purchase from Western, as principals, on the Closing Date, a total of 9,100,000 Common Shares at the Offering Price for total consideration of \$11,375,000 payable in cash to Western against delivery of the Common Shares. In connection with the Offering, Western will pay the Underwriters' Fee of

\$0.0625 per Common Share for an aggregate fee of \$568,750. The price of the Common Shares offered hereunder was determined by negotiation between Western and the Lead Underwriter, on behalf of itself and the other Underwriters.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription book at any time without notice. The Closing Date is expected to occur on or about October 17, 2017, or such other date as Western and the Lead Underwriter may agree but, in any event, not later than 42 days after the date of the receipt for the (final) short form prospectus. Under the terms of the Underwriting Agreement, the obligations of the Underwriters may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (i) if there should occur or have been discovered any change, event, fact or circumstance (actual, contemplated or threatened) of the nature referred to in Section 6(a) of the Underwriting Agreement of which, in the sole opinion of the Underwriters (or any one of them), could be expected to have a materially adverse effect on the market price or value or the marketability of the Common Shares offered pursuant to this short form prospectus, the Common Shares issuable under the Concurrent Private Placement, the AIMCo Warrants or the Common Shares issuable thereunder or any other securities of the Corporation; (ii) if there should develop, occur or come into effect or existence any event, action, state, condition (including, without limitation, terrorism or accident) or major financial occurrence of national or international consequence or any law or regulation, which, in the sole opinion of the Underwriters (or any one of them), acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Corporation and its subsidiaries (taken as a whole); or (iii) the Underwriters (or any one of them) shall become aware, whether as a result of their due diligence review or otherwise, of any material fact or material change with respect to the Corporation or of its subsidiaries (in the sole opinion of the Underwriters, or any of them, acting reasonably) which had not been publicly disclosed or disclosed in writing to the Underwriters at or prior to the date of the Underwriting Agreement which, in the sole opinion of the Underwriters (or any one of them), acting reasonably, could be expected to have a significant adverse effect on the value or market price of the Common Shares or any other securities of the Corporation or the investment quality, value, market price or marketability of the Common Shares offered pursuant to this short form prospectus, Common Shares issuable under the Concurrent Private Placement, the AIMCo Warrants or the Common Shares issuable thereunder or any other securities of the Corporation.

If one or more of the Underwriters fails to purchase its allotment of Common Shares, the remaining Underwriter or Underwriters are obligated to purchase the Common Shares not purchased by the Underwriter or Underwriters which fail to purchase. Notwithstanding the foregoing, in the event one or more of the Underwriters who have an obligation to purchase in the aggregate more than 7% of the Common Shares offered under this short form prospectus fail to purchase their allotment of Common Shares, the remaining Underwriter or Underwriters have the right but not the obligation to purchase the Common Shares not purchased by the Underwriter or Underwriters which fail to purchase or the remaining Underwriter or Underwriters have the right to terminate their obligations under the Underwriting Agreement. The Underwriters are, however, obligated to take up and pay for all the Common Shares offered by this short form prospectus if any Common Shares are purchased under the Underwriting Agreement, subject to certain exceptions. Western has agreed to indemnify the Underwriters and their affiliates and their respective directors, officers, employees and agents against certain liabilities.

The Underwriters propose to offer the Common Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Common Shares offered by this short form prospectus at the price specified herein, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price. In the event the Offering Price is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Common Shares is less than the gross proceeds paid by the Underwriters to Western for the Common Shares. Any such reduction will not affect the net proceeds received by Western.

Western has applied to list the Common Shares offered under this short form prospectus on the TSX. Listing will be subject to Western fulfilling all the listing requirements of the TSX.

The Common Shares will be registered in the name of CDS or its nominee. A purchaser of Common Shares will only receive a customer confirmation from the registered dealer that is a participant in CDS and from or through whom the Common Shares are purchased.

Western has been advised by the Underwriters that, in connection with the Offering, the Underwriters may affect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Western has agreed with the Underwriters to not issue any additional Common Shares, preferred shares of the Corporation or securities convertible or exchangeable into Common Shares or preferred shares of the Corporation or agree to become bound to do so, or disclose to the public any intention to do so for a period ending 90 days following the Closing Date without the prior written consent of the Lead Underwriter, on behalf of itself and the other Underwriters, such consent not to be unreasonably withheld. This restriction will not apply to: (i) the Common Shares and AIMCo Warrants to be issued pursuant to the Offering and the AIMCo Financings; (ii) the issuance of share awards eligible to be issued under the Corporation's existing restricted share unit plan; (iii) options to be granted under the Corporation's existing stock option plan; or (iv) satisfy existing instruments already issued as of the Closing Date.

### **RELATIONSHIP BETWEEN WESTERN AND CERTAIN UNDERWRITERS**

Each of HSBC Securities (Canada) Inc. and TD Securities Inc. is, directly or indirectly, a subsidiary of a Canadian chartered bank which is a lender to Western. In addition, ATB Financial is a minority shareholder of AltaCorp Capital Inc. and is an affiliate of Alberta Treasury Branches, which is also a lender to the Corporation. Additionally, the Underwriters are acting as agents to the Corporation with respect to the Concurrent Private Placement and will receive the Agents' Fee in connection with the Concurrent Private Placement. The fees payable to these Underwriters may be paid, directly or indirectly, out of the proceeds of the Offering. Consequently, Western may be considered to be a connected issuer of each of these Underwriters under applicable Canadian securities laws.

As at September 27, 2017, the First Lien Facilities were undrawn. Western is in compliance with all terms of the agreements governing the First Lien Facilities and none of the lenders have waived any breach by Western of such agreements since their execution. Neither the financial position of Western nor the value of the security under the First Lien Facilities has changed substantially since the indebtedness under the First Lien Facilities was incurred, other than in the ordinary course of Western's business.

The decision to distribute the Common Shares offered under this short form prospectus and the determination of the terms of the distribution were made through negotiations between Western and the Lead Underwriter, on behalf of itself and the other Underwriters. The lenders referenced in the paragraph above did not have any involvement in such decision or determination but have been advised of the Offering and its terms. As a consequence of the Offering, AltaCorp Capital Inc., HSBC Securities (Canada) Inc. and TD Securities Inc. will receive their respective share of the Underwriters' Fee.

In addition, Peters & Co. Limited is acting as exclusive financial advisor to the Corporation in connection with the Second Lien Facility and each of the Underwriters will receive a fee in connection with the closing of such financing. Consequently, the Corporation may be considered to be a connected issuer of such Underwriter for the purposes of securities regulations in certain provinces.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, as counsel to Western, and Burnet, Duckworth & Palmer LLP, as counsel to the Underwriters, provided a class of shares of the Corporation is listed on a designated stock exchange as defined in the Tax Act (which currently includes the TSX), the Common Shares, if issued on the date of this Prospectus, would be qualified investments under the Tax Act and the regulations thereunder for trusts governed by RRSPs, RRIFs, TFSA, RDSPs, RESPs and deferred profit sharing plans.

Notwithstanding that the Common Shares may be a qualified investment as described above, the annuitant under an RRSP or RRIF or the holder of a TFSA may be subject to a penalty tax if the Common Shares are a "prohibited investment" for the particular RRSP, RRIF or TFSA, as the case may be. Provided the annuitant of the RRSP or RRIF or the holder of a TFSA, as the case may be, deals at arm's length with and does not have a "significant interest" (within the meaning of the Tax Act) in Western, the Common Shares will not be a prohibited investment

under the Tax Act for such RRSP, RRIF or TFSA. In addition, the Common Shares will not be a "prohibited investment" if the Common Shares are "excluded property" (as defined in the Tax Act for this purpose) for trusts governed by a TFSA, RRSP and RRIF. Pursuant to certain proposed amendments to the Tax Act announced on March 22, 2017, it is proposed that the prohibited investment rules described above (including the rules relating to "excluded property") will be extended to cover trusts governed by RDSPs and RESPs.

Prospective purchasers who intend to hold Common Shares in their RRSPs, RRIFs, TFSAs, RDSPs or RESPs are urged to consult their own tax advisors in this regard.

## **RISK FACTORS**

**In addition to the risk factors set forth below, risk factors relating to Western's business are discussed in the Annual Information Form, the Annual MD&A and the Interim MD&A and may also be discussed in certain other documents incorporated by reference or deemed to be incorporated by reference in this short form prospectus, which risk factors are specifically incorporated by reference in this short form prospectus.** Prospective purchasers of Common Shares should consider carefully the risk factors set forth below, as well as the other information contained in and incorporated by reference in this short form prospectus before purchasing the Common Shares offered hereby. If any event arising from these risks occurs, the Corporation's business, prospects, financial condition, results of operations or cash flows, or an investment in the Common Shares could be materially adversely affected.

### **Risks Related to the Offering**

#### *Failure to Complete the AIMCo Financings and the First Lien Amendments*

Although the Corporation has entered into the Subscription Agreement with AIMCo and the commitment letter providing for the Second Lien Facility, there is no guarantee that all of the conditions to the completion of the Concurrent Private Placement or the Second Lien Facility will be satisfied. Similarly, although the Corporation has entered into the First Lien Commitment Letter with HSBC to provide for the First Lien Amendments, there is no guarantee that the consents and commitments of all other First Lien Lenders (other than HSBC) will be obtained or that all of the conditions to the completion of the First Lien Amendments will be satisfied. The closing of the Offering, the closing of the AIMCo Financings and the closing of the First Lien Amendments are each subject to the condition that the Underwriters, AIMCo and the First Lien Agent and First Lien Lenders shall have satisfactory evidence that each financing shall close concurrently with the other (or that the Offering and the AIMCo Financings shall close prior to the First Lien Amendments). If any of the Offering, the Concurrent Private Placement, the Second Lien Facility or the First Lien Amendments does not close, then none of the Offering, the Concurrent Private Placement, the Second Lien Facility or the First Lien Amendments shall close, unless such condition is waived by the Underwriters, AIMCo or the First Lien Agent and First Lien Lenders, as applicable.

#### *Use of Proceeds*

Western intends to use the net proceeds received from the Offering and the AIMCo Financings to repay certain outstanding indebtedness as described under "Use of Proceeds" in this short form prospectus. Although this allocation is based on the current expectations of Western, there may be circumstances in which, at Western's discretion, a reallocation of funds may be necessary or appropriate if circumstances change or if it is believed it would be in the best interests of Western. In such circumstances, there can be no assurance as to how those funds may be reallocated. The failure by management to apply these funds effectively could adversely affect the business of the Corporation.

#### *Future Issuances of Securities*

Western may issue additional Common Shares, preferred shares or securities convertible into Common Shares, which may dilute existing shareholders, including purchasers of the Common Shares. Western may also issue debt securities that have priority over holders of Common Shares with respect to payment in the event of an insolvency or winding-up of Western. Shareholders will have no pre-emptive rights in connection with any such further issuances.

The Board has the discretion to determine the designation, rights, privileges, restrictions, and conditions attached to any series of preferred shares, the price and terms of any debt securities and the price and terms for any further issuances of Common Shares.

#### *Market Price of Common Shares*

Western cannot predict at what price the Common Shares or other securities issued by Western will trade in the future. Common Shares and other securities of Western will not necessarily trade at values determined solely by reference to the underlying value of Western's assets. In addition, the market price for the Common Shares may be affected by changes in general market conditions, fluctuations in the market for equity or debt securities, failure to meet analysts' expectations, any public announcements made in regard to the Offering, the impact of various tax laws and numerous other factors beyond the control of Western.

#### *Dividends*

The payment of future dividends and the amount thereof is uncertain and is at the sole discretion of the Board. The payment of dividends is dependent upon, among other things, operating cash flow generated by Western and its subsidiaries, financial requirements for Western's operations, the execution of Western's growth strategy and the satisfaction of solvency tests imposed by the *Business Corporations Act* (Alberta) for the declaration and payment of dividends. There can be no guarantee that any dividends will be paid on the Common Shares in the future or, if any dividends are paid, the extent and timing of any such dividends.

### **REGISTRAR AND TRANSFER AGENT OF WESTERN**

The registrar and transfer agent for the Common Shares of Western is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario and Calgary, Alberta.

### **INTERESTS OF EXPERTS**

Certain legal matters relating to the securities offered hereunder will be passed upon by Blake, Cassels & Graydon LLP on behalf of Western and by Burnet, Duckworth & Palmer LLP on behalf of the Underwriters. As of the date of this short form prospectus, the partners and associates of these firms, each as a group, beneficially own, directly or indirectly, less than 1% of the Common Shares of Western.

The auditors of Western are Deloitte LLP, Chartered Professional Accountants of Calgary, Alberta who have confirmed that they are independent of Western within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF WESTERN ENERGY SERVICES CORP.**

Dated: September 28, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada other than Quebec.

By: (signed) "*Alex R.N. MacAusland*"  
Chief Executive Officer

By: (signed) "*Jeffrey K. Bowers*"  
Chief Financial Officer

**On behalf of the Board of Directors of Western Energy Services Corp.**

By: (signed) "*Ronald P. Mathison*"  
Director

By: (signed) "*Lorne A. Gartner*"  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: September 28, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada other than Quebec.

**PETERS & CO. LIMITED**

By: (signed) "*Callum J. Moore*"

**ALTACORP CAPITAL INC.**

By: (signed) "*J. Cameron Bailey*"

**HSBC SECURITIES (CANADA) INC.**

By: (signed) "*Jay Lewis*"

**RBC DOMINION SECURITIES INC.**

By: (signed) "*Andrew MacNiven*"

**CIBC WORLD MARKETS INC.**

By: (signed) "*Chris Folan*"

**RAYMOND JAMES LTD.**

By: (signed) "*Jason Holtby*"

**TD SECURITIES INC.**

By: (signed) "*Scott Barron*"