



**TAX ELECTION FILING PACKAGE**

**For certain former holders of common shares of IROC Energy Services Corp. who received common shares of Western Energy Services Corp. under the**

**ARRANGEMENT OF February 21, 2013 BETWEEN**

**IROC Energy Services Corp.**

**- and -**

**Western Energy Services Corp.**

**- and -**

**The Shareholders of IROC Energy Services Corp.**

**April 23, 2013**

**TO: CERTAIN FORMER HOLDERS OF COMMON SHARES OF IROC ENERGY SERVICES CORP.**

You are receiving this package (the "**Tax Election Package**") because you have completed the appropriate box on the Letter of Transmittal and Election Form you submitted in respect of the Plan of Arrangement among IROC Energy Services Corp. ("**IROC**"), Western Energy Services Corp. ("**Western**"), and the shareholders (the "**IROC Shareholders**") of IROC (the "**Arrangement**"). The Arrangement is described in the Information Circular and Proxy Statement of IROC dated March 20, 2013 (the "**Circular**") sent to IROC Shareholders in connection with the Arrangement. Capitalized terms not defined in this letter have the meanings assigned to them in the Circular.

This Tax Election Filing Package is only addressed to those former IROC Shareholders who exchanged some or all of their IROC Shares for consideration that includes Western Shares pursuant to the Arrangement. Under the Arrangement, an IROC Shareholder was permitted to elect to receive in respect of each IROC Share held by that IROC Shareholder:

- (a) \$3.10 in cash for each IROC Share;
- (b) 0.4063 of a Western Share in exchange for each IROC Share; or
- (c) a combination of \$1.24 cash in exchange for 0.40 of an IROC Share and 0.2438 of a Western Share in exchange for the remaining 0.60 of such IROC Share,

subject to proration in the event that IROC Shareholders elect to receive either cash or Western Shares in excess of certain maximum amounts.

An Eligible IROC Shareholder who has exchanged IROC Shares under the Arrangement and has received Western Shares in whole or in part under the exchange (an "**Exchanging Shareholder**") is entitled to make a joint tax election (the "**Joint Tax Election**") with Western pursuant to subsection 85(1) or 85(2) of the *Income Tax Act* (Canada) (the "**Tax Act**"), as applicable. Filing a Joint Tax Election may allow an Exchanging Shareholder to obtain a full or partial deferral of any gain otherwise arising on the exchange of its IROC Shares for consideration that includes Western Shares under the Arrangement. The procedure for making a Joint Tax Election is set out herein and in the Circular under the heading "*Certain Canadian Federal Income Tax Considerations - IROC Shareholders Resident in Canada - Joint Tax Election*" (the "**Joint Election Procedure**").

**No Joint Tax Election will be made by Western with a former IROC Shareholder who is not an Eligible IROC Shareholder.** For this purpose, an "**Eligible IROC Shareholder**" is a former IROC Shareholder who (a) is not exempt from tax under Part I of the Tax Act, and (b) is either (i) a resident of Canada for the purposes of the Tax Act, or (ii) a partnership that is a Canadian partnership for the purposes of the Tax Act. For the remainder of this Tax Election Package it is assumed that you are an Eligible IROC Shareholder.

**The information provided in this Tax Election Package is of a general nature only. You should consult your own tax advisor with respect to the Joint Tax Election and the Joint Election Procedure.**

This Tax Election Package contains the following with respect to the Joint Tax Election:

- instructions for completing Form T2057, which are cross-referenced for illustrative purposes; and
- two copies of a partially completed Form T2057 that must be completed by an Exchanging Shareholder (other than a partnership) who wants to make the Joint Tax Election.

Extra copies of Form T2057 can be obtained from the Canada Revenue Agency website: <<http://www.cra-arc.gc.ca/formspubs/menu-eng.html>>.

An Exchanging Shareholder that is a partnership wishing to make the Joint Tax Election is required to complete Form T2058 as described below.

#### **PROCEDURE FOR MAKING A JOINT TAX ELECTION**

**The instructions provided herein are of a general nature only and are not intended to be (nor should they be construed to be) legal or tax advice to any particular Exchanging Shareholder concerning the Joint Tax Election or the Joint Election Procedure. Exchanging Shareholders are encouraged to consult their own tax advisors with respect to making a Joint Tax Election.**

To make a Joint Tax Election, an Exchanging Shareholder must provide two signed copies of the applicable tax election forms to Western by July 20, 2013, duly completed and including: (i) the required information concerning the Exchanging Shareholder; (ii) the details and number of the IROC Shares transferred in respect of which the Exchanging Shareholder is making a Joint Tax Election; and (iii) the applicable Elected Amount(s) for such IROC Shares (as described below and in the Circular). The relevant federal tax election forms are Form T2057 for an Exchanging Shareholder that is not a partnership, and, in the event the Exchanging Shareholder is a partnership, Form T2058 (collectively, the "**Election Forms**").

It is an Exchanging Shareholder's responsibility to take the steps required to make a valid Joint Tax Election, which include ensuring that the Elected Amount(s) (as described below and in the Circular) specified in the Joint Tax Election complies with the limitations prescribed in the Tax Act. An Elected Amount which does not comply with such limitations will automatically be adjusted under the Tax Act so that it is in compliance.

Western will assume that any representative that signs an Election Form on behalf of a corporation, trust or estate has been duly authorized to do so and will not take any action to verify the validity of any such authorization. Exchanging Shareholders that are corporations, trusts or estates should consult their own legal advisors in determining whether such authorization has been properly given.

Where a Canadian province or territory requires the filing of a separate provincial or territorial tax election form in order to make a provincial or territorial election having similar effect to the Joint Tax Election, Western will also make any such similar provincial or territorial joint election with an Exchanging Shareholder under the same terms and conditions applicable to the Joint Tax Election. Exchanging Shareholders are entirely responsible for determining whether any such separate provincial or territorial election is applicable in their circumstances and (if so) obtaining, completing and forwarding the relevant forms to Western (at the address listed at the end of this Tax Election Package) for execution by Western on or before July 20, 2013.

Western will execute any properly completed Election Forms (including any applicable provincial or territorial forms) submitted to it by an Exchanging Shareholder in the time and manner specified herein and return an executed original (or originals) to the Exchanging Shareholder within 60 days after the receipt thereof by Western for filing with the Canada Revenue Agency (the "**CRA**") (and any provincial or territorial tax authorities). In its sole discretion, Western may choose to sign and return an Election Form received by it after July 20, 2013, but Western will have no obligation to do so.

In order for the CRA (and where applicable, any provincial and territorial tax authorities) to accept a Joint Tax Election without a late filing penalty being paid by an Exchanging Shareholder, the applicable election form(s) must be received by the CRA (and any applicable provincial or territorial tax authorities) at the appropriate Tax Centre (listed on the CRA's website) on or before the day that is the earliest of the days on or before which either Western or the Exchanging Shareholder is required to file an income tax return for the taxation year that includes the Effective Date.

In the absence of a transaction or event concurrent with or subsequent to the Effective Date but prior to January 1, 2014 that results in a taxation year-end for Western, the taxation year of Western that includes the Effective Date is expected to end on December 31, 2013. **In such circumstances, the Joint Tax Election generally must, in the case of an Exchanging Shareholder who is an individual (other than a trust), be received by the CRA (and any applicable provincial or territorial tax authorities) by April 30, 2014 (being the deadline when such individuals are required to file tax returns for the 2013 taxation year).**

Exchanging Shareholders are urged to consult their own advisors as soon as possible respecting the deadlines applicable to their own particular circumstances. **However, regardless of such deadlines, Election Forms necessary for an Exchanging Shareholder to make a Joint Tax Election must be received by Western in accordance with the procedures set out in this letter on or before July 20, 2013.**

With the exception of Western's obligation to sign and return duly completed Election Forms (and any applicable provincial or territorial election forms) received by it on or before July 20, 2013, Western and its advisors or agents will not be responsible for the proper completion of any Election Forms and will not be responsible or liable for any taxes, interest, penalties, damages or expenses resulting from the failure by an Exchanging Shareholder to properly complete or file an Election Form (or any provincial or territorial election forms) in the form and manner and within the time prescribed by the Tax Act. Accordingly, Exchanging Shareholders should consult with their own tax advisors for specific advice with respect to making the Joint Tax Election (including as to the advisability to the Exchanging Shareholder of recognizing a gain on the disposition of its IROC Shares) and complying with the Joint Election Procedure, having regard to their own particular circumstances.

**Please review the enclosed forms very carefully and consult your tax advisor as to their proper completion, delivery and filing. You are advised to review Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the CRA for information in respect of the Joint Tax Election.**

#### **INSTRUCTIONS FOR COMPLETING PRESCRIBED FORMS FOR THE JOINT TAX ELECTION**

1. Where IROC Shares were co-owned

Where IROC Shares were held in co-ownership and two or more co-owners wish to make the Joint Tax Election, one of the co-owners designated for such purpose (the "**Designated Co-Owner**") should return to Western (at the address listed at the end of this Tax Election Package):

- (a) a written designation signed by each co-owner, authorizing the Designated Co-Owner to execute and file the election on behalf of that co-owner;
- (b) two copies of Form T2057 (and the relevant election form(s) for any applicable provincial or territorial election similar to the Joint Tax Election) for each co-owner signed by the Designated Co-Owner; and
- (c) a list containing the names, addresses and social insurance numbers or tax account numbers of each electing co-owner.

2. Where the IROC Shares are held by a partnership

Where the IROC Shares were held as partnership property and all members of the partnership wish to make the Joint Tax Election, a partner designated by the partnership (the "**Designated Partner**") must return to Western (at the address listed at the end of this Tax Election Package):

- (a) a written designation signed by each partner, authorizing the Designated Partner to execute and file the election (partnerships may have their own form of authorization);
- (b) two copies of Form T2058 (and the relevant election form(s) for any applicable provincial or territorial election similar to the Joint Tax Election) executed by the Designated Partner on behalf of all members of the partnership; and
- (c) a list containing the name, address, and social insurance number or tax account number of each partner.

The Form T2058 can be obtained on the CRA's website at <<http://www.cra-arc.gc.ca/formspubs/menu-eng.html>>. Exchanging Shareholders completing Form T2058 may generally refer to the instructions detailed below regarding Form T2057. However, there may be some differences in the information that is required and the order of presentation of such information.

3. Completion of Form T2057 (For Exchanging Shareholders that are not partnerships)

This package includes two copies of a partially completed Form T2057 (the "**Prepared Forms**") to be completed and executed by the Exchanging Shareholder and returned to Western (at the address listed at the end of this Tax Election Package). **The Prepared Forms are only partially completed by Western and Exchanging Shareholders are required to fill in certain important information on these forms.** As described above, any Election Forms duly completed by an Exchanging Shareholder will be executed by Western and returned to the Exchanging Shareholder for filing with the CRA.

The instructions set forth below have been cross-referenced to the specific pages of the Prepared Forms. Exchanging Shareholders are encouraged to refer to the instructions below when completing the Prepared Forms. Note that the instructions set out below DO NOT apply to an Exchanging Shareholder that is a partnership.

**T2057 - Page 1**

Insert your name, complete address, postal code, social insurance number or business number and relevant taxation year in the applicable fields on page 1. (For most individuals, the taxation year will be January 1, 2013 - December 31, 2013). Indicate the Tax Services Office which normally serves you. This is determined by the geographical area in which you reside or have your place of business. The location of all Tax Service Offices in Canada can be found on the CRA's website.

<b>Name of taxpayer (transferor) (print)</b>					<b>Social insurance number or Business Number</b>			
<b>Address</b>					<b>Postal code</b>			
<b>Tax year of taxpayer for the period from</b>	<b>Year</b>	<b>Month</b>	<b>Day</b>	<b>to</b>	<b>Year</b>	<b>Month</b>	<b>Day</b>	<b>Tax services office</b>

Complete the information in the following box if you held your IROC Shares in co-ownership; otherwise, enter "N/A".

<b>Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print)</b>		<b>Social insurance number</b>	
<b>Address</b>		<b>Postal code</b>	<b>Tax services office</b>

Western has partially completed the next section as follows:

<b>Name of corporation (transferee) (print)</b>					<b>Business Number</b>			
Western Energy Services Corp.					86058 1826			
<b>Address</b>					<b>Postal code</b>			
#1700, 215 – 9th Avenue SW, Calgary, AB					T2P 1K3			
<b>Tax year of taxpayer for the period from</b>	<b>Year</b>	<b>Month</b>	<b>Day</b>	<b>to</b>	<b>Year</b>	<b>Month</b>	<b>Day</b>	<b>Tax services office</b>
	2013	01	01		2013	12	31	Calgary
<b>Name of person to contact for additional information</b>					<b>Area code</b>	<b>Telephone number</b>		
Donna Mah					403	984 - 5698		

The section titled "Penalty for Late-Filed and Amended Elections" will only apply if you file your election form late.

*[Instructions continued on next page]*

**T2057 - Page 2**

Western has completed the answers to the first five questions of this section as follows:

1 - Is there a written agreement relating to the transfer? .....	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2 - Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details) .....	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
3 - Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? .....	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
4 - Does a non-arm's length rollover exist between 2 or more corporations? .....	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
a) Have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the corporation? .....	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
5 - Is the taxpayer a non-resident of Canada? .....	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Question 6 has been marked "Yes" on the assumption that you held your IROC Shares as capital property. If you did not hold your IROC Shares as capital property, or if you have any doubt as to whether or not you held your IROC Shares as capital property, you should NOT complete the Prepared Form as so marked and should consult with your own tax advisor. **The balance of these instructions assume that you hold your IROC Shares as capital property.**

6. Are any of the properties transferred capital properties? .....	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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We are not aware of any facts that would suggest that the responses to questions 6(a), 6(c), 7 and 8 on page 2 of the Election Form should be "Yes". As such, the responses to those questions have been marked "No".

Question 6(b) has been left blank for you to fill in. If any of your IROC Shares were acquired in a non-arm's length transaction, insert an "x" in the "Yes" box. If all of your IROC Shares were acquired in arm's length transactions, insert an "x" in the "No" box. You are urged to consult your own tax advisor if you have any questions as to whether or not the transaction(s) pursuant to which you acquired your IROC Shares are considered to be at arm's length.

a) have they been owned continuously since Valuation-Day (V-Day - Dec 31,1971)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b) have they been acquired after V-Day in a transaction considered not to be at arm's length?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends with respect to the shares transferred?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
7. Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
a) If yes, does a formal documented V-Day value report exist?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Has an election under subsection 26(7) of the Income Tax Act Application Rules (Form T2076) been filed by or on behalf of the taxpayer?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Because IROC is not a private corporation for the purposes of the Tax Act, leave the final part of the section blank as follows.

Name of corporation (print)	Business Number	Paid-up capital of shares transferred
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Insert in field referenced [1] below the aggregate number of Western Shares that you received in exchange for the IROC Shares in respect of which you are making a Joint Tax Election.

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable?
[1]	Common	N/A	As determined under s. 85(2.1)	Voting	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**T2057 - Page 3**

The section at the top of Page 3 has been completed by Western with the Effective Date.

Date of sale or transfer of all properties listed below:	Year	Month	Day	Note: For properties sold or transferred on different dates, use separate T2057s.
	2013	04	22	

Complete the information in each column of the following section (within the area designated by the sidebar title "Capital Property Excluding Depreciable Property") according to the instructions referenced below.

Property Disposed of			Agreed Amount (cannot be zero)	Amount to be reported (If greater than 0 see Note 4)	Consideration Received		
Description	Elected Amount Limits				Non-share	Share	Fair Market Value of Total Consideration
	Fair Market Value	A					
		B	B - A				
[2] common shares of IROC Energy Services Corp.	\$ [3]	\$ [4]	\$ [5]	\$ [6]	[7]	[8] common shares of Western Energy Services Corp.	\$ [9]

[2] Enter the number of IROC Shares you exchanged pursuant to the Arrangement and in respect of which you are making the Joint Tax Election. For example, if you exchanged 10,000 IROC Shares and you are making the Joint Tax Election in respect of all 10,000 shares, enter "10,000 common shares of IROC Energy Services Corp."

[3] Enter the aggregate fair market value at the Effective Date of the IROC Shares identified in field [2]. The amount inserted in this field [3] should be equal to the amount that is inserted in field [9], which is the aggregate value of the Western Shares and cash consideration (if any) received under the Arrangement.



- [4]** Enter the total adjusted cost base for tax purposes of the IROC Shares identified in field **[2]**. You are urged to consult your own tax advisor with respect to the determination of the adjusted cost base of your IROC Shares.
- [5]** Insert the Elected Amount, which, subject to certain limitations contained in the Tax Act, described below, will be treated as the proceeds of disposition of your IROC Shares identified in field **[2]**. In accordance with the limitations contained in the Tax Act in respect of Elected Amounts, an Elected Amount may not:
- (a) be less than the amount of any cash consideration received;
  - (b) be less than the lesser of (i) the adjusted cost base to you of the IROC Shares in respect of which a Joint Tax Election is made, determined immediately before the Effective Time (such amount is identified in field **[4]**), and (ii) the fair market value of the IROC Shares at that time (identified in field **[3]**); or
  - (c) exceed the fair market value of the IROC Shares identified in field **[3]**.

If the Elected Amount is greater or less than the permissible maximum or minimum amount under the Tax Act, the Elected Amount is deemed under the Tax Act to be such permissible maximum or minimum.

- [6]** Insert the difference which results from subtracting the amount in the field referenced **[4]** from the amount in the field referenced **[5]**, and fill in the result in this box. This difference is the capital gain (if any) in respect of those IROC Shares identified in field **[2]** that must generally be reported on your income tax return for your taxation year that includes the Effective Date.
- [7]** Insert in this field the aggregate amount of cash consideration that you received (if any) in exchange for the IROC Shares you have identified in field **[2]**.
- [8]** Insert in this field the number of Western Shares that you received in exchange for the IROC Shares you have identified in field **[2]**.
- [9]** Insert in this field the aggregate fair market value of the cash consideration and Western Shares you received in exchange for the IROC Shares you have identified in field **[2]**. This amount should equal the amount inserted in field **[3]**.

You may rely on the closing price of the Western Shares on the TSX on the date the Arrangement became effective to determine the fair market value of the Western Shares, if any, received on the exchange of IROC Shares.

**Election and Certification:**

The last box on page 3 should be completed as indicated:

<b>Election and Certification</b>		
The taxpayer and corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.		
_____ <b>[10]</b> _____	and	_____ <b>[11]</b> _____
Signature of Transferor of Authorized Officer or Authorized Person		Signature of Authorized Officer of Transferee
		_____ <b>[12]</b> _____ Date
* Attain a copy of an authorizing agreement		

**[10]** You (or your authorized representative if you are not an individual) should sign on this line.

**[11] Leave this line blank.** Provided that you send the properly completed and executed election forms to Western (at the address listed below) within the time limits described above, an authorized officer of Western will sign on this line.

**[12] Leave this line blank.** The appropriate date will be inserted by the authorized officer of Western at the time Western executes your election forms.

**ADDRESS FOR DELIVERY**

Please properly complete, sign and send two (2) originals of the Election Form and any other required documents so that they are received by Western at the address below by no later than July 20, 2013.

**Western Energy Services Corp.  
#1700, 215 – 9th Avenue SW,  
Calgary, AB T2P 1K3  
Attention: Donna Mah**