



PRESS RELEASE

DIVERGENT Energy Services Announces Release of Q3 2018 Interim Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – November 27, 2018. **DIVERGENT Energy Services Corp. (“Divergent” or the “Corporation”)** has released its financial results for the three and nine month periods ended September 30, 2018 and provides the following highlights.

FINANCIAL AND OPERATING HIGHLIGHTS

For the three and nine month period ended September 30, 2018 the Corporation recorded Adjusted EBITDAs of (\$129) and \$86 respectively as compared to (\$939) and (\$2,025) respectively in the same periods of 2017. Gross profits increased in Q3 2018 from Q2 2018 despite lower revenues, and G&A has remained within expectations.

Select Financial Information for the three and nine month periods ending September 30, 2018 is summarized as follows:

RESULTS OF OPERATIONS
Select Financial Information

(Unaudited)

Statement of Loss (summarized)

	Three months ended September 30,		Nine months ended September 30,	
In United States Dollars, (000's)	2018	2017	2018	2017
Revenue	\$1,659	\$1,778	\$5,610	\$6,081
Cost of sales	1,088	1,282	3,838	4,336
Gross profit	571	496	1,772	1,745
General and administrative expenses	674	654	2,029	2,153
Stock based compensation	19	38	71	149
	(693)	(692)	(2,100)	(2,302)
Results from operating activities	(\$122)	(\$196)	(\$328)	(\$557)

Net loss	(\$380)	(\$1,131)	(\$804)	(\$2,736)
Adjusted EBITDA	(\$129)	(\$939)	\$86	(\$2,025)
Net loss per share continuing operations – Basic	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

Statement of Financial Position (summarized):

In United States Dollars, (000`s)

September 30, 2018

December 31, 2017

ASSETS

Current assets	\$2,706	\$2,797
Long-term assets	392	435
	\$3,098	\$3,232

Liabilities

Current liabilities	\$5,069	\$4,541
Long-term liabilities	4,011	4,580
	9,080	9,121
Shareholders' deficiency	(5,982)	(5,889)
Liabilities and shareholders' deficiency	\$3,098	\$3,232

Working capital ratio	0.53	0.62
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The Corporation's complete set of September 30, 2018 financial statements and corresponding management's discussion and analysis have been filed on the SEDAR website at www.sedar.com and are also available on the Corporation's website at www.divergentenergyservices.com.

OUTLOOK

ONGOING OPERATIONS

The outlook for the remainder of 2018 and into 2019 includes a stable level of activity from the existing customer base that produces coal bed methane from the Powder River Basin (“PRB”) and an increase in sales from oil producing clients in the PRB. Growth in the oil side of the business is directly linked to the amount of inventory kept on hand. We are gradually increasing the number of available sizes of motors and pumps, working diligently within our means as these items have long delivery times and the vendors require payment in advance. Historic data indicates that the amount of inventory required to hit a revenue target is roughly one-third of that revenue target (in dollars). We are also working with a number of private pump companies in the United States (that face similar inventory restrictions) to access each other’s surplus inventory. Over time, most pump companies accumulate some amount of surplus equipment as clients’ needs change, and the ability to share this surplus with other companies can mutually increase sales and generates cash flow.

PRODUCT DEVELOPMENT

The challenges faced in getting Linear Pumps installed is a reflection of the state of the industry, the record-setting discounts on Canadian oil, and the risk aversion within the Canadian oil producers. Divergent remains committed to the technology, however the headwinds in the Canadian energy industry are revealing an ever increasing difficulty in getting clients to approve an install. Management is shifting its focus to the United States and is pursuing opportunities in the Southern USA.

The next round of testing will be focused on delivering results of extending operating time and proving out the cost reduction benefits of the pump:

- Reduced power consumption using a high efficiency electromagnetic motor vs surface lifting equipment (pump jack). Data from the 2016 and 2017 tests have been analyzed and calculations indicate potential savings of up to 33%.
- Operating cost reductions through reduced service rig interventions to repair worn and broken sucker rods.
- Capital cost reductions through reduced tubing wear caused by the reciprocating motion of the sucker rods.
- Increased production rates when installed lower in the well - a challenging installation for conventional rod pumps. The linear pump can be installed vertically, slant, or horizontal which allows for the pump to be placed lower in the well. The deeper a pump is installed, the lower the fluid level can be drawn down resulting in increased oil production.
- Reduced environmental impact with the elimination of surface lifting equipment.
- Lower carbon footprint with the reduction of steel used.

As previously stated in the Q2 2018 Outlook, there has been a change in overseas suppliers which is not expected to hinder any upcoming installation. The new supplier will be focused on being able to produce a fifth-generation motor complete with a sensor package to automate pump rates and maximize wellbore performance. Prior to entering into any agreement with Divergent, the supplier has indicated they would like to conduct a test of the newest motor design for a period of several months in order to validate their product. After the test period the parties will meet and discuss the nature and structure of any agreement for Divergent to commercialize the product in North America.

STRATEGY TO MOVE FORWARD

The Corporation recognizes that the above noted challenges with testing the Linear Pump may be prolonged and therefore steps must be taken to deliver value within the products and services that are within our control.

Key Strategies:

- Position the company to take advantage of the near term upswing in PRB activity.
- Explore synergies with other companies to leverage products and services together to increase sales.
- Seek opportunities to expand into other basins of high activity.

ABOUT DIVERGENT ENERGY SERVICES CORP.

Headquartered in Calgary, Alberta, DIVERGENT Energy Services Corp. provides an array of Artificial Lift products and services that are used in the oil and gas industry. Products include Electromagnetic Pumps, Electric Submersible Pumps, and Electric Submersible Progressing Cavity Pumps.

For Further Information regarding this news release contact: Ken Berg, President and Chief Executive Officer; or Scott Hamilton, Chief Financial Officer.

DIVERGENT Energy Services Corp., 1500, 715 – 5th Ave SW, Calgary, AB T2P 2X6, (403) 543-0060, (403) 543-0069 (fax), www.divergentenergyservices.com

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This press release contains forward-looking statements, including, without limitation, statements pertaining to operational updates. All statements included herein, other than statements of historical fact, are forward-looking information and such information involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. A description of assumptions used to develop such forward-looking information and a description of risk factors that may cause actual results to differ materially from forward-looking information can be found in the Corporation's disclosure documents on the SEDAR website at www.sedar.com. Forward-looking statements are based on estimates and opinions of management of the Corporation at the time the information is presented. The Corporation may, as considered necessary in the

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