



## PRESS RELEASE

### **DIVERGENT Energy Services Corp. Announces Corporate Updates**

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – October 23, 2019. **DIVERGENT Energy Services Corp. ("DIVERGENT" or the "Company")** announces the following updates.

#### **FILING OF FINANCIAL STATEMENTS AND RESUMPTION OF TRADING**

The Company advises that we underestimated the time required to work with our auditors to address certain historical accounting issues relating to the Company's discontinued Mexican operations. We are diligently working with the auditors to ensure the financial accounting and note disclosures are comprehensive and appropriate as it relates to elimination of Mexico tax obligations and correction of non-cash foreign exchange translations.

Following completion of the 2018 audit, the Company will file its audited annual financial statements for the year ended December 31, 2018 and the interim financial statements for the three months ended March 31, 2019 and the six months ended June 30, 2019, (collectively, the "**Filings**"), as well as the related management's discussion and analysis and certificates of its CEO and CFO for each period. The quarterly filings were not made prior to their deadlines of April 30, 2019, May 30, 2019, and August 29, 2019, respectively.

Once the Filings are made, the Company will file its application to have the Failure to File Cease Trade Order revoked.

As a result of the ongoing cease trade order ("CTO") issued by the Alberta and British Columbia Securities Commissions, the Corporation is unable to issue shares in lieu of cash for the debenture interest due for the periods ending June 30, 2019 and September 30, 2019. The Corporation has sought waivers from the debenture holders to approve a delay of up to November 15, 2019 for the June and September interest payments of shares in lieu of cash.

#### **CONTINUING OPERATIONS**

The Electrical Submersible Pump ("ESP") operation in Gillette, Wyoming is comprised of two distinct businesses for the Company.

Coal Bed Methane ("CBM") – in late 2017 the Company announced it entered into a three-year contract with the single largest CBM producer in the Powder River Basin. The producer is focused on maintaining gas production in a mature asset base. Although the Company does not expect a volume increase in this business, we have recently concluded negotiations for a 13% price increase and we do expect the business level to remain stable.

Oil wells – activity levels in the ESP sector across the USA continue to be high, with demand generally outstripping supply. The recent slowdown in drilling activity has not resulted in a reduction in activity for ESP services because the sector predominantly works on existing wells. The Company continues to focus on work in the oil sector in an effort to diversify its product offering and expand its customer base. We are encouraged by our early opportunities and are currently evaluating ways to increase our market share.

**PRODUCT DEVELOPMENT**

Prior to the end of 2018, all Linear Pump assets were shipped to the United States. On June 6, 2019, one system was installed in a test well facility in the southern US. The pump was successfully started and operated as expected. There were some changes to the computer code that were unexpected and are required in order to monitor and operate the pump 24 hours per day in an indoor environment. These changes are expected to take some time and incur costs, and while the Linear Pump remains a strong part of our vision for the future, the current focus is to direct our resources to the existing opportunities on the conventional side of our business.

**ABOUT DIVERGENT ENERGY SERVICES CORP.**

Headquartered in Calgary, Alberta, DIVERGENT Energy Services Corp. provides cost effective, innovative technologies and solutions for submersible pumping to benefit our stakeholders. DIVERGENT is committed to increasing client's production while reducing operating costs and carbon footprint. Our 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.

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*This press release contains forward-looking statements, including, without limitation, statements pertaining to filing outstanding financial statements, areas of focus for continuing operations and the status of the development of the Linear Pump. 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](http://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 circumstances, update or revise such forward-looking statements, whether as a result of new information, future events or otherwise, but the Corporation undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.*

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