



PRESS RELEASE

DIVERGENT Energy Services Announces the Release of 2019 Interim Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – January 2, 2020. **DIVERGENT Energy Services Corp.** (“Divergent” or the “Company”) announces the release of its financial results for the interim periods ending March 31, 2019, June 30, 2019 and September 30, 2019 and provides the following highlights from the interim period ending September 30, 2019.

FINANCIAL AND OPERATING HIGHLIGHTS

The third quarter of 2019 generated positive cashflow and positive EBITDA. Revenue increased 37% over Q3 2018 partly due to new revenue in Colorado as we continue to diversify our revenue base with oil-focused clients. Throughout all three quarters of 2019 we continued to see increases in costs throughout our supply chain that we had been unable to pass on to our largest client until the contract was successfully renegotiated with a 13% increase effective October 1, 2019.

Select Financial Information for the three and nine-month periods ending September 30, 2019 can be summarized as follows:

RESULTS OF OPERATIONS

Select Financial Information (Unaudited)

Statement of Net Income and Loss (summarized)

	Three months ended September 30,		Nine months ended September 30,	
In United States Dollars, (000's)	2019	2018	2019	2018
Revenue	\$2,268	\$1,659	\$5,904	\$5,610
Cost of sales	1,742	1,088	4,424	3,838
Gross profit	526	571	1,480	1,772
General and administrative expenses	531	674	1,736	2,029
Stock based compensation	6	19	31	71
	(537)	(693)	(1,767)	(2,100)

Results from operating activities	(\$11)	(\$122)	(\$287)	(\$328)
Net income (loss)	\$14	(\$1,226)	(\$1,227)	\$930
Adjusted EBITDA	\$208	(\$1,069)	(\$646)	\$180
Net income (loss) per share	\$0.00	(\$0.01)	(\$0.01)	\$0.01

Statement of Financial Position (summarized):

In United States Dollars, (000`s) **September 30, 2019** **December 31, 2018**

ASSETS

Current assets	\$3,707	\$2,272
Long-term assets	1,278	529
	\$4,985	\$2,801

Liabilities

Current liabilities	\$9,911	\$3,400
Long-term liabilities	387	3,947
	10,298	7,347

Shareholders' deficiency	(5,313)	(4,546)
Liabilities and shareholders' deficiency	\$4,985	\$2,801

Working capital ratio	0.37	0.67
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The Company's complete set of September 30, 2019 consolidated 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 Company's website at www.divergentenergyservices.com.

OUTLOOK

Corporate

The Company's top priority is to address all of the issues with the Alberta Securities Commission ("**ASC**") to allow for the removal of the cease trade order issued by the ASC on May 6, 2019 and corresponding trading halt by the TSX Venture Exchange. Removal of the Cease Trade Order ("**CTO**") and trading halt can only take place following the filing with the securities commissions and the TSX Venture Exchange of the 2018 Annual Financial Statements and the Q1, Q2 and Q3 2019 interim financial statements and management's discussion & analysis. The Company will engage fully with the ASC following these filings and address any concerns that would impact the timely removal of the CTO.

The Company was successful in receiving a waiver from its debenture holders covering all outstanding interest due and payable, including interest that has become due and payable on December 31, 2019. Immediately following the removal of the CTO and trading halt, the Company plans to pay the outstanding unpaid liability for interest expense on its debentures by way of issuing common shares of the Company (as permitted by the Indenture).

Accordingly, the Company is currently compliant with the provisions of the debenture indenture.

Operations

Activity levels across the USA continue to be high, with demand for artificial lift services generally outstripping supply. The recent slowdown in drilling activity has not resulted in a reduction in demand for Electric Submersible Pump products because the sector predominantly works on existing wells. The Company is focused on expanding its customer base across Wyoming and Colorado, both of which have favorable market conditions. We are encouraged by our early opportunities and we are currently evaluating ways to grow the Company, meet demand, and increase market share.

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 ("**PRB**"). 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.

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.

Strategy to Move Forward

The Company recognizes that the change of scope in testing the Linear Pump may be prolonged and therefor 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.

The Company's vision is to be a premier supplier of submersible pumping products that increase production while reducing costs and carbon footprint. Divergent's Technical Advisory Committee continues to evaluate emerging artificial lift technologies that will differentiate Divergent within a competitive and growing market.

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: Ken Berg, President and Chief Executive Officer; or Scott Hamilton, Chief Financial Officer.

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FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements, including, without limitation, statements pertaining to the Company's expectations regarding the revocation of the CTO and trading halt, anticipated future operational activity levels, and expansion opportunities. 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 Company's disclosure documents on the SEDAR website at www.sedar.com. Forward-looking statements are based on estimates and opinions of management of the Company at the time the information is presented. The Company 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 Company undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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