



PRESS RELEASE

DIVERGENT Energy Services Announces the Release of Q1 2020 Financial Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – May 26, 2020. **DIVERGENT Energy Services Corp.** (“Divergent”, the “Company”, or “DVG”) announces the release of its financial results for the three months ended March 31, 2020.

HIGHLIGHTS FOR THE QUARTER

- Revenues of \$1,764 which were consistent with Q1 2019.
- Revenues from oil producing clients increased 52% over Q1 2019 as the Company continues to execute on diversifying its client base outside of coalbed methane producers.
- Changes to the Board of Directors included the addition of Geoff Bury, the appointment of Cam Barton as Executive Chairman, and Ken Bagan stepping down as Chairman into the role of Lead Director.
- The Company appointed Lance Mierendorf as its Interim CFO.

INDUSTRY OUTLOOK

The downturn in the oil markets that resulted from recent OPEC actions and the COVID-19 pandemic is expected to significantly reduce oil well submersible pump sales across North America in 2020. The natural gas markets have seen recent signs of improvement in the price of gas and the Company is expecting pump sales on a limited basis in the immediate term. The amount of work available for the remainder of the year is dependant on the price of gas and the average lifting costs for each client.

FINANCIAL AND OPERATING HIGHLIGHTS – THREE MONTHS ENDED MARCH 31, 2020

Select Financial Information for the three month period ended March 31, 2020 have been summarized below. Tables contain first quarter results for 2020 and 2019. Refer to the Company’s unaudited condensed consolidated financial statements and related management’s discussion and analysis (“MD&A”) for a full description.

(All figures in ‘000’s of US dollars except number of shares and per share data, unless otherwise stated)

Unaudited Condensed Consolidated Statements of Net Loss and Comprehensive Loss

	Three months ended March 31,	
	2020	2019
Revenue	\$1,764	\$1,765

Cost of sales	(1,405)	(1,250)
Provision for slow moving inventory	(195)	-
Gross profit	164	515
General and administration	(623)	(364)
Depreciation and amortization	(90)	(54)
Stock based compensation	(6)	(17)
Results from operating activities	(555)	80
Product development expense	-	(1)
Finance income (expense)	747	(466)
Net income (loss)	192	(387)
Other comprehensive (loss) income being foreign exchange (losses) gains	(505)	236
Total comprehensive loss for the period	(\$313)	(\$151)
Income (loss) per share		
Net income (loss) – basic and dilutive	\$0.00	(\$0.00)

Unaudited Condensed Consolidated Statements of Financial Position

	March 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$191	\$249
Prepaid expenses, deposits and advances	22	23
Trade receivables	\$1,522	1,652
Inventories	649	631
	2,384	2,555
Non-current assets		
Right-of-use assets	379	488
Property and equipment	226	251
Total Assets	\$2,989	\$3,294
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$5,326	\$4,897
Current portion of lease obligations	210	270
Related party loans	14	92

Interest payable	424	346
	<u>5,974</u>	<u>5,605</u>
Non-current liabilities		
Lease obligations	162	210
Debentures	3,815	4,134
Total Liabilities	<u>\$9,951</u>	<u>\$9,949</u>
SHAREHOLDERS' DEFICIT		
Share capital	\$17,927	\$17,927
Contributed surplus	5,796	5,790
Warrants	141	141
Accumulated other comprehensive loss	(1,641)	(1,136)
Accumulated deficit	<u>(29,185)</u>	<u>(29,377)</u>
Total Shareholders' Deficit	<u>(6,962)</u>	<u>(6,655)</u>
Total Liabilities and Shareholders' Deficit	<u>\$2,989</u>	<u>\$3,294</u>

The Company's complete set of March 31, 2020 quarter end filings have been filed on the SEDAR website at www.sedar.com and are also available on the Company's website at www.divergentenergyservices.com.

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For Further Information:

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ABOUT DIVERGENT ENERGY SERVICES CORP.

Headquartered in Calgary, Alberta, Divergent provides Artificial Lift products and services that are used in the oil and gas industry. Product lines including Electric Submersible Pumps, Electric Submersible Progressing Cavity Pumps, and the future development of an Electromagnetic Pump technology.

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FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements, including, without limitation, statements pertaining to anticipated future operational activity levels of Divergent and of a majority of its customers, and statements pertaining to interest payments on the Company's debentures. . All statements included herein, other than statements of historical fact, are forward-looking information and such information involves various risks and uncertainties, including: the risk that the anticipated slowdown in sales and service of submersible pumps by Divergent's customers lasts longer than expected or impacts Divergent's revenues more severely than expected, the risk that the COVID-19 pandemic and the low oil and gas price environment cause additional negative effects on Divergent's business, the risk that the suspension of trading of the Company's common shares by the TSXV cannot be lifted in a timely manner or at all, and the risk that the Company cannot remedy the outstanding interest payments under the terms of its debenture indenture in a timely manner or at all. 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, including expectations provided to Divergent by its customers. 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.

This press release contains financial outlook information ("FOFI") about prospective revenue reductions, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date hereof and was provided for the purpose of providing an update regarding an anticipated material reduction in near-term revenue. Divergent disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

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