

PRESS RELEASE

**DIVERGENT Energy Services Announces the Release of Q2 2020 Financial Results**

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – August 14, 2020. **DIVERGENT Energy Services Corp.** ("**Divergent**", the "**Company**", or "**DVG**") announces the release of its interim financial results for the three and six months ended June 30, 2020. All amounts are in thousands ('000's) of United States Dollars, unless otherwise noted.

**HIGHLIGHTS FOR THE QUARTER**

- Revenues of \$378 compared to revenues of \$1,881 during Q2 2019.
- Net loss of \$866 compared to a net loss of \$535 during Q2 2019.
- The Company accessed \$253 of government assistance to funds payroll, rent and other qualifying expenses in its US operations.
- Issued 38,198,096 commons shares of the Company during the quarter to settle interest obligations on debentures for the period April 1, 2019 to June 30, 2020.

**INDUSTRY OUTLOOK**

Natural gas markets have shown signs of improvement and the Company is expecting pump sales to continue in the immediate term with some modest growth should the gas prices translate into increased customer budgets. The downturn in the oil markets that resulted from first quarter OPEC actions and the ongoing COVID-19 pandemic is expected to take significantly longer to recover than the gas markets, and it will take an unknown period of time to return to the level of work experienced in the second half of 2019.

**FINANCIAL AND OPERATING HIGHLIGHTS – THREE MONTHS ENDED JUNE 30, 2020**

Select Financial Information for the three month period ended June 30, 2020 have been summarized below. Tables contain second 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 Interim Condensed Consolidated Statements of Net Loss and Comprehensive Loss**

	Three months ended June 30,	
	2020	2019
Revenue	378	1,881

Cost of sales	(297)	(1,432)
Gross profit	81	449
General and administration	(439)	(697)
Depreciation and amortization	28	(58)
Stock based compensation	(2)	(8)
<b>Results from operating activities</b>	<b>(332)</b>	<b>(314)</b>
Product development expense	-	(49)
Finance expense	(534)	(172)
<b>Net loss</b>	<b>(866)</b>	<b>(535)</b>
Other comprehensive income being foreign exchange (losses) gains	224	197
<b>Total comprehensive loss for the period</b>	<b>(642)</b>	<b>(338)</b>
<b>Loss per share</b>		
Net loss – basic and dilutive (cents)	<b>(0.01)</b>	<b>(0.00)</b>

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## Unaudited Interim Condensed Consolidated Statements of Financial Position

	June 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	63	249
Prepaid expenses, deposits and advances	23	23
Trade receivables	1,256	1,652
Inventories	618	631
	<b>1,960</b>	<b>2,555</b>
<b>Non-current assets</b>		
Right-of-use assets	325	488
Property and equipment	201	251
<b>Total Assets</b>	<b>2,486</b>	<b>3,294</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	4,968	4,897
Current portion of lease obligations	205	270
Related party loans	15	92
Government loan	88	-

Interest payable	2	346
	<u>5,278</u>	<u>5,605</u>
<b>Non-current liabilities</b>		
Lease obligations	113	210
Government loan	165	-
Debentures	4,003	4,134
<b>Total Liabilities</b>	<u>9,559</u>	<u>9,949</u>
<b>SHAREHOLDERS' DEFICIT</b>		
Share capital	18,456	17,927
Contributed surplus	5,798	5,790
Warrants	141	141
Accumulated other comprehensive loss	(1,417)	(1,136)
Accumulated deficit	(30,051)	(29,377)
<b>Total Shareholders' Deficit</b>	<u>(7,073)</u>	<u>(6,655)</u>
<b>Total Liabilities and Shareholders' Deficit</b>	<u>2,486</u>	<u>3,294</u>

The Company's complete set of June 30, 2020 quarter end filings have been filed on the SEDAR website at [www.sedar.com](http://www.sedar.com) and are also available on the Company's website at [www.divergentenergyservices.com](http://www.divergentenergyservices.com).

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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](http://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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