



## PRESS RELEASE

### DIVERGENT Energy Services Announces Debenture Restructuring Initiatives

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – November 2, 2020. **DIVERGENT Energy Services Corp.** ("**Divergent**", the "**Company**", or "**DVG**") is pleased to announce its proposed plan to restructure its CAD \$5,750,000 debentures as the next step in its strategic transformation.

As previously announced on October 1, 2020, the Company's strategic transformation is underway with a priority on creating a stronger balance sheet in order to attract growth capital for emerging opportunities in the United States. The first step was the conversion of certain current liabilities into manageable long-term debt, the repayment of which coincides with the Company's expected cash flows.

The next step in Divergent's strategic transformation is to seek to restructure its previously issued secured debentures (the "**Debentures**"). Details of this next step are summarized below, and in greater detail in the Business Transformation presentation which is available on the Company's website at [www.divergentenergyservices.com](http://www.divergentenergyservices.com).

#### Proposal to Debenture Holders

The Company will be seeking approval from its Debenture holders on a proposal to (a) convert the amount of the Debentures representing 75% of the principal amount outstanding, or CAD \$4,312,500 of the Debentures, into Common Shares on a one-time *pro-rata* basis at the price of CAD \$0.03 per Common Share (pre-consolidation) (the "**Debenture Conversion**"), and (b) concurrent with the Debenture Conversion, extend the Maturity Date of the remaining Debentures, representing 25% of the current principal amount outstanding, or CAD \$1,437,500, to December 31, 2025 (the "**Extended Maturity Date**"). As consideration for the agreement to extend the Debentures, the Company will, subject to receipt of applicable approvals including that of the TSX Venture Exchange ("**TSXV**"), issue for every dollar value of the principal amount of the Debentures being extended, two (2) Common Share purchase warrants, each having an exercise price of CAD \$0.03 (or CAD \$0.30 post conversion) for a term of two (2) years.

The Debenture Conversion is subject to (a) the Company completing a 10:1 consolidation of its Common Shares (the "**Consolidation**") prior to completing the Debenture Conversion, (b) the Debenture Conversion being completed on or before April 30, 2021, and (c) receipt of all required approvals, including from the TSXV and shareholder approval, if applicable.

#### Growth Capital

In order to meet emerging opportunities in the United States, should they materialize, the Board of Directors of Divergent (the "**Board**") has determined that it is in the best interests of the Company to have the option to obtain new debt financing, in the proposed amount of up to USD \$3,500,000 (or such other amount as

may be determined by the Board), by issuing debt securities secured by the assets of the Company and/or its subsidiaries, as may be applicable (the "**Replacement Debt**"). In order to obtain the Replacement Debt, the Board has determined that it is in the best interests of the Company to provide future investors of the Replacement Debt with a security interest ranking *pari passu* with the security interest given to the existing debenture holders.

Cameron Barton, Executive Chairman, stated; "While the Company has worked through various challenges over the past few years it has now come time to complete this financial restructuring to allow investors an opportunity to capture value associated with potential growth prospects. The Board is confident that the restructuring proposal is fair to all parties and will receive the required approval of all stakeholders."

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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, statements respecting the anticipated emerging market opportunities, and the Company's ability to pursue such opportunities, statements respecting the acquisition of the Replacement Debt, or any of it, and statements pertaining to the completion of the Consolidation, Debenture Conversion, extension of remaining debentures, and all matters related thereto which are discussed herein. 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 current impacts to the Company's business environment and 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, risks relating to obtaining approval for the matters set out herein, including with respect to any required TSXV, Debentureholder or shareholder approval, risks relating to the general market conditions and the potential inability for the Company to obtain the Replacement Capital on terms reasonable to the Company, or at all, and the general risks relating to the pursuit of new business opportunities with respect to which the Company does not have a significant operating history. There can be no assurance that such information will prove to be accurate and that the matters proposed herein will be completed in the manner described herein, or at all, 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.*

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