



PRESS RELEASE

DIVERGENT Energy Services Announces Release of Q2 Interim Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – August 18, 2017. **DIVERGENT Energy Services Corp.** (“Divergent” or the “Corporation”) has released its financial results for the three and six month periods ended June 30, 2017 and provides the following highlights.

Q2 2017 FINANCIAL AND OPERATING HIGHLIGHTS

Gross margins increased to 29% from 23% year over year in the quarter, contributing to an increase in gross profit of 32% year over year for the first half. Demand for services, measured by job count, increased by 14% year over year in the quarter.

Select Financial Information for the three and six month periods ending June 30, 2017 is summarized as follows:

RESULTS OF OPERATIONS

Select Financial Information

(Unaudited)

Statement of Loss (summarized)

	Three months ended June 30,		Six months ended June 30,	
In United States Dollars, (000's)	2017	2016	2017	2016
Revenue	\$2,140	\$2,640	\$4,303	\$4,759
Cost of sales	1,545	2,071	3,054	3,800
Gross profit	595	569	1,249	959
Selling, general and administrative expenses	699	587	1,500	1,332
Stock based compensation	69	112	110	158
	(768)	(699)	(1,610)	(1,490)
Results from operating activities	(173)	(130)	(361)	(531)
Product development	26	43	232	221
Net finance expense	657	143	846	847
	(683)	(186)	(1,078)	(1,068)
Net loss from continuing operations	(856)	(316)	(1,439)	(1,599)
Net loss per share continuing operations – Basic	(0.01)	(0.01)	(0.01)	(0.02)

Statement of Financial Position (summarized)

In United States Dollars, (000's)	June 30, 2017	December 31, 2016
ASSETS		
Current assets	\$3,191	\$3,514
Long-term assets	436	386
	<u>\$3,627</u>	<u>\$3,900</u>
Liabilities		
Liabilities	8,955	8,893
Shareholders' deficit	(5,328)	(4,993)
Liabilities and shareholders' deficit	<u>3,627</u>	<u>3,900</u>
Working capital ratio	0.36	0.39

The Corporation's complete set of June 30, 2017 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 Corporation's website at www.divergentenergyservices.com.

OUTLOOK

OPERATIONS

Following the doubling of sales for the year ended 2016, Divergent is well positioned to capitalize on improving demand for artificial lift services. The improved margins posted in Q1 and Q2 2017 are expected to continue and will provide cash flow for the expansion of the business. The client owned inventory that reduced top line sales in Q1 and Q2 is nearly depleted and management believes that the current demand will continue and translate into higher revenues. Future opportunities for growth may include Kansas, Oklahoma, Texas, North Dakota, and Utah in the United States.

The outlook for 2017 is as follows:

- Growing activity and revenue from ESP product sales in Wyoming and Colorado. Should the current demand trends continue and the Corporation is able to secure proper working capital, the market conditions are conducive for increases in quarterly job counts. This increase would come from expanding the regions that we service and taking on market share from competitors.
- Divergent continues to be the largest provider of ESP products and services for CBM gas producers in the region, with a reputation for quality service that is creating demand from a growing list of clients in the oil well ESP market.
- Continue to attract highly skilled and motivated people who increase the depth of our service offering and enable us to grow our business, including the expansion of our service into Colorado.

PRODUCT DEVELOPMENT

With nearly three months of operating time and valuable data obtained, the Linear Pump has attracted attention from new clients with different oil well types (depths and rates). The new clients have expressed an interest in providing Divergent with an oil well to further test the Linear Pump so that they can validate numerous benefits:

- Operating cost reductions through reduced service rig interventions to repair worn and broken sucker rods.
- Reduced power consumption using a high efficiency electromagnetic motor vs surface lifting equipment (pump jack).
- Increased production rates when installed lower in the well - a challenging installation for conventional rod pumps. The linear pump can be installed vertically, at/on a slant, or horizontally which allows for the pump to be placed lower in the well. The deeper a pump is installed, the lower the fluid level can be drawn down resulting in increased oil production.
- Reduced environmental impact with the elimination of surface lifting equipment.
- Lower carbon footprint with the reduction of steel used.

Encouraged by the increased interest in the Linear Pump by industry participants, we believe the results of the recent test will help to create greater awareness and opportunity for commercialization. Pricing on the Linear Pump system is competitive to most rod pumping applications and the Corporation has numerous incentive plans for early adopters.

The outlook for 2017 is as follows:

- Additional Linear Pump installations are expected in both Canada and the United States, with efforts focused on commercial sales now that the Linear Pump has demonstrated solid results.
- Complete the formation of a Technical Advisory Committee comprised of subject matter experts that will provide additional guidance from design and fabrication to control systems and automation.

The Corporation's vision is to be a premier supplier of submersible pumping products that increase production while reducing costs and carbon footprint. The commercialization of our Linear Pump is complementary to our existing electric submersible pump ("ESP") business, and will provide oil and gas companies the opportunity to capitalize on the Linear Pump's many benefits while differentiating 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.

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