



PRESS RELEASE

DIVERGENT Energy Services Announces Release of Q3 Interim Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – November 24, 2017. **DIVERGENT Energy Services Corp.** ("**Divergent**" or the "**Corporation**") has released its financial results for the three and nine month periods ended September 30, 2017 and provides the following highlights.

FINANCIAL AND OPERATING HIGHLIGHTS

Gross margins increased to 28% from 14% year over year in the quarter as a result of improved pricing and operational efficiencies, with year to date demand for services based on job counts remaining unchanged year over year. The Corporation successfully negotiated a four-year extension of its debenture and anticipates being able to service the debt with cash flow from its operations in the United States. A key component to the ongoing US operations is the award of a three-year exclusive services contract in Wyoming, a contract that will provide a stable base of cash flow from which the Corporation can expand its operations.

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

RESULTS OF OPERATIONS

Select Financial Information

(Unaudited)

Statement of Loss (summarized)

	Three months ended September 30,		Nine months ended September 30,	
In United States Dollars, (000's)	2017	2016	2017	2016
Revenue	\$1,778	\$3,969	\$6,081	\$8,728
Cost of sales	1,282	3,376	4,336	7,165
Gross profit	496	593	1,745	1,563
Selling, general and administrative expenses	654	738	2,153	2,146
Stock based compensation	38	52	149	211

	(692)	(790)	(2,302)	(2,357)
Results from operating activities	(196)	(197)	(557)	(794)
Product development	49	25	281	246
(Gain) loss on disposal of assets	-	(25)	(2)	46
Net finance expense (income)	882	(137)	1,729	628
	(931)	137	(2,008)	(920)
Net loss from continuing operations	(1,127)	(60)	(2,565)	(1,714)
Net loss per share continuing operations – Basic	(0.01)	(0.00)	(0.02)	(0.02)

Statement of Financial Position (summarized)

In United States Dollars, (000`s)

September 30, 2017

December 31, 2016

ASSETS

Current assets	\$2,640	\$3,514
Long-term assets	422	386
	\$3,062	\$3,900

Liabilities

Liabilities	8,860	8,893
Shareholders' deficit	(5,798)	(4,993)
Liabilities and shareholders' deficit	3,062	3,900

Working capital ratio	0.30	0.39
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The Corporation's complete set of September 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

The recent signing of a three-year exclusive services contract with a client in the Powder River Basin will provide a strong base of activity and revenue from the methane-based market in Wyoming. We anticipate that the contract is of sufficient value to support the entire Corporation and allow the sales team to focus on new growth opportunities. The improved margins posted in all three quarters of 2017 are expected to continue and will provide the necessary cash flow for the expansion of the business. Demand is growing and immediate opportunities are available within Wyoming and can be serviced from the existing facility in Gillette Wyoming. The main barrier to growth has been a limited inventory of motors and pumps for use in oil wells, however with the successful extension of our debenture for four years, we anticipate that our supply chain partners will support our growth by bringing on increased inventory levels in Gillette, WY. Future opportunities for growth may include Kansas, Oklahoma, Texas, North Dakota, and Utah in the United States.

PRODUCT DEVELOPMENT

We continue to make progress with the Linear Pump technology with our overseas partner. The exclusivity agreement currently in place that provides Divergent with the rights to deploy the technology is currently being re-negotiated. Our partner is undergoing a corporate restructuring and will be creating a new corporate entity to continue the development and commercialization of the product. In the interim while the new entity is being registered, we have agreed to enter into a letter of intent to extend the exclusivity once the new entity is registered and the new company is able to sign off on the new exclusivity agreement.

The Linear Pump project continues to seek candidate wells for the next phase of testing. The well that had been supplied by our client partner has fulfilled its purpose and the focus has now turned to a well that produces a larger percentage of oil versus water, and may be at a depth and pumping rate that is different from the previous test. We also continue to pursue installations of the Linear Pump with other clients that have expressed an interest in providing Divergent with an oil well to further test the Linear Pump so that they can validate its numerous benefits. Based on the lead-time for delivery of certain components, any installation will most likely occur after the 2017 holiday season. The next round of testing will be focused on delivering results of extending operating time and proving out the cost reduction benefits of the pump:

- Operating cost reductions through reduced service rig interventions to repair worn and broken sucker rods.
- Capital cost reductions through reduced tubing wear caused by the reciprocating motion of the 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, slant, or horizontal 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.

Pricing on the Linear Pump system is competitive to most rod pumping applications and the Corporation has numerous “pay for performance” incentive plans for early adopters.

The outlook for the remainder of 2017 and throughout 2018 is as follows:

- Additional Linear Pump installations are expected in both Canada and the United States.
- 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.
- Increasing activity and revenue from conventional ESP products in Wyoming and Colorado. Stable oil prices and improved access to a wider range inventory will allow us to capitalize on the demand that currently exists within our existing geographical service areas.
- 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 neighboring states

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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