



Divergent Energy Services Corp.

*Management's Discussion and Analysis
As at and for the three months ended March 31, 2023 and 2022*

Dated: May 10, 2023

The following is Management's Discussion & Analysis ("MD&A") of the financial condition and results of Divergent Energy Services Corp. ("Divergent" or the "Company") for the three months ended March 31, 2023 and has been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting". The Corporation's significant accounting policies under International Financial Reporting Standards ("IFRS") are included in Note 3 to the audited annual December 31, 2022 consolidated financial statements, which can be found on SEDAR at www.sedar.com. Unless otherwise noted, all financial information contained in this MD&A is expressed in thousands (000's) of United States ("US") Dollars.

This MD&A is management's assessment of the Company's operations and financial results, as well as management's view of future prospects. These assessments and views are based on certain assumptions related to future events which are uncertain. Statements related to assessments and views which are not statements of historical fact are considered to be forward-looking statements. For a discussion of the on the risks and uncertainties related to such information please refer to the "Forward-Looking Statements" at the end of this MD&A.

This MD&A is based on information available as of May 10, 2023 and was reviewed and approved by the Board of Directors on May 10, 2023.

OVERVIEW AND CORPORATE PROFILE

Divergent was incorporated under the Business Corporations Act on October 21, 1996 in the province of Alberta and is a publicly traded entity on the TSX Venture Exchange (TSX-V) under the symbol "DVG". The Company's head office is Suite 2020, 715 – 5 avenue SW, Calgary, Alberta, T2P 2X6.

The Company's business consists of one operating segment namely Artificial Lift Systems and its products are currently sold exclusively in the US. The Company offers normal and customary trade terms to its customers, no significant part of which is of an extended nature. Special inventory requirements are not necessary, and customer merchandise return rights do not extend beyond normal warranty provisions. The market for the Company's products is highly competitive.

Divergent, through its subsidiary Extreme Pump Solutions, provides electric submersible pumping ("ESP") products and services primarily targeting production operations in the oil and gas industry. The pumps are designed to lift large volumes of fluid from oil, gas and water wells. Divergent currently services Wyoming and Colorado from its facility in Gillette, WY.

EXECUTIVE SUMMARY

In the first quarter of 2023 demand for services was strong and the Company would have likely seen record revenue had volatile weather not disrupted field activities on numerous occasions in the quarter. Revenue in Q1 2023 increased significantly over Q1 2022 as customers continued to return wells to production in efforts to increase their proven reserves and generate revenue from strong oil prices or hedged natural gas prices.

Prior to the end of 2022, the Company was able to increase pricing across its customer base and recover most of the significant inflationary cost increases that had negatively impacted gross margins in the second half of 2022.

Strong oil prices are creating opportunities for the Company which are being pursued while being mindful of ongoing long lead times in the supply chain and limited working capital. The low natural gas prices in the first quarter of 2023 did not impact activity levels in the quarter, however the Company anticipates a reduction in natural gas related ESP activity for at least the next two quarters.

2023 First Quarter Highlights

- \$3.1 million of revenue for the first quarter is a 19% increase over the prior year's first quarter.
- Adjusted EBITDA of \$408 in the first quarter is a 9% increase over the prior year's first quarter.
- Q1 2023 is the tenth consecutive quarter of positive Adjusted EBITDA
- Gross margin percentage of 31% for the first quarter

Selected Annual Financial Information

The following table provides a brief summary of the Company's financial results. For more detailed information, refer to the Company's consolidated financial statements.

	Q1 2023	Q1 2022	Q1 2021
Revenue	\$3,103	\$2,616	\$1,721
Income from operations	321	288	113
Net income	168	11	2,247
Per share – basic and dilutive (cents per share)	0.01	-	0.08
Adjusted EBITDA ⁽¹⁾	408	371	186
Total assets	3,330	2,926	2,943
Total non-current financial liabilities	2,530	3,012	3,363
Total shares outstanding	33,004,912	33,004,912	33,004,912

(1) Certain prior quarters adjusted for classification changes

Overall analysis of financial operations

A significant majority of the Company's sales have been generated from one customer which is focused on producing natural gas from coal bed methane ("CBM") wells in the Powder River Basin. The level of job activity from this customer increased in 2022 to levels above all previous years since the Company was awarded the contract in 2017. Late in 2022 the Company renewed its exclusive ESP contract with this CBM client for a further 5 years until 2027. The Company continues to focus on its innovative refurbishment program which has delivered significant savings to our CBM client and provides Divergent with a strong competitive position in the market.

OUTLOOK

Global demand for oil remains strong as the world's major economies continue to rely on petroleum products in everyday life. Macroeconomic factors including continued inflationary pressures, ongoing geopolitical tensions creating concerns for security of supply, and record low North American oil inventory storage levels all point to continued strong oil pricing into 2024. At these price levels we anticipate generally robust oilfield service activity levels as our customers remain very positive on their current capital spending plans for 2023. The Company continues to add new customers and as such, a capital investment in oilfield equipment will be made in the second quarter of 2023 to increase our capacity to support a growing customer base.

While natural gas prices have been trending down for the past five months, our primary customer remained busy through the first quarter of 2023. Although natural gas prices are expected to improve in the long-term, they have not yet recovered, and we expect to see significantly reduced demand for services from our primary customer over the next few quarters. The Company is taking steps to mitigate the effect of this activity reduction. Market analysts are reporting that gas prices should improve in the second half of 2023 due to increased demand, reduced drilling over the past year, and the Freeport LNG facility resuming production after being off-line for eight months. We do anticipate a base level of activity throughout the next few quarters as the CBM reservoir requires constant de-watering to maintain the integrity and value of the field.

Overall, the demand for energy services and the ability for the sector to improve over the next few years is seen as highly likely. The structural shortfall in global energy supply will be difficult for the industry to overcome for some time. The Company remains confident in the long-term viability of the oil and gas basins within its service region. These basins have significant future development opportunities that the Company is well positioned to address. In this environment the Company intends to seek and evaluate strategic growth opportunities to both diversify its product offerings and drive continuous margin improvements.

OPERATING RESULTS:

Revenue, costs of sales and gross profit

	Q1 2023	Q1 2022	Variance	
			\$	%
Revenue	\$3,103	\$2,616	487	19
Cost of sales	(2,150)	(1,908)	(242)	13
Reversal of provision for slow moving inventory	28	-	28	100
	(2,122)	(1,908)	(214)	11
Gross profit	\$981	\$708	273	39
Gross margin (excluding inventory provision) - %	31%	27%		

Revenue

The Company's revenue is reliant on industry activity in the areas it services, demand for its specific products, and market prices for oil and gas that dictate our customers' operating budgets. The prices for oil and gas are subject to global and domestic influence and cannot be reliably predicted. Our clients' operating budgets are adjusted throughout the year based on how the actual prices relate to their price assumptions. The demand for CBM services was relatively consistent throughout the year as production requires constant water pumping to maintain the integrity and value of the field. Clients replace ESPs on an as needed basis and these replacements are contingent on client's internal budgets. The overall industry demand is not seasonal.

Revenues in Q1 2023 exceeded revenues in Q1 2022 by 19% due to improved pricing across our customer base and an industry-wide increase in demand for ESP services.

The overall customer mix in Q1 2023 was generally consistent with Q1 2022 with approximately 92% of revenue attributable to one customer during both periods. Outside of this primary customer, the Company has grown its customer base, with new customers accounting for 89% and 15% of non-CBM revenue growth in 2022 and Q1 2023 respectively. Customers in Wyoming and Colorado continue to demonstrate urgency in maintaining production in response to strong oil prices and it is anticipated this will continue through 2023.

Cost of Sales

Total cost of sales as a percentage of sales were lower during Q1 2023 compared to Q1 2022 primarily due to improved sales pricing in 2023. Additionally, in 2022 supply chain issues led the Company to ship certain pumps and components by air freight versus ocean freight and to source parts from alternative suppliers, all to meet customer demand for services. As air freight costs are approximately three times higher than ocean freight costs, use of air freight can significantly increase cost of sales. Starting in late 2022, the supply chain issues eased slightly with the Company being able to get ahead of the long lead times and avoid incurring airfreight costs. The benefit of this strategy is reflected in Q1 2023 with the reduced cost of sales percentage.

During 2022, the Company saw both increased pricing from core suppliers and from alternative suppliers. The impact of these cost increases was primarily experienced in the later half of 2022 as product shipments began to be received and consumed in operations, and by the third quarter of 2022 all inventory on hand was at the higher costs. Additionally, the percentage of refurbished product used was low due to job counts exceeding the Company's capacity to refurbish equipment. In the first quarter of 2023 refurbishment rates returned to historic levels which helped to moderate the cost of sales.

Gross Profit

Gross profit in Q1 2023 was higher than Q1 2022 by \$273 primarily due to improved pricing and an increase in activity. Gross profit as a percentage of revenue, excluding inventory provisions, was 31% in Q1 2023 compared to 27% for Q1 2022. The Company's prices per job increased quarter over quarter as the Company was able to renegotiate pricing increases late in the fourth quarter of 2022. There also was a provision reversal for slow moving inventory of \$28 in Q1 2023 as older inventory was being used up with the increased demand for services.

General and administration

	Q1 2023	Q1 2022	Variance	
			\$	%
Salaries, benefits and employee costs	\$444	\$231	213	92
Director fees	18	14	4	29
Consultants and contractors	52	44	8	18
Office, insurance, warehouse and shop	94	84	10	12
Corporate and public company	6	10	(4)	(40)
Travel and accommodation	2	4	(2)	(50)
Professional, legal & advisory	18	19	(1)	(5)
Business development	14	-	14	100
	\$648	\$406	242	60

General and administration costs during Q1 2023 were higher compared to Q1 2022 by \$242. Salaries, benefits and employee costs increased \$213 over Q1 2022 due to; reclassifying two employees from cost of sales to general and administration expense, increases in salaries of existing employees, and the accrual of bonuses. Consultants and contractors were \$8 higher in Q1 2023 over Q1 2022 due to a new consultant hired in late 2022. Office, insurance, warehouse and shop increased \$10 over Q1 2022 due to increased insurance costs in the period arising from the year-over-year increase in revenue. Business development costs were \$14 higher in Q1 2023 over Q1 2022 due to expenses being occurred for supplies.

Finance income (expense)

	Q1 2023	Q1 2022
Interest expense on debentures	(\$26)	(\$28)
Accretion of debentures	(24)	(23)
Interest expense on promissory notes	(50)	(56)
Accretion of promissory notes	(43)	(40)
Interest expense on government loans	(1)	(1)
Accretion of government loans	(1)	(1)
Lease finance expense	(2)	(2)
Foreign exchange loss	(6)	(126)
Net finance expense	(\$153)	(\$277)

A foreign exchange loss of \$6 was recorded in Q1 2023 compared to a loss of \$126 in Q1 2022. Foreign exchange losses relate to foreign currency translation of certain balances and inter-company amounts associated with the Company's wholly owned foreign subsidiaries pursuant to IAS 21. These losses are offset by recording a \$28 gain in Q1 2023 (Q1 2022 - \$113 gain) in Other Comprehensive Income.

Commitments, events, risks and uncertainties

As of the date of issuing this MD&A, the Company continues to deal with uncertainty resulting from low natural gas prices, and global political instability resulting in possible impacts on the general business environment such as international trade, transportation, movement of people and goods, and cost of doing business. The Company continues to monitor the impact of low natural gas prices and global political instability, to take the necessary steps to reduce the risk to the Company's operations.

Capital spending

The Company did not have any active capital projects in the first quarter of 2023 and does not have any significant planned capital spending during 2023. The Company does plan to acquire some additional equipment in 2023 to expand its capacity to service oil-related ESP demand. Total expenditures are expected to be less than \$100.

Adjusted EBITDA

The Company monitors earnings before interest, taxes, depreciation and amortization (“EBITDA”) as a measure of cash flow available to the Company to grow the business. EBITDA is a non-GAAP / Non-IFRS measure and is adjusted to eliminate non-cash items included in earnings. A reconciliation of net (loss) income disclosed in the Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss) to Adjusted EBITDA is set out in the following table:

	Q1 2023	Q1 2022
Net income	\$168	\$11
Finance (income) expense	153	277
Share-based compensation	10	12
Depreciation and amortization	54	49
Lease finance expense included in cost of sales	23	22
Adjusted EBITDA	\$408	\$371

Share-based compensation

The Company has established a stock option plan to allow certain officers, directors, employees and consultants to acquire common shares of the Company. A total of 10% of the Company’s shares outstanding are reserved for the issue of share-based options pursuant to the plan. During Q1 2023, share-based compensation of \$10 (Q1 2022 - \$12) was recognized in the condensed consolidated interim statement of net income and comprehensive income with a corresponding amount in contributed surplus. Stock options are issued in CAD \$.

	Number of options	Weighted average exercise price (CAD \$)
Continuity of stock options		
Balance, December 31, 2022	3,208,000	\$0.14
Granted	-	-
Expired	-	-
Balance, March 31, 2022	3,208,000	\$0.14

The number of options exercisable at March 31, 2023 is 1,158,000 (December 31, 2022 – 1,102,333) at a weighted average exercise price of CAD \$0.23 (December 31, 2022 – CAD \$0.42). The weighted average remaining term for exercisable options is 2.92 years (December 31, 2022 – 3.51 years).

The Company granted 575,000 options on March 23, 2022 with a weighted average exercise price of CAD \$0.12. The grants were valued using the Black-Scholes model with the following assumptions:

Expected volatility	104%
Expected forfeiture	15%
Risk-free rate	2.2%
Expected stock option life	5 years

The Company granted 2,500,000 options on May 17, 2021 with a weighted average exercise price of CAD \$0.075. The grants were valued using the Black-Scholes model with the following assumptions:

Expected volatility	85%
Expected forfeiture	15%
Risk-free rate	0.79%
Expected stock option life	5 years

SUMMARY OF QUARTERLY RESULTS

The following table summarizes key financial and operating information prepared in accordance with IFRS for the three months ended:

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	\$3,103	\$3,036	\$3,712	\$3,142	\$2,616	\$2,465	\$2,185	\$1,991
Net income (loss)	\$168	(422)	578	393	11	(41)	564	(308)
Net income (loss) per share								
Basic – per share	\$0.01	(\$0.01)	\$0.02	\$0.01	\$-	(\$0.01)	\$0.02	(\$0.01)
Diluted – per share	\$0.01	(\$0.01)	\$0.02	\$0.01	\$-	(\$0.01)	\$0.02	(\$0.01)
Adjusted EBITDA ⁽¹⁾	\$408	\$103	\$221	\$359	\$371	\$165	\$555	\$42

(2) Certain prior quarters adjusted for classification changes

OUTSTANDING SECURITIES

The Company is authorized to issue an unlimited number of voting common shares.

As at the date of this MD&A, the Company has 33,004,912 common shares issued and outstanding, 3,208,000 options and nil warrants.

Warrants

On January 21, 2021, the Company issued 2,875,000 post-consolidation common share purchase warrants, exercisable at CAD \$0.30 (post-consolidation). Utilizing the Black Scholes valuation model, the additional value calculated and attributed to these newly issued share purchase warrants was \$99 (CAD \$125). On January 21, 2023, these warrants expired.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash balances of \$775 and \$556 as at March 31, 2023 and December 31, 2022, respectively.

Cash generated from operating activities in Q1 2023 was \$493 compared to \$167 during Q1 2022. The changes in non-cash working capital items include an increase in prepaid expenses, deposits and advances of \$26, a decrease in trade receivables of \$183, a net increase in inventories of \$78 (includes \$28 provision reversal for slow moving inventory), and an increase in accounts payable and accrued liabilities of \$116.

During Q1 2023, the Company's primary customer maintained payment terms on sales invoices at approximately 45 days.

The Company has an accumulated deficit of \$26,057 at March 31, 2023 and has experienced periods of losses. In Q1 2023, the Company generated income of \$168 and had positive working capital at March 31, 2023 of \$236. The Company is in compliance with all of the covenants of the indenture agreements relating to the debentures at the date of this MD&A.

At March 31, 2023, the Company has Canadian Dollar denominated debentures outstanding of CAD \$1,437 (December 31, 2022 – CAD \$1,437) with an equivalent face value of \$1,062 at the March 31, 2023 exchange rate (December 31, 2022 - \$1,061. The debentures bear interest at 10% per annum, are secured by a trust indenture and a general security agreement over all of the assets of the Company and mature on December 31, 2025. Pursuant to the second supplemental indenture, the Company has the option to pay the debenture interest in either cash or common shares up to and including at the maturity of the debentures on December 31, 2025.

The holders of the debenture have cooperated with a number of amendments to the terms of the indenture which have allowed the Company time to continue its efforts to grow and generate sufficient cash flow to pay the interest and the principal. During 2022, the Company made payment of debenture interest in cash, as in the previous year.

WORKING CAPITAL ANALYSIS

Inventory

The Company sells goods and services to two distinctly different customer groups:

a) CBM clients. The Company's main customer has CBM gas wells so a majority of the inventory on hand, at any given time, is for ultimate delivery/sale to this customer and is suited to their wells. The CBM inventory is primarily supplied by one vendor who warehouses product in sufficient quantities to meet the Company's objectives. This vendor works closely with the Company's local management to identify monthly replenishment orders, which currently take 75 -120 days to source from overseas.

b) Oil and gas clients. The Company's expansion strategy targets new non-CBM focused customers operating in geographic areas within and adjacent to the current service area. Product requirements vary from well to well and from basin to basin. The Company has a limited range of inventory for this type of work as compared to its CBM inventory. Opportunities are accepted or declined based whether the Company has access to the specific product required. ESP products used in oil and gas are typically manufactured overseas and require 75 – 120 days for delivery, and since this type of work is awarded with minimal notice, the Company would decline work if it did not have the product inventory or could not source it from competitors (noting it is not unusual in the industry for products to move between competitors at a premium).

During Q1 2023, the value of inventory on hand, before provisions, decreased from \$1,140 at December 31, 2022 to \$947 at March 31, 2023. The increased level of activity during the year and a focus on utilizing inventory on hand led to the decrease. The provision for slow moving inventory decreased to \$345 at March 31, 2023 from \$460 at December 31, 2022.

Trade receivables

Throughout 2022 payment terms were significantly improved (reduced) to approximately 30-45 days as customers have experienced significant improvements in pricing for their oil and natural gas and the Company's main customer maintained its payment terms at effectively 45 days. This has continued into Q1 2023. Despite short-term volatility in industry conditions, the Company expects payment terms to remain at approximately 45 days. In the quarter it was determined that the collection of \$26 of trade receivables was in doubt so a provision

for the expected loss was recorded. All invoiced revenue is not in dispute and the Company is confident payments will continue to be made over an extended period of time with minimal risk of loss.

Accounts payable

The Company has matched its terms of payments with its main supplier of CBM equipment to coincide with collection of the Company's receivables.

CONTRACTUAL OBLIGATIONS AT MARCH 31, 2023

The following is a maturity analysis of the Company's undiscounted financial obligation:

	Less than three months	Three months to one year	Beyond one year	Total
Accounts payable and accrued liabilities	\$1,297	\$343	\$42	\$1,682
Lease obligations	43	117	219	379
Debentures	-	-	727	727
Interest payable	12	36	72	120
Promissory notes	98	385	1,628	2,111
Government loans	-	-	31	31
	\$1,450	\$881	\$2,719	\$5,050

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Transactions and balances with related parties were in the normal course of operations and measured at fair value. Related parties include members of the board of directors and executive management.

Certain directors and officers of the Company have provided debentures to the Company which are denominated in Canadian Dollars. At March 31, 2023, the CAD \$1,437 (December 31, 2022 – CAD \$1,437) face value of the debentures includes \$254 (CAD \$344) (December 31, 2022 – \$271 (CAD \$344)) due to directors and officers of the Company. Interest accrues at 10% per annum. All interest expense incurred during the first quarter of 2023 was paid during the quarter.

	Q1 2023	Q1 2022
Debentures (carrying value)	\$168	\$164
Interest payable on related party loans	\$-	\$-

CONTINGENCIES

From time to time, the Group is subject to legal proceedings, assessments and claims in the ordinary course of business. At this time, in the opinion of management, there are no ongoing matters.

BUSINESS RISKS AND UNCERTAINTIES

Divergent faces a number of risks that could cause our actual results to differ materially from those disclosed in this MD&A (See note regarding “Forward-Looking Statements”). Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward-looking statements when making investment decisions with respect to Divergent. Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also adversely affect the Company’s business and operations.

CAPITAL MANAGEMENT

The Company’s objective when managing its capital is to strike a balance between maintaining investor, creditor and market confidence while sustaining future development of the Company. Capital, which the Group defines as its share capital and debt, is monitored on a basis of the debt-to-capitalization ratio. For the purposes of this calculation, debt includes current and long-term portions of borrowed funds, including debentures. The Group’s objective when managing its capital is to strike a balance between maintaining investor, creditor and market confidence while sustaining future development of the Group.

The Company’s existing debt agreements do not require maintenance of any financial ratios. There were no changes to the Company’s approach to capital management during the period ended March 31, 2023. The Company is not subjected to any internally or externally imposed capital requirements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company prepares its consolidated financial statements in accordance with IFRS. In preparing its consolidated financial statements, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of commitments and contingencies. Management bases its estimates and judgments on its own experience and various other assumptions believed to be reasonable at the time and under the circumstances in existence when the consolidated financial statements were prepared. Anticipating future events cannot be done with certainty; therefore, these estimates may change as new events occur, more experience is acquired or the Company’s operating environment changes. More detailed information regarding the accounting estimates believed by management to require the most difficult, subjective or complex judgments and which are material to the Company’s financial reporting results are discussed in the Company’s consolidated financial statements for the year ended December 31, 2022.

Refer to Note 23 of the 2022 consolidated financial statements for a detail analysis of risks.

FINANCIAL AND OTHER INSTRUMENTS

Recognition and measurement

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognized initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table lists the Company's financial instruments and its category of method of measurement subsequent to initial recognition:

Cash	Fair value
Trade receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Related party loans	Amortized cost
Lease obligations	Amortized cost
Promissory notes	Amortized cost
Government loans	Amortized cost
Debentures	Amortized cost

Impairment

Financial assets classified as measured at amortized cost reflect the Company's assessment of expected credit losses ("ECL"). ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. Expectations reflect historical credit losses, adjusted for forward looking factors.

The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition of the asset. If there has not been a significant increase in credit risk, the ECL provision is based on expectations for the next twelve months. If there has been a significant increase in credit risk, the provision is based on expectations for the remaining lifetime of the asset.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements" or "forward-looking information" within the meaning of the applicable securities legislation (collectively, "forward-looking statements"). The statements relate to management's expectations about future events, results of operations and the Company's future performance (both operational and financial) and business prospects. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements can be identified by words such as: "anticipate," "intend," "contemplate," "continue," "propose," "predict," "plan," "goal," "seek," "believe," "project," "forecast," "pursue," "potential," "objective," "estimate," "expect," "strategy," "future," "likely," "might," "may," "shall," "should," "could," "will," "capable," and similar references to future periods. The statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. Unless otherwise indicated, the statements speak only as of the date of this MD&A. In addition, this MD&A may contain forward-looking statements and forward-looking information attributed to third-party industry sources.

In particular, this MD&A contains the following forward-looking statements pertaining to, without limitation, the following: the Company's future business operations and activities and the timing thereof; the future liquidity and

financial capacity of the Company; and its ability to fund its working capital and corporate development opportunities.

With respect to the forward-looking statements contained in this MD&A, the Company has made assumptions regarding: the ability to raise capital; the continued availability of capital; the ability to obtain financing on acceptable terms; Divergent's ability to successfully execute its plans and intentions including its ability to identify and acquire or participate in future business opportunities.

The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. The statements speak only as of the date of this MD&A. The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors. For a detailed discussion of the risk factors, please see heading "Risks and Uncertainties". Readers are cautioned that the list of risk factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document and the Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Corporate Information – as at May 10, 2023

DIRECTORS AND OFFICERS

Kenneth Bagan (1) (2) (3) (5)
Director

Cameron Barton (2)
Executive Chairman of the Board

Don Luft (2)(4)
Director

Rob Riecken (1) (3) (4)
Director

Geoff Bury(1) (3)
Director

Ken Berg (4)
Chief Executive Officer
President, Director

Ken Olson
Chief Financial Officer

- (1) Member of the Audit Committee, Mr. Bury is Chairman
- (2) Member of the Governance and Nominating Committee, Mr. Bagan is Chairman
- (3) Member of the HR and Compensation Committee, Mr. Riecken is Chairman
- (4) Member of the Health, Safety and Environment Committee, Mr. Luft is Chairman.
- (5) Mr. Bagan is Lead Director

All members of the Board of Directors are independent with the exception of Mr. Berg and Mr. Barton.

CORPORATE OFFICE

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LEGAL COUNSEL

DS Advocats LLP
Calgary, Alberta, Canada

AUDITORS

MNP LLP
Calgary, Alberta, Canada

STOCK EXCHANGE

TSX Venture
Calgary, Alberta, Canada

TRANSFER AGENT AND REGISTRAR

Computershare
Calgary, Alberta, Canada