

PRESS RELEASE

DIVERGENT Energy Services Announces the Release of 2022 First Quarter Results

Symbol (DVG: TSX-V)

CALGARY, ALBERTA – May 12, 2022. **DIVERGENT Energy Services Corp.** (“Divergent”, the “Company”, or “DVG”) announces the release of its financial results for the three months ended March 31, 2022. All amounts are in thousands (000’s) of United States Dollars, unless otherwise noted.

HIGHLIGHTS FOR THE QUARTER

- The Company posted its eighth consecutive quarter of revenue growth earning \$2.6 million of revenue in the first quarter of 2022.
- Adjusted EBTIDA of \$371 thousand in the first quarter of 2022 represents the sixth consecutive quarter of positive adjusted EBITDA.
- Balance sheet continues to be strong with positive working capital of \$392 thousand.

INDUSTRY OUTLOOK

The continued strength of oil and gas commodity prices has resulted in the return of quarter after quarter of sustained activity. As the market forecast for oil and gas commodity prices continues to be strong, submersible pump sales across the United States should continue to be robust for at least the next 12 months as customers are expected to optimize production using commodity price hedges to ensure revenue certainty. The amount of work available for the Company over the next twelve months is also dependent on how each client makes its internal decisions for the allocation of its capital, be it improving its balance sheet by way of paying down debt or increasing production through investment in field operations.

Our customer base in Wyoming is demonstrating a renewed urgency in returning wells to production. The Company’s largest client has indicated that, based on its commodity price assumptions, it intends to continue its CBM (“Coal-bed Methane”) workover program for the next 12 months at a pace which may exceed that experienced during the previous three quarters, barring interruptions due to weather, supply chain or labour limitations.

The improved commodity pricing experienced by Divergent’s oil and gas customers has yet to translate into increased drilling activity despite its customers’ improved balance sheet positions. Currently the number of drilling rigs operational in Wyoming is less than half the number seen pre-COVID 2019.

The positive commodity pricing trends the industry is currently experiencing is in part caused by a structural shortfall in supply which will be difficult for the industry to overcome for some time. As a result, the demand for energy services and the ability for the sector to improve over the next few years is seen as highly likely. In this environment the Company intends to seek and evaluate strategic growth opportunities to both diversify its product offerings and drive continuous margin improvements.

FINANCIAL AND OPERATING HIGHLIGHTS – THREE MONTHS ENDED MARCH 31, 2022

Select Financial Information for the three months ended March 31, 2022 have been summarized below. Tables contain results for 2022 and 2021. Refer to the Company’s audited 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 Condensed Consolidated Statements of Net Income and Comprehensive Income

	Three months ended March 31,	
	2022	2021
Revenue	\$2,616	\$1,721
Cost of sales	(1,908)	(1,283)
Provision reversal for slow moving inventory	-	124
Gross profit	708	562
General and administration	(406)	(446)
Depreciation and amortization	(2)	(2)
Share-based compensation	(12)	(1)
Results from operating activities	288	113
Finance (expense) income	(277)	2,134
Net income	11	2,247
Other comprehensive income being foreign exchange gains	113	91
Total comprehensive income	\$124	\$2,338
Income per share		
Net income – basic and dilutive - cents ⁽¹⁾	\$0.00	\$0.08

Unaudited Condensed Consolidated Statements of Financial Position

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash	\$557	\$607
Prepaid expenses, deposits and advances	82	104
Trade receivables	1,008	877
Inventories	643	711
	2,290	2,299
Non-current assets		
Property and equipment	128	133
Right-of-use assets	508	535
Total Assets	\$2,926	\$2,967
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$1,280	\$1,438
Current portion of lease obligations	180	156
Interest payable	170	183
Promissory notes	268	216
	1,898	1,993
Non-current liabilities		
Lease obligations	300	353
Promissory notes	1,999	2,061
Government loans	27	26
Debentures	686	654
Total Liabilities	\$4,910	\$5,087
SHAREHOLDERS' DEFICIT		
Share capital	\$19,613	\$19,613
Contributed surplus	5,984	5,972
Warrants	99	99
Accumulated other comprehensive loss	(905)	(1,018)
Accumulated deficit	(26,775)	(26,786)
Total Shareholders' Deficit	(\$1,984)	(\$2,120)
Total Liabilities and Shareholders' Deficit	\$2,926	\$2,967

The Company's complete set of March 31, 2022 quarter end filings have been filed on the SEDAR website at www.sedar.com and are also available on the Company's website at www.divergentenergyservices.com.

For Further Information:

Ken Berg, President and Chief Executive Officer, kberg@divergentenergyservices.com

Ken Olson, Interim Chief Financial Officer, ken.olson@divergentenergyservices.com

ABOUT DIVERGENT ENERGY SERVICES CORP.

Headquartered in Calgary, Alberta, Divergent provides fluids management products and services for the water, gas and oil industries through its wholly owned subsidiary Extreme Pump Solutions LLC.

DIVERGENT Energy Services Corp., 2020, 715 – 5th Ave SW, Calgary, AB T2P 2X6, (403) 543-0060, (403) 543-0069 (fax), www.divergentenergyservices.com

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. 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

(Not for dissemination in the United States of America)