Q3 Report ● Nine Months Ended September 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Essential Energy Services Ltd. ("Essential" or the "Company") is for the three and nine months ended September 30, 2017.

This MD&A should be read in conjunction with Essential's September 30, 2017 unaudited condensed consolidated interim financial statements and the audited annual consolidated financial statements and MD&A included in Essential's 2016 Financial Report to Shareholders for the financial year ended December 31, 2016. No update is provided where an item is not material or where there has been no material change from the discussion in the aforementioned annual MD&A. Readers should carefully read the sections regarding "Forward-Looking Statements and Information" and "Non-IFRS Measures" in this report. All references to dollar amounts are to Canadian dollars, except where otherwise indicated. This MD&A was prepared effective November 8, 2017 and was approved and authorized for issuance by the Board of Directors of the Company (the "Board") on November 8, 2017.

Essential was incorporated under the *Business Corporations Act* (Alberta). The common shares trade on the Toronto Stock Exchange ("TSX") under the symbol ESN. Additional information regarding Essential can be found under Essential's profile on SEDAR at www.sedar.com or the Company's website at www.essentialenergy.ca.

SELECTED INFORMATION

(in thousands of dollars except per share, percentages, hours and fleet data)	Three months ended September 30, **2017**	Three months ended September 30, 2016	Nine months ended September 30, **2017**	Nine months ended September 30, 2016
Revenue	**$ 48,751**	$ 26,013	**$ 132,646**	$ 64,484
Gross margin	**11,524**	3,899	**27,402**	3,639
Gross margin %	**24%**	15%	**21%**	6%
EBITDAS[1] from continuing operations	**8,541**	1,418	**17,456**	(5,008)
Net income (loss) from continuing operations	**2,344**	(3,253)	**819**	(52,790)
Per share – basic and diluted	**0.02**	(0.03)	**0.01**	(0.42)
Net income (loss)	**2,344**	(3,814)	**489**	(65,218)
Per share – basic and diluted	**0.02**	(0.03)	**0.00**	(0.52)
Operating hours				
Coil tubing rigs	**13,751**	7,662	**37,210**	21,187
Pumpers	**18,094**	10,127	**46,276**	24,681

	As at September 30, **2017**	As at September 30, 2016
Total assets[(i)]	**$ 223,695**	$ 242,781
Long-term debt	**20,606**	31,781
Equipment fleet[(ii)]		
Coil tubing rigs	**31**	26
Pumpers	**29**	28

(i) Total assets as at September 30, 2016 include the service rig business which was sold in December 2016.
(ii) Fleet data represents the number of units at the end of the period.

[1] Refer to "Non-IFRS Measures" section for further information.

HIGHLIGHTS

Essential Wins Patent Litigation

For the past four years Essential has defended itself in court proceedings against a patent infringement claim pursued by Packers Plus Energy Services Inc. ("Packers Plus"), alleging that methods associated with the Tryton Multi-Stage Fracturing System® ("MSFS®") infringe certain claims of a patent issued to Packers Plus. On November 3, 2017 the Federal Court of Canada (the "Court") ruled that the asserted claims of the patent were not valid and that Essential did not infringe the patent.

Management is very pleased with the Court's decision on validity and infringement, which absolves Essential of any wrongdoing in connection with this litigation.

Highlights for the Third Quarter 2017

A broader customer base and strong industry activity resulted in Essential's third quarter 2017 revenue and EBITDAS[1] exceeding management's expectations. Revenue for the three months ended September 30, 2017 was $48.8 million, a $22.7 million or 87% increase from 2016, as both Essential Coil Well Service ("ECWS") and Tryton continued to experience strong customer demand with improved industry activity compared to the third quarter 2016. EBITDAS[1] was $8.5 million, $7.1 million higher than the third quarter 2016.

Key operating highlights include:

- ECWS third quarter 2017 revenue increased 106% compared to the third quarter 2016 with demand remaining strong for coil tubing rigs and pumpers particularly in the Montney region of the Western Canadian Sedimentary Basin ("WCSB").
- Tryton revenue increased 64% compared to the third quarter 2016. All service lines improved, with especially strong demand for its MSFS® tools.

For the nine months ended September 30, 2017 Essential reported revenue of $132.6 million, a 106% improvement from the first nine months of 2016. EBITDAS[1] was $17.5 million, or $22.5 million higher than the prior year period.

At September 30, 2017, Essential's debt outstanding was $20.6 million and funded debt[1] to bank EBITDA[1] was 0.8x. Working capital of $57.3 million exceeded debt by $36.7 million. Debt increased $7.3 million from June 30, 2017, primarily due to working capital as third quarter revenue was higher than the seasonally slower second quarter, resulting in higher trade accounts receivable. On November 8, 2017, there was $24.5 million of debt outstanding.

INDUSTRY OVERVIEW

The Canadian oilfield service industry has seen a resurgence of activity in 2017, particularly in completions activity, compared to the lows reached in 2016. Well completions, a key indicator of industry activity in the WCSB increased 76%[a] compared to the nine months ended September 30, 2016. Oil prices averaged approximately U.S. $50 per barrel ("WTI") for the first nine months of 2017 providing exploration and production ("E&P") companies prices sufficient to support industry activity. Well completions for the three months ended September 30, 2017 increased 134%[a] compared to the same prior year period.

(a) Source: June Warren-Nickle's Energy Group

OVERVIEW OF ESSENTIAL

Essential safely provides completion, production and abandonment services to E&P companies primarily in western Canada. Services are offered through coil tubing, fluid and nitrogen pumping, and the sale and rental of downhole tools and equipment.

<u>Essential Coil Well Service</u>

Coil Tubing Rigs – Essential operates the largest coil tubing fleet in Canada. Coil tubing rigs provide completion, stimulation and work-over services on long-reach horizontal and vertical wells. Essential's coil tubing rigs are equipped to work with coil tubing ranging from 1 ½ inches to 2 ⅞ inches in diameter. The rigs have a depth capacity of up to 7,900 meters using 2 ⅜ inch coil. Essential's coil tubing fleet is comprised of Generation I, II, III and IV coil tubing rigs, which are differentiated by capability to service wells with varying depths and well pressures. The varied limit, capacity and coil diameter of Essential's coil tubing fleet make this equipment ideally suited to work in all facets of a customer's horizontal well completion and work-over program.

Coil tubing rigs are typically used in the completion and stimulation of a horizontal well in the following areas:

- Pre-Fracturing – Coil tubing is used to complete pre-fracturing confirmation runs and/or place the tools used to isolate a portion of the wellbore during fracture stimulation.
- Fracturing – Dependent on the design of the customer's fracturing program, coil tubing can be used to frac-thru-coil, complete annular fracturing, convey and actuate sliding-sleeve tool assemblies or perform tubing conveyed plug-and-perf operations in the well.
- Post-Fracturing – Once the fracturing has been completed, coil tubing is used to complete post-fracturing confirmation runs, clean-outs and mill-outs/drill-outs of ball & seat systems. Coil tubing can also be used for work-overs and to convey third party instrumentation and evaluation tools to confirm the results of the fracture treatment.

Pumpers – Coil tubing rigs are supported by a fleet of fluid and nitrogen pumpers. Fluid pumpers are used to maintain downhole circulation, provide ancillary acid/solvent treatments and inject friction reducers and other chemicals into the wellbore. Fluid pumpers also perform stand-alone pump-down work independent of the coil tubing fleet. Nitrogen pumpers are used to pump inert nitrogen gas into the wellbore for stimulation or work-over operations and to purge the coil tubing of fluids once the coil tubing work has been completed.

<u>Tryton</u>

Essential's Tryton segment provides production and completion tools and rentals for horizontal and vertical wells. Operations for this segment are well-placed geographically across the WCSB and in the U.S.

Essential provides a wide range of downhole tools and rental services for completion, production and abandonment of oil and natural gas wells, including:

- Tryton MSFS® – Tryton MSFS® tools are used for horizontal well completions, allowing producers to isolate and fracture intervals of the horizontal section of a well separately and continuously.
- Conventional Tools – Includes conventional packers, tubing anchors, bridge plugs, cement retainers and related accessories that are used in completion, production and abandonment operations.
- Rentals – The rental business offers a broad range of oilfield equipment, including specialty drill pipe, blowout preventers, specialty equipment for steam-assisted gravity drainage wells, and various other tools and handling equipment.

Patent Litigation

On October 23, 2013, Packers Plus filed a Statement of Claim in the Court against Essential alleging that certain products and methods associated with the Tryton MSFS® infringe a patent issued to Packers Plus. Packers Plus subsequently limited its infringement allegations to just certain method claims in the patent.

Since filing its Statement of Defence and Counterclaim on November 22, 2013, Essential has maintained that it did not infringe the patent and the Counterclaim pleaded further that the asserted patent claims were invalid because the methodology and equipment claimed in the patent were in use in the oil and natural gas industry prior to the patent's effective filing date of November 19, 2001 or represented nothing more than obvious variations over what was already known in the industry at the time. This position was supported by the existence of similar products, articles and other patents prior to the effective filing date of the patent.

The trial was completed in March 2017. There were two parts to the trial:

- Validity – The validity portion of the trial focused on whether or not the asserted patent claims were valid. Given the fact that Packers Plus asserted infringement of the same patent against Essential and three other defendants, Baker Hughes Canada Company, Weatherford Canada Ltd. and Resource Well Completion Technologies Inc., and all of the defendants filed counterclaims seeking a declaration that the asserted patent claims were invalid, the Court directed that the counterclaims be consolidated into a single trial (the "Joint Validity Trial"). During the Joint Validity Trial the four defendants asserted their common position that the asserted patent claims were invalid.
- Infringement – The infringement portion of the trial focused on whether or not Essential infringed the Packers Plus patent. The infringement portions of the Baker Hughes Canada Company, Weatherford Canada Ltd. and Resource Well Completion Technologies Inc. trials were not consolidated with the infringement portion of the Essential case since each infringement action, by its nature, deals with tools, designs and business activities specific to each company.

The Court ruled on November 3, 2017 that the asserted patent claims were not valid and that Essential did not infringe the patent.

Packers Plus has up to 30 days from the date of the Court's decision to appeal the Court's rulings on validity and infringement. To be successful against Essential, both decisions would have to be overturned.

The Court awarded costs in favor of Essential in both decisions. Over the past four years, Essential incurred significant defence costs with respect to this litigation. Essential has initiated the work to make an application to the Court to recover its legal costs. Essential is not able to estimate the amount and timing of a recovery at this time.

RESULTS OF OPERATIONS

(in thousands of dollars, except per share amounts)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Revenue	**$ 48,751**	$ 26,013	**$ 132,646**	$ 64,484
Operating expenses	**37,227**	22,114	**105,244**	60,845
Gross margin	**11,524**	3,899	**27,402**	3,639
General and administrative expenses	**2,983**	2,481	**9,946**	8,647
EBITDAS[1] from continuing operations	**8,541**	1,418	**17,456**	(5,008)
Depreciation and amortization	**3,935**	3,595	**11,817**	13,363
Share-based compensation	**546**	805	**2,769**	1,520
Impairment loss	**-**	-	**-**	45,838
Other expense	**572**	775	**742**	2,104
Finance costs	**218**	272	**955**	940
Income (loss) before income tax from continuing operations	**3,270**	(4,029)	**1,173**	(68,773)
Current income tax expense (recovery)	**339**	(515)	**(208)**	(5,979)
Deferred income tax expense (recovery)	**587**	(261)	**562**	(10,004)
Income tax expense (recovery)	**926**	(776)	**354**	(15,983)
Net income (loss) from continuing operations	**$ 2,344**	$ (3,253)	**$ 819**	$ (52,790)
Net loss from discontinued operations	**-**	(561)	**(330)**	(12,428)
Net income (loss)	**$ 2,344**	$ (3,814)	**$ 489**	$ (65,218)
Net income (loss) from continuing operations per share				
Basic and diluted	**$ 0.02**	$ (0.03)	**$ 0.01**	$ (0.42)
Net income (loss) per share				
Basic and diluted	**$ 0.02**	$ (0.03)	**$ 0.00**	$ (0.52)

COMPARATIVE FIGURES

The sale of Essential's service rig business in December 2016 was reported as a discontinued operation, with the three and nine months ended September 30, 2016 comparative figures restated to this same basis of accounting and disclosure.

Segment Results – *Essential Coil Well Service*

(in thousands of dollars, except percentages, hours and fleet data)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Revenue	**$ 28,606**	$ 13,896	**$ 71,894**	$ 36,074
Operating expenses	**21,984**	12,231	**58,242**	33,869
Gross margin	**$ 6,622**	$ 1,665	**$ 13,652**	$ 2,205
Gross margin %	**23%**	12%	**19%**	6%
Operating hours				
Coil tubing rigs	**13,751**	7,662	**37,210**	21,187
Pumpers	**18,094**	10,127	**46,276**	24,681
Equipment fleet (i)				
Coil tubing rigs (ii)	**31**	26	**31**	26
Fluid pumpers (ii)(iii)	**18**	18	**18**	18
Nitrogen pumpers (ii)	**11**	10	**11**	10

(i) Fleet data represents the number of units at the end of the period.
(ii) During the fourth quarter 2016, Essential acquired four Generation III coil tubing rigs, three quintuplex fluid pumpers and one nitrogen pumper.
(iii) During the second quarter 2017, Essential retired one single fluid pumper and during the third quarter 2017, Essential retired two single fluid pumpers.

ECWS revenue was $28.6 million, a 106% increase compared to the three months ended September 30, 2016, due to increased activity and higher revenue per hour.

Coil tubing and pumping operating hours for the three months ended September 30, 2017 increased 79% compared to the same period in 2016. ECWS continued to experience strong demand for its Generation III coil tubing rigs and twin triplex and quintuplex fluid pumpers, as customers completed long-reach horizontal wells, particularly in the Montney region of the WCSB. These longer reach horizontal wells require the greater pumping capacity of the twin triplex and quintuplex fluid pumpers.

Revenue per hour for coil tubing and pumping was higher in the third quarter 2017 compared to the same prior year period due to price increases implemented in the first quarter 2017. Since the first quarter 2017, prices have remained relatively unchanged, but revenue per hour increased due to the mix of work. Price increases realized in the first quarter 2017 helped offset rising operating costs including labour and maintenance costs.

Third quarter 2017 gross margin as a percentage of revenue was 23% compared to 12% for the third quarter 2016 as fixed costs comprised a smaller proportion of revenue.

On a year-to-date basis, ECWS revenue was $71.9 million, a 99% increase compared to the nine months ended September 30, 2016 due to higher industry activity and revenue per hour increases. Gross margin as a percentage of revenue for the nine months ended September 30, 2017 was 19%, a significant improvement over the prior period due to increased revenue, operating efficiencies associated with close proximity of well locations and pad work, and fixed costs comprising a smaller percentage of a larger revenue base.

Segment Results - *Tryton*

(in thousands of dollars, except percentages)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Revenue	**$ 20,145**	$ 12,256	**$ 60,752**	$ 28,728
Operating expenses	**14,690**	9,989	**45,481**	25,174
Gross margin	**$ 5,455**	$ 2,267	**$ 15,271**	$ 3,554
Gross margin %	**27%**	18%	**25%**	12%
Tryton revenue – % of revenue				
Tryton MSFS®	**48%**	45%	**52%**	37%
Conventional Tools & Rentals	**52%**	55%	**48%**	63%

Tryton third quarter 2017 revenue was $20.1 million, a 64% increase from the same period in 2016 due to higher demand from a broader customer base for MSFS® tools, conventional tools and rentals. MSFS® tools experienced the greatest increase compared to the third quarter 2016, working on horizontal well completion programs, primarily in the Montney region of the WCSB. Conventional tools activity improved across the WCSB due to higher demand for maintenance work on producing wells and abandonment work. Tryton U.S. revenue increased due to stronger activity compared to the third quarter 2016.

On a year-to-date basis, Tryton revenue increased $32.0 million compared to the prior year period as a result of increased activity, particularly for MSFS® tools as customers continued with their horizontal well completion programs.

Gross margin improved for the three and nine months ended September 30, 2017 compared to the same prior year periods. Increased revenue and Tryton's variable cost structure resulted in a significant increase in both gross margin and gross margin as a percentage of revenue, as fixed costs comprised a smaller proportion of revenue.

General and Administrative

(in thousands of dollars)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
General and administrative expenses	**$ 2,983**	$ 2,481	**$ 9,946**	$ 8,647

General and administrative expenses ("G&A") are comprised of wages, professional fees, office rent and other corporate and operational administrative costs. G&A for the nine months ended September 30, 2017 increased compared to the same period in 2016 due to reinstatement of employee compensation reductions implemented during the industry downturn and higher legal fees related to the Packers Plus lawsuit.

Depreciation and Amortization

(in thousands of dollars)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Depreciation and amortization expense	**$ 3,935**	$ 3,595	**$ 11,817**	$ 13,363

Depreciation and amortization for the nine months ended September 30, 2017 was lower than the same period in 2016 due to a one-time depreciation charge related to a change in estimate that reduced certain assets' expected lives and an impairment loss recognized on ECWS equipment and intangible assets, both in the first quarter 2016.

SHARE-BASED COMPENSATION

(in thousands of dollars)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Share-based compensation expense	**$ 546**	$ 805	**$ 2,769**	$ 1,520

For the nine months ended September 30, 2017, share-based compensation was higher than the same prior year period due to the issuance of Deferred Share Units and Restricted Share Units during the first quarter 2017.

OTHER EXPENSE

(in thousands of dollars)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Loss (gain) on disposal and write-down of assets	**$ 86**	$ 910	**$ (184)**	$ 1,487
Foreign exchange loss (gain)	**481**	(97)	**940**	619
Other expense (income)	**5**	(38)	**(14)**	(2)
Other expense	**$ 572**	$ 775	**$ 742**	$ 2,104

The strengthening of the Canadian dollar in relation to the U.S. dollar during the three and nine months ended September 30, 2017 resulted in foreign exchange losses. The loss on disposal of assets in the prior year period included disposal of equipment that was retired and no longer used in operations.

IMPAIRMENT LOSS

(in thousands of dollars)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Impairment loss	**$ -**	$ -	**$ -**	$ 45,838

International Financial Reporting Standards ("IFRS") requires the Company to assess the carrying value of assets in the cash generating units when there are impairment indicators. The Company recognized an impairment charge in the first quarter of 2016 of $45.8 million: $28.5 million on ECWS equipment and $17.3 million on intangible assets.

FINANCE COSTS

(in thousands of dollars)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Finance costs	**$ 218**	$ 272	**$ 955**	$ 940

For the nine months ended September 30, 2017, finance costs were consistent with the same period in 2016. The higher interest rate on the Company's revolving credit facility in 2017 was offset by lower average long-term debt outstanding compared to the same prior year period.

INCOME TAXES

(in thousands of dollars)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	2016
Current income tax expense (recovery)	**$ 339**	$ (515)	**$ (208)**	$ (5,979)
Deferred income tax expense (recovery)	**587**	(261)	**562**	(10,004)
Income tax expense (recovery)	**$ 926**	$ (776)	**$ 354**	$ (15,983)

For the three and nine months ended September 30, 2017, income tax expense relates to income generated during the quarter. For the nine months ended September 30, 2017, the current income tax recovery relates to taxes paid in previous years that will be applied against taxable losses in 2017. The income tax recovery for the nine months ended September 30, 2016 relates to the tax recoveries on operating losses and the tax effect of the impairment loss recorded in the first quarter of the prior year.

DISCONTINUED OPERATIONS

In December 2016, Essential sold its service rig business, including all service rigs, ancillary equipment and transfer of employees. The results of operations have been restated to present discontinued operations separately from continuing operations for the three and nine months ended September 30, 2016.

For the nine months ended September 30, 2017, expenses from discontinued operations primarily related to incremental reclamation costs on leased properties occupied by Essential until the end of the first quarter 2017. Net loss from discontinued operations was as follows:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2017**	2016	**2017**	2016
Revenue	**$ -**	$ 4,363	**$ -**	$ 11,815
Expenses	**-**	4,469	**451**	12,502
Depreciation and amortization	**-**	718	**-**	2,373
Impairment loss	**-**	-	**-**	15,814
Loss before income tax	**-**	(824)	**(451)**	(18,874)
Income tax recovery	**-**	263	**121**	6,446
Net loss from discontinued operations	**$ -**	$ (561)	**$ (330)**	$ (12,428)

FINANCIAL RESOURCES AND LIQUIDITY

OPERATING CASH FLOW BEFORE CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars, except per share amounts)	**2017**	2016	**2017**	2016
Net cash (used in) provided by operating activities	**$ (6,564)**	$ (3,215)	**$ 2,900**	$ (606)
Less changes in non-cash working capital[(1)]	**(13,839)**	(4,369)	**(11,714)**	(277)
Operating cash flow before changes in non-cash operating working capital[(1)]	**$ 7,275**	$ 1,154	**$ 14,614**	$ (329)
Per share – basic and diluted	**$ 0.05**	$ 0.01	**$ 0.10**	$ (0.00)

WORKING CAPITAL

(in thousands of dollars, except ratios)	**As at September 30, 2017**	As at December 31, 2016
Current assets	**$ 80,653**	$ 66,413
Current liabilities	**(23,359)**	(20,613)
Working capital [(1)]	**$ 57,294**	$ 45,800
Working capital ratio	**3.5:1**	3.2:1

Working capital is comprised primarily of accounts receivable and inventory. Working capital typically grows through the first, third and fourth quarters of the year when industry activity is stronger. Essential uses its revolving credit facility ("Credit Facility") to meet the variable nature of its working capital needs for the cost of carrying inventory and customer accounts receivable. Collection periods for accounts receivable are typically longer than payment cycles to vendors and employees. In periods of higher activity, debt initially tends to increase and in periods of lower activity, debt initially declines.

CREDIT FACILITY

Essential's Credit Facility is comprised of a $40 million revolving term loan facility with a $20 million accordion feature available at the lender's consent. The Credit Facility was renewed on June 15, 2016 and matures on May 31, 2019. It is renewable at the lender's consent and is secured by a general security agreement over the Company's assets. To the extent the Credit Facility is not renewed, the balance becomes immediately due and payable on the maturity date. At September 30, 2017, the maximum of $40 million under the Credit Facility was available to Essential.

The Credit Facility includes an equity cure provision where proceeds from equity offerings may be applied to the calculation of Bank EBITDA(1) in the funded debt(1) to Bank EBITDA(1) covenant and the fixed charge coverage(1) covenant. In October 2016, Essential received gross proceeds of $10.4 million for 16,019,883 shares issued at $0.65 per share from an equity offering that the Company applied as an equity cure to its fourth quarter 2016 Bank EBITDA(1) calculation under the Credit Facility. Due to the trailing 12 month nature of the covenants, the proceeds from the equity offering increased Bank EBITDA(1) for the first, second and third quarter 2017 covenants as well.

In addition to the equity cure, the Credit Facility contains a number of terms and conditions, including:

- financial covenants:

Quarter Ending	Funded Debt(1) to Capitalization	Funded Debt(1) to Bank EBITDA(1)(i)	Fixed Charge Coverage Ratio(1)(i)
September 30, 2017	≤ 50%	≤ 4.75x	≥ 1.25x
December 31, 2017	≤ 50%	≤ 4.25x	≥ 1.25x
March 31, 2018	≤ 50%	≤ 3.50x	≥ 1.25x
June 30, 2018	≤ 50%	≤ 3.50x	≥ 1.25x
September 30, 2018	≤ 50%	≤ 3.25x	≥ 1.25x
December 31, 2018	≤ 50%	≤ 3.00x	≥ 1.25x
March 31, 2019	≤ 50%	≤ 3.00x	≥ 1.25x

(i) Calculated on a trailing 12 month basis.

- a monthly borrowing base when funded debt(1) to Bank EBITDA(1) (excluding the equity cure) is greater than 2.00x; and
- restrictions on dividends and acquisitions when funded debt(1) to Bank EBITDA(1) (excluding the equity cure) is greater than 3.00x.

As at September 30, 2017 all financial debt covenants and banking requirements under the Credit Facility were satisfied.

	Covenant Threshold	**As at September 30, 2017**
Funded debt(1) to capitalization	≤ 50%	**12%**
Funded debt(1) to Bank EBITDA(1)	≤ 4.75x	**0.8x**
Fixed charge coverage ratio(1)	≥ 1.25x	**23.6x**

Essential does not anticipate financial resource or liquidity issues to restrict its future operating, investing or financing activities. On November 8, 2017, Essential had $24.5 million of debt outstanding.

EQUIPMENT EXPENDITURES

(in thousands of dollars)	Three months ended September 30, 2017	2016	Nine months ended September 30, 2017	2016
Essential Coil Well Service	**$ 3,073**	$ 1,401	**$ 11,432**	$ 7,435
Tryton	**352**	5	**2,183**	1,374
Corporate	**76**	1	**314**	35
Total equipment expenditures	**3,501**	1,407	**13,929**	8,844
Less proceeds on disposal of property and equipment	**(1,154)**	(473)	**(1,769)**	(2,019)
Net equipment expenditures[1]	**$ 2,347**	$ 934	**$ 12,160**	$ 6,825

Essential classifies its equipment expenditures as growth capital[1] and maintenance capital[1]:

(in thousands of dollars)	Three months ended September 30, 2017	2016	Nine months ended September 30, 2017	2016
Growth capital[1]	**$ 515**	$ 1,076	**$ 6,861**	$ 6,375
Maintenance capital[1]	**2,986**	331	**7,068**	2,469
Total equipment expenditures	**$ 3,501**	$ 1,407	**$ 13,929**	$ 8,844

During the nine months ended September 30, 2017 ECWS added one chemical van and incurred expenditures for recertifications and upgrades required to activate the coil tubing rigs and pumpers acquired in 2016. Tryton purchased specialty rental drill pipe in the first quarter 2017 that was deployed to a customer.

In the third quarter 2017, Essential sold a shop, office and land that was no longer being utilized. Proceeds from the sale are included in the above table as “proceeds on disposal of property and equipment.”

Essential’s 2017 capital forecast is $23 million, comprised of $12 million of growth capital and $11 million of maintenance capital. The growth capital consists of two new quintuplex fluid pumpers expected to be available for service in early 2018, pumping support equipment, the cost to recertify and upgrade the coil tubing rigs and pumping equipment acquired in 2016 and additional rental drill pipe. The fluid pumpers will support Essential’s deep coil tubing fleet working on long-reach horizontal wells where greater pumping capacity is required due to the depths and pressures of these wells.

SHARE CAPITAL

As at November 8, 2017, there were 141,856,813 common shares and 6,418,249 share options outstanding. Of the 6,418,249 share options, 2,952,408 were exercisable of which 803,747 were “in-the-money”.

COMMITMENTS

Operating leases

Essential has entered into operating leases for office and shop premises that provide for minimum annual lease payments, as follows:

(in thousands of dollars)	Amount
2017 (for the three months ending December 31)	$ 1,392
2018	4,859
2019	4,548
2020	3,996
2021	3,422
Thereafter	6,133
As at September 30, 2017	$ 24,350

DISCLOSURE CONTROLS AND PROCEDURES

The Company's President and Chief Executive Officer ("CEO") and Vice President, Finance and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO, particularly during the period in which annual, interim or other reports are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Essential reported on disclosure controls and procedures as part of its 2016 annual disclosure requirements (please refer to the MD&A for the year-ended December 31, 2016, which is available on SEDAR at www.sedar.com and on Essential's website at www.essentialenergy.ca). There have been no significant changes to disclosure controls and procedures in the current period.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's CEO and CFO are responsible for designing, or causing to be designed under their supervision, ICFR related to the Company, including its consolidated subsidiaries.

Essential reported on ICFR as part of its 2016 annual disclosure requirements (please refer to the MD&A for the year-ended December 31, 2016, which is available on SEDAR at www.sedar.com and on Essential's website at www.essentialenergy.ca). There have been no significant changes to ICFR in the current period that have materially affected, or are reasonably likely to affect, the Company's ICFR.

OUTLOOK

Higher commodity prices in 2017 compared to 2016 have supported E&P spending which resulted in improved year-over-year results for the Canadian oilfield services sector. Industry well completions continue to be weighted towards oil and liquids rich natural gas in the Montney region of the WCSB. Management expects fourth quarter activity to remain steady with a possible slowdown later in the quarter as customers complete their 2017 capital programs and strive to maintain spending within cash flow.

At current commodity prices, the outlook for the first quarter 2018 is positive. Indicators suggest that first quarter industry well completions activity will continue to be strong assuming commodity prices remain near current levels. Visibility into the first quarter will become clearer as customers announce their 2018 capital budgets.

With stronger than expected third quarter activity, ECWS has continued its crew recruiting to re-activate more coil tubing and pumper packages in the first quarter 2018. Approximately half of Essential's coil tubing rigs are considered active and ready for work. As activity increases and the employee base grows, Essential will activate more of its existing fleet.

Tryton has a full complement of employees to meet expected customer demand and will add additional employees if demand exceeds expectations.

Essential does not expect meaningful price increases for its products and services in the near term, with the exception of incremental pricing to partially recover rising labor costs in ECWS. Management believes that industry activity and steady commodity prices are required before customers support increased oilfield service pricing.

On November 3, 2017 the Court ruled in favour of Essential with respect to the Packers Plus patent litigation stating that the asserted patent claims were not valid and that Essential did not infringe the patent. This affirmed Essential's position for the past four years that the lawsuit was without merit. This ruling is very positive and significant to Essential's business, shareholders and employees.

Essential's strong balance sheet positions it well as the oil and natural gas industry continues its recovery in the WCSB. Essential's 2017 growth capital investment is focused on increasing pumping capacity to support the coil tubing fleet working for customers on long-reach horizontal wells where greater pumping capacity is required due to depths and pressures of these wells.

At September 30, 2017, debt was $20.6 million and funded debt(1) to Bank EBITDA(1) was 0.8x.

SUMMARY OF QUARTERLY DATA

Essential operates primarily in western Canada, where activity is directly impacted by seasonality. Activity is traditionally higher in the first, third and fourth quarters of the year and lower in the second quarter. With the onset of spring, melting snow and thawing ground frost renders many roadways incapable of supporting heavy equipment. In addition, certain areas in Canada are typically only accessible during the winter months.

The industry downturn disrupted typical historic oilfield services seasonal and quarterly patterns in western Canada as E&P companies' spending decisions were driven by constrained cash flow in addition to weather and access issues.

The following table provides the Company's quarterly information for the past eight quarters. The sale of the service rig business in December 2016 was reported as a discontinued operation with prior periods restated to this same basis of accounting and disclosure.

(in thousands of dollars, except per share amounts, percentages, hours and fleet data)	**Sept 30, 2017**	June 30, 2017	Mar 31, 2017	Dec 31, 2016	**Sept 30, 2016**	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015
Essential Coil Well Service	**28,606**	14,569	28,719	17,564	**13,896**	6,422	15,756	23,833
Tryton	**20,145**	13,076	27,531	15,655	**12,256**	5,583	10,889	11,278
Inter-segment eliminations	**-**	-	-	(176)	**(139)**	(90)	(89)	(147)
Total revenue	**48,751**	27,645	56,250	33,043	**26,013**	11,915	26,556	34,964
Gross margin	**11,524**	1,484	14,394	4,148	**3,899**	(1,578)	1,318	5,952
Gross margin %	**24%**	5%	26%	13%	**15%**	(13)%	5%	17%
EBITDAS(1) from continuing operations	**8,541**	(1,291)	10,206	(4,161)	**1,418**	(4,224)	(2,202)	3,366
Bank EBITDA(1)	**8,624**	(1,272)	10,224	11,541	**1,418**	(4,208)	(469)	3,510
Continuing operations								
Net (loss) income (i)	**2,344**	(5,005)	3,480	(9,832)	**(3,253)**	(7,159)	(42,378)	(14,739)
Per share – basic and diluted	**0.02**	(0.04)	0.02	(0.07)	**(0.03)**	(0.06)	(0.34)	(0.12)
Net (loss) income (i)	**2,344**	(5,005)	3,150	(25,411)	**(3,814)**	(7,486)	(53,918)	(18,082)
Per share – basic and diluted	**0.02**	(0.04)	0.02	(0.18)	**(0.03)**	(0.06)	(0.43)	(0.14)
Total assets	**223,695**	208,337	227,646	209,270	**242,781**	238,450	246,713	317,244
Long-term debt	**20,606**	13,337	18,169	11,250	**31,781**	26,894	27,053	25,543
Operating hours								
Coil tubing rigs	**13,751**	7,039	16,420	11,119	**7,662**	3,848	9,677	13,817
Pumpers	**18,094**	9,529	18,653	12,341	**10,127**	4,336	10,218	15,049
Total equipment fleet (ii)								
Coil tubing rigs (iii)	**31**	31	31	31	**26**	26	32	31
Fluid pumpers (iii)(iv)	**18**	20	21	21	**18**	18	18	18
Nitrogen pumpers (iii)	**11**	11	11	11	**10**	12	12	12
Tryton - % of revenue								
Tryton MSFS®	**48%**	42%	59%	53%	**45%**	15%	40%	24%
Conventional Tools & Rentals	**52%**	58%	41%	47%	**55%**	85%	60%	76%

(i) The quarter ended March 31, 2016 includes an impairment loss of $45.8 million.
(ii) Fleet data represents the number of units at the end of the period.
(iii) During the fourth quarter 2016, Essential acquired four Generation III coil tubing rigs, three quintuplex fluid pumpers and one nitrogen pumper.
(iv) During the second and third quarters 2017, Essential retired one single fluid pumper and two single fluid pumpers, respectively.

FORWARD-LOOKING STATEMENTS AND INFORMATION

This MD&A contains "forward-looking statements" and "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of material factors, assumptions, risks and uncertainties, many of which are beyond the control of the Company.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "continues", "projects", "forecasts", "potential", "budget" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. This MD&A contains forward-looking statements, pertaining to, among other things, the following: the results of an appeal, if any, by Packers Plus of the Court's decision on November 3, 2017; the impact of Essential's financial resources or liquidity on its future operating, investing and financing activities; Essential's capital forecast and in-service timing; new equipment; oil and gas industry activity; Essential's activity levels; Essential hiring additional employees; fleet activation; pricing of oilfield services and Essential's services; Essential's competitive position and outlook; the implications of Essential's strong balance sheet and the amount expected to be paid for Essential's "other commitments".

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Company can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Company's Annual Information Form (a copy of which can be found under Essential's profile on SEDAR at www.sedar.com); the risks associated with the oilfield services sector (e.g. demand, pricing and terms for oilfield services; current and expected oil and natural gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety and environmental risks); integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties, incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; the ability of the Company's subsidiaries to enforce legal rights in foreign jurisdictions; general economic, market or business conditions; global economic events; changes to Essential's financial position and cash flow; the availability of qualified personnel, management or other key inputs; currency exchange fluctuations; changes in political and security stability; risks and uncertainty related to distribution and pipeline constraints; and other unforeseen conditions which could impact the use of services supplied by the Company. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Statements, including forward-looking statements, contained in this MD&A are made as of the date they are given and the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed under Essential's profile on SEDAR at www.sedar.com.

[(1)]Non-IFRS Measures

Throughout this MD&A, certain terms that are not specifically defined in IFRS are used to analyze Essential's operations. In addition to the primary measures of net income (loss) and net income (loss) per share in accordance with IFRS, Essential believes that certain measures not recognized under IFRS assist both Essential and the reader in assessing performance and understanding Essential's results. Each of these measures provides the reader with additional insight into Essential's ability to fund principal debt repayments and capital programs. As a result, the method of calculation may not be comparable with other companies. These measures should not be considered alternatives to net income (loss) and net income (loss) per share as calculated in accordance with IFRS.

Bank EBITDA – Bank EBITDA is generally defined in Essential's Credit Facility as EBITDAS from continuing operations, including the equity cure, excluding onerous lease contract expense and severance costs ("Permitted Adjustments").

Capitalization – Capitalization is defined in Essential's Credit Facility as the aggregate of its Funded Debt and equity.

EBITDAS (Earnings before finance costs, income taxes, depreciation, amortization, transaction costs, losses or gains on disposal of equipment, write-down of assets, impairment loss, foreign exchange gains or losses, and share-based compensation, which includes both equity-settled and cash-settled transactions) – These adjustments are relevant as they provide another measure which is considered an indicator of Essential's results from its principal business activities.

The following table reconciles Bank EBITDA, EBITDAS from continuing operations, and EBITDA from continuing operations, to the IFRS measure, net income (loss) from continuing operations:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2017**	2016	**2017**	2016
Bank EBITDA	**$ 8,624**	$ 1,418	**$ 17,576**	$ (3,259)
Permitted Adjustments	**83**	-	**120**	1,749
EBITDAS from continuing operations	**$ 8,541**	$ 1,418	**$ 17,456**	$ (5,008)
Share-based compensation	**546**	805	**2,769**	1,520
Other expense	**572**	775	**742**	2,104
EBITDA from continuing operations	**$ 7,423**	$ (162)	**$ 13,945**	$ (8,632)
Depreciation and amortization	**3,935**	3,595	**11,817**	13,363
Impairment loss	**-**	-	**-**	45,838
Finance costs	**218**	272	**955**	940
Income (loss) before income tax from continuing operations	**$ 3,270**	$ (4,029)	**$ 1,173**	$ (68,773)
Total income tax expense (recovery)	**926**	(776)	**354**	(15,983)
Net income (loss) from continuing operations	**$ 2,344**	$ (3,253)	**$ 819**	$ (52,790)

Fixed charge coverage ratio – This measure is generally defined in Essential's Credit Facility as the ratio of EBITDAS less cash tax expense to the sum of distributions, scheduled principal repayments and interest expense.

(in thousands of dollars, except ratios)		Trailing 12 months ended September 30, 2017
Bank EBITDA	**$**	**29,117**
Less current income tax recovery		**(1,009)**
	$	**30,126**
Finance costs	**$**	**1,278**
Fixed charge coverage ratio		**23.6x**

Funded debt – Funded debt is generally defined in Essential's Credit Facility as long-term debt, including current portion of long-term debt plus deferred financing costs and bank indebtedness, net of cash.

Growth capital – Growth capital is capital spending which is intended to result in incremental revenue. Growth capital is considered to be a key measure as it represents the total expenditures on equipment expected to add incremental revenue to Essential.

Maintenance capital – Equipment additions that are incurred in order to refurbish, replace or extend the life of previously acquired equipment. Such additions do not provide incremental revenue.

Net equipment expenditures[i] – This measure is equipment expenditures less proceeds on the disposal of equipment. Essential uses net equipment expenditures to describe net cash outflows related to the financing of Essential's capital program.

Working capital – Working capital is calculated as current assets less current liabilities.

(i) Net equipment expenditures is calculated from the IFRS measures, total equipment expenditures less proceeds on disposal of property and equipment, in the table "Equipment Expenditures and Fleet Additions".

Unaudited Condensed Consolidated Interim Financial Statements

Essential Energy Services Ltd.

September 30, 2017

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(in thousands of dollars)	**As at September 30, 2017**	As at December 31, 2016
Assets		
Current		
Cash	**$ -**	$ 143
Trade and other accounts receivable *(note 5)*	**45,023**	29,300
Inventories *(note 6)*	**32,512**	27,077
Income taxes receivable	**377**	8,119
Prepayments and deposits	**2,741**	1,774
	80,653	66,413
Non-current		
Property and equipment *(note 7)*	**138,029**	137,039
Intangible assets *(note 8)*	**1,587**	2,132
Goodwill	**3,426**	3,686
	143,042	142,857
Total assets	**$ 223,695**	$ 209,270
Liabilities		
Current		
Bank indebtedness	**$ 1,279**	$ -
Trade and other accounts payable *(note 9)*	**20,213**	19,312
Share based compensation *(note 15)*	**1,157**	689
Current portion of onerous lease contract *(note 11)*	**710**	612
	23,359	20,613
Non-current		
Long-term onerous lease contract *(note 11)*	**3,611**	4,142
Share based compensation *(note 15)*	**3,562**	2,179
Long-term debt *(note 12)*	**20,606**	11,250
Deferred tax liabilities	**8,014**	7,519
	35,793	25,090
Total liabilities	**59,152**	45,703
Commitments and contingencies *(notes 17 and 21)*		
Equity		
Share capital *(note 13)*	**272,732**	272,732
Deficit	**(114,113)**	(114,602)
Other reserves *(note 14)*	**5,924**	5,437
Total equity	**164,543**	163,567
Total liabilities and equity	**$ 223,695**	$ 209,270

See accompanying notes to the unaudited condensed consolidated interim financial statements.

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(in thousands of dollars, except per share amounts)	For the three months ended September 30, **2017**	2016	For the nine months ended September 30, **2017**	2016
Revenue	**$ 48,751**	$ 26,013	**$ 132,646**	$ 64,484
Operating expenses	**37,227**	22,114	**105,244**	60,845
Gross margin	**11,524**	3,899	**27,402**	3,639
General and administrative expense	**2,983**	2,481	**9,946**	8,647
Depreciation and amortization *(notes 7 and 8)*	**3,935**	3,595	**11,817**	13,363
Share based compensation *(note 15)*	**546**	805	**2,769**	1,520
Impairment loss *(notes 7 and 8)*	**-**	-	**-**	45,838
Other expenses	**572**	775	**742**	2,104
Operating income (loss) from continuing operations	**3,488**	(3,757)	**2,128**	(67,833)
Finance costs	**218**	272	**955**	940
Income (loss) before income taxes from continuing operations	**3,270**	(4,029)	**1,173**	(68,773)
Current income tax expense (recovery)	**339**	(515)	**(208)**	(5,979)
Deferred income tax expense (recovery)	**587**	(261)	**562**	(10,004)
Income tax expense (recovery)	**926**	(776)	**354**	(15,983)
Net income (loss) from continuing operations	**2,344**	(3,253)	**819**	(52,790)
Loss from discontinued operations, net of tax *(note 4)*	**-**	(561)	**(330)**	(12,428)
Net income (loss)	**2,344**	(3,814)	**489**	(65,218)
Unrealized foreign exchange gain (loss) from continuing operations *(note 14)*	**80**	35	**142**	(17)
Unrealized foreign exchange loss from discontinued operations *(note 14)*	**-**	(55)	**-**	(55)
Other comprehensive income (loss)	**80**	(20)	**142**	(72)
Comprehensive income (loss)	**$ 2,424**	$ (3,834)	**$ 631**	$ (65,290)
Net income (loss) per share from continuing operations *(note 16)*				
Basic and diluted	**$ 0.02**	$ (0.03)	**$ 0.01**	$ (0.42)
Net income (loss) per share *(note 16)*				
Basic and diluted	**$ 0.02**	$ (0.03)	**$ 0.00**	$ (0.52)
Comprehensive income (loss) per share *(note 16)*				
Basic and diluted	**$ 0.02**	$ (0.03)	**$ 0.00**	$ (0.52)

See accompanying notes to the unaudited condensed consolidated interim financial statements.

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	For the nine months ended September 30,	
(in thousands of dollars)	**2017**	2016
Equity:		
Share capital		
Balance, January 1 and September 30 *(note 13)*	**$ 272,732**	$ 262,977
Deficit		
Balance, January 1	**$ (114,602)**	$ (23,595)
Net income (loss)	**489**	(65,218)
Dividends *(note 10)*	**-**	(378)
Balance, September 30	**$ (114,113)**	$ (89,191)
Other reserves		
Balance, January 1	**$ 5,437**	$ 5,176
Other comprehensive income (loss) *(note 14)*	**142**	(72)
Equity-settled share based compensation *(note 14)*	**345**	309
Balance, September 30	**$ 5,924**	$ 5,413
Total equity	**$ 164,543**	$ 179,199

See accompanying notes to the unaudited condensed consolidated interim financial statements.

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands of dollars)	For the nine months ended September 30, **2017**	2016
Operating activities:		
Net income (loss) from continuing operations	**$ 819**	$ (52,790)
Non-cash adjustments to reconcile net income (loss) for the period to operating cash flow:		
Depreciation and amortization	**11,817**	13,363
Deferred income tax expense (recovery)	**562**	(10,004)
Share based compensation *(note 15)*	**345**	309
Provision for impairment of trade accounts receivable *(note 5)*	**300**	532
Finance costs	**955**	940
Impairment loss *(notes 7 and 8)*	**-**	45,838
Gain (loss) on disposals, net of write-down of assets	**(184)**	1,483
Operating cash flow before changes in non-cash operating working capital	**14,614**	(329)
Changes in non-cash operating working capital:		
Trade and other accounts receivable before provision	**(16,420)**	2,224
Inventories	**(5,435)**	282
Income taxes receivable	**6,598**	(2,457)
Prepayments and deposits	**(974)**	(524)
Trade and other accounts payable	**3,099**	(640)
Onerous lease contract	**(433)**	-
Share based compensation	**1,851**	838
Net cash provided by (used in) operating activities from continuing operations	**2,900**	(606)
Investing activities:		
Purchase of property, equipment and intangible assets *(notes 7 and 8)*	**(13,929)**	(8,844)
Non-cash investing working capital in trade and other accounts payable	**(213)**	(722)
Proceeds on disposal of property and equipment	**1,769**	2,019
Net cash used in investing activities from continuing operations	**(12,373)**	(7,547)
Financing activities:		
Increase in long-term debt	**9,356**	6,238
Dividends paid *(note 10)*	**-**	(755)
Finance costs	**(955)**	(940)
Net cash provided by financing activities from continuing operations	**8,401**	4,543
Foreign exchange gain (loss) on cash held in a foreign currency	**14**	(121)
Net decrease in cash	**(1,058)**	(3,731)
Net (decrease) increase in cash, discontinued operations *(note 4)*	**(364)**	2,263
Cash, beginning of period	**143**	1,042
Bank indebtedness, end of period	**$ (1,279)**	$ (426)
Supplemental cash flow information		
Cash taxes received	**$ (8,006)**	$ (3,408)
Cash interest and standby fees paid	**$ 871**	$ 761

See accompanying notes to the unaudited condensed consolidated interim financial statements

1. AUTHORIZATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements ("Financial Statements") of Essential Energy Services Ltd. and its subsidiaries ("Essential" or the "Company") for the three and nine months ended September 30, 2017 and 2016 were approved by the Board of Directors of Essential ("Board of Directors") on November 8, 2017.

Based in Calgary, Alberta, Essential provides oilfield services to oil and gas exploration and production companies primarily in western Canada. Essential is publicly traded, was incorporated under the *Business Corporations Act* (Alberta) and is listed under the symbol ESN on the Toronto Stock Exchange. The address of the registered office is 3400, 350 – 7 Avenue S.W., Calgary, Alberta, Canada, T2P 3N9.

2. SUMMARY OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements as at and for the three and nine months ended September 30, 2017 were prepared in accordance with IAS 34 *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB"). The same accounting policies and methods of computation were followed in the preparation of these Financial Statements as were followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2016. Accordingly, these Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016.

3. FUTURE ACCOUNTING STANDARDS

International Financial Reporting Standard ("IFRS") 15 *Revenue from Contracts with Customers* establishes a single revenue recognition and measurement framework to determine the timing and measurement of revenue from contracts with customers. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual periods beginning on or after January 1 2018, with early adoption permitted. The Company has reviewed its various revenue streams and completed a detailed analysis of each operating segment. Essential will adopt IFRS 15 on January 1, 2018 and does not expect the adoption of IFRS 15 to have a significant impact on its reported revenues from contracts with customers.

4. DISCONTINUED OPERATIONS

On December 16, 2016, Essential sold its service rig business for total consideration of $28.2 million. The service rig business has been reported as a discontinued operation in this reporting period with prior periods restated to this same basis of accounting and disclosure. Discontinued operations were previously classified in the Well Servicing segment, which has been renamed as Essential Coil Well Service following the service rig business disposal.

The comparative consolidated statement of net loss and comprehensive loss have been restated to present the discontinued operations separately from continuing operations.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

The results of the service rig business were as follows:

	For the three months ended September 30, **2017**	2016	For the nine months ended September 30, **2017**	2016
Revenue	**$ -**	$ 4,363	**$ -**	$ 11,815
Expenses	**-**	4,469	**451**	12,502
Depreciation	**-**	718	**-**	2,373
Impairment loss	**-**	-	**-**	15,814
Loss before income tax	**-**	(824)	**(451)**	(18,874)
Income tax recovery	**-**	263	**121**	6,446
Net loss from discontinued operations, net of tax	**-**	(561)	**(330)**	(12,428)
Unrealized foreign exchange loss from discontinued operations	**-**	(55)	**-**	(55)
Comprehensive loss from discontinued operations	**$ -**	$ (616)	**$ (330)**	$ (12,483)
Net loss from discontinued operations per share, Basic and diluted	**$ -**	$ (0.00)	**$ (0.00)**	$ (0.10)

	For the nine months ended September 30, **2017**	2016
Net cash flows used in discontinued operations:		
Net cash (used in) provided by operating activities	**$ (364)**	$ 2,343
Net cash used in investing activities	**-**	(141)
Foreign exchange loss on cash held in foreign currency	-	61
Net cash flows (used in) provided by discontinued operations	**$ (364)**	$ 2,263

5. TRADE AND OTHER ACCOUNTS RECEIVABLE

	As at September 30, 2017	As at December 31, 2016
Trade receivables, net of provision	**$ 44,850**	$ 29,228
Other receivables	**173**	72
	$ 45,023	$ 29,300

Trade receivables are non-interest bearing and are shown net of a provision for impairment. Other receivables are non-interest bearing.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

The carrying amounts of trade receivables are denominated in the following currencies:

	As at September 30, 2017	As at December 31, 2016
Canadian dollar	**$ 43,821**	$ 28,619
U.S. dollar	**1,029**	609
	$ 44,850	$ 29,228

The aging analysis of trade receivables is as follows:

	As at September 30, 2017	As at December 31, 2016
< 31 days	**$ 22,865**	$ 13,866
31-60 days	**12,887**	10,289
61-90 days	**6,738**	3,888
>90 days	**2,360**	1,185
	$ 44,850	$ 29,228

Essential considers a trade receivable balance past due when it exceeds normal customer payment terms, which can range from net 30 days to greater than 90 days. The provision for impairment of receivables is included in the amounts over 90 days and has been included in operating expenses in the consolidated statements of net income (loss) and comprehensive income (loss). Uncollectable amounts included in the provision are written off against the provision when there is no expectation of recovery. The movements in the provision during the period were as follows:

	As at September 30, 2017	As at December 31, 2016
Balance, beginning of period	**$ 532**	$ 925
Provision for receivables impairment	**300**	682
Receivables written off against the provision	**(181)**	(1,075)
Balance, end of period	**$ 651**	$ 532

6. INVENTORIES

	As at September 30, 2017	As at December 31, 2016
Tryton tools	**$ 22,219**	$ 18,028
Coil tubing and supplies	**10,293**	9,049
	$ 32,512	$ 27,077

Inventory charged through operating expenses in the consolidated interim statements of net income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2017 was $12.8 million and $35.6 million (2016 – $7.0 million and $15.8 million), respectively.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

7. PROPERTY AND EQUIPMENT

As at September 30, 2017	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Coil well service, rigs and equipment	**$ 159,380**	**$ 66,369**	**$ 93,011**
Oilfield equipment	**55,603**	**27,767**	**27,836**
Vehicles	**31,961**	**15,914**	**16,047**
Office and computer equipment	**3,680**	**3,162**	**518**
Other	**3,788**	**3,171**	**617**
	$ 254,412	**$ 116,383**	**$ 138,029**

As at December 31, 2016	Cost	Accumulated Depreciation	Net Book Value
Coil well service, rigs and equipment	$ 151,414	$ 61,337	$ 90,077
Oilfield equipment	53,685	24,642	29,043
Vehicles	29,196	13,651	15,545
Office and computer equipment	3,674	2,935	739
Land	482	-	482
Other	4,721	3,568	1,153
	$ 243,172	$ 106,133	$ 137,039

Included in coil well service, rigs and equipment is $5.5 million (December 31, 2016 – $0.7 million) of assets under construction which will not be depreciated until put into use.

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	**2017**	2016
Net book value, beginning of period	**$ 139,606**	$ 176,358	**$ 137,039**	$ 225,479
Additions	**3,434**	1,472	**13,757**	8,989
Transfer	**-**	3,665	**-**	3,665
Disposals & write-down of assets	**(1,239)**	(1,345)	**(1,584)**	(3,617)
Impairment loss	**-**	-	**-**	(44,291)
Depreciation	**(3,758)**	(4,068)	**(11,155)**	(14,112)
Currency translation adjustment	**(14)**	(81)	**(28)**	(112)
Net book value, end of period	**$ 138,029**	$ 176,001	**$ 138,029**	$ 176,001

8. INTANGIBLE ASSETS

As at September 30, 2017	**Cost**	**Accumulated Amortization**	**Net Book Value**
Customer relationships	**$ 2,287**	**$ 1,784**	**$ 503**
Computer software	**5,709**	**4,755**	**954**
Non-compete agreement	**412**	**282**	**130**
	$ 8,408	**$ 6,821**	**$ 1,587**

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

As at December 31, 2016	Cost	Accumulated Amortization	Net Book Value
Customer relationships	$ 38,554	$ 37,713	$ 841
Computer software	5,537	4,453	1,084
Non-compete agreement	443	236	207
	$ 44,534	$ 42,402	$ 2,132

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	**2017**	2016
Net book value, beginning of period	**$ 1,725**	$ 2,584	**$ 2,132**	$ 21,347
Additions	**67**	2	**172**	61
Impairment loss	**-**	-	**-**	(17,362)
Amortization	**(177)**	(245)	**(662)**	(1,624)
Currency translation adjustment	**(28)**	7	**(55)**	(74)
Net book value, end of period	**$ 1,587**	2,348	**$ 1,587**	$ 2,348

9. TRADE AND OTHER ACCOUNTS PAYABLE

	As at September 30, 2017	As at December 31, 2016
Trade accounts payable	**$ 10,945**	$ 9,139
Accrued payables	**3,822**	4,632
Accrued payroll	**4,075**	3,983
Other	**1,371**	1,558
	$ 20,213	$ 19,312

The carrying amounts of trade accounts payable are denominated in the following currencies:

	As at September 30, 2017	As at December 31, 2016
Canadian dollar	**$ 9,839**	$ 8,728
U.S. dollar	**1,106**	411
	$ 10,945	$ 9,139

10. DIVIDENDS PAYABLE

During the prior period, Essential declared dividends to shareholders in accordance with the following schedule:

Record date	**Payment date**	**Total dividend**	**Amount per share**
2016			
March 31, 2016	April 15, 2016	$ 378	$ 0.003

In May 2016, the Board of Directors suspended the dividend.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

11. ONEROUS LEASE CONTRACT

	As at September 30, 2017	As at December 31, 2016
Beginning of the year	**$ 4,754**	$ -
Liability recognized during the period	**-**	4,754
Liability released in the period	**(433)**	-
End of period	**$ 4,321**	$ 4,754
Current portion of onerous lease contract liability	**710**	612
Long-term portion of onerous lease liability	**$ 3,611**	$ 4,142

In 2016, Essential recognized an onerous lease contract liability related to a portion of its Calgary office space that is no longer used following staff reductions and the sale of the service rig business. The lease will expire in 2023. The Company recognized the present value of the minimum future contractual payments as an onerous lease contract.

12. LONG-TERM DEBT

	As at September 30, 2017	As at December 31, 2016
Term loan	**$ 20,750**	$ 11,450
Deferred financing costs	**(144)**	(200)
Non-current portion of long-term debt	**$ 20,606**	$ 11,250

Essential's credit facility with its banking syndicate was renewed on June 15, 2016 and is comprised of a $40 million revolving term loan facility with a $20 million accordion feature available at the lender's consent (the "Credit Facility"). The Credit Facility matures on May 31, 2019, is renewable at the lender's consent and is secured by a general security agreement over the Company's assets. To the extent the Credit Facility is not renewed, the balance would be immediately due and payable on the maturity date. At September 30, 2017, the maximum of $40 million under the Credit Facility was available to Essential.

As at September 30, 2017, all financial debt covenants and all banking requirements under the Credit Facility were satisfied.

13. SHARE CAPITAL

Authorized

The authorized share capital of Essential consists of an unlimited number of common shares of Essential ("Common Shares") and preferred shares. Common Shares are without par value and are entitled to any dividend declared on this class of share. Preferred shares may be issued in one or more series, and the rights, privileges, restrictions and conditions of each series will be determined prior to issuance.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

	Number of Common Shares (000's)	Amount
As at January 1, 2016	125,837	$ 262,977
Shares issued on equity raise, net of tax	16,020	9,755
As at December 31, 2016 and September 30, 2017	**141,857**	**$ 272,732**

14. OTHER RESERVES

	Contributed Surplus	Accumulated Other Comprehensive Loss	Total
As at January 1, 2016	$ 4,751	$ 425	$ 5,176
Share based compensation	340	-	340
Unrealized foreign exchange loss from continuing operations	-	(40)	(40)
Unrealized foreign exchange loss from discontinued operations	-	(39)	(39)
As at December 31, 2016	$ 5,091	$ 346	$ 5,437
Share based compensation	**345**	**-**	**345**
Unrealized foreign exchange gain from continuing operations	**-**	**142**	**142**
As at September 30, 2017	**$ 5,436**	**$ 488**	**$ 5,924**

15. SHARE BASED COMPENSATION

The Company offers the following share based compensation plans: Share Option Plan, Restricted Share Unit ("RSU") Plan and Deferred Share Unit ("DSU") Plan.

The maximum number of share options issuable under the Share Option Plan and RSUs issued prior to December 9, 2015 under the RSU Plan, together may not exceed 9% of the Company's outstanding Common Shares. RSUs granted after December 9, 2015 represent the right to receive a cash payment only, at the time of vesting, and as such, are not included in the maximum number of share options or RSUs allowed for issuance. As at September 30, 2017, the maximum number of share options and RSUs allowed for issuance was 12,767,114 (December 31, 2016 – 12,767,114).

Components of the Company's share based compensation expense are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	**2017**	2016
Equity-settled share options	**$ 105**	$ 117	**$ 345**	$ 309
Restricted share units	**370**	202	**744**	640
Deferred share units	**71**	486	**1,680**	571
Total share based compensation expense	**$ 546**	$ 805	**$ 2,769**	$ 1,520

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

a) Share Option Plan

Under the Company's Share Option Plan, participants receive share options to acquire Common Shares, with terms not to exceed five years from the date of the grant. The exercise price is the weighted-average price of the Common Shares for the five trading days immediately prior to the grant date. Under the Share Option Plan, vesting periods are determined by the Board of Directors at the time of the grant. The share options currently outstanding vest over three years with one-third of the share options exercisable on each anniversary date from the date of the original grant.

	For the nine months ended September 30, 2017		For the nine months ended September 30, 2016	
	Number of Options (000's)	**Weighted Average Exercise Price**	Number of Options (000's)	Weighted Average Exercise Price
Outstanding, beginning of period	**6,950**	**$ 1.42**	6,393	$ 1.91
Issued	**1,315**	**0.83**	2,841	0.57
Expired	**(1,557)**	**2.10**	(1,295)	2.12
Forfeited	**(290)**	**1.96**	(169)	2.10
Outstanding, end of period	**6,418**	**$ 1.11**	7,770	$ 1.38
Exercisable, end of period	**2,952**	**$ 1.51**	3,404	$ 2.05

The fair value of the share options issued for the nine month period was between $0.32 – $0.35 per option (2016 – $0.15 – $0.24), estimated using the Black-Scholes Option Pricing Model using the following underlying assumptions:

	2017	2016
Risk-free interest rate	**0.9 - 1.0%**	0.5 – 0.6%
Expected volatility	**48.8 – 50.1%**	43.9 – 49.0%
Expected term	**3.9 – 4.7 years**	3.6 – 4.5 years
Expected forfeiture rate	**8.2 - 16.1%**	6.6 – 15.8%
Dividend yield	**nil**	nil -2.3%

The expected term of the grant is determined based on the historical average life of grants issued. The risk-free interest rate is determined using the Canadian bond yield based on the expected term of the grant. The expected volatility is determined based on the change in the share price over the term of the grant. The expected forfeiture rate is calculated based on historical forfeitures of grants issued.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

The following table summarizes information with respect to the share options outstanding as at September 30, 2017 and 2016:

Exercise Prices	Options Outstanding (000's)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (per option)	Number of Options Exercisable (000's)
As at September 30, 2017				
$0.55 – $1.00	**3,726**	**3.75**	**$ 0.66**	**804**
$1.01 – $2.00	**1,650**	**2.58**	**$ 1.20**	**1,106**
$2.01 – $2.90	**1,042**	**0.82**	**$ 2.56**	**1,042**
	6,418	**2.97**	**$ 1.11**	**2,952**
As at September 30, 2016				
$0.55 – $1.00	2,841	4.45	$ 0.57	-
$1.01 – $2.00	2,015	3.59	$ 1.20	685
$2.01 – $2.90	2,914	1.00	$ 2.30	2,719
	7,770	2.93	$ 1.38	3,404

b) Restricted Share Units

The Board of Directors is authorized to grant RSUs to participants under the RSU Plan. RSUs granted to a participant prior to December 9, 2015 represent a right to receive a cash payment or its equivalent in Common Shares at the time of vesting, at the option of the Company. RSUs granted to participants after December 9, 2015 represent the right to receive a cash payment at the time of vesting. The grants vest in three equal instalments; contain time vesting and/or performance vesting feature(s). The performance based criteria vest conditionally. Under the terms of the plan, when dividends are paid, RSUs are eligible for dividend equivalents, which are re-invested at each dividend record date. The associated liability related to the RSUs as at September 30, 2017 is $1.6 million (December 31, 2016 – $1.4 million) of which $1.2 million is due within one year (December 31, 2016 – $0.7 million).

The following table summarizes information with respect to RSUs outstanding:

Number of RSUs (000's)	For the nine months ended September 30, 2017	2016
Outstanding, beginning of period	**3,826**	2,875
Issued (including dividend equivalents)	**2,660**	2,770
Vested	**(737)**	(680)
Forfeited	**(575)**	(530)
Outstanding, end of period	**5,174**	4,435

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

c) Deferred Share Units

The Board of Directors is authorized to grant DSUs to participants under the DSU Plan. A DSU gives the participant a right of redemption in the form of a lump sum cash payment when the participant ceases to be a director or employee of the Company. Under the terms of the plan, when dividends are paid, DSUs are eligible for dividend equivalents, which are re-invested at each dividend record date. The carrying amount of the liability as at September 30, 2017 is $3.2 million (December 31, 2016 – $1.5 million) of which nil is due within one year (December 31, 2016 – nil).

The following table summarizes information with respect to DSUs outstanding:

	For the nine months ended September 30,	
Number of DSUs (000's)	**2017**	2016
Outstanding, beginning of period	**3,270**	398
Issued (including dividend equivalents)	**2,239**	3,287
Outstanding, end of period	**5,509**	3,685

16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income (loss) attributable to shareholders of Essential by the weighted average number of shares issued.

In calculating the diluted earnings per share, share options and equity-settled RSUs outstanding have been taken into account where the impact of these is dilutive. During periods of net loss, the dilutive effect on Common Shares from share options and RSUs is not used in calculating net loss per share as its effect is anti-dilutive.

	For the three months ended September 30,		For the nine months ended September 30,	
(000's)	**2017**	2016	**2017**	2016
Basic	**141,857**	125,837	**141,857**	125,837
Diluted	**142,621**	125,837	**142,862**	125,837

17. COMMITMENTS AND CONTINGENCIES

Operating leases

Essential has entered into operating leases for office and shop premises that provide for minimum annual lease payments, as follows:

	Amount
2017 (for the three months ending December 31)	$ 1,392
2018	4,859
2019	4,548
2020	3,996
2021	3,422
Thereafter	6,133
	$ 24,350

<u>*Contingencies*</u>

The Company, through the performance of its services and business arrangements, is sometimes named as a defendant in litigation. The outcome of such claims against the Company are not determinable at this time.

On October 23, 2013, Packers Plus Energy Services Inc. ("Packers Plus") filed a Statement of Claim in the Federal Court of Canada (the "Court") against Essential alleging that certain products and methods associated with the Tryton Multi-Stage Fracturing System® infringe a patent issued to Packers Plus (the "Packers Plus Claim"). Packers Plus subsequently limited its infringement allegations to just certain method claims in the patent.

Since filing its Statement of Defence and Counterclaim on November 22, 2013, Essential has maintained that it did not infringe the patent and the Counterclaim pleaded further that the asserted patent claims were invalid because the methodology and equipment claimed in the patent were in use in the oil and natural gas industry prior to the patent's effective filing date of November 19, 2001 or represented nothing more than obvious variations over what was already known in the industry at the time. This position was supported by the existence of similar products, articles and other patents prior to the effective filing date of the patent.

The Court ruled on November 3, 2017 that the asserted patent claims were not valid and that Essential did not infringe the patent.

18. SEASONALITY OF OPERATIONS

The Company's operations are carried out primarily in western Canada. The oilfield service industry's ability to move heavy equipment in exploration and production areas is dependent on weather conditions. With the onset of spring, melting snow, together with frost coming out of the ground renders many roadways incapable of supporting heavy equipment until sufficient time has passed for them to dry out. In addition, certain areas in Canada are typically only accessible during winter months, when the ground surface is frozen enough to support the heavy equipment. As a result, the activity levels of the Company are directly impacted by this seasonality, whereby activity is traditionally higher in the first, third and fourth quarters of the year and lower in the second quarter.

The industry downturn disrupted typical historic oilfield services seasonal patterns in western Canada as exploration and production companies were driven by constrained cash flow in addition to weather and access issues.

19. SEGMENTED INFORMATION

Essential has two operating segments, Essential Coil Well Service and Tryton, and a non-operating segment, Corporate and Eliminations.

Essential has chosen to identify its reportable segments based on services offered. The basis of accounting for transactions between reportable segments is done at fair market value.

a) Essential Coil Well Service

The Essential Coil Well Service segment provides well completion, production and workover services throughout the Western Canadian Sedimentary Basin. The Essential Coil Well Service segment is comprised of a fleet of coil tubing rigs, fluid and nitrogen pumpers and ancillary equipment.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

b) Tryton

The Tryton segment provides downhole tools and rental services in Canada and the United States.

c) Corporate and Eliminations

The Corporate and Eliminations segment is comprised of: i) corporate office and certain operational costs, which are managed on a group basis and are not allocated to the operating segments; and ii) eliminations, which includes transactions between segments which are eliminated upon consolidation. Loss before income taxes for the three and nine months ended September 30, 2017 for the Corporate and Eliminations segment substantially represents corporate office and certain operational costs of $3.3 million and $10.6 million (September 30, 2016 - $2.1 million and $9.2 million), respectively, and foreign exchange loss/gain due to the movement of the Canadian dollar in relation to the U.S. dollar.

Selected financial information by operating segment and Corporate & Eliminations is as follows:

As at and for the three months ended September 30, 2017	**Essential Coil Well Service**	**Tryton**	**Corporate & Eliminations**	**Consolidated**
Revenue	**$ 28,606**	**$ 20,145**	**$ -**	**$ 48,751**
Income (loss) before income taxes from continuing operations	**$ 3,484**	**$ 4,285**	**$ (4,499)**	**$ 3,270**
Depreciation and amortization	**$ 2,728**	**$ 1,046**	**$ 161**	**$ 3,935**
Total assets	**$ 154,218**	**$ 67,325**	**$ 2,152**	**$ 223,695**
Total liabilities	**$ 16,989**	**$ 3,920**	**$ 38,243**	**$ 59,152**
Property, equipment and intangible asset expenditures	**$ 3,073**	**$ 352**	**$ 76**	**$ 3,501**

As at and for the three months ended September 30, 2016	Essential Coil Well Service	Tryton	Corporate & Eliminations	Consolidated
Revenue	$ 13,896	$ 12,256	$ (139)	$ 26,013
(Loss) income before income taxes from continuing operations	$ (1,788)	$ 1,018	$ (3,259)	$ (4,029)
Depreciation and amortization	$ 2,420	$ 898	$ 277	$ 3,595
Total assets(1)	$ 180,071	$ 56,178	$ 6,532	$ 242,781
Total liabilities(1)	$ 22,046	$ 4,025	$ 37,511	$ 63,582
Property, equipment and intangible asset expenditures	$ 1,401	$ 5	$ 1	$ 1,407

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

As at and for the nine months ended September 30, 2017	**Essential Coil Well Service**	**Tryton**	**Corporate & Eliminations**	**Consolidated**
Revenue	**$ 71,894**	**$ 60,752**	**$ -**	**$ 132,646**
Income (loss) before income taxes from continuing operations	**$ 4,846**	**$ 11,764**	**$ (15,437)**	**$ 1,173**
Depreciation and amortization	**$ 7,984**	**$ 3,191**	**$ 642**	**$ 11,817**
Property, equipment and intangible asset expenditures	**$ 11,432**	**$ 2,183**	**$ 314**	**$ 13,929**

As at and for the nine months ended September 30, 2016	Essential Coil Well Service	Tryton	Corporate & Eliminations	Consolidated
Revenue	$ 36,074	$ 28,728	$ (318)	$ 64,484
Loss before income taxes from continuing operations	$ (55,485)	$ (566)	$ (12,722)	$ (68,773)
Depreciation and amortization	$ 9,699	$ 2,805	$ 859	$ 13,363
Impairment loss	$ 45,838	$ -	$ -	$ 45,838
Property, equipment and intangible asset expenditures	$ 7,435	$ 1,374	$ 35	$ 8,844

(1) Includes service rig business sold in December 2016, previously classified with Essential Coil Well Service as the Well Servicing Segment.

20. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the current year's presentation.

21. SUBSEQUENT EVENT

On November 3, 2017, the Court rendered its decision on both the validity and infringement trials in relation to the Packers Plus Claim. The Court found the asserted patent claims were not valid and Essential did not infringe the patent.

CORPORATE INFORMATION

Directors

James A. Banister, Chairman[2]

Garnet K. Amundson[3]

Michael J. Black[3]

Robert T. German[1,3]

Nicholas G. Kirton[1,2]

Robert B. Michaleski[1,2]

1. Audit Committee
2. Compensation & Governance Committee
3. Health, Safety & Environment Committee

Auditors

Ernst & Young LLP

Bankers

National Bank of Canada

The Toronto-Dominion Bank

HSBC Bank Canada

Canadian Western Bank

Legal Counsel

Fasken Martineau DuMoulin LLP

Transfer Agent

Computershare Trust Company of Canada

Management

Garnet K. Amundson
President and Chief Executive Officer

Allan Mowbray
Vice President, Finance and Chief Financial Officer

Jeff B. Newman
Senior Vice President, Business Development

Karen Perasalo
Vice President, Investor Relations & Corporate Secretary

Stock Exchange Listing

TSX: ESN

Calgary Office

Livingston Place West

1100, 250 2nd Street SW

Calgary, Alberta T2P 0C1

Phone: (403) 263-6778

Fax: (403) 263-6737

Email: service@essentialenergy.ca

Website: www.essentialenergy.ca