ESSENTIAL
ENERGY SERVICES

NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES THIRD QUARTER FINANCIAL RESULTS

Calgary, Alberta, November 7, 2018 – Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces third quarter results.

SELECTED INFORMATION

(in thousands of dollars except per share, percentages, hours and fleet data)	For the three months ended September 30, **2018**	2017	For the nine months ended September 30, **2018**	2017
Revenue	**$ 50,636**	$ 48,751	**$ 148,708**	$ 132,646
Gross margin	**10,112**	11,524	**27,420**	27,402
Gross margin %	**20%**	24%	**18%**	21%
EBITDAS[1] from continuing operations	**7,047**	8,541	**18,029**	17,456
Net income from continuing operations	**2,228**	2,344	**4,876**	819
Per share – basic and diluted	**0.02**	0.02	**0.03**	0.01
Net income	**2,228**	2,344	**4,876**	489
Per share – basic and diluted	**0.02**	0.02	**0.03**	0.00
Operating hours				
Coil tubing rigs	**13,236**	13,751	**38,717**	37,210
Pumpers	**17,237**	18,094	**50,912**	46,276

	As at September 30, **2018**	2017
Total assets	**$ 229,358**	$ 223,695
Long-term debt	**23,667**	20,606
Equipment fleet[(i)]		
Coil tubing rigs	**28**	31
Pumpers	**26**	29

(i) 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's activity was relatively strong in July and August 2018 but slowed down in mid-September due to wet weather. Revenue for the three months ended September 30, 2018 was $50.6 million, a $1.9 million increase from the same prior year period. EBITDAS(1) was $7.0 million, $1.5 million lower than the third quarter 2017.

Key operating highlights included:

- Essential Coil Well Service ("ECWS") third quarter 2018 revenue was $27.8 million, slightly below the third quarter 2017. Essential's coil tubing rigs and pumpers experienced strong activity, slowing down late in the quarter due to wet weather.
- Tryton third quarter 2018 revenue was $22.8 million, a 13% increase compared to the third quarter 2017 due to customer demand in Canada. Activity benefitted from customer well completion, maintenance and abandonment work.

For the nine months ended September 30, 2018 Essential reported revenue of $148.7 million, $16.1 million higher than the prior year period. EBITDAS(1) was $18.0 million, a $0.6 million increase from the nine months ended September 30, 2017. The increase in revenue without a corresponding increase in gross margin was due to increased operating costs, particularly repairs and maintenance, fuel and labour costs. These cost increases were not recovered from customers through service price increases due to competitive pressure.

At September 30, 2018, Essential's long-term debt, net of cash was $22.8 million and funded debt(1) to bank EBITDA(1) was 1.19x. Working capital(1) was $63.7 million at September 30, 2018, exceeding long-term debt, net of cash by $40.9 million. On November 7, 2018, there was $19.2 million of long-term debt, net of cash outstanding.

INDUSTRY OVERVIEW

Third quarter 2018 activity in the Canadian oil and natural gas industry was lower than the third quarter 2017. Well completions, a key indicator of industry activity in the Western Canadian Sedimentary Basin ("WCSB") declined 13% and 2% for the three and nine months ended September 30, 2018 compared to the same prior year periods. The price of oil averaged approximately U.S. $70 per barrel (West Texas Intermediate ("WTI")), a significant increase from U.S. $48 per barrel in the third quarter 2017. The differential between Canadian benchmark prices and WTI expanded through the third quarter and Canadian exploration and production ("E&P") companies did not realize the same appreciation in prices. Canadian oil price discounts reflect oversupply and export capacity constraints in the WCSB. Canadian natural gas prices remained significantly below third quarter 2017 prices. While Canadian E&P companies realized some benefit from higher oil prices compared to 2017, the incremental cash flow generally has not translated into increased spending on drilling and completion programs, which limited improvement in oilfield service activity.

RESULTS OF OPERATIONS

SEGMENT RESULTS – *ESSENTIAL COIL WELL SERVICE*

(in thousands of dollars, except percentages, hours and fleet data)	For the three months ended September 30, 2018	2017	For the nine months ended September 30, 2018	2017
Revenue	**$ 27,831**	$ 28,606	**$ 81,179**	$ 71,894
Operating expenses	**22,524**	21,984	**67,643**	58,242
Gross margin	**$ 5,307**	$ 6,622	**$ 13,536**	$ 13,652
Gross margin %	**19%**	23%	**17%**	19%
Operating hours				
Coil tubing rigs	**13,236**	13,751	**38,717**	37,210
Pumpers	**17,237**	18,094	**50,912**	46,276
Equipment fleet (i)				
Coil tubing rigs	**28**	31	**28**	31
Fluid pumpers	**19**	18	**19**	18
Nitrogen pumpers	**7**	11	**7**	11

(i) Fleet data represents the number of units at the end of the period.

ECWS third quarter 2018 revenue was $27.8 million as ECWS experienced strong coil tubing rig and pumper activity, particularly the Generation III coil tubing rigs and quintuplex fluid pumpers, which are well-suited for horizontal deep wells in the WCSB. ECWS activity was ahead of the same prior year period for most of the third quarter until wet weather in mid-September limited access to customer sites and resulted in reduced activity. Revenue per hour remained consistent with the third quarter 2017 and the first half of 2018.

Gross margin was 19% for the third quarter 2018, lower than the same period in the prior year due to higher repairs and maintenance costs and increased fuel prices. These incremental cost increases were not recovered from customers through service price increases due to competitive pressure. Increased repairs and maintenance costs were primarily a result of an increase in fluid-end replacements on the fluid pumpers due to higher pressure work on long-reach horizontal wells.

On a year-to-date basis, ECWS revenue was $81.2 million, a 13% increase compared to the nine months ended September 30, 2017 due to higher activity and strong customer demand for the Generation III coil tubing rigs, quintuplex fluid pumpers and nitrogen pumpers. Gross margin was $13.5 million for the nine months ended September 30, 2018, consistent with the same prior year period. The increase in revenue without a corresponding increase in gross margin was due to higher repairs and maintenance, fuel and labour costs that ECWS was not able to recover from customers through price increases.

SEGMENT RESULTS – *TRYTON*

(in thousands of dollars, except percentages)	For the three months ended September 30, 2018	2017	For the nine months ended September 30, 2018	2017
Revenue	**$ 22,805**	$ 20,145	**$ 67,529**	$ 60,752
Operating expenses	**17,528**	14,690	**52,264**	45,481
Gross margin	**$ 5,277**	$ 5,455	**$ 15,265**	$ 15,271
Gross margin %	**23%**	27%	**23%**	25%
Tryton revenue – % of revenue				
Tryton MSFS®	**41%**	48%	**45%**	52%
Conventional Tools & Rentals	**59%**	52%	**55%**	48%

Third quarter 2018 revenue was $22.8 million, a $2.7 million increase compared to the same period in 2017. Tryton's conventional downhole tool business generated higher revenue compared to the same prior year period, as customers increased their focus on well maintenance and abandonment work. Tryton MSFS® revenue remained consistent with the third quarter 2017.

On a year-to-date basis, Tryton revenue was $67.5 million, an 11% increase compared to the nine months ended September 30, 2017. Gross margin remained strong for the three and nine months ended September 30, 2018, supported by Tryton's broad customer base, wide product offering and variable cost structure.

EQUIPMENT EXPENDITURES

(in thousands of dollars)	For the three months ended September 30, 2018	2017	For the nine months ended September 30, 2018	2017
Essential Coil Well Service	**$ 1,115**	$ 3,073	**$ 8,870**	$ 11,432
Tryton	**556**	352	**1,855**	2,183
Corporate	**29**	76	**338**	314
Total equipment expenditures	**1,700**	3,501	**11,063**	13,929
Less proceeds on disposal of property and equipment	**(496)**	(1,154)	**(3,090)**	(1,769)
Net equipment expenditures(1)	**$ 1,204**	$ 2,347	**$ 7,973**	$ 12,160

Essential classifies its equipment expenditures as growth capital(1) and maintenance capital(1):

(in thousands of dollars)	For the three months ended September 30, 2018	2017	For the nine months ended September 30, 2018	2017
Growth capital(1)	**$ 113**	$ 515	**$ 4,211**	$ 6,861
Maintenance capital(1)	**1,587**	2,986	**6,852**	7,068
Total equipment expenditures	**$ 1,700**	$ 3,501	**$ 11,063**	$ 13,929

During the nine months ended September 30, 2018, growth capital included completion of two quintuplex fluid pumpers, a nitrogen pumper and a retrofitted Generation IV coil tubing rig.

The retrofitted Generation IV coil tubing rig was delivered at the end of the third quarter and successfully completed its first job for a large E&P company in the Duvernay region in October 2018. This rig was converted from a masted rig to a conventional rig by NOV Completion & Production Solutions, a manufacturer in Calgary, Alberta. It is well-suited for deep horizontal wells in the Montney and Duvernay. The rig is lighter than the original Generation IV coil tubing rig design allowing ease of movement between work sites. It has a quick-change reel system for efficiency and 130K and 160K injector capability, with higher injector capacity required for deeper horizontal wells. The retrofitted rig can reach 7,200 meters with 2 ⅜ inch coil if the coil is transported on the rig and up to 9,400 meters with 2 ⅜ inch coil if the coil is transported separately.

Essential's 2018 capital forecast is $16 million and is comprised of $7 million of growth capital and $9 million of maintenance capital. Growth capital remaining in 2018 includes the purchase of a set of high pressure blow out preventers to support ECWS's coil tubing fleet and long lead time components for the Generation IV coil tubing rig retrofits.

OUTLOOK

Management expects fourth quarter activity to slow as the quarter progresses and customers complete their 2018 capital programs. During this time, ECWS will remain focused on balancing crew retention with cost management. Tryton is expected to continue to benefit in the fourth quarter from customers working on well maintenance and abandonment activities.

Since the beginning of the third quarter, Canadian oil prices have been trending downward, increasing the differential between WTI and Canadian benchmark pricing. This, along with depressed Canadian natural gas prices and an uncertain regulatory environment, is limiting investment in the WCSB.

Industry analysts are generally forecasting 2019 activity to be similar to 2018, with some forecasting a slight uptick and others a slight reduction. The Petroleum Services Association of Canada announced on November 1, 2018 its estimate that the number of wells drilled in 2019 will be 5% lower than its estimate for 2018. Visibility into 2019 for Essential will become clearer later in 2018 and early 2019 as customers announce their 2019 capital budgets and plan their work requirements.

Industry activity in Canada is expected to remain constrained due to significant political, regulatory and market access issues. Until these issues are resolved, investment in Canadian oil and natural gas development is expected to remain limited, which in turn confines oilfield service activity and puts downward pressure on pricing. The recent LNG Canada announcement to proceed with an LNG facility is positive for Canadian natural gas, but is not expected to benefit the Canadian industry in the near term. Continued delays with the Trans Mountain Pipeline expansion are not constructive to the long-term health of the Canadian energy industry.

ECWS's first retrofitted Generation IV coil tubing rig was delivered at the end of September and the rig successfully completed its first job in October with a high-profile customer. This first retrofit validates the design and engineering. It is a lighter rig and has a quick-change reel system with higher injector capacity, that's required for deeper horizontal wells. The retrofitted rig can reach 7,200 meters with 2 ⅜ inch coil if the coil is transported on the rig and up to 9,400 meters with 2 ⅜ inch coil if the coil is transported separately. ECWS has four additional Generation IV retrofits that can be undertaken as market demand dictates. The time and cost of a retrofit is significantly lower than a new build, providing the opportunity to enhance Essential's deep coil tubing fleet.

Essential's strong balance sheet positions it well to adjust its operations as activity changes and allows it to invest in equipment to meet customer's needs for completing long reach horizontal wells. With long-term debt, net of cash of $19.2 million on November 7, 2018, Essential believes it is well-positioned to meet its working capital and spending requirements.

The Management's Discussion and Analysis ("MD&A") and Financial Statements for the quarter ended September 30, 2018 are available on Essential's website at www.essentialenergy.ca and on SEDAR at www.sedar.com.

[1]Non-IFRS Measures

Throughout this news release, 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 and net income 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 and net income per share as calculated in accordance with IFRS.

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

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.

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 – 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.

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

(in thousands of dollars)		**As at September 30, 2018**		As at December 31, 2017
Assets				
Current				
Cash	**$**	**870**	$	46
Trade and other accounts receivable		**43,179**		35,919
Inventories		**41,132**		35,683
Income taxes receivable		**3**		1,129
Prepayments and deposits		**2,567**		2,106
		87,751		74,883
Non-current				
Property and equipment		**137,227**		139,734
Intangible assets		**827**		1,387
Goodwill		**3,553**		3,444
		141,607		144,565
Total assets	**$**	**229,358**	$	219,448
Liabilities				
Current				
Trade and other accounts payable	**$**	**22,451**	$	22,504
Share-based compensation		**931**		1,498
Current portion of onerous lease contract		**683**		710
		24,065		24,712
Non-current				
Long-term onerous lease contract		**2,833**		3,432
Share-based compensation		**3,423**		4,397
Long-term debt		**23,667**		17,975
Deferred tax liabilities		**9,549**		8,129
		39,472		33,933
Total liabilities		**63,537**		58,645
Equity				
Share capital		**272,732**		272,732
Deficit		**(113,080)**		(117,956)
Other reserves		**6,169**		6,027
Total equity		**165,821**		160,803
Total liabilities and equity	**$**	**229,358**	$	219,448

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

(in thousands of dollars, except per share amounts)	For the three months ended September 30, **2018**	2017	For the nine months ended September 30, **2018**	2017
Revenue	**$ 50,636**	$ 48,751	**$ 148,708**	$ 132,646
Operating expenses	**40,524**	37,227	**121,288**	105,244
Gross margin	**10,112**	11,524	**27,420**	27,402
General and administrative expenses	**3,065**	2,983	**9,391**	9,946
Depreciation and amortization	**3,774**	3,935	**11,334**	11,817
Share-based compensation expense	**107**	546	**241**	2,769
Other expense (income)	**17**	572	**(876)**	742
Operating income from continuing operations	**3,149**	3,488	**7,330**	2,128
Finance costs	**316**	218	**971**	955
Income before income taxes from continuing operations	**2,833**	3,270	**6,359**	1,173
Current income tax expense (recovery)	**55**	339	**63**	(208)
Deferred income tax expense	**550**	587	**1,420**	562
Income tax expense	**605**	926	**1,483**	354
Net income from continuing operations	**2,228**	2,344	**4,876**	819
Loss from discontinued operations, net of tax	**-**	-	**-**	(330)
Net income	**2,228**	2,344	**4,876**	489
Unrealized foreign exchange gain (loss) from continuing operations	**8**	80	**(45)**	142
Other comprehensive gain (loss)	**8**	80	**(45)**	142
Comprehensive income	**$ 2,236**	$ 2,424	**$ 4,831**	$ 631
Net income per share from continuing operations Basic and diluted	**$ 0.02**	$ 0.02	**$ 0.03**	$ 0.01
Net income per share Basic and diluted	**$ 0.02**	$ 0.02	**$ 0.03**	$ 0.00
Comprehensive income per share Basic and diluted	**$ 0.02**	$ 0.02	**$ 0.03**	$ 0.00

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

(in thousands of dollars)		For the nine months ended September 30, **2018**		2017
Operating activities:				
Net income from continuing operations	**$**	**4,876**	$	819
Non-cash adjustments to reconcile net income to operating cash flow:				
Depreciation and amortization		**11,334**		11,817
Deferred income tax expense		**1,420**		562
Share-based compensation		**187**		345
Provision for impairment of trade accounts receivable		**100**		300
Finance costs		**971**		955
Gain on disposal of assets		**(267)**		(184)
Operating cash flow before changes in non-cash operating working capital		**18,621**		14,614
Changes in non-cash operating working capital:				
Trade and other accounts receivable before provision		**(7,560)**		(16,420)
Inventories		**(5,449)**		(5,435)
Income taxes receivable		**1,126**		6,598
Prepayments and deposits		**(461)**		(974)
Trade and other accounts payable		**(2)**		3,099
Onerous lease contract		**(675)**		(433)
Share-based compensation		**(1,541)**		1,851
Net cash provided by operating activities from continuing operations		**4,059**		2,900
Investing activities:				
Purchase of property, equipment and intangible assets		**(11,063)**		(13,929)
Non-cash investing working capital in trade and other accounts payable		**(51)**		(213)
Proceeds on disposal of equipment		**3,090**		1,769
Net cash used in investing activities from continuing operations		**(8,024)**		(12,373)
Financing activities:				
Increase in long-term debt		**5,900**		9,356
Net finance costs paid		**(1,130)**		(955)
Net cash provided by financing activities from continuing operations		**4,770**		8,401
Foreign exchange gain on cash held in a foreign currency		**19**		14
Net increase in cash		**824**		(1,058)
Net increase in cash, discontinued operations		**-**		(364)
Cash, beginning of period		**46**		143
Cash, end of period	**$**	**870**	$	(1,279)
Supplemental cash flow information				
Cash taxes received	**$**	**(1,064)**	$	(8,006)
Cash interest and standby fees paid	**$**	**705**	$	871

FORWARD-LOOKING STATEMENTS AND INFORMATION

This news release 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", "likely", "could" or "should" occur or be achieved. This news release contains forward-looking statements, pertaining to, among other things, the following: Essential's capital forecast; oil and natural gas industry activity and outlook; political and regulatory uncertainty; Essential's activity levels; equipment retrofitting, capabilities of the retrofits, timing and cost of future retrofits; Essential's competitive position, operational focus, outlook and the demand for Essential's services; and Essential's financial position and ability to adjust operations and meet its working capital and capital spending requirements.

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, including 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 news release 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 news release 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.

2018 THIRD QUARTER RESULTS CONFERENCE CALL AND WEBCAST

Essential has scheduled a conference call and webcast at 10:00 am MT (12:00 pm ET) on November 8, 2018.

The conference call dial in numbers are 416-340-2217 or 800-806-5484, passcode 8150429.

An archived recording of the conference call will be available approximately one hour after completion of the call until November 22, 2018 by dialing 905-694-9451 or 800-408-3053, passcode 7683820.

A live webcast of the conference call will be accessible on Essential's website at www.essentialenergy.ca by selecting "Investors" and "Events and Presentations". Shortly after the live webcast, an archived version will be available for approximately 30 days.

ABOUT ESSENTIAL

Essential provides oilfield services to oil and natural gas producers, primarily in western Canada. Essential offers completion, production and abandonment services to a diverse customer base. Services are offered with coil tubing, fluid and nitrogen pumping and the sale and rental of downhole tools and equipment. Essential is one of the largest coil tubing providers in Canada. Further information can be found at www.essentialenergy.ca.

® MSFS is a registered trademark of Essential Energy Services Ltd.

The TSX has neither approved nor disapproved the contents of this news release.

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