NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES FOURTH QUARTER AND YEAR END RESULTS AND DECLARES QUARTERLY DIVIDEND

Calgary, Alberta March 2, 2016 – Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces fourth quarter and year end results.

SELECTED INFORMATION

(in thousands of dollars, except percentages, per share amounts and fleet data)	Three months ended December 31, 2015	2014	Years ended December 31, 2015	2014	2013
Revenue	**$ 42,480**	$ 98,854	**$ 184,713**	$ 351,472	$ 336,269
Gross margin	**7,786**	27,330	**35,595**	87,394	83,268
Gross margin %	**18%**	28%	**19%**	25%	25%
EBITDAS[1]	**4,930**	21,992	**21,460**	67,596	66,092
EBITDAS % [1]	**12%**	22%	**12%**	19%	20%
Net (loss) income [i]	**(18,082)**	(38,323)	**(22,485)**	(22,822)	22,095
Per share – basic	**(0.14)**	(0.30)	**(0.18)**	(0.18)	0.18
Per share – diluted	**(0.14)**	(0.30)	**(0.18)**	(0.18)	0.17
Total assets	**317,224**	397,351	**317,224**	397,351	423,963
Total long-term debt	**25,543**	55,253	**25,543**	55,253	39,027
Utilization					
Masted coil tubing rigs	**65%**	104%	**63%**	89%	97%
Service rigs	**30%**	49%	**27%**	49%	50%
Equipment fleet – end of period					
Masted coil tubing rigs	**20**	19	**20**	19	15
Service rigs	**38**	54	**38**	54	55

(i) The quarters ended December 31, 2015 and December 31, 2014 include an impairment loss of $13.2 million and $47.2 million, respectively.

HIGHLIGHTS

Highlights for the Year 2015

Against an industry backdrop that saw oil prices and drilling rig utilization approach their lowest levels in the last decade, Essential was able to limit well servicing margin erosion as a result of proactive cost reductions implemented early in 2015. Throughout 2015, Essential experienced significant declines in activity and pricing as exploration and production ("E&P") companies reduced spending.

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

Management is pleased with the performance of coil well service in 2015. Operating hours decreased by approximately 20% from 2014, compared to a 52% decline in well completions. This was due to continued demand for Essential's masted coil tubing and pumping fleet with key customers remaining active. Service rigs and downhole tools and rentals ("DT&R") revenue declines were more significant, as these operations faced strong competition for customer work in 2015.

In this environment, the Company's focus was on maintaining its strong balance sheet through cost management, disciplined capital spending and dividend management.

- Commencing in the first quarter of 2015, Essential proactively implemented cost reductions to decrease fixed costs. During 2015, the Company realized fixed cost savings, net of severance, of $10 million.
- Essential's capital spending was $16.7 million. 2015 growth capital related primarily to progress payments on its Generation III and Generation IV masted coil tubing rig build program. Lower utilization significantly reduced 2015 maintenance capital spending.
- The Board reduced the annualized dividend commitment from $15.1 million to $1.5 million to preserve cash given deteriorating industry conditions.

Essential continues to have one of the strongest balance sheets in the Canadian oilfield services sector. At December 31, 2015, Essential had $25.5 million of debt outstanding, a decrease of $29.7 million from December 31, 2014 due to proactive cost management, collection of accounts receivable, reduced capital spending and a lower dividend payment. At March 2, 2016, Essential had $28.4 million of debt outstanding and reported debt to EBITDAS of 1.1x at the end of 2015.

<u>Highlights for the Fourth Quarter 2015</u>

Revenue and EBITDAS were $42.5 million and $4.9 million respectively, compared to $98.9 million and $22.0 million in the fourth quarter of 2014. The decrease in revenue was a result of lower pricing and reduced customer activity. Cost management initiatives in early 2015 enabled Essential to limit well servicing margin erosion, despite significant revenue declines.

Coil well service performance was strong relative to industry declines with masted coil tubing and pumping operating hours declining against the fourth quarter 2014 by approximately 29%, compared to a 65% decline in industry well completions over the same period. Essential's key customers remained active in the Bakken, Montney and Duvernay regions.

Service rig activity continued to deteriorate with operating hours 57% below the prior year quarter and DT&R was adversely affected by significantly lower customer activity.

Revenue in each of Essential's operations was affected by competitive pricing. Revenue per hour declined 15% to 20% for coil well service and approximately 20% for service rigs. DT&R pricing declined approximately 35% compared to the fourth quarter of 2014.

International Financial Reporting Standards ("IFRS") require Essential to annually assess the carrying value of assets in cash generating units ("CGUs") that contain goodwill or have impairment indicators. Given the sustained downturn in the oil and gas industry and the negative industry outlook, the impairment assessment determined that the fair value of Essential's well servicing segment was less than its carrying value. The Company recognized an impairment charge in the fourth quarter of 2015 of $13.2 million, $11.1 million on goodwill related to coil well service and $2.1 million on service rig equipment. In the fourth quarter of 2014, Essential recognized an impairment charge of $47.2 million on goodwill and intangible assets in its well servicing segment.

RESULTS OF OPERATIONS

SEGMENT RESULTS - *WELL SERVICING*

(in thousands of dollars, except percentages, fleet and hours)	Three months ended December 31, **2015**	Three months ended December 31, 2014	Years ended December 31, **2015**	Years ended December 31, 2014
Revenue				
Coil well service [(i)]	**$ 23,833**	$ 41,426	**$ 90,128**	$ 139,556
Service rigs	**7,516**	22,034	**37,049**	93,075
Total revenue	**31,349**	63,460	**127,177**	232,631
Operating expenses	**23,509**	45,929	**98,662**	179,888
Gross margin	**$ 7,840**	$ 17,531	**$ 28,515**	$ 52,743
Gross margin %	**25%**	28%	**22%**	23%
Utilization [(ii)]				
Masted coil tubing rigs				
Utilization	**65%**	104%	**63%**	89%
Operating hours	**12,039**	17,469	**44,034**	54,399
Pumping				
Utilization	**55%**	72%	**49%**	60%
Operating hours	**15,049**	20,885	**54,763**	70,138
Service rigs				
Utilization	**30%**	49%	**27%**	49%
Operating hours	**10,391**	24,394	**47,793**	97,914
Equipment fleet [(iii)]				
Masted coil tubing rigs	**20**	19	**20**	19
Pumping	**30**	32	**30**	32
Service rigs	**38**	54	**38**	54

(i) Includes revenue from coil tubing rigs, nitrogen and fluid pumpers.
(ii) Utilization is calculated using a 10 hour day.
(iii) Fleet data represents the number of units at the end of the period.

Given the significant industry activity decline, management is pleased with the fourth quarter 2015 performance for coil well service. Masted coil tubing and pumping hours were 29% lower than the fourth quarter of 2014, compared to a 65% decrease in industry well completions. Utilization, while down from the prior year quarter, was relatively strong at 65% for masted coil tubing and 55% for pumping as Essential's key customers remained active in the quarter. These customers continued to develop long-reach horizontal wells, for which Essential's equipment is specifically designed. Revenue per hour declined 15% to 20% for coil well service, compared to the fourth quarter of 2014.

The two Generation IV masted coil tubing rigs did not work in the fourth quarter. A third Generation IV rig was commissioned during the first quarter of 2016 and in February a long reach horizontal well in the Bakken region was successfully completed with a Generation IV rig. Management remains confident in the features and technology offered by the Generation IV rigs and continues to believe these rigs meet a specific niche for longer and higher pressure horizontal wells and multi-well pad work. However, the opportunity for that type of work has decreased significantly as a result of the industry downturn. Management believes customers are interested in these rigs and expects demand should increase once industry conditions improve.

Service rig revenue in the fourth quarter of 2015 declined 66% compared to the same period in 2014. Activity continued to deteriorate as a result of the industry downturn with operating hours 57% below the prior year quarter. Revenue per hour declined approximately 20% for the fourth quarter of 2015 compared to the same period in 2014 as a result of competitive pricing.

Well servicing gross margin for the fourth quarter was 25%, slightly lower than the same period in 2014. Cost reduction initiatives implemented earlier in the year successfully limited operating margin erosion despite significant activity and pricing declines. These initiatives included reduced employee headcount, wage reductions and a decrease in discretionary spending given lower activity.

Year-over-year, well servicing revenue decreased 45% due to competitive pricing and an industry-wide decrease in activity. Despite the significant revenue decline, gross margin for the year ended December 31, 2015 was consistent with the prior year due to Essential's cost reduction initiatives.

In the fourth quarter 2015, Essential parked ten service rigs that were not being utilized.

SEGMENT RESULTS - *DOWNHOLE TOOLS & RENTALS*

(in thousands of dollars, except percentages)	Three months ended December 31, 2015	Three months ended December 31, 2014	Years ended December 31, 2015	Years ended December 31, 2014
Revenue	**$ 11,278**	$ 35,921	**$ 58,268**	$ 120,989
Operating expenses	**10,430**	24,701	**47,494**	81,051
Gross margin	**$ 848**	$ 11,220	**$ 10,774**	$ 39,938
Gross margin %	**8%**	31%	**18%**	33%
Downhole Tools & Rentals revenue – % of revenue				
Tryton MSFS®	**24%**	45%	**33%**	41%
Conventional Tools & Rentals	**76%**	55%	**67%**	59%

Downhole tools & rentals fourth quarter 2015 revenue decreased 69% compared to the same quarter in 2014 due to lower customer activity and pricing reductions of approximately 35%. Tryton MSFS® and rentals experienced more significant revenue declines than conventional tools. Essential's customers performed fewer multi-stage completions in the quarter and the rentals business was directly affected by the substantial decrease in drilling rig utilization. Conventional tools revenue also declined, although less significantly, as customers chose to defer work to preserve cash.

Gross margin as a percentage of revenue in the fourth quarter of 2015 decreased to 8% compared to 31% for the fourth quarter of 2014. Gross margin declined due to the decrease in downhole tools revenue, lower contribution from the higher margin rentals business and increased losses in the U.S. These decreases more than offset fixed cost reductions implemented earlier in 2015, which included headcount reductions and decreased discretionary spending.

Year-over-year, revenue was below prior year due to declines in both the downhole tools and rentals businesses in Canada as a result of lower activity and competitive pricing. U.S. revenue was consistent with 2014. Gross margin for downhole tools & rentals was below prior year due to revenue declines and fixed costs comprising a greater percentage of revenue.

GENERAL AND ADMINISTRATIVE

	Three months ended December 31,		Years ended December 31,	
(in thousands of dollars, except percentages)	**2015**	2014	**2015**	2014
General and administrative expenses	**$ 2,856**	$ 5,338	**$ 14,135**	$ 19,798
As a % of revenue	**7%**	5%	**8%**	6%

General and administrative expenses are comprised of wages, professional fees, office space and other administrative costs incurred at the corporate and operational levels. General and administrative expenses for the fourth quarter and year ended December 31, 2015 decreased compared to the same periods in 2014 due to cost reductions implemented earlier in 2015, including decreases in employee costs, professional fees and discretionary spending.

OTHER EXPENSE

	Three months ended December 31,		Years ended December 31,	
(in thousands of dollars)	**2015**	2014	**2015**	2014
Loss (gain) on disposal of assets	**$ 1,878**	$ (55)	**$ 2,832**	$ 831
Write-down of assets	**2,082**	1,958	**2,332**	2,755
Foreign exchange gain	**(387)**	(370)	**(2,025)**	(1,123)
Other loss	**375**	55	**328**	123
Other expense	**$ 3,948**	$ 1,588	**$ 3,467**	$ 2,586

Loss on disposal of assets in 2015 related to the sale of surplus equipment. Write-down of assets in 2015 and 2014 related to removing service rigs and conventional coil tubing equipment from operations, reducing their carrying values to their estimated net realizable values.

IMPAIRMENT LOSS

	Three months ended December 31,		Years ended December 31,	
(in thousands of dollars)	**2015**	2014	**2015**	2014
Impairment loss	**$ 13,214**	$ 47,164	**$ 13,214**	$ 47,164

IFRS requires the Company to annually assess the carrying value of assets in the CGUs containing goodwill. As a direct result of the industry downturn, which has reduced Essential's expectation of future activity and cash flow, the impairment assessment determined that the fair value of Essential's well servicing segment was less than its carrying value. The Company recognized an impairment charge in the fourth quarter 2015 of $13.2 million, $11.1 million on goodwill related to coil well service and $2.1 million on service rig equipment (2014 - $43.9 million on goodwill and $3.3 million on intangible assets).

INCOME TAXES

(in thousands of dollars)	Three months ended December 31, 2015	2014	Years ended December 31, 2015	2014
Current income tax (recovery) expense	**$ (1,859)**	$ 3,692	**$ (3,616)**	$ 8,276
Deferred income tax expense	**1,017**	796	**2,977**	1,949
Total income tax (recovery) expense	**$ (842)**	$ 4,488	**$ (639)**	$ 10,225

For the three and twelve months ended December 31, 2015, the current income tax recovery relates to 2015 losses that will be applied to recover taxes paid in previous years.

For the year ended December 31, 2015, deferred income tax expense increased compared to 2014 due to legislation that was enacted during the second quarter of 2015 to increase the Alberta provincial corporate income tax rate from 10% to 12% effective July 1, 2015. This resulted in the revaluation of the deferred income tax liability.

FINANCIAL RESOURCES AND LIQUIDITY

FUNDS FLOW FROM OPERATIONS(1)

(in thousands of dollars, except per share amounts)	Three months ended December 31, 2015	2014	Years ended December 31, 2015	2014
Net cash provided by operating activities	**$ 15,360**	$ 24,602	**$ 64,670**	$ 44,842
Add:				
Changes in non-cash working capital	**(8,432)**	(5,416)	**(37,490)**	15,228
Funds flow provided by operations(1)	**$ 6,928**	$ 19,186	**$ 27,180**	$ 60,070
Per share – basic and diluted	**$ 0.06**	$ 0.15	**$ 0.22**	$ 0.48

WORKING CAPITAL

(in thousands of dollars, except ratios)	As at December 31, 2015	2014
Current assets	**$ 66,599**	$ 118,758
Current liabilities	**(15,844)**	(37,789)
Working capital (1)	**$ 50,755**	$ 80,969
Working capital ratio	**4.2:1**	3.1:1

The accounts receivable portion of working capital typically grows through the first, third and fourth quarters of the year when activity is greater. The inventory component is comprised of downhole tools and coil tubing inventory, which does not fluctuate as much with activity. Essential uses its revolving credit facility to meet the variable nature of its working capital needs as collection periods for accounts receivable are 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.

EQUIPMENT EXPENDITURES AND FLEET ADDITIONS

(in thousands of dollars)		Three months ended December 31, 2015		2014		Years ended December 31, 2015		2014
Well Servicing	**$**	**3,217**	$	10,248	**$**	**15,086**	$	32,034
Downhole Tools & Rentals		**109**		5,278		**801**		12,289
Corporate		**167**		489		**790**		1,501
Total equipment expenditures		**3,493**		16,015		**16,677**		45,824
Less proceeds on disposal of property and equipment		**(421)**		(6,622)		**(1,533)**		(9,674)
Net equipment expenditures[1]	**$**	**3,072**	$	9,393	**$**	**15,144**	$	36,150

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

(in thousands of dollars)		Three months ended December 31, 2015		2014		Years ended December 31, 2015		2014
Growth capital[1]	**$**	**1,926**	$	10,995	**$**	**12,642**	$	31,747
Maintenance capital[1]		**1,567**		5,020		**4,035**		14,077
Total equipment expenditures	**$**	**3,493**	$	16,015	**$**	**16,677**	$	45,824

2015 growth capital spending related primarily to progress payments on the masted coil tubing rig build program. During 2015, one Generation III masted coil tubing rig was added to the fleet.

Essential's 2016 capital budget is $9 million, comprised of $6 million of growth capital and $3 million of maintenance capital. Planned maintenance capital has been reduced by $2 million compared to the previously announced 2016 capital budget. This was offset by $2 million of carry-in growth capital from 2015. Growth capital will be used to complete the Generation IV masted coil tubing rigs. One rig is expected to be in service in each of the second, third and fourth quarters of 2016.

Essential's long-term capital build program increases the size and depth capacity of its masted coil tubing fleet. As at March 2, 2016, the Company added four Generation III and three Generation IV masted coil tubing rigs. Upon completion of the $53 million spending program in 2016, Essential will have four Generation III and six Generation IV masted coil tubing rigs. At December 31, 2015, Essential had spent approximately $47 million on this capital program. The Generation III and Generation IV rigs have the capability to work on long-reach horizontal wells and are well-suited to work in deep, high pressure basins including the Montney, Bakken, Duvernay and Horn River. With a coil diameter of 2 3/8", the Generation III rigs can reach 6,300 meters and the Generation IV rigs can reach 7,900 meters.

The following table shows the expected in-service dates of the major equipment as at March 2, 2016:

Masted coil tubing rigs:	# Rigs In Program	# Rigs In-Service	Expected In-Service Dates
Generation III	4	4	
Generation IV	6	3	Q2'16, Q3'16, Q4'16

OUTLOOK

Industry activity to-date in the first quarter of 2016 is much slower than expected. Fewer E&P companies are engaging in oilfield service work as they strive to preserve cash flow and several of Essential's key customers have significantly reduced their work programs. In addition, unseasonably warm weather has resulted in early break-up conditions in all of Essential's service areas. As a result, Essential's activity to-date in the first quarter has been slower than the fourth quarter of 2015 and pricing pressure continues.

At March 2, 2016, Essential's debt was $28.4 million. Essential significantly reduced debt by $29.7 million in 2015 and ended the year with $25.5 million of debt outstanding at December 31, 2015. On an annual basis, Essential had a debt to EBITDAS ratio of 1.1x, remaining within bank covenant requirements.

The projected 2016 capital spending budget remains at $9 million. In view of reduced first quarter activity, planned maintenance capital has been reduced by $2 million, offset by $2 million of carry-in growth capital from the 2015 capital budget. Capital spending is expected to be comprised of $6 million of growth capital and $3 million of maintenance capital. The growth capital will be focused on completing the Generation IV masted coil tubing rigs.

"Despite our strong balance sheet, in the face of a very difficult 2015 we were one of the first companies to take meaningful steps to reduce our cost structure. Our employees and shareholders all suffered as a result of reductions to compensation, dividends and the share price. As the first quarter of 2016 unfolds with significantly lower activity, we are reducing our cost structure again to right-size the business relative to current industry conditions. We are in the process of making difficult decisions in an effort to support cash flow and preserve our strong balance sheet", said Garnet Amundson, President and CEO.

DIVIDEND DECLARATION

The cash dividend for the period January 1, 2016 to March 31, 2016 has been set at $0.003 per share. The dividend will be paid on April 15, 2016 to shareholders of record on March 31, 2016. The ex-dividend date is March 29, 2016. This dividend is an eligible dividend for Canadian income tax purposes.

The Management's Discussion and Analysis and Financial Statements are available on Essential's website at www.essentialenergy.ca and on SEDAR at www.sedar.com.

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 renders many roadways incapable of supporting heavy equipment. In addition, certain areas in Canada are typically only accessible during the winter months. The following table provides the Company's quarterly information for the past eight quarters:

(in thousands of dollars, except per share amounts, percentages and fleet data)	**Dec 31, 2015**	Sept 30, 2015	Jun 30, 2015	Mar 31, 2015	**Dec 31, 2014**	Sept 30, 2014	Jun 30, 2014	Mar 31, 2014
Well Servicing:								
Coil well service	**23,833**	24,432	9,887	31,976	**41,426**	39,233	17,398	41,499
Service rigs	**7,516**	7,682	6,825	15,026	**22,034**	22,105	16,437	32,499
Total Well Servicing	**31,349**	32,114	16,712	47,002	**63,460**	61,338	33,835	73,998
Downhole Tools & Rentals	**11,278**	15,919	7,460	23,611	**35,921**	35,261	19,521	30,286
Inter-segment eliminations	**(147)**	(209)	(182)	(194)	**(527)**	(463)	(604)	(554)
Total revenue	**42,480**	47,824	23,990	70,419	**98,854**	96,136	52,752	103,730
Gross margin	**7,786**	11,927	580	15,302	**27,330**	27,515	5,222	27,327
Gross margin %	**18%**	25%	2%	22%	**28%**	29%	10%	26%
EBITDAS[(1)]	**4,930**	8,503	(2,832)	10,859	**21,992**	22,657	440	22,507
EBITDAS %[(1)]	**12%**	18%	(12)%	15%	**22%**	24%	1%	22%
Net (loss) income [(i)]	**(18,082)**	2,996	(10,495)	3,096	**(38,323)**	10,777	(5,425)	10,149
Per share – basic	**(0.14)**	0.02	(0.08)	0.02	**(0.30)**	0.09	(0.04)	0.08
Per share – diluted	**(0.14)**	0.02	(0.08)	0.02	**(0.30)**	0.08	(0.04)	0.08
Total assets	**317,244**	346,564	337,299	371,496	**397,351**	454,745	408,964	439,745
Long-term debt	**25,543**	34,738	27,027	39,817	**55,253**	65,043	38,433	50,821
Utilization [(ii)]								
Masted coil tubing rigs	**65%**	70%	25%	90%	**104%**	105%	42%	109%
Pumping [(iii)]	**55%**	57%	23%	61%	**72%**	66%	34%	69%
Service rigs	**30%**	24%	19%	37%	**49%**	48%	34%	66%
Operating hours								
Masted coil tubing rigs	**12,039**	12,319	4,341	15,335	**17,469**	15,524	6,094	15,312
Pumping [(iii)]	**15,049**	15,747	6,381	17,586	**20,885**	19,397	9,861	19,995
Conventional coil tubing rigs	**1,778**	1,174	1,088	3,665	**3,951**	4,426	2,942	6,959
Service rigs	**10,391**	10,418	9,239	17,745	**24,394**	23,997	16,907	32,616
Downhole Tools & Rentals - % of revenue								
Tryton MSFS®	**24%**	40%	16%	38%	**45%**	46%	25%	39%
Conventional Tools & Rentals	**76%**	60%	84%	62%	**55%**	54%	75%	61%
Equipment fleet [(iv)]								
Masted coil tubing rigs	**20**	19	19	19	**19**	17	17	16
Fluid pumpers	**18**	18	18	18	**18**	18	18	18
Nitrogen pumpers	**12**	12	12	14	**14**	14	14	14
Conventional coil tubing rigs	**11**	11	11	17	**17**	29	30	30
Service rigs	**38**	48	54	54	**54**	54	55	55

(i) The quarters ended December 31, 2015 and December 31, 2014 include an impairment loss of $13.2 million and $47.2 million, respectively.

(ii) Utilization is calculated using a 10 hour day.

(iii) Pumping includes both fluid and nitrogen pumpers.

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

[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 loss and net 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, capital programs and pay dividends. As a result, the method of calculation may not be comparable with other companies. These measures should not be considered alternatives to net loss and net loss per share as calculated in accordance with IFRS.

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 ability to generate funds flow in order to fund required working capital, service debt, invest in capital programs and pay dividends.

EBITDAS % – This measure is considered an indicator of Essential's ability to generate funds flow as calculated by EBITDAS divided by revenue.

Funds flow or funds flow provided by operations – This measure is an indicator of Essential's ability to generate funds flow in order to fund working capital, principal debt repayments, capital programs and pay dividends. Funds flow or funds flow from operations is defined as cash flow from operations before changes in non-cash operating working capital. This measure is useful in assessing Essential's operational cash flow as it provides cash generated in the period excluding the timing of non-cash operating working capital. This reflects the ability of the operations of Essential to meet the above noted funding requirements.

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

Maintenance capital – Equipment additions that are incurred in order to refurbish or replace previously acquired equipment. Such additions do not provide incremental increases in revenue. Maintenance capital is a key component in understanding the sustainability of Essential's business as cash resources retained within Essential must be sufficient to meet maintenance capital needs to replenish the assets for future cash generation.

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 STATEMENTS OF FINANCIAL POSITION

	As at December 31,	
(in thousands of dollars)	**2015**	2014
Assets		
Current		
Cash	**$ 1,042**	$ -
Trade and other accounts receivable	**32,251**	79,651
Inventories	**30,609**	35,991
Prepayments	**2,697**	3,116
	66,599	118,758
Non-current		
Property and equipment	**225,479**	239,696
Intangible assets	**21,347**	24,599
Goodwill	**3,799**	14,298
	250,625	278,593
Total assets	**$ 317,224**	$ 397,351
Liabilities		
Current		
Bank indebtedness	**$ -**	$ 991
Trade and other accounts payable	**15,466**	32,822
Dividends payable	**378**	3,773
Income taxes payable	**-**	203
	15,844	37,789
Non-current		
Long-term debt	**25,543**	55,253
Deferred tax liabilities	**31,279**	28,299
	56,822	83,552
Total liabilities	**72,666**	121,341
Equity		
Share capital	**262,977**	262,871
(Deficit) retained earnings	**(23,595)**	8,706
Other reserves	**5,176**	4,433
Total equity	**244,558**	276,010
Total liabilities and equity	**$ 317,224**	$ 397,351

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(in thousands of dollars, except per share amounts)	For the years ended December 31, 2015	2014
Revenue	**$ 184,713**	$ 351,472
Operating expenses	**149,118**	264,078
Gross margin	**35,595**	87,394
General and administrative expenses	**14,135**	19,798
	21,460	67,596
Depreciation and amortization	**25,724**	27,042
Share-based compensation	**839**	1,589
Impairment loss	**13,214**	47,164
Other expenses	**3,467**	2,586
Operating loss	**(21,784)**	(10,785)
Finance costs	**1,340**	1,812
Loss before income taxes	**(23,124)**	(12,597)
Current income tax (recovery) expense	**(3,616)**	8,276
Deferred income tax expense	**2,977**	1,949
Income tax (recovery) expense	**(639)**	10,225
Net loss	**$ (22,485)**	$ (22,822)
Unrealized foreign exchange gain	**418**	61
Comprehensive loss	**$ (22,067)**	$ (22,761)
Net loss per share		
Basic and diluted	**$ (0.18)**	$ (0.18)
Comprehensive loss per share		
Basic and diluted	**$ (0.18)**	$ (0.18)

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars)	For the years ended December 31, 2015	2014
Operating activities:		
Net loss	**$ (22,485)**	$ (22,822)
Non-cash adjustments to reconcile net income for the period to operating cash flow:		
Depreciation and amortization	**25,724**	27,042
Deferred income tax expense	**2,977**	1,949
Share-based compensation	**363**	789
Provision for impairment of trade accounts receivable	**883**	550
Finance costs	**1,340**	1,812
Impairment loss	**13,214**	47,164
Loss on disposal and write-down of assets	**5,164**	3,586
Operating cash flow before changes in non-cash operating working capital	**27,180**	60,070
Changes in non-cash operating working capital:		
Trade and other accounts receivable before provision	**49,375**	(2,224)
Inventories	**5,382**	(7,464)
Prepayments	**419**	210
Trade and other accounts payable	**(13,692)**	(2,572)
Current income taxes	**(3,994)**	(3,178)
Net cash provided by operating activities	**64,670**	44,842
Investing activities:		
Purchase of property, equipment and intangible assets	**(16,677)**	(45,824)
Business acquisition, net of cash acquired	**-**	(6,043)
Non-cash investing working capital in trade and other accounts payable	**(3,662)**	(805)
Proceeds on disposal of equipment	**1,533**	9,674
Net cash used in investing activities	**(18,806)**	(42,998)
Financing activities:		
(Decrease) increase in long-term debt	**(29,710)**	16,226
Proceeds from exercise of options	**68**	1,419
Repurchase of shares	**-**	(1,500)
Dividends paid	**(13,211)**	(15,085)
Finance costs	**(1,340)**	(1,812)
Net cash used in financing activities	**(44,193)**	(752)
Foreign exchange gain on cash held in a foreign currency	**362**	29
Net increase in cash	**2,033**	1,121
Bank indebtedness, beginning of period	**(991)**	(2,112)
Cash (bank indebtedness), end of period	**$ 1,042**	$ (991)
Supplemental cash flow information		
Cash taxes paid, net of refunds	**$ 339**	$ 11,465
Cash interest and standby fees paid	**$ 1,253**	$ 1,655

2015 FOURTH QUARTER AND YEAR END FINANCIAL RESULTS CONFERENCE CALL AND WEBCAST

Essential has scheduled a conference call and webcast at 10:00 am MT (12:00 pm ET) on March 3, 2016.

The conference call dial in numbers are 416-340-2217 or 866-696-5910, passcode 4177396.

An archived recording of the conference call will be available approximately one hour after completion of the call until March 17, 2016 by dialing 905-694-9451 or 800-408-3053, passcode 1121723.

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 is a growth-oriented, dividend paying corporation that provides oilfield services to producers in western Canada for producing wells and new drilling activity. Essential operates the largest masted coil tubing fleet in Canada and has a fleet of service rigs. Essential also sells, rents and services downhole tools and equipment including the Tryton Multi-Stage Fracturing System (Tryton MSFS®). Further information can be found at www.essentialenergy.ca.

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

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", "potential", "budget" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. This news release contains forward-looking statements, pertaining to, among other things, the following: capital spending; cash flow and earnings; application of losses against taxes paid in previous years; Essential's long-term build program and the addition of new masted coil rigs; the costs and timing associated with such program and the delivery of the equipment; the positioning advantage for the rigs; continued industry pricing pressure; focus of growth capital spending; and the need to review the cost structure and make difficult decisions in an effort to support cash flow and preserve the balance sheet.

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 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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Garnet K. Amundson
President and CEO
Phone: (403) 513-7272
service@essentialenergy.ca

Karen Perasalo
Investor Relations
Phone: (403) 513-7272
service@essentialenergy.ca

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