



NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES CREDIT FACILITY RENEWAL

Calgary, Alberta June 16, 2016 – Essential Energy Services Ltd. (TSX: ESN) (“Essential” or the “Company”) has entered into a renewed credit facility agreement (the “Credit Facility”) with a syndicate of lenders, including National Bank of Canada, The Toronto-Dominion Bank, HSBC Bank Canada and Canadian Western Bank (the “Lenders”). The Credit Facility provides Essential an extension of the current revolving secured credit facility to May 31, 2019, revised terms and conditions and relaxation of financial covenants.

Primary Amendments

The primary amendments to the Credit Facility include, among others, the following:

- a voluntary reduction in the commitment from \$100 million to \$40 million;
- a voluntary reduction in the accordion feature from \$35 million to \$20 million;
- extension of the maturity date to May 31, 2019;
- revisions to the financial covenants, as detailed in the Financial Covenants section below;
- addition of an equity cure provision, as detailed in the Equity Cure section below;
- addition of a monthly borrowing base, as detailed in the Borrowing Base section below; and
- restrictions on dividends and acquisitions when funded debt to EBITDAS is greater than 3.00x or when the covenant is waived.

“This is the first credit facility amendment that Essential has requested in this prolonged downturn”, said Garnet Amundson, President and CEO. “We are pleased with the revisions and thank our Lenders for their support and commitment to our business. The reduced facility size provides sufficient liquidity to meet our near-term plans and offers cost savings in the form of lower amendment and standby fees.”

Financial Covenants

The financial covenants associated with the Credit Facility include:

- funded debt to capitalization cannot exceed 50%, funded debt is net of cash;
- distributions cannot exceed distributable cash flow; and
- funded debt to EBITDAS, minimum cumulative EBITDAS and fixed charge coverage covenants as follows:

Quarter Ending	Funded Debt to EBITDAS ⁽¹⁾	Minimum Cumulative EBITDAS ⁽²⁾	Fixed Charge Coverage ⁽³⁾
June 30, 2016	≤ 5.25x	n/a	≥ 1.25x
September 30, 2016	Waived	\$1 million	≥ 2.00x
December 31, 2016	Waived	\$4 million	≥ 2.00x
March 31, 2017	Waived	\$6 million	≥ 2.00x
June 30, 2017	≤ 5.25x	n/a	≥ 1.25x
September 30, 2017	≤ 4.75x	n/a	≥ 1.25x
December 31, 2017	≤ 4.25x	n/a	≥ 1.25x
March 31, 2018	≤ 3.50x	n/a	≥ 1.25x
June 30, 2018	≤ 3.50x	n/a	≥ 1.25x
September 30, 2018	≤ 3.25x	n/a	≥ 1.25x

December 31, 2018	≤ 3.00x	n/a	≥ 1.25x
March 31, 2019	≤ 3.00x	n/a	≥ 1.25x

Notes:

- (1) Calculated on a trailing 12 month basis, funded debt is net of cash.
- (2) Calculated on a cumulative basis as follows: at September 30, 2016: EBITDAS for the three months ending September 30, 2016; at December 31, 2016: EBITDAS for the six months ending December 31, 2016; at March 31, 2017: EBITDAS for the nine months ending March 31, 2017.
- (3) Calculated on a trailing 12 month basis.

The covenant calculation terms are as defined in the Credit Facility.

Equity Cure

The proceeds from equity offerings may be applied to the calculation of EBITDAS in the funded debt to EBITDAS covenant, the minimum cumulative EBITDAS covenant and the fixed charge coverage covenant.

Borrowing Base

During periods that Essential's funded debt to EBITDAS is greater than 2.00x, advances under the Credit Facility will be limited by a borrowing base that is based on the aggregate of a percentage of accounts receivable, a percentage of the fixed asset value less priority payables.

Debt Outstanding

On June 16, 2016, Essential had \$25.6 million of debt outstanding.

FORWARD LOOKING STATEMENT

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. 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 the Credit Facility providing sufficient liquidity. 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). Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the 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.

ABOUT ESSENTIAL

Essential Energy Services Ltd. 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 masted coil tubing, fluid and nitrogen pumping, services rigs and the sale and rental of downhole tools and equipment. Essential offers the largest masted coil tubing fleet in Canada. Further information can be found at www.essentialenergy.ca.

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