Essential Energy Services Announces Third Quarter Financial Results

CALGARY, Alberta, Nov. 08, 2017 (GLOBE NEWSWIRE) -- 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)	Three months ended September 30, **2017**	2016	Nine months ended September 30, **2017**	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**	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% 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% compared to the same prior year period.

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.

RESULTS OF OPERATIONS

Segment Results – *Essential Coil Well Service*

(in thousands of dollars, except percentages, hours and fleet data)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**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	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 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.

FINANCIAL RESOURCES AND LIQUIDITY

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"). 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.

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

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2017**	2016	**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):

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2017**	2016	**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.

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.

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.

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.

[(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 (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").

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:

(in thousands of dollars)	Three months ended September 30, **2017**	Three months ended September 30, 2016	Nine months ended September 30, **2017**	Nine months ended September 30, 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.

Trailing 12 months ended

(in thousands of dollars, except ratios)		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 – 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, 2017**		As at December 31, 2016
Assets				
Current				
Cash	**$**	**-**	$	143
Trade and other accounts receivable		**45,023**		29,300
Inventories		**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		**138,029**		137,039
Intangible assets		**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		**20,213**		19,312
Share based compensation		**1,157**		689
Current portion of onerous lease contract		**710**		612
		23,359		20,613
Non-current				
Long-term onerous lease contract		**3,611**		4,142
Share based compensation		**3,562**		2,179
Long-term debt		**20,606**		11,250
Deferred tax liabilities		**8,014**		7,519
		35,793		25,090
Total liabilities		**59,152**		45,703
Equity				
Share capital		**272,732**		272,732
Deficit		**(114,113)**		(114,602)
Other reserves		**5,924**		5,437
Total equity		**164,543**		163,567
Total liabilities and equity	$	**223,695**	$	209,270

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

	For the three months ended September 30,		For the nine months ended September 30,	
(in thousands of dollars, except per share amounts)	**2017**	2016	**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	**3,935**	3,595	**11,817**	13,363

Share based compensation	**546**	805	**2,769**	1,520
Impairment loss	**-**	-	**-**	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	**-**	(561)	**(330)**	(12,428)
Net income (loss)	**2,344**	(3,814)	**489**	(65,218)
Unrealized foreign exchange gain (loss) from continuing operations	**80**	35	**142**	(17)
Unrealized foreign exchange loss from discontinued operations	**-**	(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				
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)
Comprehensive income (loss) per share				
Basic and diluted	**$ 0.02**	$ (0.03)	**$ 0.00**	$ (0.52)

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	**345**	309
Provision for impairment of trade accounts receivable	**300**	532
Finance costs	**955**	940
Impairment loss	**-**	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	**(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	**-**	(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	**(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

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", "could" or "should" occur or be achieved. This news release 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; and the implications of Essential's strong 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.

2017 THIRD QUARTER FINANCIAL RESULTS CONFERENCE CALL AND WEBCAST

Essential has scheduled a conference call and webcast at 10:00 am MT (12:00 pm ET) on November 9, 2017.

The conference call dial in numbers are 416-340-2217 or 800-806-5484, passcode 8513141.

An archived recording of the conference call will be available approximately one hour after completion of the call until November 23, 2017 by dialing 905-694-9451 or 800-408-3053, passcode 9590912.

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 offers the largest coil tubing fleet in Canada. Further information can be found at www.essentialenergy.ca.

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