ESSENTIAL ENERGY SERVICES

NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES SECOND QUARTER RESULTS AND QUARTERLY DIVIDEND

Calgary, Alberta August 8, 2012 – Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces second quarter results with EBITDA(1) of $(0.5) million compared to $(0.1) million in the second quarter of 2011. On a year-to-date basis, EBITDA(1) was $31.9 million compared to $13.3 million in the same period of 2011. The second quarter results reflect the seasonal slowdown due to spring break-up. Compared to 2011, spring break-up was prolonged this year with rain negatively impacting utilization levels to the end of June.

SELECTED FINANCIAL INFORMATION

	Three months ended June 30,		Six months ended June 30,	
(Thousands, except per share amounts)	**2012**	2011	**2012**	2011
Revenue	**$ 52,333**	$ 40,479	**$ 171,913**	$ 106,895
Gross margin	**$ 3,667**	$ 3,077	**$ 40,171**	$ 19,729
Gross margin % (1)	**7%**	8%	**23%**	18%
EBITDA (1)	**$ (479)**	$ (137)	**$ 31,873**	$ 13,264
EBITDA % (1)	**(1)%**	0%	**19%**	12%
Funds flow from operations (1)	**$ 1,115**	$ (2,713)	**$ 29,746**	$ 10,727
Per share – basic and diluted (1)	**$ 0.01**	$ (0.03)	**$ 0.24**	$ 0.13
Net income attributable to shareholders of Essential	**$ (5,923)**	$ (6,364)	**$ 12,971**	$ (116)
Per share – basic and diluted	**$ (0.05)**	$ (0.07)	**$ 0.10**	$ 0.00
Total assets	**$ 393,377**	$ 371,017	**$ 393,377**	$ 371,017
Total long-term debt	**$ 41,198**	$ 63,459	**$ 41,198**	$ 63,459
Equity attributed to shareholders of Essential	**$ 297,937**	$ 257,119	**$ 297,937**	$ 257,119

(1) Refer to Non-IFRS measures.

Completion of the acquisition of Technicoil Corporation ("Technicoil" or the "Technicoil Acquisition") on May 31, 2011 impacts the results for 2012 compared to 2011. The results for Technicoil are only included in periods after the acquisition and the results for Technicoil for the first quarter and for April and May are not included in the prior year comparatives. The increased operating costs associated with Technicoil's annual maintenance programs that are performed during spring break-up are reflected in the 2012 results but are not included for the comparative periods.

SELECTED COMBINED FINANCIAL INFORMATION

To assist the reader in understanding the current operations of Essential, management has provided the combined results for Essential assuming the Technicoil Acquisition had occurred on January 1, 2011. The reporting in this news release represents Essential's stand-alone activities for January 1, 2011 to May 31, 2011 and the combined operations of Essential and Technicoil from June 1, 2011 to December 31, 2011 and does not include Technicoil's pre-acquisition operating or financial results.

Essential and Technicoil operations combined as of January 1, 2011:

(Thousands)	Three months ended June 30, 2012		Six months ended June 30, 2012	
	2012	2011	**2012**	2011
Well servicing				
Coil well service	**$ 18,697**	$ 14,677	**$ 61,111**	$ 50,850
Service rigs	**12,815**	11,884	**42,753**	41,843
Other	**3,818**	4,434	**14,397**	13,272
Total well servicing	**35,330**	30,995	**118,261**	105,965
Downhole tools & rentals	**15,540**	17,115	**50,791**	43,321
Colombia	**1,463**	361	**2,861**	361
Total revenue	**$ 52,333**	$ 48,471	**$ 171,913**	$ 149,647
Gross margin	**$ 3,667**	$ 1,324	**$ 40,171**	$ 30,459
Gross margin %[1]	**7%**	3%	**23%**	20%
EBITDA[1]	**$ (479)**	$ (2,506)	**$ 31,873**	$ 22,343

During the second quarter, revenue and EBITDA[1] for the combined entity improved compared to the prior year. The factors that enabled Essential to improve on the prior year results included:

- Coil well service – Revenue increased compared to the prior year as a result of the improvements in the fleet combined with price increases introduced after the Technicoil Acquisition. Essential expanded its coil well service operations over the last twelve months with the acquisition of additional deep coil tubing rigs and fluid pumpers. The expanded coil tubing rig fleet combined with the successful integration of the pumping fleet created additional revenue for Essential.
- Service rigs – Revenue and utilization for the second quarter increased from the prior year due to the addition of service rigs from the Technicoil Acquisition operating for a full quarter. Essential's service rig utilization increased to 34% in the second quarter of 2012 from 27% in the second quarter of 2011.
- Downhole tools & rentals – Revenue decreased during the quarter as a result of the disposal of the wireline business in the first quarter of 2012. Wet weather conditions during the quarter and the corresponding decline in industry drilling activity resulted in slightly lower activity for the Tryton Multi-Stage Fracturing System ("Tryton MSFS"). Conventional tool operations maintained revenue levels similar to the prior year despite the adverse operating conditions.

Management has also reconciled the results from the table above to the financial results for Essential.

	Three months ended June 30,		Six months ended June 30,	
(Thousands)	**2012**	2011	**2012**	2011
Revenue				
Combined results	**$ 52,333**	$ 48,471	**$ 171,913**	$ 149,647
Less: Technicoil pre-acquisition revenue	**-**	(7,992)	**-**	(42,752)
Essential Consolidated Financial Statements	**$ 52,333**	$ 40,479	**$ 171,913**	$ 106,895
EBITDA(1)				
Combined results	**$ (479)**	$ (2,506)	**$ 31,873**	$ 22,343
Less: Technicoil pre-acquisition EBITDA(1)	**-**	2,369	**-**	(9,079)
Essential Consolidated Financial Statements	**$ (479)**	$ (137)	**$ 31,873**	$ 13,264

OVERVIEW OF ESSENTIAL

EQUIPMENT FLEET

	As at June 30,	
	2012	2011
Coil Well Service		
Deep coil tubing rigs	**25**	23
Shallow/Intermediate coil tubing rigs	**22**	27
Nitrogen pumpers	**12**	10
Fluid pumpers	**16**	6
Service Rigs		
Singles	**33**	38
Doubles	**22**	21

INDUSTRY OVERVIEW

Wet weather throughout the Western Canadian Sedimentary Basin ("WCSB") during the second quarter restricted access to work sites and limited well service activity. The wet conditions in the current year persisted throughout the quarter compared to the prior year where conditions improved in June 2011.

Well service activity in the WCSB continues to be driven by horizontal drilling, stimulation and completion of oil and liquids-rich natural gas plays. The industry continued to focus on horizontal wells which typically require more investment capital and increased rig time per well due to their depth and complexity compared to conventional vertical wells.

OPERATING HIGHLIGHTS – ESSENTIAL

Completion of the Technicoil Acquisition on May 31, 2011 impacts the results for 2012 compared to 2011. The results for Technicoil are only included in periods after the acquisition and the results for Technicoil for the first quarter and for April and May are not included in the prior year comparatives. The increased operating costs associated with Technicoil's annual maintenance programs that are performed during spring break-up are reflected in the 2012 results but are not included for 2011.

Results for the second quarter reflected the normal activity decline that occurs during spring break-up. During the quarter:

- Coil well service – Revenue generated by Essential's pumping and nitrogen fleets increased significantly compared to the prior year as a result of Essential's commitment to the expansion of these fleets. Integration of this equipment with the coil tubing rigs created additional revenue generating opportunities, however, the persistent wet weather that extended through most of June reduced activity for deep coil tubing compared to the prior year.
- Service rigs – Revenue and utilization for the second quarter increased from the prior year due to service rigs added through the Technicoil Acquisition operating for a full quarter. Essential's service rig utilization increased to 34% in the second quarter of 2012 from 27% in the second quarter of 2011.
- Downhole tools & rentals – Revenue decreased during the quarter as a result of the disposal of the wireline business in the first quarter of 2012. Tryton MSFS activity declined slightly compared to the prior year due to the wetter weather conditions and the corresponding decline in drilling activity. Conventional tool operations maintained revenue levels similar to the prior year despite the adverse operating conditions during the quarter.

Essential continued with its 2012 capital program, with 2012 spending expected to decrease from $60 million to $57 million due to a slight delay in the delivery of certain equipment. Year-to-date capital expenditures were $23.0 million, consisting of $15.6 million in growth capital, $6.6 million in maintenance capital and $0.8 million on infrastructure. Essential continues to focus on investing in high-demand assets in addition to maintaining and enhancing its existing fleet.

SEGMENT RESULTS - *WELL SERVICING - CANADA*

(Thousands)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Revenue				
Coil well service*	**$ 18,697**	$ 9,871	**$ 61,111**	$ 24,002
Service rigs	**12,815**	9,606	**42,753**	33,479
Other	**3,818**	3,526	**14,397**	5,732
Total revenue	**35,330**	23,003	**118,261**	63,213
Operating expenses	**36,117**	24,259	**92,554**	53,753
Gross margin	**$ (787)**	$ (1,256)	**$ 25,707**	$ 9,460
Gross margin %(1)	**(2)%**	(5)%	**22%**	15%
Utilization**				
Deep coil tubing rigs				
Utilization	**32%**	37%	**67%**	66%
Operating hours	**7,262**	3,638	**30,498**	8,213
Service rigs				
Utilization	**34%**	27%	**44%**	45%
Operating hours	**16,183**	13,229	**51,371**	41,939

* Includes revenue from coil tubing rigs, nitrogen and fluid pumpers and other ancillary equipment.

** Utilization is calculated on a 10 hour day.

Completion of the Technicoil Acquisition on May 31, 2011 impacts the results for 2012 compared to 2011. The results for Technicoil are only included in periods after the acquisition and the results for Technicoil for the first quarter and for April and May 2011 are not included in the prior year comparatives. The increased operating costs associated with Technicoil's annual maintenance programs that are performed during spring break-up are reflected in the 2012 results but are not included for 2011.

The normal decline in activity during the second quarter was more pronounced in the current year as wet weather conditions persisted throughout the quarter which limited access to well sites.

Coil well service revenue increased significantly for the second quarter and for the year-to-date over the same periods in the prior year due to the increased size and scope of Essential's deep coil fleet from the Technicoil Acquisition and execution of Essential's capital program. Essential completed a large horizontal workover project during the quarter. This project utilized both the deep coil rigs and a full complement of Essential's ancillary coil services and generated incremental nitrogen and chemical revenues. The increase in these revenues, and the current year impact of price increases introduced during the second half of 2011, increased the rate per hour.

Service rig revenue for the second quarter increased from the prior year due to increased utilization across the fleet and service rigs added through the Technicoil Acquisition operating for a full quarter. Activity was impacted by wet weather conditions during the quarter, however, utilization increased due to Essential operating in high demand areas including Slave Lake and the Cardium.

During the second quarter, other revenue, which includes hybrid drilling rigs and rod rigs, was relatively flat compared to the prior year. Utilization of the hybrid drilling rigs was significantly impacted by the wet conditions during the quarter which limited their ability to access work sites and resulted in lower utilization of 11% during the second quarter of 2012.

Costs associated with retaining key personnel and maintaining equipment and service locations negatively impact operating margins during periods of lower activity; while certain labour, fuel and other operating costs tend to fluctuate with activity. Operating expenses during the second quarter also increased due to Technicoil's annual maintenance programs that are included in the current year results but not in the comparable information for the prior year.

SEGMENT RESULTS - *DOWNHOLE TOOLS & RENTALS - CANADA*

	Three months ended June 30,		Six months ended June 30,	
(Thousands)	**2012**	2011	**2012**	2011
Revenue	**$ 15,540**	$ 17,115	**$ 50,791**	$ 43,321
Operating expenses	**10,277**	12,993	**34,015**	31,429
Gross margin	**$ 5,263**	$ 4,122	**$ 16,776**	$ 11,892
Gross margin %(1)	**34%**	24%	**33%**	27%
Number of Tryton MSFS jobs	**33**	36	**119**	82

The Downhole Tools & Rentals segment focuses on oil and liquids-rich natural gas plays by providing production and completion tools for horizontal and vertical wells. Operations for this segment are well placed geographically across many of the active oil plays in the WCSB. During the first half of 2012, this segment continued to grow as the industry continued utilizing multi-stage fracturing services for completions on horizontal wells and as Essential continued to expand its conventional downhole tools & rentals operations.

The revenue decline for this segment compared to 2011 related primarily to the disposal of the wireline business in the first quarter of 2012. Activity generated from Tryton MSFS declined slightly during the second quarter, compared to the same period in the prior year, due to persistent wet weather conditions and moderate declines in drilling activity. Conventional downhole tools & rentals activity during the quarter remained comparable to the prior year despite the weather conditions.

The gross margin for this segment improved over the prior year as a result of the disposition of the wireline business which traditionally generated lower margins. Margins in the Downhole Tools & Rentals segment are typically less impacted during periods of low activity due to the lower fixed cost structure of this segment.

COLOMBIA

Essential services producing wells from its operating base in Barrancabermeja, Colombia. The Colombian operations were slightly cash flow negative during the quarter and revenue was below management expectations due to periods of inactivity. The Colombian operations have experienced inconsistent activity and Essential continues to pursue opportunities to stabilize activity and expand these operations. Management believes that there is significant demand for the services Essential provides and is continuing to develop these operations and relationships.

GENERAL AND ADMINISTRATIVE

(Thousands)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
General and administrative expenses	**$ 4,146**	$ 3,214	**$ 8,298**	$ 6,465
As a % of revenue	**8%**	8%	**5%**	6%

General and administrative expenses are comprised of wages, professional fees, office space and other administrative costs incurred at the corporate and operations level. General and administrative expenses increased in absolute dollars primarily due to additional administrative costs associated with Technicoil field operations which are only included for one month of 2011 comparatives.

INCOME TAXES

(Thousands)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Current income tax expense (recovery)	**$ (1,248)**	$ 239	**$ 2,468**	$ 239
Deferred income tax expense (recovery)	**(542)**	(1,999)	**2,290**	517
Total income tax expense (recovery)	**$ (1,790)**	$ (1,760)	**$ 4,758**	$ 756

For the six months ended June 30, 2012, income tax expense increased compared to 2011 due to higher comparable earnings.

WORKING CAPITAL

(Thousands)	June 30, 2012	June 30, 2011
Current assets	**$ 75,363**	$ 66,558
Current liabilities, excluding current portion of long-term debt	**(28,373)**	(31,155)
Working capital	**$ 46,990**	$ 35,403
Working capital ratio	**2.7:1**	2.1:1

The increase in working capital is a result of the improved results compared to the prior year.

CREDIT FACILITY

Essential's Credit Facility with its banking syndicate is comprised of a $100 million revolving term loan facility with a $35 million accordion feature available on lender's consent. The revolving term loan facility matures on May 30, 2014, is renewable at the lender's consent and is secured by a general security agreement over the Company's assets. To the extent the revolving term loan facility is not renewed, debt payments would be required over a two year period based on a three year amortization schedule. At June 30, 2012, the maximum of $100 million was available to Essential.

As at June 30, 2012, all financial debt covenants were satisfied and all banking requirements were up to date. Essential does not anticipate any financial resource or liquidity issues to restrict its future operating, investing or financing activities. On August 8, 2012, Essential had long-term debt outstanding of $51.9 million.

EQUIPMENT EXPENDITURES

	Three months ended June 30,		Six months ended June 30,	
(Thousands)	**2012**	2011	**2012**	2011
Well Servicing	**$ 11,820**	$ 8,168	**$ 21,088**	$ 14,425
Downhole Tools & Rentals	**398**	1,461	**1,213**	3,129
Corporate	**246**	348	**710**	425
Total equipment expenditures	**12,464**	9,977	**23,011**	17,979
Less proceeds on disposal of property and equipment	**(797)**	(1,404)	**(8,115)**	(2,351)
Net equipment expenditures[1]	**$ 11,667**	$ 8,573	**$ 14,896**	$ 15,628

Essential plans to complete its 2012 capital program, however, spending is expected to decrease from $60 million to $57 million due to the slight delay in the delivery of certain equipment into 2013. Spending in 2012 is expected to consist of $43 million in growth capital and $14 million in maintenance and infrastructure capital. The program continues to focus on increasing the depth capacity of the coil tubing fleet, expanding the pumping fleet to support deeper horizontal well activity and enhancing the capabilities of the service rig fleet. Capital spending during the first half of 2012 primarily consisted of deposits and progress payments on the build programs for the masted coil tubing rigs, fluid pumpers and service rigs. Capital spending during the second half of 2012 is expected to be higher than the first half of 2012 as Essential makes final payments for equipment once it has been commissioned and delivered.

During the first six months of 2012, Essential added the following assets to its fleet:

- One 1,000 HP quintiplex fluid pumper in the coil well service operations.
- One custom built mobile, free-standing, all-period double service rig for northern Alberta service rig operations.
- One mobile, free-standing double service rig for southern Alberta service rig operations.

Essential expects to add the following assets to its fleet through the remainder of 2012 and into 2013:

- Five deep masted coil tubing rigs and one conventional deep coil tubing rig in the coil well service operations.

- Two 1,000 HP quintiplex fluid pumpers, three low-rate nitrogen pumpers and one high-rate pumper in the coil well service operations.
- Two custom built mobile, free-standing, all-period double service rigs for the northern Alberta service rig operations.
- One mobile, free-standing double service rig for southern Alberta service rig operations.

Essential has removed from service several redundant shallow coil tubing rigs and aging service rigs during the quarter. These assets have nominal book value and represent a small portion of Essential's equipment fleet. The Company expects to sell or dismantle this equipment.

Essential classifies its equipment expenditures as growth capital(1), maintenance capital(1), and infrastructure capital(1). The latter category includes information systems, operational facilities and leasehold improvements. Comparative equipment expenditures are as follows:

	Three months ended June 30,		Six months ended June 30,	
(Thousands)	**2012**	2011	**2012**	2011
Growth capital(1)	**$ 9,545**	$ 7,301	**$ 15,633**	$ 12,721
Maintenance capital(1)	**2,575**	1,929	**6,552**	4,179
Infrastructure capital(1)	**344**	747	**826**	1,079
Total equipment expenditures	**$ 12,464**	$ 9,977	**$ 23,011**	$ 17,979

OUTLOOK

Demand in the WCSB continues to be driven by oil prices and activity on horizontal wells which are more service intensive than vertical wells. Activity in the second quarter was hampered by wet weather conditions which delayed the restart of operations after spring break-up, however, demand for Essential's services has recently started improving.

Since the end of the first quarter there has been some deterioration in industry expectations for the second half of 2012 as world economic events have created uncertainty in the market and oil price instability. Activity for the back half of 2012 will be dependent on whether customers maintain or reduce their capital spending programs given these market uncertainties. If capital budgets are reduced, customers may continue to focus on workovers of existing wells to meet production targets. Despite these factors, management expects strong activity in Essential's deep coil tubing fleet due to the shortage of equipment in the industry.

Essential expects to complete its 2012 capital expenditure program which further expands the breadth and depth of the current fleet and is expected to reinforce Essential's position as a leading well service provider in the WCSB.

Essential remains well-positioned with a strong balance sheet and high demand services lines of coil well service, service rigs and downhole tools and rentals to meet its customers' needs.

QUARTERLY DIVIDEND

The cash dividend for the period July 1, 2012 to September 30, 2012 has been set at $0.025 per share. The dividend will be paid on October 15, 2012 to shareholders of record on September 28, 2012. The ex-dividend date is September 26, 2012.

SUMMARY OF QUARTERLY DATA

($Thousands, except per share amounts)	**June 30, 2012**	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010
Well servicing:								
Coil well service	**18,697**	42,414	43,945	36,349	9,871	14,131	11,373	8,859
Service rigs	**12,815**	29,938	25,060	20,969	9,606	23,873	17,747	12,796
Other	**3,818**	10,579	7,735	7,148	3,526	2,206	2,457	2,454
Total well servicing	**35,330**	82,931	76,740	64,466	23,003	40,210	31,577	24,109
Downhole tools & rentals*	**15,540**	35,251	32,115	33,316	17,115	26,206	22,366	17,135
Colombia	**1,463**	1,398	2,048	1,634	361	-	-	-
Total revenue	**52,333**	119,580	110,903	99,416	40,479	66,416	53,943	41,244
Gross margin(1)	**3,667**	36,504	35,758	31,100	3,077	16,652	14,636	10,186
Gross margin %(1)	**7%**	31%	32%	31%	8%	25%	27%	25%
EBITDA(1)	**(479)**	32,352	31,829	27,293	(137)	13,401	11,293	7,248
EBITDA %(1)	**(1)%**	27%	29%	27%	0%	20%	21%	18%
Net income (loss) attributable to shareholders of Essential	**(5,923)**	18,893	17,559	13,678	(6,364)	6,248	6,121	2,663
Per share – basic and diluted	**$(0.05)**	$0.15	$0.14	$0.11	$(0.07)	$0.09	$0.09	$0.04
Total assets	**393,377**	430,674	421,590	411,084	371,017	190,926	173,803	160,797
Total long-term debt	**41,198**	57,238	63,576	79,230	63,459	7,392	396	471
Equity attributable to shareholders of Essential	**297,937**	306,372	288,828	271,561	257,119	156,694	149,660	143,989
**Utilization ** **								
Coil tubing rigs – deep	**32%**	102%	111%	104%	37%	85%	81%	70%
Coil tubing rigs – other	**7%**	25%	30%	25%	18%	34%	35%	38%
Service rigs	**34%**	68%	59%	54%	27%	64%	51%	40%
Hybrid drilling rigs	**11%**	60%	47%	48%	47%	-	-	-
Operating Hours								
Coil tubing rigs – deep	**7,262**	23,236	23,524	21,938	3,638	4,575	3,740	2,305
Coil tubing rigs – other	**1,596**	5,494	6,778	5,813	3,805	7,033	8,704	8,647
Service rigs	**16,183**	35,188	31,005	28,201	13,229	28,710	24,072	18,752
Hybrid drilling rigs	**1,230**	6,581	5,192	5,337	1,696	-	-	-
Number of Tryton MSFS jobs	**33**	86	69	85	36	46	41	33
Equipment fleet * **								
Canada								
Coil tubing rigs	**45**	49	49	48	48	32	32	32
Service rigs	**53**	58	57	57	58	52	51	51
Nitrogen pumpers	**10**	10	10	9	8	8	9	10
Fluid pumpers	**16**	15	15	12	6	-	-	-
Hybrid drilling rigs	**5**	5	5	5	5	-	-	-
Rod rigs	**14**	14	14	14	14	20	20	23
Colombia								
Coil tubing rigs	**2**	2	2	2	2	2	1	-
Service rigs	**2**	2	2	1	1	1	1	-
Nitrogen pumpers	**2**	2	2	2	2	2	1	-
Rod rigs	**3**	3	3	3	3	3	3	-

* Revenue for Downhole Tools & Rentals includes the revenue from Essential's wireline fleet until it was disposed of on February 2, 2012.
** Utilization is calculated using a 10 hour day for the entire fleet except for hybrid drilling rigs which is calculated using a 24 hour day.
*** Fleet data represents the number of units at the end of the period.

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited)

(Thousands)		**As at June 30, 2012**		As at December 31, 2011
Assets				
Current				
Cash	**$**	**-**	$	164
Trade and other receivables		**49,131**		85,013
Income taxes receivable		**800**		-
Inventories		**21,313**		17,819
Prepayments		**4,119**		3,019
		75,363		106,015
Non-current				
Property and equipment		**217,513**		211,764
Intangible assets		**41,961**		44,750
Goodwill		**57,425**		57,425
Deferred tax assets		**1,115**		1,636
		318,014		315,575
Total assets	**$**	**393,377**	$	421,590
Liabilities				
Current				
Bank indebtedness	**$**	**2,715**	$	-
Trade and other payables		**22,452**		39,913
Dividends payable		**3,096**		-
Income taxes payable		**-**		5,234
Current portion of long-term debt		**15**		14,603
Current portion of equity taxes		**110**		117
		28,388		59,867
Non-current				
Long-term debt		**41,183**		48,973
Equity taxes		**110**		232
Deferred tax liabilities		**25,794**		23,615
		67,087		72,820
Total liabilities		**95,475**		132,687
Equity				
Share capital		**258,514**		257,775
Retained earnings		**35,427**		28,651
Other reserves		**3,996**		2,402
Equity attributable to shareholders of Essential		**297,937**		288,828
Non-controlling interest		**(35)**		75
Total equity		**297,902**		288,903
Total liabilities and equity	**$**	**393,377**	$	421,590

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

(Thousands, except per share amounts)	For the three months ended June 30, 2012	For the three months ended June 30, 2011	For the six months ended June 30, 2012	For the six months ended June 30, 2011
Revenue	**$ 52,333**	$ 40,479	**$ 171,913**	$ 106,895
Operating expenses	**48,666**	37,402	**131,742**	87,166
Gross margin	**3,667**	3,077	**40,171**	19,729
General and administrative expenses	**4,146**	3,214	**8,298**	6,465
	(479)	(137)	**31,873**	13,264
Depreciation and amortization	**6,231**	4,047	**13,394**	7,555
Share-based compensation	**444**	409	**935**	714
Equity taxes	**-**	-	**-**	478
Other (income) expense	**74**	849	**(1,143)**	1,228
Operating profit (loss)	**(7,228)**	(5,442)	**18,687**	3,289
Transaction costs	**-**	2,397	**-**	2,397
Finance costs	**569**	372	**1,205**	492
Earnings (loss) before income taxes	**(7,797)**	(8,211)	**17,482**	400
Income taxes				
Current expense (recovery)	**(1,248)**	239	**2,468**	239
Deferred expense (recovery)	**(542)**	(1,999)	**2,290**	517
Total income tax expense (recovery)	**(1,790)**	(1,760)	**4,758**	756
Net income (loss)	**(6,007)**	(6,451)	**12,724**	(356)
Other comprehensive income (loss):				
Unrealized foreign exchange gain (loss) on foreign operations	**(2)**	169	**1,007**	344
Comprehensive income (loss)	**$ (6,009)**	$ (6,282)	**$ 13,731**	$ (12)
Net income (loss) attributable to:				
Shareholders of Essential	**$ (5,923)**	**$** (6,364)	**$ 12,971**	$ (116)
Non-controlling interest	**(84)**	(87)	**(247)**	(240)
	$ (6,007)	**$** (6,451)	**$ 12,724**	$ (356)
Comprehensive income (loss) attributable to:				
Shareholders of Essential	**$ (5,913)**	**$** (6,216)	**$ 13,846**	$ 193
Non-controlling interest	**(96)**	(66)	**(115)**	(205)
	$ (6,009)	**$** (6,282)	**$ 13,731**	$ (12)
Earnings (loss) per share				
Basic and diluted, attributable to shareholders of Essential	**$ (0.05)**	**$** (0.07)	**$ 0.10**	$ 0.00

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

(Thousands)	For the six months ended June 30, 2012	2011
Operating activities:		
Net income (loss)	**$ 12,724**	$ (356)
Non-cash adjustments to reconcile net income to net cash flow:		
Depreciation and amortization	**13,394**	7,555
Deferred income tax expense	**2,290**	517
Share-based compensation	**935**	714
Provision for (recovery of) impairment of trade receivables	**(312)**	214
Finance costs	**1,205**	492
(Gain) loss on disposal of assets	**(490)**	1,591
Operating cash flow before changes in working capital	**29,746**	10,727
Changes in working capital:		
Decrease in trade and other receivables before provision	**36,668**	6,096
Increase in inventories	**(3,494)**	(3,036)
(Increase) decrease in prepayments	**(1,100)**	311
Increase (decrease) in income taxes payable	**(6,034)**	239
Decrease in trade and other accounts payables	**(17,461)**	(11,417)
Increase (decrease) in equity taxes payable	**(129)**	478
Net cash flows from operating activities	**38,196**	3,398
Investing activities:		
Purchase of property and equipment	**(23,011)**	(17,979)
Business acquisition	-	(56,582)
Proceeds on disposal of equipment	**8,115**	2,351
Net cash flows used in investing activities	**(14,896)**	(72,210)
Financing activities:		
Increase (decrease) in long-term debt	**(22,378)**	62,837
Dividends paid	**(3,094)**	-
Issuance of share capital, net of costs	**520**	6
Finance costs	**(1,205)**	(492)
Net cash flows from (used in) financing activities	**(26,157)**	62,351
Foreign exchange gain on cash held in a foreign currency	**(22)**	(4)
Change in cash	**(2,879)**	(6,465)
Cash, beginning of period	**164**	2,392
Bank indebtedness, end of period	**$ (2,715)**	$ (4,073)

[1]Non-IFRS Measures

Throughout this news release, certain terms that are not specifically defined in International Financial Reporting Standards ("IFRS") are used to analyze Essential's operations. In addition to the primary measures of net earnings and net earnings 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 earnings and net earnings per share as calculated in accordance with IFRS.

Gross margin % – This measure is considered a primary indicator of operating performance as calculated by gross margin divided by revenue.

EBITDA (Earnings before finance costs, income taxes, equity taxes, depreciation, amortization, transaction costs, non-controlling interest earnings, losses or gains on disposal of equipment and share-based compensation) – This measure is considered an indicator of Essential's ability to generate funds flow in order to fund required working capital, service debt and fund capital programs.

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

Funds flow or funds flow from operations – This measure is an indicator of Essential's ability to generate funds flow in order to fund working capital, principal debt repayments and capital programs. 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 revenues and funds flow to Essential.

Maintenance capital – Equipment additions that are incurred in order to refurbish or replace previously acquired equipment less proceeds on the disposal of retired 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.

Infrastructure capital – Additions that are incurred in order to maintain the Company's business systems and operating facilities. Such additions do not provide incremental increases in revenue.

Net equipment expenditures – This measure is equipment expenditures less proceeds on the disposal of equipment. Essential uses net equipment expenditures to assess net cash flows related to the financing of Essential's oilfield services equipment.

ABOUT ESSENTIAL

Essential operates the largest coil tubing well service fleet in Canada with 47 coil tubing rigs and a fleet of 55 service rigs. Essential is a growth-oriented corporation that provides oilfield services to oil and gas producers in western Canada for servicing producing wells and new drilling activity. Essential also sells, rents and services downhole tools and equipment including the Tryton Multi-Stage Fracturing System. Further information can be found at www.essentialenergy.ca.

FORWARD-LOOKING STATEMENTS AND INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, this news release contains forward-looking statements including expectations regarding capital spending, in-service timing of new equipment, expectations regarding the impact of recent equipment purchases, expectations of future cash flow and earnings, expectations with respect to the demand for and price of oil and liquids-rich natural gas, expectations regarding the level and type of drilling activity, production activity and required oilfield services in the WCSB, expectations regarding the demand for Essential's services, expectations regarding the business, operations and revenues of the Company in addition to general economic conditions, expectations regarding Essential's ability to meet the changing needs of the WCSB market and expectations regarding demand for Essential's services in Colombia.

Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that such statements and information will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: 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 associated with government regulations and environmental health and safety matters and other unforeseen conditions which could impact the use of equipment and services supplied by Essential in Colombia; and other unforeseen conditions which could impact the use of services supplied by the Company. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) for the Company. The forward-looking statements and information contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

For further information, please contact:

Garnet K. Amundson	Jeff B. Newman	Karen Perasalo
President and CEO	Chief Financial Officer	Investor Relations
Phone: (403) 513-7272	Phone: (403) 513-7272	Phone: (403) 513-7272
service@essentialenergy.ca	service@essentialenergy.ca	service@essentialenergy.ca

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