NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES FIRST QUARTER RESULTS AND SUSPENDS THE QUARTERLY DIVIDEND

Calgary, Alberta May 4, 2016 – Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces first quarter results.

SELECTED INFORMATION

(in thousands of dollars except per share, percentages and fleet data)	Three months ended March 31, **2016**	2015
Revenue	**$ 30,915**	$ 70,419
Gross margin	**1,246**	15,302
Gross margin %	**4%**	22%
EBITDAS[1] before severance costs	**(750)**	12,544
EBITDAS % [1] before severance costs	**(2%)**	18%
EBITDAS[1]	**(2,483)**	10,859
EBITDAS % [1]	**(8%)**	15%
Net (loss) income before impairment loss	**(8,459)**	3,096
Per share – basic and diluted	**(0.07)**	0.02
Net (loss) income	**(53,918)**	3,096
Per share – basic and diluted	**(0.43)**	0.02
Total assets	**246,713**	371,496
Total long-term debt	**27,053**	39,817
Utilization		
Masted coil tubing rigs	**39%**	90%
Service rigs	**18%**	37%
Equipment fleet		
Masted coil tubing rigs	**21**	19
Service rigs	**38**	54

(1) Refer to "Non-IFRS Measures" section for further information.

HIGHLIGHTS

For the second consecutive year, first quarter oil and gas activity remained well below historical levels as exploration and production ("E&P") companies sharply decreased capital spending in order to preserve cash flow and manage debt. Oilfield service activity was hit hard, with drilling rig utilization reaching 30 year lows. Unseasonably warm weather also hindered activity with the onset of spring break-up conditions throughout the Western Canadian Sedimentary Basin ("WCSB") in early March. Well completions and drilling activity in the WCSB declined 61% and 43% respectively during the first quarter of 2016 compared to the same period in 2015. To preserve cash until industry conditions improve, many E&P companies chose to drill to maintain land holdings and delay well completion work.

Similar to the industry, Essential's first quarter activity declined to levels that were unprecedented and unexpected. Essential reported first quarter 2016 revenue of $30.9 million, 56% lower than the first quarter of 2015. Activity and price declines were experienced across all service lines. In a very challenging environment, Essential managed to maintain positive gross margins and continued to focus on cost management.

Revenue in each of Essential's operations was adversely affected by the significant drop in industry activity. Revenue in coil well service and downhole tools & rentals ("DT&R") was approximately 50% below first quarter 2015. Service rig revenue experienced a sharper decline with revenue 71% lower than the prior year period. Gross margin in each segment was significantly lower than the prior year period, as activity declines were too significant to be offset by cost reductions implemented in 2015. EBITDAS before severance costs was negative $0.8 million for the first quarter 2016 compared to $12.5 million before severance costs for the first quarter 2015.

With the poor start to 2016 and industry uncertainty for the remainder of the year, right-sizing the business is key to long-term sustainability. In the first quarter 2016, management took proactive steps for the second consecutive year to manage costs in an effort to support margins. Compensation and headcount reductions were implemented across the organization. Severance costs totalling $1.7 million (2015 – $1.7 million) were recorded in the first quarter of 2016 in the corporate and eliminations segment.

At March 31, 2016, Essential had $27.1 million of debt outstanding, an increase of $1.5 million from December 31, 2015. At May 4, 2016, Essential had $28.2 million of debt outstanding and reported debt to EBITDAS of 2.7x at the end of the first quarter 2016. The deterioration in the debt to EBITDAS metric since December 31, 2015 is due to the trailing twelve month calculation of EBITDAS. The stronger EBITDAS from the first quarter 2015 was replaced with the weaker EBITDAS from the first quarter 2016.

International Financial Reporting Standards ("IFRS") requires the Company to assess the carrying value of assets in cash generating units ("CGUs") when there are impairment indicators. The first quarter 2016 financial results were much lower than expected and the industry outlook has deteriorated since December 31, 2015, requiring Essential to complete an impairment assessment. 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 first quarter of 2016 of $61.7 million: $28.5 million on coil well service equipment, $15.8 million on service rig equipment and $17.4 million on intangible assets.

DIVIDEND SUSPENSION

Since the first quarter of 2012, Essential has maintained a policy of paying dividends on a quarterly basis. In August and November 2015, the Company reduced the dividend to better align the payment with operating conditions at that time. With further deterioration in industry fundamentals and the weak industry outlook, Essential's Board of Directors has suspended the Corporation's dividend until further notice.

RESULTS OF OPERATIONS

SEGMENT RESULTS - *WELL SERVICING*

(in thousands of dollars, except percentages, hours and fleet data)	Three months ended March 31, 2016	2015
Revenue		
Coil well service (i)	**$ 15,756**	$ 31,976
Service rigs	**4,359**	15,026
Total revenue	**20,115**	47,002
Operating expenses	**18,606**	36,288
Gross margin	**$ 1,509**	$ 10,714
Gross margin %	**8%**	23%
Utilization (ii)		
Masted coil tubing rigs		
Utilization	**39%**	90%
Operating hours	**7,285**	15,335
Pumping		
Utilization	**37%**	61%
Operating hours	**10,218**	17,586
Service rigs		
Utilization	**18%**	37%
Operating hours	**6,162**	17,745
Equipment fleet (iii)		
Masted coil tubing rigs	**21**	19
Pumping	**30**	32
Service rigs	**38**	54

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

Well completions, a key indicator of industry activity, declined 61% as E&P companies limited capital spending amid low commodity prices. Coil well service first quarter revenue decreased 51% compared to the same quarter in 2015 due to lower activity and pricing. Activity was particularly slow in March 2016 as unseasonably warm weather resulted in early spring break-up conditions, limiting the ability to access customer well locations. Masted coil tubing operating hours declined 52% and pumping operating hours declined 42%. Essential continued to work for key customers, but at a slower pace compared to the prior year period. Pumping activity experienced a smaller decline due to stand-alone work independent of masted coil tubing operations. Revenue per hour was down from the first quarter 2015 by 5% to 10% and was consistent with the fourth quarter 2015. During the first quarter of 2016, a Generation IV rig successfully completed a long-reach horizontal well in the Bakken.

Service rig revenue in the first quarter of 2016 declined 71% compared to the first quarter 2015. Activity continued to deteriorate as a result of the industry downturn with operating hours 65% lower than the first quarter 2015. Essential chose to decline work in the first quarter 2016 that was sub-economic, which had a negative impact on utilization. Similar to coil well service activity, service rig activity was negatively impacted by the early onset of spring break-up conditions. Revenue per hour was down approximately 15% compared to the first quarter 2015, but remained consistent with the fourth quarter of 2015.

As revenue declines, fixed costs comprise a larger percentage of revenue, reducing gross margin. Cost containment initiatives implemented in 2015 were not sufficient to offset the significant decline in revenue in the first quarter 2016 and well servicing gross margin was 8% compared to 23% for the same period in 2015. Given this sharp activity decline and industry uncertainty for the remainder of 2016, additional cost reductions, including staff lay-offs and wage rollbacks were taken in March 2016 to further reduce the Company's cost structure.

SEGMENT RESULTS - *DOWNHOLE TOOLS & RENTALS*

(in thousands of dollars, except percentages)	Three months ended March 31, **2016**	2015
Revenue	**$ 10,889**	$ 23,611
Operating expenses	**9,713**	16,831
Gross margin	**$ 1,176**	$ 6,780
Gross margin %	**11%**	29%
Downhole Tools & Rentals revenue – % of revenue		
Tryton MSFS®	**40%**	38%
Conventional Tools & Rentals	**60%**	62%

DT&R revenue decreased 54% from the first quarter in 2015 due to lower activity and a decline in pricing of approximately 20%. Canadian MSFS® revenue increased sequentially from the last quarter of 2015 and declined less than the 61% reduction in industry well completions compared to the first quarter 2015. Significant declines, compared to the first quarter 2015, were experienced in Canadian rentals revenue and U.S. downhole tools. Low industry drilling activity and restrained customer spending in the first quarter 2016 contributed to all revenue reductions.

Gross margin as a percentage of revenue in the first quarter 2016 decreased to 11% compared to 29% for the first quarter 2015. Due to the lower activity experienced in the first quarter 2016, fixed costs comprised a greater proportion of revenue, reducing gross margin as a percentage of revenue. DT&R gross margin was further reduced by significant U.S. operating losses and lower contribution from the higher margin rentals business. Cost reductions in the Canadian operations implemented during 2015 and first quarter 2016 offset a portion of the impact of pricing reductions in the period. Cost reductions included staff lay-offs and wage rollbacks in the Canadian operations. Cost reductions in the U.S. operations were implemented in the second quarter of 2016.

GENERAL AND ADMINISTRATIVE

(in thousands of dollars, except percentages)	Three months ended March 31, **2016**	2015
General and administrative expenses	**$ 3,729**	$ 4,443
As a % of revenue	**12%**	6%

General and administrative expenses ("G&A") are comprised of wages, severance costs, professional fees, office space and other administrative costs incurred at the corporate and operational levels. G&A expenses for the first quarter 2016 decreased compared to the same period in 2015 due to cost reductions implemented in the prior year, including decreases in employee costs, professional fees and discretionary spending. For the first three months of 2016, $0.4 million of severance costs were included in G&A (2015 – $0.1 million), with the balance included in operating expenses. Due to lower revenue, G&A comprised a greater percentage of revenue in the first quarter 2016 than 2015.

With the sharp reduction in industry activity and uncertainty for the remainder of 2016, additional cost reductions were implemented in the first quarter 2016, including headcount and wage reductions. These are expected to reduce quarterly G&A to approximately $3 million per quarter.

IMPAIRMENT LOSS

(in thousands of dollars)	Three months ended March 31, 2016	2015
Impairment loss	**$ 61,652**	$ -

IFRS requires the Company to assess the carrying value of assets in the CGUs when there are impairment indicators. The first quarter 2016 financial results were much lower than expected and the industry outlook has deteriorated since December 31, 2015, requiring Essential to complete an impairment assessment. 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 first quarter of 2016 of $61.7 million: $28.5 million on coil well service equipment, $15.8 million on service rig equipment and $17.4 million on intangible assets (2015 – nil).

INCOME TAXES

(in thousands of dollars)	Three months ended March 31, 2016	2015
Current income tax (recovery) expense	**$ (5,087)**	$ 442
Deferred income tax (recovery) expense	**(13,696)**	721
Total income tax (recovery) expense	**$ (18,783)**	$ 1,163

For the three months ended March 31, 2016, the current income tax recovery relates to incurring a loss before income tax in the quarter. For the first quarter 2016, Essential's deferred income tax recovery is due to the tax effect on the impairment loss.

FINANCIAL RESOURCES AND LIQUIDITY

FUNDS FLOW FROM OPERATIONS[1]

(in thousands of dollars, except per share amounts)	Three months ended March 31, 2016	2015
Net cash provided by operating activities	**$ 1,968**	$ 28,346
Changes in non-cash working capital	**(160)**	(16,679)
Funds flow provided by operations[1]	**$ 1,808**	$ 11,667
Per share – basic and diluted	**$ 0.01**	$ 0.09

WORKING CAPITAL

(in thousands of dollars, except ratios)		As at March 31 2016		As at December 31 2015
Current assets	**$**	**62,135**	$	66,599
Current liabilities		**(11,763)**		(15,844)
Working capital [1]	**$**	**50,372**	$	50,755
Working capital ratio		**5.3:1**		4.2:1

EQUIPMENT EXPENDITURES AND FLEET ADDITIONS

	Three months ended March 31,			
(in thousands of dollars)		**2016**		2015
Well Servicing	**$**	**3,245**	$	5,543
Downhole Tools & Rentals		**87**		646
Corporate		**30**		272
Total equipment expenditures		**3,362**		6,461
Less proceeds on disposal of property and equipment		**(411)**		(95)
Net equipment expenditures[1]	**$**	**2,951**	$	6,366

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

	Three months ended March 31,			
(in thousands of dollars)		**2016**		2015
Growth capital[1]	**$**	**2,200**	$	5,343
Maintenance capital[1]		**1,162**		1,118
Total equipment expenditures	**$**	**3,362**	$	6,461

Essential's 2016 capital budget of $9 million is comprised of $6 million of growth capital and $3 million of maintenance capital. Growth capital will be used to complete the Generation IV masted coil tubing rigs. At March 31, 2016, there was $3 million remaining to complete these 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 May 4, 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 March 31, 2016, Essential had spent approximately $50 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. While the Generation IV coil tubing rigs are not in high demand in the current industry environment, management expects demand should increase once industry conditions improve.

The following table shows the expected in-service dates of the major equipment as at May 4, 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

Recent increases in the price of oil and successful equity issuances by select E&P companies have created some positive sentiment towards the oil and gas industry. From an oilfield service company perspective, Essential does not believe very much of the incremental customer cash flow will lead to increased oilfield service spending. Instead, E&P companies are typically using available cash to reduce debt and strengthen balance sheets.

Unusually warm weather accelerated industry spring break-up conditions. Industry drilling rig utilization for the month of April was 6%, below the same period in the prior year. In a normal year this early break-up may lead to customers returning to work earlier in the second quarter. That is not expected to occur in this quarter as fewer E&P companies are engaging in oilfield service spending as they strive to preserve cash flow in this difficult market. Essential anticipates that the remaining months of second quarter activity will continue to lag behind the prior year period. Beyond that, the outlook remains unclear as customers assess their plans in a very uncertain macroeconomic environment.

After experiencing an unprecedentedly weak first quarter, combined with a relatively weak outlook for the remainder of the year, managing Essential's margins and debt is a 2016 priority. Accordingly, Essential has implemented the following strategies:

- Implementation of further cost reductions. Headcount has been reduced by an additional 40%, which represents a reduction of 240 salaried and field staff since the beginning of 2016. Since the end of 2014, Essential's headcount has been reduced by 65%. A second round of salary reductions were implemented across the organization;
- Disposition of retired and redundant equipment; and
- Suspension of the Company's dividend.

Essential has been operating with a highly variable cost structure for a number of years, with the majority of field employees working on a variable compensation model. This helps support margins in periods of slow activity.

Essential's annual debt service costs and future capital commitments are low. Given the outlook for 2016, it may be difficult for Essential to significantly reduce its debt position during the year, but appropriate steps are being taken to mitigate the likelihood of an increase in long-term debt. With working capital of $50.4 million, working capital exceeded long-term debt by $23.3 million at March 31, 2016.

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. With the exception of the first quarter 2016, 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)	**Mar 31, 2016**	Dec 31, 2015	Sept 30, 2015	Jun 30, 2015	**Mar 31, 2015**	Dec 31, 2014	Sept 30, 2014	Jun 30, 2014
Well Servicing:								
Coil well service	**15,756**	23,833	24,432	9,887	**31,976**	41,426	39,233	17,398
Service rigs	**4,359**	7,516	7,682	6,825	**15,026**	22,034	22,105	16,437
Total Well Servicing	**20,115**	31,349	32,114	16,712	**47,002**	63,460	61,338	33,835
Downhole Tools & Rentals	**10,889**	11,278	15,919	7,460	**23,611**	35,921	35,261	19,521
Inter-segment eliminations	**(89)**	(147)	(209)	(182)	**(194)**	(527)	(463)	(604)
Total revenue	**30,915**	42,480	47,824	23,990	**70,419**	98,854	96,136	52,752
Gross margin	**1,246**	7,786	11,927	580	**15,302**	27,330	27,515	5,222
Gross margin %	**4%**	18%	25%	2%	**22%**	28%	29%	10%
EBITDAS[(1)]	**(2,483)**	4,930	8,503	(2,832)	**10,859**	21,992	22,657	440
EBITDAS %[(1)]	**(8)%**	12%	18%	(12)%	**15%**	22%	24%	1%
Net (loss) income [(i)]	**(53,918)**	(18,082)	2,996	(10,495)	**3,096**	(38,323)	10,777	(5,425)
Per share – basic	**(0.43)**	(0.14)	0.02	(0.08)	**0.02**	(0.30)	0.09	(0.04)
Per share – diluted	**(0.43)**	(0.14)	0.02	(0.08)	**0.02**	(0.30)	0.08	(0.04)
Total assets	**246,713**	317,244	346,564	337,299	**371,496**	397,351	454,745	408,964
Long-term debt	**27,053**	25,543	34,738	27,027	**39,817**	55,253	65,043	38,433
Utilization [(ii)]								
Masted coil tubing rigs	**39%**	65%	70%	25%	**90%**	104%	105%	42%
Pumping [(iii)]	**37%**	55%	57%	23%	**61%**	72%	66%	34%
Service rigs	**18%**	30%	24%	19%	**37%**	49%	48%	34%
Operating hours								
Masted coil tubing rigs	**7,285**	12,039	12,319	4,341	**15,335**	17,469	15,524	6,094
Pumping [(iii)]	**10,218**	15,049	15,747	6,381	**17,586**	20,885	19,397	9,861
Conventional coil tubing rigs	**2,392**	1,778	1,174	1,088	**3,665**	3,951	4,426	2,942
Service rigs	**6,162**	10,391	10,418	9,239	**17,745**	24,394	23,997	16,907
Downhole Tools & Rentals - % of revenue								
Tryton MSFS®	**40%**	24%	40%	16%	**38%**	45%	46%	25%
Conventional Tools & Rentals	**60%**	76%	60%	84%	**62%**	55%	54%	75%
Equipment fleet [(iv)]								
Masted coil tubing rigs	**21**	20	19	19	**19**	19	17	17
Fluid pumpers	**18**	18	18	18	**18**	18	18	18
Nitrogen pumpers	**12**	12	12	12	**14**	14	14	14
Conventional coil tubing rigs[(v)]	**11**	11	11	11	**17**	17	29	30
Service rigs	**38**	38	48	54	**54**	54	54	55

(i) The quarters ended March 31, 2016, December 31, 2015 and December 31, 2014 include an impairment loss of $61.6 million, $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.
(v) Effective April 1, 2016, the conventional coil tubing fleet was reduced to five rigs.

[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) income and net (loss) income per share in accordance with IFRS, Essential believes that certain measures not recognized under IFRS assist both Essential and the reader in assessing performance and understanding Essential's results. Each of these measures provides the reader with additional insight into Essential's ability to fund principal debt repayments and capital programs. As a result, the method of calculation may not be comparable with other companies. These measures should not be considered alternatives to net (loss) income and net (loss) income 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 and invest in capital programs.

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

Funded debt – Funded debt is generally defined in Essential's Credit Facility as long-term debt including current portion of long-term debt plus bank indebtedness.

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 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 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 INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(in thousands of dollars)	**As at March 31 2016**	As at December 31 2015
Assets		
Current		
Cash	**$ -**	$ 1,042
Trade and other accounts receivable	**29,291**	32,251
Inventories	**30,452**	30,609
Prepayments	**2,392**	2,697
	62,135	66,599
Non-current		
Property and equipment	**178,217**	225,479
Intangible assets	**2,800**	21,347
Goodwill	**3,561**	3,799
	184,578	250,625
Total assets	**$ 246,713**	$ 317,224
Liabilities		
Current		
Bank indebtedness	**$ 25**	$ -
Trade and other accounts payable	**11,360**	15,466
Dividends payable	**378**	378
	11,763	15,844
Non-current		
Long-term debt	**27,053**	25,543
Deferred tax liabilities	**17,583**	31,279
	44,636	56,822
Total liabilities	**56,399**	72,666
Equity		
Share capital	**262,977**	262,977
Deficit	**(77,891)**	(23,595)
Other reserves	**5,228**	5,176
Total equity	**190,314**	244,558
Total liabilities and equity	**$ 246,713**	$ 317,224

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

	For the three months ended March 31,	
(in thousands of dollars, except per share amounts)	**2016**	2015
Revenue	**$ 30,915**	$ 70,419
Operating expenses	**29,669**	55,117
Gross margin	**1,246**	15,302
General and administrative expenses	**3,729**	4,443
	(2,483)	10,859
Depreciation and amortization	**6,885**	6,690
Share-based compensation	**527**	154
Impairment loss	**61,652**	-
Other expenses (income)	**867**	(716)
Operating (loss) income	**(72,414)**	4,731
Finance costs	**287**	472
(Loss) income before income taxes	**(72,701)**	4,259
Current income tax (recovery) expense	**(5,087)**	442
Deferred income tax (recovery) expense	**(13,696)**	721
Income tax (recovery) expense	**(18,783)**	1,163
Net (loss) income	**$ (53,918)**	$ 3,096
Unrealized foreign exchange (loss) gain	**(48)**	248
Comprehensive (loss) income	**$ (53,966)**	$ 3,344
Net (loss) income per share		
Basic and diluted	**$ (0.43)**	$ 0.02
Comprehensive (loss) income per share		
Basic and diluted	**$ (0.43)**	$ 0.03

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

(in thousands of dollars)	For the three months ended March 31, 2016	2015
Operating activities:		
Net (loss) income	**$ (53,918)**	$ 3,096
Non-cash adjustments to reconcile net income for the period to operating cash flow:		
Depreciation and amortization	**6,885**	6,690
Deferred income tax (recovery) expense	**(13,696)**	721
Share-based compensation	**100**	65
Provision for impairment of trade accounts receivable	**404**	355
Finance costs	**287**	472
Impairment loss	**61,652**	-
Loss on disposal of assets	**94**	268
Operating cash flow before changes in non-cash operating working capital	**1,808**	11,667
Changes in non-cash operating working capital:		
Trade and other accounts receivable before provision	**7,942**	21,545
Inventories	**157**	2,844
Prepayments	**305**	940
Trade and other accounts payable	**(3,236)**	(8,250)
Current income taxes	**(5,008)**	(400)
Net cash provided by operating activities	**1,968**	28,346
Investing activities:		
Purchase of property, equipment and intangible assets	**(3,362)**	(6,461)
Non-cash investing working capital in trade and other accounts payable	**(870)**	(3,500)
Proceeds on disposal of equipment	**411**	95
Net cash used in investing activities	**(3,821)**	(9,866)
Financing activities:		
Increase (repayment) of long-term debt	**1,510**	(15,437)
Proceeds from exercise of options	**-**	68
Dividends paid	**(378)**	(3,773)
Finance costs	**(287)**	(472)
Net cash provided by (used in) financing activities	**845**	(19,614)
Foreign exchange (loss) gain on cash held in a foreign currency	**(59)**	27
Net decrease in cash	**(1,067)**	(1,107)
Cash (bank indebtedness), beginning of period	**1,042**	(991)
Bank indebtedness, end of period	**$ (25)**	$ (2,098)
Supplemental cash flow information		
Cash taxes (received) paid	**$ (79)**	$ 840
Cash interest and standby fees paid	**$ 268**	$ 448

2016 FIRST 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 May 5, 2016.

The conference call dial in numbers are 416-340-2217 or 866-696-5910, passcode 7744496.

An archived recording of the conference call will be available approximately one hour after completion of the call until May 19, 2016 by dialing 905-694-9451 or 800-408-3053, passcode 7736666.

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 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.

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: industry activity; right-sizing the business is key to long-term sustainability; impact of cost reductions; capital spending; cash flow and earnings; Essential's long-term build program and the addition of new masted coil rigs, the future demand for Generation IV coil tubing rigs, the costs and timing associated with such program and the delivery of the equipment, the positioning advantage for the rigs; general and administration expenses for the remainder of 2016; industry spending and use of available cash; timing of customers' return to work; second quarter activity relative to the prior year; and implementation of strategies to manage Essential's margins and debt.

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.