



## Essential Energy Services Announces Extension and Amendment of Its Credit Facility

CALGARY, Alberta, June 26, 2018 -- Essential Energy Services Ltd. (TSX:ESN) ("Essential" or the "Company") announces it has entered into an amended and restated credit facility agreement (the "Credit Facility") with a syndicate of lenders including National Bank of Canada, ATB Financial and Canadian Western Bank (the "Lenders"). The Credit Facility provides Essential an extension of the current revolving secured credit facility to June 30, 2021.

### **Primary Amendments**

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

- an increase in the commitment from \$40 million to \$50 million;
- a decrease of the accordion from \$25 million to \$20 million;
- an extension of the maturity date to June 30, 2021;
- revision of certain financial covenants, as detailed in the Financial Covenants section below;
- revision of the equity cure provision, as detailed in the Equity Cure section below; and
- removal of the borrowing base requirement.

"With \$19 million of debt outstanding on June 26, 2018, Essential is in a very strong financial position," said Garnet Amundson, President and CEO. "The revised Credit Facility continues to provide Essential with financial flexibility to support our strengthening operations. We thank our Lenders for their support and commitment to our business."

### **Financial Covenants**

The financial covenants associated with the Credit Facility include:

- funded debt to capitalization cannot exceed 50%;
- funded debt to EBITDA cannot exceed 3.5x;
- fixed charge coverage ratio must not be less than 1.25x; and
- distributions, which include dividends and share buybacks, cannot exceed distributable cash flow.

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

### **Equity Cure**

The proceeds from an equity offering may be applied to the calculation of EBITDA in the funded debt to EBITDA covenant and the fixed charge coverage covenant ("Equity Cure"). An Equity Cure cannot be used more than two times over the term of the Credit Facility and cannot be used in consecutive quarters.

### **FORWARD LOOKING STATEMENT**

This news release contains "forward-looking statements" and "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "continues", "projects", "potential", "budget" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. This news release contains forward-looking statements pertaining to the Credit Facility providing Essential with the financial flexibility to support its strengthening operations and the financial position of Essential. 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](http://www.sedar.com)). Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the list of factors is not exhaustive.

Statements, including forward-looking statements, contained in this news release are made as of the date they are given and the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Company's operations and financial results are included

in reports on file with applicable securities regulatory authorities and may be accessed under Essential's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **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](http://www.essentialenergy.ca).

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

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