



NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES EXTENSION AND AMENDMENT OF ITS CREDIT FACILITY

Calgary, Alberta November 25, 2021 – Essential Energy Services Ltd. (TSX: ESN) (“Essential” or the “Company”) announces it has entered into the second amending agreement to its June 26, 2018 credit facility agreement (together with the first amending agreement, the “Amended Credit Facility”) with a syndicate of lenders comprised of National Bank of Canada, ATB Financial and Canadian Western Bank (the “Lenders”). The Amended Credit Facility provides Essential an extension of the maturity date of the revolving secured credit facility to November 30, 2024, along with amendments to certain terms and conditions.

Primary Amendments

The primary changes in the Amended Credit Facility include:

- Extension of the maturity date from June 30, 2022 to November 30, 2024.
- The amount available to be borrowed is \$25 million. Prior to this amendment, the amount that could be borrowed was the lesser of (a) \$25 million; (b) \$15 million during the covenant relief period, which was scheduled to end on December 31, 2021; and (c) the borrowing base calculation. The covenant relief period and related restrictions along with the borrowing base calculation have been removed.
- Distributions, in the form of dividends or a normal course issuer bid, are now permitted provided no pending event of default or event of default, as defined in the Amended Credit Facility, is continuing or would result from such distribution.

Financial Covenants

The financial covenants include:

- The funded debt to capitalization ratio cannot exceed 50%.
- The funded debt to EBITDA ratio cannot exceed 3.5x.
- The fixed charge coverage ratio must not be less than 1.25x.

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

Financial Position

On November 25, 2021, Essential had no long-term debt outstanding and a cash balance of \$7.6 million.

“With this cash balance, Essential is in a very strong financial position,” said Garnet Amundson, President and CEO. “Essential’s ongoing cash positive position is a strategic advantage as the industry transitions into a period of expected growth. The Amended Credit Facility continues to provide Essential with financial flexibility to support its operations. We thank the Lenders for their support and commitment to Essential.”

FORWARD LOOKING STATEMENTS

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 outlook for industry activity, Essential’s cash positive position being a strategic advantage and the financial flexibility provided by the Amended Credit Facility.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Company can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to known and unknown risks, including those set forth in the Company’s Annual Information Form (a copy of which can be found under Essential’s profile on SEDAR at www.sedar.com). Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the list of factors is not exhaustive.

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

Additional information on these and other factors that could affect the Company’s operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed under Essential’s profile on SEDAR at www.sedar.com.

ABOUT ESSENTIAL

Essential provides oilfield services to oil and natural gas producers, primarily in western Canada. Essential offers completion, production and wellsite restoration 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 one of the largest coil tubing fleets in Canada. Further information can be found at www.essentialenergy.ca.

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

For further information, please contact:

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