



NEWS RELEASE

ESI ENERGY SERVICES INC. COMPLETES PRIVATE PLACEMENT AND MAKES PAYMENT TO BATTERY MINERAL RESOURCES LIMITED

Calgary, Alberta, July 17, 2018 – ESI Energy Services Inc. is pleased to announce that it completed on July 16, 2018 its previously announced private placement of 6,666,667 common shares of ESI to an investment partnership managed by Yorktown Partners LLC, at an issue price per share of CAD \$1.50 to raise aggregate gross proceeds of CAD \$10 million. That permitted ESI to make, also on July 16, 2018, a required CAD \$10 million payment to Battery Mineral Resources Limited ("**BMR**") under an early stage Process Facility and Cobalt Supply Agreement dated May 17, 2018 for BMR's cobalt-focused mineral exploration claims located in Ontario. The agreement with BMR was described in further detail in ESI's May 22, 2018 news release.

Early Warning

Yorktown Energy Partners XI, L.P. ("**Yorktown XI**") acquired all 6,666,667 of the ESI common shares issued in the private placement. Yorktown XI is a Delaware limited partnership managed by Yorktown Partners LLC ("**Yorktown**"), a New York based asset management firm dedicated to making private equity investments in the energy sector. Yorktown XI, together with Yorktown Energy Partners IV, L.P. and Yorktown Energy Partners VI, L.P. (collectively, the "**Yorktown Funds**"), are joint actors under Canadian securities laws. The head office of the Yorktown Funds is located at 410 Park Avenue, 19th Floor, New York, New York 10022. Ownership and control by the Yorktown Funds of ESI common shares has now increased from 39,420,548 common shares of ESI (87.6%) to 46,087,215 common shares of ESI (89.2%).

The ESI common shares were acquired for investment purposes. The Yorktown Funds may acquire additional ESI common shares or dispose of ESI common shares presently held by them, from time to time in one or more transactions, in their discretion, based on market conditions and other factors that they deem relevant. No assurances can be made as to the timing of any purchase or sale by the Yorktown Funds of ESI common shares, separately or together, or that any such transaction will occur at all.

Under ESI's agreement with BMR, ESI must raise a minimum of CAD \$50 million through an offering of common shares of ESI (or such other type of financing as may be consented to by BMR) by the later of December 31, 2018 and four months after the closing of an initial public offering by BMR. Failure by ESI to raise the CAD \$50 million would entitle BMR to terminate the agreement and to receive a CAD \$20 million termination fee from ESI. ESI has separately received assurances that CAD \$50 million will be available.

This news release is being disseminated as required by Canadian Securities Administrators National Instrument 62-103 – *The Early Warning System and Related Take-Over Bids and Insider Reporting Issues* in connection with the anticipated filing of an early warning report (the "**Early Warning Report**") within the prescribed period. A copy of the Early Warning Report will be available on SEDAR under ESI's issuer profile at www.sedar.com.

About ESI

ESI Energy Services Inc. is a pipeline equipment rental and sales company with principal operations in Leduc, Alberta and Phoenix, Arizona. Through its operating entities, ESI Energy Services Inc. and Ozzie's Pipeline Padder, Inc., ESI supplies (rents and sells) backfill separation machines to mainline pipeline contractors, oilfield

pipeline and construction contractors, utility construction contractors and renewables (wind and solar) contractors. ESI also plans to build a cobalt processing facility pursuant to an agreement with BMR. ESI is a publicly traded company with its common shares listed on the Canadian Securities Exchange under the stock symbol "OPI".

United States Disclaimer

This news release is not an offer of ESI securities. ESI securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended, or an exemption from such registration. The ESI securities have not been and will not be publicly offered in the United States. The securities have not been and will not be registered under the U.S. Securities Act, or any state securities laws.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking statements can be identified by the use of words such as "are expected", "is forecast", "is targeted", "approximately" or variations of such words, and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward-looking statements.

Forward-looking statements in this news release include, but are not limited to: statements concerning ESI's agreement to finance, build and operate a cobalt processing facility with BMR; ESI's funding obligations under its agreement with BMR and the timing thereof; and Yorktown's funding assurance to ESI.

Forward-looking statements are based on a number of factors and assumptions made by management and considered reasonable at the time such statements are made. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. ESI has made assumptions that it considers to be reasonable to manage or eliminate the risks identified below. Such risks include, but are not limited to, that ESI may not finance, build and operate a cobalt processing facility with BMR.

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