NEWS RELEASE

ESI Announces 2018 Second Quarter Earnings

Calgary, Canada – August 3, 2018 - ESI Energy Services Inc. (CSE: OPI) ("ESI" or the "Company") announces its 2018 second quarter financial results.

Robert Dunstan, ESI's President and CEO, announces lower levels of revenue, EBITDA, funds flow from operations and decreased working capital for the three and six-month periods ended June 30,2018 compared with the same period in 2017.

Highlights

Revenue for the three-month period ended June 30, 2018 decreased by 29 percent to $3,040,000 compared to $4,252,000 during the same period in 2017. Virtually all of this revenue was generated in the United States. Activity levels for padding machines and oilfield services in Canada remained slow. This was primarily due regulatory and environmental impediments to pipeline construction.

Approximately 65 percent of the revenue generated during the three-month period ended June 30, 2018 came from padding machines rentals. Activity levels for large padding machines were down from 51 padding months during the second quarter of 2017 to 26 padding months during the second quarter of 2018, a decrease of 49 percent. This trend in large padding machine rentals is expected to reverse during the third quarter of 2018 as the overall activity levels for large padding machines continue to increase incrementally. Activity levels for small padders were down by 40 percent to 9 padding months during the second quarter of 2018, compared with 15 padding months during the same period in 2017. Our newest small padding machine, the micro-padder, which was introduced to customers during the first quarter of 2017, is starting to gain traction. To date, we have built five micro-padding heads for our rental flee which are supported by 4 compact track-loaders. The activity level for Micro-padders during the second quarter of 2018 was 3 padder months which was consistent with the same period in 2017.

Gross margin for the three month period ended June 30, 2018 was down by 62 percent. This decrease was primarily due to 29 percent decrease in revenue during the period, most of which was due to a decrease in large and small padding revenue in the United States as well minimal large padding activity in Canada compared with the same period in 2017.

Net income decreased dramatically during the second quarter of 2018 from net income of $862,000 during the three-month period ended June 30, 2017 to a net loss of $258,000. The decrease in net income during the second quarter of 2018 was primarily due to the 29 percent decrease in revenue during the period. Funds flow from operations was $276,000 during the second quarter of 2018 compared with $1,991,000 during the same period in 2017, a decrease of 86 percent.

Revenue for the six-month period ended June 30, 2018 decreased by 29 percent to $4,622,000 compared to $6,477,000 during the same period in 2017. Consistent with the first quarter of 2018, virtually all of this revenue was generated from large padding revenue in the United States. Activity levels for padding machines and oilfield services in Canada remained slow.

Over 71 percent of the revenue generated during the first half of 2018 came from padding machine rentals. Activity levels for large padding machines were down from 70 padding months during the first half of 2017 to 42 padding months during the first half of 2018, a decrease of 40 percent. This trend in large padding machine rentals is expected to improve during the third quarter of 2018 as large padding machines continue to go back out on rent. Activity levels for small padders were down by 60 percent to 16 padding months during the first half of 2018, compared with 40 padding months during the same period in 2017.

Gross margin for the six-month period ended June 30, 2018 was decreased by 64 percent to $1,443,000 compared with $3,991,000 during the same period in 2017. The decrease was primarily due to the 29 percent decrease in revenue, primarily from padding revenue, during the period.

Net loss increased dramatically during the first half of 2018 from net loss of $190,000 during the six-month period ended June 30, 2017 to a net loss of $1,606,000 during the same period in 2018. The increase in net loss during the six -month period ended June 30, 2018 was primarily due to the 29 percent decrease in revenue during the period.

Funds flow from operations was a deficit of $150,000 during the first half of 2018 compared with $2,304,000 during the same period in 2017, a decrease of 107 percent.

Working capital decreased by $2,374,000 to $9,707,000. The decrease in working capital was primarily due to the decline in EBITDA, Funds flow and an increase in net capital expenditures during the six-month period ended June 30, 2018 compared with the same period in 2017. While long -term debt was $115,000 lower at June 30, 2018 compared to December 31, 2017, the decrease was negligible.

Second quarter revenues and earnings were down during 2018 due to a decline in both large and small padder activity levels. Large padder rental revenue declined as a result of delays in mainline pipeline construction activity in the United States caused by weather conditions and regulatory issues. Mainline pipeline construction activity did not get under way until June. Prospects for mainline pipeline construction activity in Canada remain uncertain due to delays caused by regulatory and environmental concerns. We are continuing to explore opportunities in foreign markets for our mini-padding and micro-padding machines with some success.

About ESI

ESI is a publically traded company listed on the Canadian Securities Exchange under the stock symbol “OPI”. ESI is a pipeline equipment rental and sales company with principal operations in Leduc, Alberta and Phoenix, Arizona. The Company, through its operating subsidiaries, ESI Energy Services Inc. . ("ESI") and Ozzie's Pipeline Padder, Inc. ("OPI"), supplies (rentals and sales) backfill separation machines ("Padding Machines") to mainline pipeline contractors and utility contractors as well as oilfield pipeline and construction contractors.

Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking information. These statements relate to future events or future performance. The use of the word "will", and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company’s current beliefs or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Due to the risks, uncertainties and assumptions inherent in forward-looking information, investors should not place undue reliance on forward- looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

Further Information

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