



NEWS RELEASE

TSX.V: IES

INTERCEPT ENERGY SERVICES REPORTS FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2014 RESULTS

Edmonton, Canada – April 29, 2015 - Intercept Energy Services Inc. ("IES" or the "Corporation") (TSX-V: IES / OTCBB: IESCF), a leading Oilfield Services Firm ("OFS") specializing in frac water heating, unconventional energy extraction, oilfield equipment, oilfield waste disposal and recovery of reusable products from waste, today reported financial results for the fourth quarter and year ended December 31, 2014.

Fourth Quarter and Year Ended December 31, 2014 Highlights

- Gross revenues were higher by 350 percent to \$3.1 million for the fourth quarter ended December 31, 2014 compared to \$0.7 million for the same quarter last year and were higher by 173 percent to \$5.8 million for the year ended December 31, 2014 compared to \$2.1 million last year, mainly due to an increase in the number of Heating Units in operation in 2014 and the entry into the US during the first quarter of 2014.
- During the year ended December 31, 2014 the Corporation successfully extinguished its royalty obligation in exchange for two million common shares of the Corporation at a value of \$51,062. This resulted in recognizing a onetime gain on extinguishment of royalty obligation of \$2.9 million.
- During the year ended December 31, 2014, the Corporation successfully re financed its capital lease facility which resulted in repaying its existing capital lease obligation due to a major Canadian bank in full of \$1.5 million and establishing a \$2.5 million new capital lease facility repayable over five years.
- The Corporation had a total of 5 Heating Units operating by the end of 2014 compared to only 3 Heating Units as at the end of last year.
- During the first half of 2014 the Corporation successfully entered into the USA and there were 4 Heating Unit working by the end of December 31, 2014 in the USA. These were the first Heating Units working in the USA and the Corporation is working on increasing the number of Heating Units in the US through 2015.
- Net income before other items for the quarter ended December 31, 2014 was \$0.2 million compared to a net loss before other items of \$1.6 million for the same quarter last year and net loss before other items was \$1.4 million for the year ended December 31, 2014 compared to \$3.0 million last year, mainly due to increase in revenues during current quarter and year.

- Net income for the quarter ended December 31, 2014 was \$0.2 million compared to a net loss of \$1.6 million for the same quarter last year and the net income was \$1.1 million for the year ended December 31, 2014, compared to a net loss of \$3.0 million last year, mainly due to the onetime gain in the current year of \$2.9 million on extinguishment of royalty obligation and the general overall increase in revenues and operations.

Commenting on fourth quarter and year ended December 31, 2014 results, Mr. Swapan Kakumanu, IES, Chief Financial Officer stated, "Our fourth quarter financial results continued to show a greater quarter-over-quarter improvement on revenue growth compared to the same quarters of previous years. On a year to date basis 2014 was a successful year for IES with increased revenues and by successfully resolving the royalty liability obligation and refinancing the capital leases during the third quarter of 2014, the Corporation has a more flexible and stronger balance sheet to work with."

"With the recent TSX approval of the acquisition of 640 Energy Inc., we are in a position to evaluate and identifying new opportunities for the Corporation that will enable us to expand our operations throughout North America.," commented Mr. Randy Hayward and CEO of IES. This is a strategic acquisition for IES and we expect the synergies that this acquisition is expected to generate will be beneficial to the combined entities which will enable us to grow our business operations in the USA more quickly and efficiently.

The following pages are taken from the Completed Financial Statements and are available through SEDAR at <http://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00006007> or on the Company's website.

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Year end financial results summary is as follows:

INTERCEPT ENERGY SERVICES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian dollars)

	December 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash	\$ 109,577	\$ 8,845
Trade and other receivables	3,251,976	734,272
Prepays and deposits	37,113	22,292
Total current assets	3,398,666	765,409
Non-current assets		
Equipment	3,446,677	4,014,068
TOTAL ASSETS	\$ 6,845,343	\$ 4,779,477
LIABILITIES		
Current liabilities		
Trade and other payables	\$ 2,922,406	\$ 969,223
Current portion of loans and borrowings	830,693	651,666
Current portion of finance lease obligations	346,465	1,833,960
Current portion of royalty obligations	-	453,245
Current portion of derivative liability	42,311	40,163
Total current liabilities	4,141,875	3,948,257
Non-current liabilities		
Loans and borrowings	340,702	313,039
Finance lease obligations	2,031,376	-
Royalty obligations	-	2,064,601
Derivative liability	38,460	88,305
Total long term liabilities	2,410,538	2,465,945
TOTAL LIABILITIES	6,552,413	6,414,202
EQUITY (DEFICIENCY)		
Share capital	11,554,885	11,117,213
Contributed surplus	6,078,559	5,646,571
Deficit	(17,340,514)	(18,398,509)
TOTAL EQUITY (DEFICIENCY)	292,930	(1,634,725)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)	\$ 6,845,343	\$ 4,779,477

INTERCEPT ENERGY SERVICES INC.
CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED
(Expressed in Canadian dollars)

	December 31, 2014	December 31, 2013
REVENUE		
Rental income	\$ 5,751,999	\$ 2,103,514
EXPENSES		
Consulting fees	527,473	479,659
Depreciation	691,761	366,283
Equipment maintenance and rental	533,610	129,642
Fuel and sundry direct operating costs	2,132,590	508,157
Occupancy costs	151,578	26,857
Office and sundry	272,252	354,617
Professional fees	280,219	170,912
Royalties	559,623	1,109,285
Salaries and wages	1,566,071	822,671
Share based compensation	261,308	747,338
Travel, marketing and conferences	198,819	434,754
Foreign exchange (gain) loss	(31,670)	-
	7,143,634	5,150,175
Loss before other items	(1,391,635)	(3,046,661)
OTHER ITEMS		
Interest income	-	1,125
Amortization of deferred gain on sale leaseback	-	1,070
Gain on extinguishment of debt	-	161,500
Gain on extinguishment of royalty obligation	2,870,848	-
Gain on sale of equipment	130,000	-
Gain (loss) on derivative liability	10,139	(14,997)
Finance expense	(561,357)	(136,018)
	2,449,630	12,680
Net income (loss) and comprehensive income (loss) for the year	\$ 1,057,995	\$ (3,033,981)
Basic and diluted income (loss) per common share	\$ 0.01	\$ (0.03)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in Canadian dollars)

	Share Capital Number of shares	Share Capital Amount	Contribut ed surplus	Subscripti on advances	Deficit	Total
Balance at December 31, 2012	80,966,462	\$ 9,293,446	\$ 4,855,250	\$ 10,000	\$(15,364,528)	\$(1,205,832)
Private placements	22,523,332	1,604,250	-	(10,000)	-	1,594,250
Warrants	-	(57,200)	57,200	-	-	-
Share issue costs	-	(189,783)	10,783	-	-	(179,000)
Options exercised	300,000	54,000	(24,000)	-	-	30,000
Issued for purchase of equipment	5,500,000	412,500	-	-	-	412,500
Share based compensation	-	-	747,338	-	-	747,338
Net loss and comprehensive loss for the year	-	-	-	-	(3,033,981)	(3,033,981)
Balance at December 31, 2013	109,289,794	11,117,213	5,646,571	-	(18,398,509)	(1,634,725)
Private placements	10,670,000	533,500	-	-	-	533,500
Warrants	-	(167,720)	167,720	-	-	-
Share issue costs	-	(9,660)	2,960	-	-	(6,700)
Bonus shares issued	900,000	30,490	-	-	-	30,490
Shares issued on extinguishment of royalty obligation	2,000,000	51,062	-	-	-	51,062
Share based compensation	-	-	261,308	-	-	261,308
Net income and comprehensive income for the year	-	-	-	-	1,057,995	1,057,995
Balance at December 31, 2014	122,859,794	\$ 11,554,885	\$ 6,078,559	\$ -	\$(17,340,514)	\$ 292,930

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
(Expressed in Canadian dollars)

	December 31, 2014	December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) and comprehensive income (loss)	\$ 1,057,995	\$ (3,033,981)
Add back (deduct) items not involving cash:		
Amortization of deferred gain on sale leaseback	-	(1,070)
Depreciation	691,761	366,283
Write off of loans receivable	-	133,963
Accretion	27,663	8,215
Gain on extinguishment of debt	-	(161,500)
Gain on extinguishment of royalty obligation	(2,870,848)	-
Gain on sale of equipment	(130,000)	-
Non cash portion of royalty expense	-	803,884
Non cash portion of (gain)/loss on derivative liability	(10,139)	14,997
Share based compensation	261,308	747,338
	(972,260)	(1,121,871)
Changes in non-cash working capital items:		
Trade and other receivables	(2,517,704)	(484,043)
Prepays and deposits	(14,821)	(2,272)
Income taxes recoverable	-	1,292
Trade and other payables	2,357,247	254,575
	(175,278)	(230,448)
Net cash used in operating activities	(1,147,538)	(1,352,319)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans receivable	-	(38,000)
Acquisition of equipment	(74,370)	(247,242)
Proceeds on disposal of equipment	130,000	-
Net cash generated (used) in investing activities	55,630	(285,242)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	533,500	1,624,250
Share issue costs	(6,700)	(179,000)
Loans and borrowings	822,724	592,727
Loans and borrowings repayments	(613,207)	-
Derivative liability	(37,558)	113,471
Cash received on lease financing of equipment	2,500,000	988,134
Finance leases repayments	(2,006,119)	(1,534,063)
Net cash generated by financing activities	1,192,640	1,605,519
Net increase (decrease) in cash for the year	100,732	(32,042)
Cash, beginning of the year	8,845	40,887
Cash, end of the year	\$ 109,577	\$ 8,845

About Intercept Energy Services Inc. ("IES")

Intercept Energy Services Inc. employs innovative and proprietary technology to provide the highest efficiency heated water, used by oil and gas exploration and production companies; in the fracturing process in Canada and the United States. Through the utilization of HE Heaters(TM), IES is able to reduce fuel consumption and emissions, enhances safety and productivity, enable extreme cold weather operations with significantly lower operating costs that result in a direct competitive advantage for its customers. For more information, visit <http://InterceptES.com>

IES is based in Edmonton, Alberta, Canada.

For more information, visit the IES website: www.InterceptES.com

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Forward-looking statements

Certain information regarding IES in this news release, including management's assessment of its future development plans and access to various external sources of capital, may constitute forward looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with heating technology and oilfield services operations, general risks associated with oil and gas exploration, development, production, marketing and disposal of waste, loss of markets, environmental risks, competition from other service providers, delays resulting from inability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect IES's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements or information contained in this news release are made as of the date hereof and IES does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.