ESSENTIAL
ENERGY SERVICES

NOTICE OF ANNUAL GENERAL MEETING OF

ESSENTIAL ENERGY SERVICES LTD. SHAREHOLDERS

to be held May 11, 2017

and

INFORMATION CIRCULAR

March 8, 2017

The deadline for the receipt of proxies for the Meeting is 10:00 a.m. (Calgary time) on May 9, 2017

ESSENTIAL ENERGY SERVICES LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF ESSENTIAL ENERGY SERVICES LTD. TO BE HELD MAY 11, 2017

NOTICE IS HEREBY GIVEN that an annual general meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Shares**") of Essential Energy Services Ltd. ("**Essential**" or the "**Company**") will be held at the Livingston Club Conference Centre, Plus 15, 222 – 3rd Avenue S.W., Calgary, Alberta, on May 11, 2017 at 10:00 a.m. (Calgary time) for the following purposes:

(a) to receive the consolidated audited financial statements of Essential for the year ended December 31, 2016 and the auditors' report thereon;

(b) to fix the number of directors of Essential to be elected at the Meeting at six (6);

(c) to elect the directors of Essential;

(d) to appoint the auditors of Essential and to authorize the directors to fix their remuneration as such; and

(e) to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Specific details of the matters to be put before the Meeting are set forth in the accompanying management information circular dated March 8, 2017 (the "**Circular**").

The record date (the "**Record Date**") for determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 23, 2017. Only Shareholders whose names are entered in the Company's register of Shares at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting provided that, to the extent a Shareholder transfers the ownership of any of his or her Shares after the Record Date and the transferee of those Shares establishes that he or she owns such Shares and requests, at least ten days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting. Each Share entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting.

Registered Shareholders may vote in person at the Meeting or any adjournment thereof, or they may appoint another person, who need not be a Shareholder, as their proxy to attend and vote in their place. Registered Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the proxy must be received by Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department) not later than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, prior to the time set for the Meeting or any adjournment thereof. Shareholders that are not registered Shareholders, such as Shareholders that hold their Shares in an account with an intermediary, such as a broker or financial institution, should review the Circular accompanying this notice for voting information.

Dated at the City of Calgary, in the Province of Alberta, this 8th day of March, 2017.

BY ORDER OF THE BOARD OF DIRECTORS OF ESSENTIAL ENERGY SERVICES LTD.

(signed) "*Garnet K. Amundson*"
Garnet K. Amundson, President and Chief Executive Officer
Essential Energy Services Ltd.

INFORMATION CIRCULAR FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 11, 2017

THIS MANAGEMENT INFORMATION CIRCULAR (the "Circular") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY AND ON BEHALF OF THE MANAGEMENT OF ESSENTIAL ENERGY SERVICES LTD. ("Essential" or the "Company" or the "Corporation") for use at the annual general meeting (the "Meeting") of the holders of common shares ("Shareholders") of Essential to be held at 10:00 a.m. (Calgary time) on May 11, 2017 at the Livingston Club Conference Centre, Plus 15, 222 – 3rd Avenue S.W., Calgary, Alberta, and at any adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Meeting. No person has been authorized to give any information or make any representation in connection with any matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Information contained in this Circular is given as at March 8, 2017 unless otherwise stated and all dollar amounts are expressed in Canadian dollars.

SOLICITATION OF PROXIES

Persons Making the Solicitation

Management of Essential is soliciting proxies from Shareholders for the Meeting. The costs incurred in the preparation and mailing of the form of proxy, Notice of Meeting and this Circular will be borne by Essential. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of Essential, who will not be specifically remunerated therefore.

Record Date

The record date (the "**Record Date**") for determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 23, 2017. Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their common shares ("**Shares**") at the Meeting provided that, to the extent a Shareholder transfers the ownership of any of his or her Shares after the Record Date and the transferee of those Shares establishes that he or she owns such Shares and requests, at least 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting.

Appointment of Proxies and Proxy Voting

A Shareholder whose name appears on Essential's records as a Shareholder (a "**Registered Shareholder**") may vote in person at the Meeting or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend and vote in their place. The persons named in the enclosed form of proxy are directors and/or officers of Essential.

Each Registered Shareholder submitting a proxy has the right to appoint a proxyholder other than the persons designated in the form of proxy furnished by Essential, who need not be a Shareholder to attend and act for the Registered Shareholder and on the Registered Shareholder's behalf at the Meeting. To exercise such right, the names of the persons designated by management should be crossed out and the name of the Registered Shareholder's appointee should be legibly printed in the blank space provided in the enclosed form of proxy or by submitting another appropriate form of proxy.

In order to be effective and used at the Meeting, the completed form of proxy must be sent so as to be deposited at the offices of Essential's transfer agent, Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department) not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, before the time set for the holding of the Meeting or any adjournment(s) thereof. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. The completed form of proxy shall be in writing and shall be executed by the Registered

Shareholder or his or her attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by a director, officer or attorney thereof duly authorized.

Registered Shareholders may also use the internet at www.investorvote.com to vote their Shares at the Meeting. The website may also be used to appoint a proxy holder to attend and vote at the Meeting on the Registered Shareholder's behalf and convey voting instructions.

Revocability of Proxies

A Registered Shareholder who has submitted a proxy for the Meeting may revoke it by attending the Meeting personally and registering with the scrutineers prior to commencement of the Meeting as a Shareholder personally present at the Meeting and voting in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or his or her attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal and by a director, officer or attorney thereof duly authorized, and deposited either: (i) at the offices of Essential's transfer agent, Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department) not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, before the time set for the holding of the Meeting or any adjournment(s) thereof; (ii) at the head office of Essential at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or (iii) with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Exercise of Discretion by Proxy Holders

All Shares represented at the Meeting by properly completed forms of proxy will be voted or withheld from voting in accordance with the specifications of the Registered Shareholder contained in the proxy. **In the absence of such specification, such Shares will be voted in favour of the matters set forth in the Circular.** All Shares represented at the Meeting will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment(s) thereof. At the time of printing this Circular, management of Essential knows of no such amendments or variations or other matters to come before the Meeting.

Advice to Beneficial Holders of Shares

The information set forth in this section is of significant importance to many Shareholders of Essential, as a substantial number of Shareholders do not hold their Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Essential as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are held in an account with an intermediary such as a broker or a financial institution, then in almost all cases those Shares will not be registered in the Beneficial Shareholder's name on the records of Essential. Such Shares will more likely be registered under the name of the intermediary or its agent. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc. ("**CDS**"), which acts as nominee for many Canadian brokerage firms). Such Shares can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the intermediary and its agents and nominees are prohibited from voting such Shares for their clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.** Essential does not know for whose benefit the Shares registered in the name of CDS & Co. are held. The majority of Shares held in the United States are registered in the name of Cede & Co., the nominee for the Depository Trust Company, which is the United States equivalent of CDS.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to its clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial

Shareholder by its broker or other intermediary or agent is similar or identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder (the broker or other intermediary or agent) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form (the "**Voting Instruction Form**") in lieu of the form of proxy provided by Essential and asks Beneficial Shareholders to complete and return the Voting Instruction Form to Broadridge. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or access Broadridge's dedicated voting website at www.proxyvote.com to deliver their voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. Meeting materials may also be provided electronically and Beneficial Shareholders should follow the instructions provided for how to vote their Shares. **A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Shares directly at the Meeting as the Voting Instruction Form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of its broker or other intermediary, the Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Shares in that capacity. If the Beneficial Shareholder wishes to attend the Meeting and vote its own Shares, it must do so as proxyholder for the Registered Shareholder. To do this, the Beneficial Shareholder should enter its own name in the blank space on the form of proxy provided and return the same to its broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

Notice-and-Access Regime

Essential has elected to use the "notice-and-access" provisions ("**Notice-and-Access**") under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* for the Meeting in respect of the delivery of meeting materials, the annual financial statement and management's discussion and analysis (the "**Annual Materials**").

Under the Notice-and-Access regime, reporting issuers are permitted to deliver the Annual Materials by posting them on SEDAR as well as a website other than SEDAR and sending a notice package to each Shareholder receiving the Annual Materials under this regime. The notice package must include: (1) the relevant form of proxy or voting instruction form; (2) basic information about the Meeting and the matters to be voted on; (3) instructions on how to obtain a paper copy of the Annual Materials; and (4) a plain-language explanation of how the Notice-and-Access system operates and how the Annual Materials can be accessed online (collectively, the "**Notice Package**"). Notice-and-Access has the potential to substantially reduce the quantity of material that must be printed and mailed to Shareholders by allowing for the posting of Annual Materials online, thus reducing costs and the environmental impact.

Essential has adopted Notice-and-Access in respect of the delivery of the Annual Materials to Beneficial Shareholders (i.e. Shareholders who hold their Shares in the name of a broker or other intermediary or agent) but not in respect of the delivery of the Annual Materials to Registered Shareholders (i.e. Shareholders whose name appears on Essential's records as a holder of Shares). Accordingly, Essential will send the Notice Package to Beneficial Shareholders.

Notwithstanding the Notice-and-Access regime, under the *Business Corporations Act* (Alberta) (the "**Act**"), Essential is required to (1) deliver a paper copy of its annual financial statements and related management's discussion and analysis to a Registered Shareholder unless such Registered Shareholder has informed Essential in writing that they do not want a copy of the annual financial statements and related management's discussion and analysis or provides written consent to electronic delivery; and (2) deliver a paper copy of the Circular to a Registered Shareholder unless such Registered Shareholder provides written consent to electronic delivery. In order to comply with the Act, Essential will mail paper copies of the Circular and meeting materials to Registered Shareholders that have not consented to electronic delivery together with a solicitation for consent from Registered Shareholders to electronic delivery in future years. Registered Shareholders that consented to electronic delivery will receive instructions via email on where to access the Circular and meeting materials on Essential's website. A paper copy of Essential's annual financial statements and related management's discussion and analysis for the most recently completed financial year will be mailed to Registered Shareholders who have not informed Essential in writing that they do not want to receive a copy of such items or who have not consented to electronic delivery. This will be sent together with a solicitation for consent from Registered Shareholders to electronic delivery in future years. Registered Shareholders that consented to electronic delivery will receive instructions via email on where to access Essential's annual financial statements and related management's discussion and analysis for the most recently completed financial year on Essential's website.

Essential will not send its proxy-related meeting materials directly to non-objecting beneficial owners under National Instrument 54-101. Essential intends to pay for proximate intermediaries to forward the proxy-related materials and voting instruction form to objecting beneficial owners under National Instrument 54-101.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of Essential is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, executive officer, or anyone who has held office as such since the commencement of the last completed fiscal year of the Company, or of any associate or affiliate of any of the foregoing individuals, in any matter to be acted on at the Meeting, except for as set forth in this Circular.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Essential is authorized to issue an unlimited number of Shares. As at March 8, 2017, an aggregate of 141,856,813 Shares were issued and outstanding. Holders of Shares are entitled to one vote for each Share held.

As of the date hereof, to the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all of the issued and outstanding Shares.

APPROVAL REQUIREMENTS

All of the matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

Item 1 - Presentation of Financial Statements

Essential will present to Shareholders the consolidated audited financial statements of Essential for the year ended December 31, 2016 and the auditors' report thereon. The financial statements for the year ended December 31, 2016 have been approved by the board of directors of the Company (the "**Board of Directors**" or the "**Board**") and no formal action will be taken at the Meeting to approve the financial statements.

Item 2 - Fixing the Number of Directors

Shareholders will be asked to fix the number of directors of Essential at six. There are presently six directors of Essential, each of whom will stand for re-election at the Meeting. See "Election of Directors". At the Meeting it is proposed that Shareholders approve an ordinary resolution to fix the number of Directors to be elected at the Meeting at six.

Item 3 - Election of Directors

Shareholders will be asked to elect the proposed directors set forth below to hold office until the next annual meeting of Shareholders or until their successors are elected or appointed. There are presently six directors of Essential, each of whom will retire from office at the Meeting and six of whom are proposed for re-election at the Meeting.

Voting for the election of directors will be conducted on an individual, and not on a "slate", basis. Management of Essential recommends that Shareholders vote "for" each of the appointments. The persons named in the enclosed proxy intend to vote "for" the election of each of the nominees unless the Shareholder specifies authority to vote "withhold".

The Board of Directors has a majority voting policy such that if a nominee for director receives a greater number of "withhold" votes than "for" votes, the director shall promptly, following the certification of the Shareholder vote, submit his resignation to the Board of Directors. The Compensation and Governance Committee ("**C&G Committee**") shall consider the offer of resignation and recommend to the Board of Directors whether it should accept such resignation. The director will not participate in any deliberations on his resignation. The Board of Directors is required to act on the recommendation within 90 days of the Shareholder vote and will publicly disclose its decision. If such resignation is accepted by the Board of Directors, the Board of Directors may fill the vacancy created.

The names and places of residence of the persons nominated for election as directors of Essential, the number of voting securities of Essential beneficially owned, directly or indirectly, or over which each exercises control or direction as at March 8, 2017, the offices held by each in Essential, the period served as director and the principal occupation of each are as follows:

Name and Place of Residence	Position Held	Director Since(4)	Number of Shares Held	Principal Occupation and Positions for the Past Five Years
Garnet K. Amundson(3) Alberta, Canada	Director, President and Chief Executive Officer	April 2008	719,026	President, Chief Executive Officer and Director of Essential since 2008.
James A. Banister(2) Alberta, Canada	Director	April 2008	1,071,230	Independent businessman. President and Chief Executive Officer of BanCor Inc., a private investment company since 1997.
Michael J. Black(3) Alberta, Canada	Director	June 2012	53,875	Senior partner practicing energy law at Fasken Martineau DuMoulin LLP, a law firm, since 2010. Former director of Essential from 2008 to 2011 and re-elected to the Board of Directors in 2012.
Robert T. German(1)(3) Alberta, Canada	Director	May 2011	42,000	Vice President, Finance at Oculus Transport Ltd., a private oilfield hauling company, since 2015. Formerly the President, Chief Executive Officer and Director of Horizon North Logistics Inc., a publicly traded oilfield services company (2010 - 2014).
Nicholas G. Kirton(1)(2) Alberta, Canada	Director	May 2009	235,500	Independent businessman. Formerly a partner with KPMG LLP, an accounting firm, until 2004.
Robert B. Michaleski(1)(2) Alberta, Canada	Director	June 2013	160,000	Independent businessman. Formerly the Chief Executive Officer of Pembina Pipeline Corporation, a transportation and midstream service provider (2000 – 2013) and President of Pembina Pipeline Corporation (2000 – 2012). Director of Pembina Pipeline Corporation (2000 – present).

Notes:

(1) Member of the Audit Committee.

(2) Member of the C&G Committee.

*(3) Member of the Health, Safety and Environment ("**HSE**") Committee.*

(4) The periods of service of the director on the Board of Directors and its committees may include service as a director of Essential Energy Services Operating Corp., the manager of Essential Energy Services Trust, the predecessor of Essential, prior to the conversion to a corporation.

The Board of Directors has guidelines for minimum share ownership requirements for non-employee directors. Within a three year time frame, starting from the latter of March 2012 or appointment to the Board of Directors, each non-employee director is expected to own a minimum of three times the annual retainer received, based on the greater of the cost of the Shares when purchased or the market value of the Shares at time of measure. Upon assessment in the fourth quarter of 2016, each director met the minimum ownership requirements.

It is the intention of the management designees, if named as proxyholder, to vote for the election of the above mentioned persons to the Board of Directors unless otherwise directed. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the management designees, if named as proxyholder, reserve the right to vote for any other nominee at their discretion.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed director is, or was within the last 10 years prior to March 8, 2017, a director, chief executive officer or chief financial officer of any company (including Essential) that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under Canadian securities legislation that lasted for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under Canadian securities legislation that lasted for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as outlined below, no proposed director: (i) is, or was within the last 10 years prior to March 8, 2017, a director or executive officer of any company (including Essential) that, while that person was acting in that capacity, or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has within the last 10 years prior to March 8, 2017, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

- Until January 28, 2016, Michael J. Black was a director of High North Resources Ltd. ("**High North**"). On January 28, 2016, High North consented to an application by its principal lender to place High North into receivership and appoint PriceWaterhouseCoopers Inc. as receiver. The directors and management of High North all resigned on January 28, 2016.

No proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Item 4 - Appointment of Auditors

Shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution to appoint Ernst & Young LLP ("**EY**"), Chartered Accountants, Calgary, Alberta, to serve as auditors of Essential until the next annual meeting of the Shareholders and to authorize the Board of Directors to fix their remuneration as such. Ernst & Young LLP, Chartered Accountants, have been the auditors of Essential and its predecessor, Essential Energy Services Trust, since its formation.

Certain information regarding the Audit Committee, including the fees paid to Essential's auditors in the last fiscal year, that is required to be disclosed in accordance with National Instrument 52-110 - Audit Committees ("**NI 52-**

110") of the Canadian Securities Administrators is contained in the current Annual Information Form dated March 8, 2017 and is incorporated by reference herein. The current Annual Information Form is available on the internet on Essential's SEDAR profile at www.sedar.com. The Annual Information Form is also available to Shareholders, free of charge, upon request at Essential Energy Services Ltd., Livingston Place West, 1100, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1, attention: Corporate Secretary, by telephone at (403) 513-7272 or by email at service@essentialenergy.ca.

The Audit Committee formally reviews and evaluates the performance of the external auditors annually. Every five years a comprehensive review is completed and in the interim years an Auditor Evaluation Questionnaire is used.

In September, 2015, the Audit Committee conducted a comprehensive review of Essential's external auditor, EY, to evaluate their qualifications, performance and independence. The comprehensive review was carried out in accordance with guidance published by Chartered Professional Accountants of Canada, the Institute of Corporate Directors and the Canadian Public Accountability Board. The review focused on the following key factors affecting audit quality:

- independence, objectivity and professional skepticism of the external auditor;
- quality of the external auditor's engagement team; and
- quality of the communications and interactions between the Audit Committee and the external auditor.

In 2016, the Audit Committee reviewed and evaluated the performance of the external auditors through the use of the Auditor Evaluation Questionnaire. This is a formal, but less comprehensive assessment than the one conducted in 2015. The Audit Committee used this interim questionnaire to review and evaluate the performance of EY. The questionnaire evaluated EY in terms of the quality of services provided, independence and various other aspects of the services they provided during the past year. The results of the assessment were reviewed with the external auditors. The Audit Committee concluded to recommend the re-appointment of EY as auditors until the next annual meeting.

Item 5 – Other Business

The directors and officers of Essential are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.

EQUITY COMPENSATION PLANS

The Share Option Plan

Essential has a share option plan (the "**Share Option Plan**") that is designed to provide officers and employees of, and consultants to, the Company and its subsidiaries (collectively, the "**Optionees**") with long term equity based performance incentives, which are a key component of Essential's compensation strategy. Under the Share Option Plan, the Board of Directors or a committee of the Board of Directors appointed from time to time (if appointed, such committee is referred to as the "**Committee**") has the ability to grant options to purchase Shares ("**Share Options**") to Optionees. On May 10, 2016 the Shareholders approved the unallocated Share Options under the Share Option Plan and provided authorization for Essential to grant any unallocated options under the Share Option Plan until May 10, 2019.

A copy of the Share Option Plan text can be found at Essential's SEDAR profile at www.sedar.com. The terms of the Share Option Plan are summarized as follows:

Purpose: The Share Option Plan is intended to afford persons who provide services to the Company an opportunity to acquire a proprietary interest in the Company by permitting them to purchase Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the Company. The Share Option Plan permits the granting of Share Options to Optionees which includes officers, employees of, and consultants to the Company and its subsidiaries. Non-employee directors, as such term is defined in the Share Option Plan, are not eligible to receive Share Options.

Limitations: The maximum number of Shares issuable on exercise of the Share Options and pursuant to all other security based compensation arrangements of the Company shall be limited, in the aggregate, to 9% of the issued and outstanding Shares. The number of Shares issuable pursuant to the Share Options granted under the Share Option Plan or any other security based compensation arrangements of the Company: (i) issuable to insiders at any time may not exceed 9% of the issued and outstanding Shares; and (ii) issued to insiders within any one year period may not exceed 9% of the issued and outstanding Shares. The Share Options granted under the Share Option Plan are personal to the Optionee and are not assignable, except in the case of death of an Optionee.

Term and Vesting: The Share Options will have a term not to exceed five years and, subject to the terms of the Share Option Plan, will vest in such manner as determined by the Committee. If a Share Option is set to expire within any "Black Out Period" (as such term is defined in the Share Option Plan) or within 10 business days following the end of a Black Out Period, the expiry date of the Share Option shall, without any further action, be extended to the date that is 10 business days following the end of such Black Out Period. The Black Out Period is self-imposed by the Company.

Exercise of Options: The exercise price of any Share Options granted will be determined by the Committee at the time of grant, provided that the exercise price shall not be less than the volume weighted average trading price of the Shares on the Toronto Stock Exchange ("**TSX**") (or such other stock exchange on which the Shares may be listed and if the Shares are listed on more than one stock exchange, such stock exchange as may be designated by the Committee) for the five trading days immediately preceding the date of grant.

The Share Option Plan provides Optionees with an election, if permitted by the Committee, for a cashless exercise ("**Cashless Exercise**") of an Optionee's vested and exercisable Share Options. If an Optionee elects a Cashless Exercise the Optionee shall surrender its Share Options in exchange for the issuance by the Company of that number of Shares with a dollar value equal to the number that is the sum of the market price (calculated as at the date of exercise) less the exercise price of such Share Option (as defined in the Share Option Plan), multiplied by the number of Shares subject to the Share Options to be exercised.

Termination of Options: If an Optionee ceases to be an officer or employee of, or consultant to the Company or a subsidiary of the Company for any reason, the Optionee shall, unless otherwise provided in the Share Option agreement or otherwise determined by the Committee, have a period not in excess of 90 days (12 months in the case of death), after ceasing to be an officer or employee of, or consultant to the Company or its subsidiaries to exercise the Share Options held to the extent that the Optionee was entitled to exercise the Share Options at the date of such cessation and to the extent the initial expiry date of the Option is not exceeded. Notwithstanding the foregoing, in the case of the death of an Optionee, all unvested Share Options shall immediately vest. In the event that an Optionee is terminated "For Cause" (as such term is defined in the Share Option Plan), all unvested Share Options and any Share Options that have not yet been exercised, shall be cancelled as of the Optionee's date of termination.

Change of Control or Take-Over Proposal: In the case of a Change of Control or Take-Over Proposal (as such terms are defined in the Share Option Plan) the Committee shall have the authority to take all necessary steps so as to ensure the preservation of economic interests of the Optionees, including ensuring that the Company or any successor entity will provide each Optionee with new or replacement or amended Share Options which will continue to vest and be exercisable following the Change of Control or Take-Over Proposal on similar terms and conditions as provided for in the Share Option Plan or causing all or a portion of the outstanding Share Options to become vested prior to the Change of Control or Take-Over Proposal, or any combination thereof. If the Optionee's employment is terminated by the Company or a subsidiary as a result of constructive dismissal within six months following a Change of Control or Take-Over Proposal, all of the Optionee's unvested Share Options shall vest as of the date of termination and be exercisable in accordance with the Share Option Plan.

Amendment Provisions: Without the prior approval of the Shareholders, as may be required by the TSX or such other exchange as the Shares may be listed on, the Committee may not:

(i) make any amendment to the Share Option Plan to increase the maximum number or percentage of Shares issuable on exercise of outstanding Share Options at any time;

(ii) reduce the exercise price of any outstanding Share Options (including the reissue of a Share Option within 90 days of cancellation);

(iii) extend the expiry date of an outstanding Share Option beyond the original expiry date of such Share Option;

(iv) remove or increase the maximum limit on the number of securities that may be issued to insiders;

(v) make amendments to eligible participants that may permit the introduction or reintroduction of non-employee directors on a discretionary basis or amendments that increase the limits previously imposed on non-employee director participation;

(vi) make any amendment to the Share Option Plan to permit an Optionee to transfer or assign the Share Options other than for normal estate settlement purposes; or

(vii) amend the amendment provisions in the Share Option Plan.

Subject to the restrictions set out above, the Committee may amend, suspend or discontinue the Share Option Plan and the Share Options granted thereunder without Shareholder approval provided that any amendment to the Share Option Plan that requires approval of any stock exchange on which the Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Share Option Plan or the Share Options granted pursuant to the Share Option Plan may be made without the consent of the Optionee, if it adversely alters or impairs in an adverse manner any Share Option previously granted to such Optionee.

The Restricted Share Unit Plan

Essential has a restricted share unit ("**RSU**") Plan that is intended as a compensation tool for the Company to recognize the contribution of officers, employees and consultants (the "**Participants**") to the growth of the Company, to provide a longer term incentive element in the Company's overall compensation package and to retain and attract employees. Essential believes it is important to align the interests of the Participants with Shareholder interests and to link performance compensation to enhancement of Shareholder value. The Board of Directors or the Committee shall have absolute discretion to approve the Participants entitled to participate in the RSU Plan and the number of RSUs to be awarded to each Participant. The RSU Plan does not provide for the grant of RSUs to non-employee directors.

On December 9, 2015 the Board of Director's approved amendments to the previous RSU Plan ("**2013 RSU Plan**"):

- Provide that all awards granted on or after December 9, 2015 under the revised RSU Plan (the "**2016 RSU Plan**") shall be settled by payment of an amount in cash and may not be settled through the issuance of Shares from treasury or with Shares acquired by the Corporation on the TSX. This amendment was approved by the TSX.

- Amendments of a housekeeping nature.

The change to a cash-settled plan could only be made on a prospective, not retroactive basis. As a result, any RSUs granted under the 2013 RSU Plan can be settled with a cash payment to the Participant, issuance of Shares from treasury, or by Shares acquired on the market. Any RSUs granted under the 2016 RSU Plan can only be settled with a cash payment to the Participant.

Any references in this Circular to the "**RSU Plan**" are to the current version of the plan and are meant to capture the commonalities of the 2013 RSU Plan and the 2016 RSU Plan. Where differentiation exists and is relevant, reference to the specific 2013 RSU Plan or the 2016 RSU Plan is made.

The terms of the RSU Plan are summarized as follows:

Vesting: The vesting provisions of any RSUs granted under the RSU Plan will be subject to the sole discretion of the Committee and may be based on (i) a Participant's continued employment with, or services to, the Company or a subsidiary of the Company, and/or (ii) any criteria established by the Committee in order to measure the Company's or a Participant's performance over time. The vesting dates with respect to each grant of RSUs shall be determined by the Committee.

Limitations: Under the 2013 RSU Plan, the maximum number of Shares issuable pursuant to the RSUs granted or any other security based compensation arrangements of the Company: (i) issuable at any time may not exceed 9% of the issued and outstanding Shares; (ii) issuable to insiders at any time may not exceed 9% of the issued and outstanding Shares; and (iii) issued to insiders within any one year period may not exceed 9% of the issued and outstanding Shares. The RSUs issued under the 2013 RSU Plan will still be included in the above measures for Essential. As any RSUs granted under the 2016 RSU Plan can only be settled with cash, those RSUs are not relevant for the above measures.

The RSUs granted under the RSU Plan represent an entitlement held directly by the Participant and are not assignable, except in the case of death of a Participant.

Term: The term of RSUs shall be determined by the Committee provided it shall not exceed December 31 of the third calendar year following the year of the Participant's service in respect of which the RSUs were granted. Subject to the terms of the RSU Plan, RSUs will vest in such manner as determined by the Committee.

Dividends: Should the Company issue dividends, the Participant's RSU account will be credited with additional RSUs in respect of such dividends paid by the Company.

Settlement of RSUs: Under the 2013 RSU Plan, the Company may elect to redeem RSUs by (i) cash payment to the Participant, (ii) the issuance of Shares from treasury, or (iii) through a broker designated by the Participant to acquire Shares equal to that number of whole RSUs that have vested. Under the 2016 RSU Plan, the Company may only redeem RSUs by cash payment to the Participant.

The value of each RSU will be equal to the volume weighted average trading price of the Shares on the TSX (or such other stock exchange on which the Shares may be listed and if the Shares are listed on more than one stock exchange, such stock exchange as may be designated by the Board of Directors) for the five trading days immediately preceding the vesting date, less any applicable withholding taxes. Under the 2013 RSU Plan, an election to issue Shares or acquire Shares in the market pursuant to the 2013 RSU Plan may not be made during a "Black-Out Period" (as such term is defined in the 2013 RSU Plan). The Black-Out Period is self-imposed by the Company. If an election would otherwise be required to be made within a Black-Out Period, the deadline for making such election will be extended to the 10th business day following expiry of the Black-Out Period. If the Black-Out Period continues to and includes December 31 of a calendar year, no election to issue Shares may be made by the Company. The foregoing extension shall not be considered an extension of the term of the RSUs that requires Shareholder approval.

Termination of RSUs: If a Participant is terminated "For Cause" (as such term is defined in the RSU Plan) or resigns, all unvested RSUs and any vested RSUs that have not been paid shall be cancelled. If a Participant ceases to be an officer or employee of, or consultant to the Company or its subsidiaries for any other reason, except in the case of death of the Participant, subject to any resolution passed by the Committee, any RSUs which have not become vested RSUs within a period of 90 days succeeding such Participant ceasing to be an officer or employee of, or consultant to the Company shall be cancelled and of no further effect. In the case of the death of a Participant, all unvested RSUs shall immediately vest and be paid to the Participant's designated beneficiary as soon as possible following 90 days from the date of the Participant's death, or such earlier or later date as may be agreed to with the beneficiary.

Change of Control or Take-Over Proposal: In the case of a Change of Control or Take-Over Proposal (as such terms are defined in the RSU Plan), the Committee shall have the authority to take all necessary steps so as to ensure the preservation of the economic interests of the Participants in, and to prevent the dilution or enlargement of, any RSUs, including, without limitation, ensuring that the RSUs become vested prior to such Change of Control or Take-Over Proposal or ensuring the Participant is provided with new or replacement or amended RSUs which will continue to vest following such event, merger, amalgamation or certain other transactions or a take-over bid, or any combination thereof. If the employment of a Participant is terminated by the Company or its subsidiaries or by the Participant as a result of Constructive Dismissal (as defined in the RSU Plan) within six months following a Change of Control or Take-Over Proposal, all unvested RSUs credited to the Participant shall become vested as of the Participant's termination date and the Participant shall be entitled to payments (in cash or Shares for RSUs issued under the 2013 RSU Plan or in cash for RSUs issued under the 2016 RSU Plan) in accordance with the terms of the RSU Plan.

Amendment Provisions: For RSUs issued under the 2013 RSU Plan, without the prior approval of Shareholders, as may be required by the TSX or such other exchange as the Shares may be listed on, the Committee may not:

(i) make any amendment to the 2013 RSU Plan to increase the number or percentage of Shares issuable on exercise of outstanding RSUs at any time;

(ii) extend the expiry date of an outstanding RSU beyond the original expiry date of such RSU;

(iii) remove or increase the maximum limit on the number of securities that may be issued to insiders;

(iv) make amendments to eligible Participants that may permit the participation of non-employee directors in the 2013 RSU Plan;

(v) make any amendment to the 2013 RSU Plan to permit a Participant to transfer or assign the RSUs other than for normal estate settlement purposes; or

(vi) amend the restrictions on amendments that are provided in the 2013 RSU Plan.

Subject to the restrictions set out above, the Committee may amend, suspend or discontinue the RSU Plan and the RSUs granted thereunder without Shareholder approval provided that any amendment to the RSU Plan that requires approval of any stock exchange on which the Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the RSU Plan or the RSUs granted pursuant to the RSU Plan may be made without the consent of the applicable Participant, if it adversely alters or impairs in an adverse manner any RSU previously granted to such Participant.

Shares Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information with respect to Essential's long-term incentive plans ("**LTIP**") including Essential's Share Option Plan and Essential's 2013 RSU Plan as at December 31, 2016:

Plan Category	Number of Shares to be issued upon exercise of outstanding Share Options / RSUs at December 31, 2016	Weighted-average exercise price of outstanding Share Options /RSUs	Number of Shares remaining available for future issuance under equity compensation plans[(2)]
Equity compensation plans approved by Shareholders:			
Share Option Plan	6,949,915	$1.42	n/a
2013 RSU Plan[(1)]	1,466,438	n/a	n/a
Equity compensation plans not approved by Shareholders	n/a	n/a	n/a
Total	8,416,353	n/a	4,350,760

Notes:

(1) RSUs issued under the 2013 RSU Plan may be settled with cash or equity, at the discretion of the Committee. All RSUs granted under this plan that have not been exercised or cancelled, are included in this table. RSUs issued under the 2016 RSU Plan may only be settled with cash payment. Any RSUs granted under the 2016 RSU Plan have been excluded from this table.

(2) The maximum number of Shares that can be issued by the Company on the exercise of Share Options and RSUs granted under the 2013 RSU Plan is 9% of issued and outstanding Shares. At December 31, 2016, this was 12,767,113 Shares. There is no allocation of the number of Shares remaining available for future issuance between Share Options and RSUs issued under the 2013 RSU Plan.

EXECUTIVE COMPENSATION

Mandate and Composition of the C&G Committee

The C&G Committee of the Board of Directors provides oversight of Essential's executive compensation program. The purpose of the C&G Committee is to assist the Board of Directors in fulfilling its oversight obligations relating to human resources, compensation and governance matters with a view toward making recommendations to the Board of Directors as appropriate. Such matters are set out in the Mandate of the C&G Committee and from a compensation perspective, include the compensation philosophy, compensation for the executive team, bonus and benefit plans, and succession planning. Matters related to compensation of the Named Executive Officers ("**NEOs**") are recommended by the C&G Committee to the Board of Directors for approval.

The C&G Committee is composed of three directors or such greater number as the Board of Directors may from time to time determine. As set out in the mandate, a majority of the members must be independent. The Board of Directors appoints the Chairman of the C&G Committee and may fill any vacancy.

The C&G Committee may retain special legal, compensation, accounting, financial or other consultants or advisors to advise the C&G Committee at the Company's expense and shall have sole authority to retain and terminate any such consultants or advisors and to approve any such consultants or advisors fees and terms.

The members of the C&G Committee are:

	Independent[(1)]	Experience Relevant for Executive Compensation
Robert Michaleski, Chair	Yes	14 years as the Chief Executive Officer of a publicly traded entity representing management on executive compensation matters.
James Banister	Yes	Over 25 years of experience managing executive compensation in oilfield service companies; specifically with small market capitalization companies in the past 20 years.
Nicholas Kirton	Yes	In the past 11 years has sat on the compensation committee of four public companies, including Essential. ICD.D (Institute of Corporate Directors) Certification which includes education regarding executive compensation.

Note:
(1) Independent for the purposes of section 1.4 of NI 52-110.

In 2012, the C&G Committee engaged Lane Caputo Compensation Inc. ("**Lane Caputo**") to review its LTIP arrangements and develop a strategy, including the use of alternative LTIP vehicles, to reward and retain key employees and directors. Their work continued into 2013 and 2014 and their scope was expanded to include a review of compensation arrangements for the executives and Board of Directors and to recommend changes, if any, to pay elements and/or a strategy to align them with current market practices and Essential's compensation philosophy.

In 2015, the scope of Lane Caputo's work was much narrower and focused primarily on completion of their original mandate. The C&G Committee did not engage a compensation consultant in 2016.

Cost reductions in 2015 and 2016, driven by the industry downturn, resulted in a significant reduction in cash compensation for the NEOs in 2015 and 2016. See "Oilfield Services Challenges and Compensation Realities for 2015 and 2016".

The fees paid for the past two years to Lane Caputo were:

	Executive Compensation-Related Fees		All Other Fees	
	2016	**2015**	**2016**	**2015**
Lane Caputo	$nil	$13,260	$nil	$nil

Compensation Discussion and Analysis

This section describes Essential's executive compensation philosophy and objectives and provides an overview of the process that the C&G Committee undertakes in deciding how to compensate the NEOs.

The NEOs of the Company for the year ended December 31, 2016 were:

Name	Position
Active:	
Garnet Amundson	President and Chief Executive Officer
Allan Mowbray	Vice President, Finance and Chief Financial Officer
Jeff Newman	Senior Vice President, Business Development
Former:	
Kevin Job (1)	Former Senior Vice President, Corporate
Don Webster (2)	Former Chief Operating Officer

Notes:
(1) Mr. Job ceased to be the Senior Vice President, Corporate on December 30, 2016. Mr. Job remains an employee of Essential as Director, Corporate, a non-NEO role.
(2) Mr. Webster resigned from Essential on November 23, 2016.

Compensation Philosophy, Objectives and Components

Essential's compensation program is designed to align the interests of management with the interests of Shareholders, link executive compensation to Essential's strategic business objectives and attract and retain high-performing executives in a competitive market for talent. Essential's philosophy is to pay for performance and compensate executives in consideration of the following:

- business performance;
- health, safety and environment performance; and
- achievement of individual annual qualitative and quantitative goals.

Essential's executive compensation programs are generally consistent with its employee programs in relative terms. Where certain programs, such as certain perquisites, are only provided to executives or senior management, they reflect competitive practice and particular business needs.

Essential's executive compensation program typically includes four components: salary, annual bonus, LTIP and benefits. In the event of exceptional or unique business events and accomplishments the C&G Committee may also award special bonuses. LTIP includes Share Options, RSUs and/or Deferred Share Units ("**DSUs**"). Essential does not have a target ratio for each of the four individual compensation components but the C&G Committee does consider the relative ratio of each element of pay. These elements also vary in size annually depending on cash availability of the Company.

The C&G Committee reviews all programs to ensure that they support Essential's continued ability to attract and retain high-performing executives to achieve Essential's business objectives.

NEO Compensation Strategy

Effective January 1, 2014, the NEO compensation strategy was adjusted whereby fixed components, such as salary, are positioned at market median levels while variable components, such as annual bonus and longer-term incentives, are structured to provide the opportunity for above-market total compensation for high levels of corporate and individual performance.

The components of NEO compensation are:

Type of Compensation	Component	Objective	Form	Performance Period
Fixed Compensation	Salary[1]	Compensates NEOs for performing day-to-day responsibilities	Cash	Ongoing
Variable Compensation	Short-term incentive (Annual Bonus Plan)	Rewards accomplishment of annual business, safety and individual goals	Cash	One-year
	Medium-term incentive (LTIP)	Aligns compensation with medium-term corporate performance and the interests of shareholders	RSUs (time and performance-vested)	One to three years
	Long-term incentive (LTIP)	Aligns compensation with long-term corporate performance and the interests of shareholders	DSUs (time-vested) Share Options	Indefinite[2] One to five years
Other Compensation	Savings plan	Assist with saving for retirement or other purposes	Match employee savings plan contributions	Ongoing
	Benefits	Provide market competitive benefits	Life and accidental death and dismemberment insurance, disability insurance, health, vision and dental coverage	Ongoing
	Perquisites	Market competitive perquisites that vary based on level	Taxable allowances or perquisites	Ongoing

Notes:
(1) While salary is considered a "fixed" component, executives are subject to downside risk. In 2015 and 2016, the NEO's accepted salary roll-backs.
(2) Until the NEO departs the organization.

Compensation Approval Process

Typically, during a stable business environment, the C&G Committee considers peer data, for similar positions within the peer group when determining an executive's salary, annual bonus and LTIP grant. The C&G Committee reviews the various compensation elements both individually and in total, to ensure they align with the program objectives. The C&G Committee then recommends all NEO compensation components, including LTIP grants, to the Board of Directors for their approval. Typically, this process begins in the fall with any LTIP grants occurring in January, ABP payments occurring in April for performance from the previous year and salaries reviewed in June after peer information circular documents are available.

Adjustments to this process are discussed under “Oilfield Services Challenges and Compensation Realities for 2015 and 2016”.

Oilfield Services Challenges and Compensation Realities for 2015 and 2016

The rapid and significant decline in the price of oil starting in mid-2014 and the persistently low price of natural gas negatively impacted the cash flow and capital spending budgets of Canadian Exploration & Production (“**E&P**”) companies. These E&P companies are Essential’s customers and Essential experienced reduced demand and significant price reductions for its services. Due to the industry downturn, a number of steps were taken early in 2015 that significantly impacted NEO, employee and Board of Director compensation. As the downturn continued into 2016, incremental steps to reduce compensation were taken in early 2016. As a result of demands from customers to reduce the price of its services and further weakening in oilfield services activity, steps were taken, among other cost reduction measures throughout the organization, to minimize cash flow losses and avoid accumulation of incremental debt. The compensation-related steps included:

- *Salary:* 2015: All salaried employees were subject to a salary rollback, effective March, 2015. The NEOs agreed to a voluntary 20% salary rollback effective March, 2015.

  Salary: 2016: Most salaried employees were subject to a further salary rollback effective March, 2016. The NEOs agreed to a further salary rollback of up to 10%.

- *Annual Bonus Plan (“**ABP**”):* 2015: Suspension of the 2015 ABP for NEOs. There were no bonuses accrued or paid to NEOs for 2015 under the ABP.

  ABP: 2016: Suspension of the 2016 ABP for NEOs. There were no bonuses accrued or paid to NEOs for 2016 under the ABP.

- *LTIP:* With cash compensation (salary and ABP) significantly reduced, the C&G Committee awarded incremental LTIP grants to NEOs in 2015 and 2016. This increased, considerably, the proportion of “at-risk” NEO compensation. In June 2015, incremental performance-vesting RSUs were granted (“**Special RSUs**”). See “Long Term Incentive Plans – RSU Plan”. In June 2016, the C&G Committee implemented a shortfall model whereby 2014 Total Compensation (defined as: salary plus ABP plus LTIP grants) data for an NEO was used as the basis to determine 2015 Total Compensation. The difference between 2015 Total Compensation (excluding the Special RSU grant) and a specific percentage of 2014 Total Compensation was considered the shortfall. This shortfall was granted in incremental Share Options and DSUs in June 2016. See “Long Term Incentive Plans”.

- *Other:* 2016: There was a payout of unused vacation pay to NEOs. Special project bonuses were awarded as recognition of significant and extraordinary work. See "Project Bonus”.

  Significant workforce reductions occurred in 2015 with Essential’s headcount falling from 996 at December 31, 2014 to 588 employees as at December 31, 2015. Employee headcount was then further reduced to 343 employees as at March 31, 2016. With an increase in industry activity late in 2016, Essential commenced hiring again. Essential reduced its executive officer count by 33% by the end of 2016 and flattened the organization structure.

  The Board of Directors took a 20% rollback on their retainer and meeting fees effective March, 2015 and an incremental 10% rollback effective July 2016.

These measures resulted in a significant decrease in cash compensation for NEOs in 2015 and 2016 compared to previous years. NEOs and the Board of Directors led by example by accepting voluntary cash compensation reductions prior to implementing company-wide compensation reductions and layoffs. These reductions were made early in 2015 and early in 2016.

The sections that follow outline the compensation strategy applied at Essential in a typical year and any deviations from that strategy for 2015 and 2016.

Risk and Compensation

The C&G Committee considers the impact of individual compensation and any potential correlation with the amount of risk that an NEO may take. It is believed that through the following policies and practices, the ability for an NEO to take excessive risk has been reduced:

- The C&G Committee reviews the design parameters of the components of compensation and the potential rewards to be paid out. The C&G Committee considers not only financial and operational accomplishments of the Company but also the process by which those accomplishments were achieved.

- Total compensation for NEOs and senior employees consists of: salary, ABP, LTIP and benefits. At the NEO level a significant percentage of total compensation is tied to LTIP. Share Options are vested over three years and exercisable up to five years from the date of grant. RSUs typically vest over a three year period and expire at the end of three years. The RSUs issued to NEOs can be a combination of time-vested and performance-vested RSUs. DSUs may vest after one year or immediately however, they cannot be exercised until the NEO leaves the organization.

- The performance of the President and Chief Executive Officer is reviewed "in camera" by the C&G Committee and the Board of Directors to ensure his actions align with the risk tolerance of the Company.

The Board of Directors have a policy that prohibits the Board of Directors and executive officers from purchasing financial instruments including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of Shares or other securities of the Corporation held directly, or indirectly, by a director or an executive officer.

With reduced cash compensation in 2015 and 2016, there has been a significant shift from cash compensation to LTIP (at-risk) compensation for NEOs in an effort to preserve cash flow and avoid debt accumulation.

Peer Group / Benchmark Review

The peer group is considered by the C&G Committee annually based on the following criteria: market capitalization, revenue, earnings, number of employees and the requirement that the peer company be a drilling or oilfield services company that is publicly traded in Canada and headquartered in Canada. The peer group in 2016 was unchanged from 2015 and included:

Akita Drilling Ltd.	Savanna Energy Services Corp.
Canyon Services Group Inc.	Strad Energy Services Ltd.
Cathedral Energy Services Ltd.	Total Energy Services Inc.
CWC Energy Services Corp.	Western Energy Services Corp.
PHX Energy Services Corp.	Xtreme Drilling and Coil Services Corp.

The peer group is typically analyzed for the following compensation elements and ratios: salary, bonus as a percent of salary, total cash compensation (salary plus bonus), equity participation and total direct compensation (total cash plus estimated value of equity-based incentives). The C&G Committee acknowledges that during the downturn, business performance, debt levels and financial conditions faced by some peers can dictate decisions and outcomes that may not be relevant to Essential's compensation philosophy.

Salary

In a stable business environment, salary is based on relevant market information and an NEO's experience, performance and level of responsibility. For a fully competent, high-performing NEO in a given position, Essential targets salary at the median of the peer group. During the recent industry downturn, salaries were reduced twice, in 2015 and 2016, without regard to peer data. In an effort to reduce costs, the Company determined that it was important to reduce salaries to preserve cash flow and avoid the accumulation of debt.

2015: Peer compensation data was not considered as the NEOs agreed to a voluntary 20% salary rollback effective March 2015. Rapidly changing industry circumstances made historic peer compensation information of little relevance. The NEOs led by example in implementing salary reductions prior to company-wide layoffs and salary reductions.

2016: As the industry downturn continued, NEO salaries were voluntarily reduced by up to a further 10%, effective March 2016. This was incremental to the reduction taken in 2015. This decision was made without regard to peer group information to preserve cash flow and avoid the accumulation of debt. In November 2016, as the market for field employees became more competitive, salaries were partially or fully re-instated to employees below the NEO level.

Annual Bonus Plan

In 2015 and 2016 the ABP was suspended and there were no cash payments awarded based on the scorecard described below. In a stable business environment, Essential targets annual NEO cash compensation (salary plus target ABP) at or above the median of the peer group for target levels of performance. The Board of Directors has the discretion to reward above plan parameters for exceptional business performance or when an individual has made an exceptional contribution. The Board of Directors also has the discretion to pay zero or below plan parameters for poor business performance or when individual performance has been unsatisfactory.

Essential's ABP is based on a scorecard approach that links bonus awards with business results, based on corporate and individual performance. An NEO's ABP award is based on specified target percentages. ABP awards are determined after consideration of the following quantitative and qualitative criteria:

(a) Business performance as measured by annual EBITDAS against a budgeted target that is established as part of the corporate budget planning process typically during the fourth quarter of the preceding year. "**EBITDAS**" is a non-IFRS financial measure of corporate earnings and is calculated from the financial statements as earnings before finance costs, income taxes, depreciation, amortization, transaction costs, losses or gains on disposal of equipment, write-down of assets, impairment loss, foreign exchange gains or losses and share-based compensation. As a budget planning metric, this annual EBITDAS target is typically developed late in the previous year using prior year results, forecasts, industry conditions and other corporate budgetary methodologies;

(b) Assessment of the execution of an effective Health Safety and Environment ("**HSE**") program, fostering a safety conscious culture and improving statistical safety records, as measured against targets for Total Recordable Incident Frequency ("**TRIF**") that are set for Essential and its businesses units typically late in the previous year. TRIF measures the number of total recordable injuries in the exposure period as a percentage of the workforce hours. The specific annual TRIF targets relating to this HSE criteria have not been disclosed as competitors do not readily disclose HSE statistics and disclosing the targets may seriously prejudice the Company's interests; and

(c) Achievement of individual annual qualitative and quantitative performance goals. Specific and measureable individual goals are set annually and the employee is evaluated against those goals.

Each of the above categories are weighted relative to one another. For each category, actual performance results are compared against the predetermined criteria to determine if performance warrants the threshold, target or maximum award. In the case of significant underperformance any category can be assigned a zero.

The Board of Directors typically approves the individual NEO ABP awards and the total Company ABP award for each year. The Board of Directors can exercise discretion when determining a NEO's ABP award.

The target value of any ABP award, as a percentage of the NEO's base salary, increases as the scope of responsibility increases so that the percentage of at-risk versus cash compensation correlates with increased responsibilities.

The oilfield service sector is very cyclical in nature. As a result, the annual payout of ABP awards generally fluctuates in relation to the performance of the Company and the strength of the oil and gas industry in the Western Canadian Sedimentary Basin. The ABP does not constitute a promise to pay. The ABP may, from time to time, be changed, altered, modified, suspended or revoked at the discretion of the Board of Directors.

2015: The 2015 ABP program was suspended for NEOs and there were no bonuses awarded to NEOs. This decision was made without regard to peer group practices. This resulted in a shift in compensation from cash compensation to LTIP (at-risk) in an effort to preserve Essential's cash flow and avoid debt accumulation. Since there were no ABP payments, the benchmark targets for EBITDAS and TRIF were irrelevant for 2015. Individual goals were still prepared and monitored but despite significant accomplishment of goals, no ABP payments were awarded.

2016: The 2016 ABP program remained suspended for NEOs and there were no bonuses awarded to NEOs under the ABP program. As such, the benchmark targets for EBITDAS and TRIF were irrelevant for 2016. Individual goals were still prepared and monitored but despite significant accomplishment of goals, no ABP payments were awarded.

Project Bonus

At the discretion of the C&G Committee and approved by the Board of Directors, specific project bonuses were awarded for 2016 in recognition of work related to critical and important initiatives for Essential that took significant and extraordinary efforts by the NEOs and select staff. The project bonuses provided a cash reward, during a period of significantly reduced cash compensation, for outstanding results. This related to, among other initiatives, work involved in the sale of service rigs / acquisition of coil tubing assets, the Company's bought deal financing and credit facility re-negotiation with critical changes to certain terms and conditions and extension of the term. These initiatives were important for Shareholder value.

Long Term Incentive Plans

In a stable business environment, the number of Share Options, RSUs and/or DSUs granted annually to each NEO are at the median of the peer group such that, when combined with other elements of compensation, Total Compensation (salary plus target ABP plus LTIP) can achieve the 75th percentile of the peer group when Share price performance warrants, or above in the case of superior Share price performance. Superior or inferior Share price performance cannot be predicted at the time of grant and is only known at the time of exercise of Share Options, RSUs or DSUs. For this reason, LTIP compensation is considered "at-risk" compensation. RSUs may have time-vested and/or performance-vested criteria for NEOs. NEOs also have the option to receive a portion or all of their ABP payment in DSUs. This is solely at the option of the NEO.

In determining the number of Share Options, RSUs and/or DSUs to grant each year, the C&G Committee considers the plan's parameters and their potential dilutive impact on Shareholders in combination with market information on long-term incentive plans. Market information, positional responsibility and attraction and retention considerations determine the extent that Share Options, RSUs and/or DSUs are used to compensate NEOs.

In 2015 and 2016, with cash compensation (salary and ABP) significantly reduced for NEOs, the C&G Committee awarded incremental LTIP grants to NEOs. In June 2015, Special RSUs were granted. See "Long Term Incentive Plans – RSU Plan". Upon review of the peer data in June 2016, related to 2015 compensation, the C&G Committee implemented a shortfall model whereby 2014 Total Compensation data was used to determine 2015 Total Compensation. The difference between 2015 Total Compensation (excluding the Special RSU grant) and a specific percentage of 2014 Total Compensation was considered the shortfall. This represented a correction of a shortfall of

Total Compensation paid in 2015. This shortfall was granted in incremental Share Options and DSUs in June 2016. As a result, 2016 compensation includes compensation related to 2015 performance. For 2016, a similar shortfall methodology was applied with the estimated shortfall calculation resulting in incremental LTIP grants in January 2017. As a result, some compensation related to 2016 performance will appear as part of 2017 compensation. Total Compensation for 2016 will be compared against peers in June 2017 when peer group data is available.

Share Option Plan

The Company's Share Option Plan provides eligible senior management and executives with a long-term incentive in the form of Share Options to align the interests of management with the interests of Shareholders. As Essential's Share price rises, Share Option grants increase in value. Share Options granted pursuant to the Share Option Plan are primarily granted to executives and senior management whose actions directly impact Essential's business results. Share Options may also be granted to achieve market competitive compensation practices.

The Share Option Plan is described in detail under the heading "Equity Compensation Plans – The Share Option Plan". More information regarding Share Options granted to NEOs is available in the table under the heading "Outstanding Share-Based Awards and Share Option-Based Awards". The values presented in the table are theoretical values, not the value realized by the NEO.

At December 31, 2016, there were no vested Share Options "in-the-money".

RSU Plan

For NEOs and senior management, the RSU Plan consists of time-vested and performance-vested components. The performance-vested component requires the achievement of specific milestones within the Company's business plan over a one (1) to three (3) year timeline. RSUs granted under the 2013 RSU Plan (which includes RSU grants from 2013 up until December 9, 2015) have the flexibility to settle in cash or Shares, as determined by the Company. RSUs granted under the 2016 RSU Plan can only be settled with cash. This applies to all RSUs granted on or after December 9, 2015.

The 2013 RSU Plan and the 2016 RSU Plan are described in detail under the heading "Equity Compensation Plans – The Restricted Share Unit Plan". More information regarding RSUs granted to NEOs is available in the table under the heading "Outstanding Share-Based Awards and Share Option-Based Awards". The values presented in the table are theoretical values, not the value realized by the NEO.

The time and performance vesting provisions of RSUs are subject to the sole discretion of the C&G Committee and may be based on (i) a Participant's continued employment with the Company, or (ii) any criteria established by the C&G Committee in order to measure the Company's or a Participant's performance over time. The January 2014 and January 2015 RSU grant to NEOs was 75% time-vested and 25% performance-vested. The June 2015 Special RSU grant to NEOs was 100% performance-vested. The January 2016 RSU grant to NEOs was 50% time-vested and 50% performance-vested. The C&G Committee has the discretion to evaluate performance vesting criteria against actual results and conclude on vesting over the life of the grant.

The performance–vested criteria for RSUs can change amongst grants and for RSUs currently outstanding includes: (a) business unit utilization measured against an internal rig utilization metric specific to each business unit; (b) business unit revenue measured against an internal target; (c) Company-wide HSE performance measured as TRIF relative to an internal benchmark; and/or (d) EBITDAS measured against internal EBITDAS targets. The Committee acknowledges external benchmark data is preferable, but due to integrity issues with external data, it determined that carefully considered internal benchmarks are more reliable. Since Essential does not provide earnings guidance, it is unable to disclose the specific revenue, utilization or EBITDAS benchmarks for future vest periods. The specific TRIF targets have not been disclosed as competitors do not readily disclose HSE statistics and disclosing the targets may seriously prejudice the Company's interests.

The June 2015 Special RSUs were granted to NEOs and certain employees below the NEO level in recognition of the very low grant date value of the January, 2015 LTIP grants and in recognition of the salary rollback and ABP suspension. The Special RSUs were 100% performance-vested, based on Essential's "ability to pay" at the time of vesting. The ability to pay is based on financial performance relative to a pre-determined EBITDAS benchmark, with a certain band of deviation. The C&G Committee has discretion over vesting. The Special RSUs have unique vesting terms whereby if a tranche does not vest in a particular year, that tranche does not expire but is held to be re-tested in the subsequent year. All RSUs expire at the end of three years. Accelerated vesting may also occur whereby if a higher benchmark is achieved in a particular year future tranches may be accelerated and vest early. These unique vesting features are only attributed to these Special RSUs that are 100% performance-based. The first tranche of the Special RSUs did not vest in June 2016 as the performance criterion was not met.

Deferred Share Unit Plan

The DSU Plan provides non-employee members of the Board of Directors ("**Eligible Directors**") and NEOs (collectively the "**DSU Participants**") an opportunity to participate in the long-term success of the Company and to align the interests of the DSU Participants with the interests of Shareholders. Participation in the DSU Plan is currently restricted to Eligible Directors and NEOs and any unique exceptions for key senior individuals as approved by the C&G Committee.

A DSU is a phantom unit granted to a DSU Participant, the value of which on any particular date is equal to the market price (as defined in the DSU Plan and calculated as at the redemption date) of a Share. A DSU gives the DSU Participant a right of redemption in the form of a lump sum cash payment after the DSU Participant ceases to be an Eligible Director, executive or employee of the Company.

An Eligible Director may participate in the DSU Plan in the following ways:

- Automatic DSU Retainer - the C&G Committee may determine that a certain percentage of the annual retainer payable to Eligible Directors will automatically be satisfied in the form of DSUs. The percentage of the Automatic DSU Retainer for each individual Eligible Director is determined by resolution of the C&G Committee prior to December 31 of the calendar year immediately preceding the calendar year to which such Automatic DSU retainer relates.

- Electable DSU - an Eligible Director may elect to receive all, or a portion of, their retainer or meeting fees that would otherwise be payable as compensation for services to be performed after the date of the election in the form of DSUs.

- Discretionary DSU - the C&G Committee may grant discretionary DSUs to an Eligible Director, in respect of the services the Eligible Director renders to the Company as a member of the Board of Directors. Starting in 2013, this replaced participation by Eligible Directors in the Share Option Plan.

An NEO or member of senior management may participate in the DSU Plan in the following ways:

- Discretionary DSU – the C&G Committee may grant discretionary DSUs to an NEO or member of management as a portion of their LTIP grant.

- ABP Election - an NEO may elect to receive all, or a portion, of their ABP in the form of DSUs rather than cash.

Subject to certain exceptions, DSUs granted on a discretionary basis typically only become fully vested one calendar year from the grant date, unless otherwise determined by the C&G Committee. Automatic and electable DSUs become fully vested when earned.

DSUs are redeemed within fifteen (15) days of the DSU Participant ceasing to be an Eligible Director or employee, except in the case of death where a longer time period for redemptions is allowed.

More information regarding DSUs granted to Eligible Directors is available in the table under the heading "Directors' Outstanding Share-Based and Share Option-Based Awards". The values presented in the table are theoretical values for DSUs at December 30, 2016, not the value that may ultimately be realized by the Eligible Director.

Employee Benefits

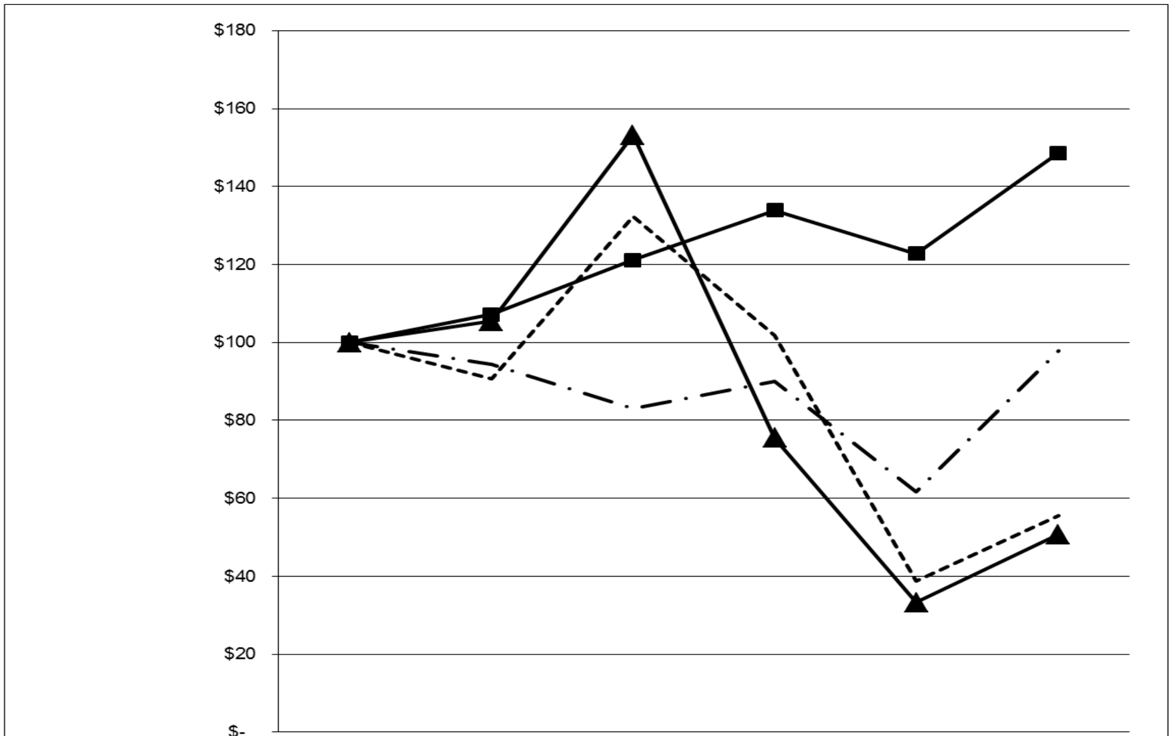
Essential's employee group health benefits and savings plans support the health and well-being of its employees and NEOs. The savings plan encourages retirement savings. The plans are reviewed periodically to ensure they remain market competitive and continue to meet these objectives.

Group Health Benefits Plan
Essential's group health benefits plan is designed to protect the health of its employees and that of their dependents and provide some coverage in the event of disability or death. The Company believes that, relative to industry peers, the group plan is an industry-competitive plan for the oilfield services sector. The group plan provides all employees with life and accidental death and dismemberment insurance, disability insurance as well as extended health, vision and dental coverage.

Employee Savings Plan
All employees may contribute to the Employee Savings Plan, through payroll deduction, up to a pre-determined percentage of their base salary to purchase either Shares or contribute to a group investment account, or a combination of both. The contributions may be to a registered or a non-registered account, or a combination of both. Essential matches employee contributions in the form of Shares and/or by contributions to the group account to a prescribed maximum.

Performance Graph

The following graph illustrates the comparison between the cumulative total shareholder return for $100 invested in Essential, effective December 31, 2011 compared to the S&P TSX Composite Total Return Index for the applicable period, assuming all distributions and dividends are reinvested.



	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16
ESN	$100	$105	$153	$75	$33	$51
S&P TSX Composite Total Return	$100	$107	$121	$134	$123	$149
CEO Compensation - Granted	$100	$94	$83	$90	$62	$98
CEO Compensation - Realized	$100	$91	$132	$102	$39	$56

President and Chief Executive Officer's ("CEO") Compensation (1)

($millions)	2011	2012	2013	2014	2015	2016
CEO Total Compensation - Granted (per Summary Compensation Table) (2)	$1.41	$1.33	$1.17	$1.27	$0.87	$1.38
CEO Total Compensation - Realized (3)	$1.08	$0.98	$1.43	$1.10	$0.42	$0.60

Notes:

(1) The trend in CEO total compensation is generally representative of the trend in NEO total compensation.

(2) CEO Total Compensation - Granted as presented in the section "Summary Compensation Table for Named Executive Officers" in this and prior year Information Circulars. This includes the granted (theoretical) values for share-based awards and option-based awards. The data points in the graph for CEO Compensation – Granted represent the change in compensation from one year to the next assuming the base year of 2011 was $100.

(3) CEO Total Compensation – Realized is calculated using the CEO Total Compensation - Granted and for each year, removes the granted (theoretical) value for share-based awards and option-based awards and includes the value actually realized in each year upon the exercise of share-based awards and option-based awards. There were no exercises of such awards in 2011 and 2012. There were option-based awards exercised in 2013 and 2014 and RSUs exercised in 2014, 2015 and 2016. See "Compensation Realized vs. Compensation "At Risk" for the 2016 calculation. The data points in the graph for CEO Compensation – Realized represent the change in compensation from one year to the next assuming the base year of 2011 was $100.

Essential matched or outperformed the market in 2012 and 2013. Some of the factors that contributed to the strong performance until that time include: improvements in industry activity from the previous downturn, equipment utilization, business growth and EBITDAS improvement, relative to 2010. In 2014, the Share price started to decrease and continued to decrease through to the end of 2015. This was primarily due to the significant decline in oil price, the low natural gas price and the negative impact on oilfield service activity and service pricing. The Share price decline was not unique to Essential and was experienced by other Canadian oilfield service companies over the same period. Share prices started to improve in the latter part of 2016 as the outlook for the oilfield services sector started to improve.

Total Compensation for the NEOs is comprised of salary, ABP, LTIP and benefits. Salary, ABP and benefits are not designed to be correlated with the Share price but the LTIP component is correlated with the Share price.

The graph demonstrates that over the period shown a high correlation exists between the Share price and Total Compensation - Realized. The difference between CEO Total Compensation – Granted and CEO Total Compensation – Realized is discussed in the "Notes" to the above table.

Compensation Realized vs. Compensation "At Risk"

The "Summary Compensation Table for Named Executive Officers" ("**SCT**") sets out compensation that was ***granted*** to the NEOs in 2016 based on requirements of applicable securities laws. The total amount granted for share-based awards and option-based awards was not actually realized by the NEOs. In the following table, in the line titled "realized", the granted values for share-based awards and option-based awards as presented in the SCT have been replaced with the value that was actually ***realized*** on the exercise of share-based awards and option-based awards in 2016. The actual compensation realized by the President & Chief Executive Officer in 2016 was $0.6 million compared to the $1.4 million value granted, as presented in the SCT.

Name and Principal Position	2016	Salary ($)	Share-based awards (2) ($)	Option-based awards ($)	Non-equity annual incentive plans ($)	All other compensation ($)	Total compensation ($)
Garnet Amundson *President & Chief Executive Officer*	Realized Granted (1)	$296,615 $296,615	$81,512 $727,200	Nil $128,800	Nil Nil	$226,025 $226,025	$604,152 $1,378,640
Allan Mowbray *VP, Finance & Chief Financial Officer*	Realized Granted (1)	$193,769 $193,769	$28,054 $234,100	Nil $47,300	Nil Nil	$87,733 $87,733	$309,556 $562,902
Jeff Newman *Senior VP, Business Development*	Realized Granted (1)	$203,231 $203,231	$28,054 $325,500	Nil $68,300	Nil Nil	$175,842 $175,842	$407,127 $772,873
Kevin Job (3) *Former Senior VP, Corporate*	Realized Granted (1)	$204,308 $204,308	$28,054 $325,500	Nil $68,300	Nil Nil	$613,419 $613,419	$845,781 $1,211,527
Don Webster (4) *Former Chief Operating Officer*	Realized Granted (1)	$226,431 $226,431	$37,908 $389,600	Nil $78,800	Nil Nil	$23,347 $23,347	$287,686 $718,178

Notes:

(1) *Details for the "granted" calculation are outlined in the "Summary Compensation Table for Named Executive Officers".*

(2) *Actual Share-based awards include vesting and payout of RSUs in January and December 2016. See the table "Incentive Plan Awards – Value Vested or Earned During the Year."*

(3) *Mr. Job ceased to be the Senior Vice President, Corporate on December 30, 2016. Mr. Job remains an employee of Essential as Director, Corporate, a non-NEO role. All other compensation includes a payment to buy-down Mr. Job's executive contract in the amount of $535,000.*

(4) *Mr. Webster resigned from Essential on November 23, 2016.*

Summary Compensation Table for Named Executive Officers

The following table sets forth for each of Essential's three most recently completed financial years information concerning the total compensation paid to the NEOs.

Name and Principal Position	Year	Salary (1) ($)	Share-based awards (2) ($)	Option-based awards (3) ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation (5) ($)	Total compensation ($)
					Annual incentive plans (4)	Long-term incentive plans			
Garnet Amundson (6) *President & Chief Executive Officer*	2016 2015 2014	$296,615 $336,923 $393,654	$727,200 $450,000 $291,000	$128,800 $71,519 $88,251	Nil Nil $450,000	n/a n/a n/a	n/a n/a n/a	$226,025 $15,877 $47,238	$1,378,640 $874,319 $1,270,143
Allan Mowbray *VP, Finance & Chief Financial Officer*	2016 2015 2014	$193,769 $214,788 $255,000	$234,100 $119,950 $101,850	$47,300 $31,675 $42,207	Nil Nil $135,000	n/a n/a n/a	n/a n/a n/a	$87,733 $8,003 $30,600	$562,902 $374,416 $564,657
Jeff Newman *Senior VP, Business Development*	2016 2015 2014	$203,231 $223,212 $262,885	$325,500 $227,300 $101,850	$68,300 $43,023 $42,207	Nil Nil $225,000	n/a n/a n/a	n/a n/a n/a	$175,842 $6,115 $31,546	$772,873 $499,650 $663,488
Kevin Job (7) *Former Senior VP, Corporate*	2016 2015 2014	$204,308 $227,423 $267,885	$325,500 $131,250 $101,850	$68,300 $43,023 $42,207	Nil Nil $195,000	n/a n/a n/a	n/a n/a n/a	$613,419 $10,717 $32,031	$1,211,527 $412,413 $638,973
Don Webster (8) *Former Chief Operating Officer*	2016 2015 2014	$226,431 $277,962 $323,654	$389,600 $215,250 $189,150	$78,800 $50,588 $61,392	Nil Nil $270,000	n/a n/a n/a	n/a n/a n/a	$23,347 $13,098 $38,492	$718,178 $556,898 $882,688

Notes:

(1) *2015 salary reflects 20% rollback effective March 16, 2015. 2016 salary reflects an incremental rollback of up to 10% effective April 4, 2016.*

(2) *This is related to RSUs and DSUs and reflects the grant date fair value which is the theoretical expected value calculated at the date of grant by multiplying the number of RSUs and DSUs granted by the closing price of Shares on the date of grant. Share prices on date of grants:*

- *2016: January 7, 2016 - $0.52; June 30, 2016 - $0.65*
- *2015: January 8, 2015 - $1.49; June 11, 2015 - $1.13*
- *2014: January 8, 2014 - $2.91*

These values may differ from the actual value at the time the awards vest. The calculated value does not distinguish between time-vested and performance-vested grants. The fair value of the award on the grant date is not different from the fair value if determined in accordance with IFRS 2 Share-based Payment.

(3) *This is related to Share Options and reflects the estimated fair value under the Black-Scholes pricing model of Share Options granted in the year. Share Options vest as to one third in each of the first, second and third year anniversaries of the date of grant. The Black-Scholes pricing model is used as it is a generally accepted pricing model.*

	2016 Option Grant	*2015 Option Grant*	*2014 Option Grant*
Share price	*$0.55 - $0.61*	*$1.12 - $1.46*	*$2.90*
Exercise price(a)	*$0.55 - $0.61*	*$1.12 - $1.46*	*$2.90*
Risk-free interest rate	*0.5% - 0.6%*	*1.0% - 1.1%*	*1.4% - 1.7%*
Expected volatility	*43.9% - 48.9%*	*41.6% - 43.3%*	*43.5% - 46.4%*
Expected term	*3.6 – 4.5 years*	*3.7 - 5.0 years*	*3.6 - 4.4 years*
Expected forfeiture rate	*6.6% – 15.8%*	*7.5% - 16.5%*	*7.9% - 17.4%*
Dividend yield	*0 – 2.3%*	*8.7% - 10.6%*	*4.1%*
Fair value per option issued	*$0.15 - $0.24*	*$0.15 - $0.24*	*$0.72 - $0.82*

(a)As per the Share Option Plan, the exercise price is the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding the date of grant. The fair value of the award on the grant date is not different from the fair value if determined in accordance with IFRS 2 Share-based Payment.

(4) *Reflects the value of awards earned in each year under Essential's ABP. ABP payments are typically paid to the executives in April of the following calendar year to reward business performance of the prior fiscal year.*

(5) *For 2016 Mr. Amundson: includes amounts for a project based bonus ("**Project Bonus**" see Project Bonus in the previous section of this Circular): $150,000; amounts contributed by the Company on his behalf pursuant to the Employee Savings Plan ("**Employee Savings Plan Contribution**"): $35,594 and a payout of unused vacation pay ("**Vacation Payout**"): $40,431. The total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary.*
For 2016 Mr. Mowbray: includes Project Bonus: $40,000; Employee Savings Plan Contribution: $23,252; Vacation Payout: $24,481. The total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary.
For 2016 Mr. Newman: includes Project Bonus: $100,000; Employee Savings Plan Contribution: $9,618; Vacation Payout: $35,769; vehicle allowance: $20,400 and other perquisites, less than 25% of total perquisites.

For 2016 Mr. Job: includes Employee Savings Plan Contribution: $24,517; Vacation Payout: $23,077; buy-down of executive contract $535,000[7]; vehicle allowance: $20,400 and other perquisites, less than 25% of total perquisites.
For 2016 Mr. Webster: Employee Savings Plan Contribution: $11,819; Vacation Payout: $11,528. The total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary.
For 2014 and 2015, for each NEO, the total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary. The values in the table reflect Employee Savings Plan Contributions.
Total salary for 2015 and 2016 was considered on a pre-rollback basis.

(6) Mr. Amundson does not receive compensation for his role as a member of the Board of Directors.

(7) Mr. Job ceased to be the Senior Vice President, Corporate on December 30, 2016. Mr. Job remains an employee of Essential as Director, Corporate, a non-NEO role. Mr. Job no longer has an executive contract and his term of service was re-set as a new employee. Mr. Job's future bonus potential, LTIP grants and benefits were re-set at a non-NEO level. Mr. Job's pre-existing LTIP grants remain intact.

(8) Mr. Webster resigned from Essential on November 23, 2016. All of Mr. Webster's LTIP expired, with no value realized, on November 23, 2016 except for Share Options that had vested. Mr. Webster has 90 days from November 23, 2016 to exercise those Share Options.

Outstanding Share-Based Awards and Share Option-Based Awards

The following table outlines for each NEO all Share-based (RSU and DSU) and Share Option-based awards outstanding for the year ended December 31, 2016.

	Share Option-Based Awards				**Share-Based Awards**		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options (1) ($)**	**Number of shares or units of shares that have not vested (2) (#)**	**Market or payout value of share-based awards that have not vested (3) ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Garnet Amundson	360,000 140,000 115,000 80,000 350,000 430,000 250,000	$2.07 $2.20 $2.90 $1.46 $1.12 $0.55 $0.61	Jan 9, 2017 Jan 10, 2018 Jan 8, 2019 Jan 14, 2020 Jun 11, 2020 Jan 7, 2021 Jun 30, 2021	Nil Nil Nil Nil Nil $120,400 $55,000	1,533,454	$897,442	n/a
Allan Mowbray	80,000 55,000 55,000 125,000 180,000 77,083	$2.26 $2.90 $1.46 $1.12 $0.55 $0.61	May 13, 2018 Jan 8, 2019 Jan 14, 2020 Jun 11, 2020 Jan 7, 2021 Jun 30, 2021	Nil Nil Nil Nil $50,400 $16,958	475,639	$283,670	n/a
Jeff Newman	180,000 80,000 55,000 55,000 200,000 255,000 114,583	$2.07 $2.20 $2.90 $1.46 $1.12 $0.55 $0.61	Jan 9, 2017 Jan 10, 2018 Jan 8, 2019 Jan 14, 2020 Jun 11, 2020 Jan 7, 2021 Jun 30, 2021	Nil Nil Nil Nil Nil $71,400 $25,208	720,869	$395,438	n/a
Kevin Job (4)	150,000 50,000 30,000 55,000 55,000 200,000 255,000 114,583	$2.07 $2.20 $2.60 $2.90 $1.46 $1.12 $0.55 $0.61	Jan 9, 2017 Jan 10, 2018 Aug 12, 2018 Jan 8, 2019 Jan 14, 2020 Jun 11, 2020 Jan 7, 2021 Jun 30, 2021	Nil Nil Nil Nil Nil Nil $71,400 $25,208	630,927	$395,438	n/a
Don Webster (5)	195,000 100,000 53,333 18,333 83,333	$2.07 $2.20 $2.90 $1.46 $1.12	Jan 9, 2017 Feb 21, 2017 Feb 21, 2017 Feb 21, 2017 Feb 21, 2017	Nil Nil Nil Nil Nil	Nil	Nil	n/a

Notes:

(1) Based on the market price of $0.83 as at December 30, 2016 including vested and unvested Share Options.

(2) Share based awards consist of RSUs granted in 2015 and 2016 and DSUs granted in 2016 that have not vested, plus the dividend equivalents earned.

(3) Includes all unvested time-based RSUs, unvested performance-based RSUs that vested in January, 2017 and unvested DSUs, based on the Share price of $0.83 as at December 30, 2016. All other unvested performance-based RSUs have been included at their minimum value of $0.

(4) Mr. Job ceased to be the Senior Vice President, Corporate on December 30, 2016. Mr. Job remains an employee of Essential as Director, Corporate, a non-NEO role and his pre-existing LTIP grants remain intact.

(5) Mr. Webster resigned from Essential on November 23, 2016. Share Options that had vested on or before November 23, 2016 can be exercised within 90 days of his resignation. All Share-based awards terminated on the resignation date.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of Share Option-based awards and Share-based awards for each NEO which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016.

Name	Option-based awards – Value vested during the year (1) ($)	Share-based awards – Value vested during the year (2) ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Garnet Amundson	Nil	$81,512	n/a
Allan Mowbray	Nil	$28,054	n/a
Jeff Newman	Nil	$28,054	n/a
Kevin Job	Nil	$28,054	n/a
Don Webster	Nil	$37,908	n/a

Notes:

(1) The value is calculated based on the difference between the market price of Shares underlying the Share Options at the vesting date and the exercise price of the Share Options on the grant date. All vested Share Options were "out of the money".

(2) The value is calculated based on the RSUs that vested in the year multiplied by the five-day volume weighted average Share price at time of vest.

On January 6, 2016 one third of the RSUs from the August 12, 2013 RSU grant vested. All of these RSUs were time-vested. The five-day volume weighted average price was $0.57. RSUs vesting for Amundson – 23,425; Mowbray – 9,760; Newman – 9,760; Job – 9,760; Webster – 15,616.

On January 8, 2016 one third of the RSUs from the January 8, 2014 RSU grant were eligible for vesting. The grant was 75% time-vested and 25% performance-vested. The five-day volume weighted average price was $0.54.

- *Time-vested RSUs for Amundson – 28,645; Mowbray – 10,026; Newman – 10,026; Job – 10,026; Webster – 18,619.*
- *Performance-vested RSUs that vested for Amundson – 9,548; Mowbray – 3,342; Newman – 3,342; Job – 3,342; Webster – 6,207.*

On January 8, 2016 one third of the RSUs from the January 8, 2015 RSU grant vested. The grant was 75% time-vested and 25% performance-vested. The five-day volume weighted average price was $0.54.

- *Time-vested RSUs for Amundson – 32,501; Mowbray – 9,480; Newman – 9,480; Job – 9,480; Webster – 21,667.*
- *Performance-vested RSUs that vested for Amundson – 10,834; Mowbray – 3,159; Newman – 3,159; Job – 3,159; Webster – 7,222.*

On June 11, 2016 the first tranche of the Special RSUs from the June 11, 2015 grant were eligible to vest, but did not vest and did not payout. The grant was 100% performance-vested and the criterion was not met. Given the unique vesting nature of this grant, this tranche will be re-tested in June 2017. See "Long Term Incentive Plans – RSU Plan".

On December 15, 2016 one third of the RSUs from the January 8, 2014 RSU grant vested. The grant was 75% time-vested and 25% performance-vested. The five-day volume weighted average price was $0.74.

- *Time-vested RSUs for Amundson – 28,777; Mowbray – 10,072; Newman - 10,072; Job – 10,072.*
- *Performance-vested RSUs that vested for Amundson –3,838; Mowbray –1,343;Newman - 1,343; Job –1,343. Some performance-vested RSUs did not vest and expired as all criteria were not met.*

Employment Contracts and Termination and Change of Control Benefits

The Company recognizes that the NEOs are critical to Essential's ongoing business. Essential's NEOs have employment contracts in place to protect them from employment interruption and treat them in a fair and equitable manner. The following table outlines the key contract terms in place for each NEO in the event of a change in their employment status.

Name [1]	Change of Control: % Change in Securities Ownership Required	Change of Control: Payment Obligation [2]	Involuntary Termination: Without Cause [2]	Involuntary Termination: With Cause	Voluntary Termination: Resignation	Voluntary Termination: Death/Disability
Garnet Amundson	more than 50%	▪ 24 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ the average of the bonus payments for the preceding two years multiplied by 2; ▪ the pro-rata amount of any earned bonus at the level accrued to or budgeted (whichever is greater) by the Company for the current fiscal year; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options and RSUs.	▪ 24 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ the average of the bonus payments for the preceding two years multiplied by 2; ▪ the pro-rata amount of any earned bonus at the level accrued to or budgeted (whichever is greater) by the Company for the current fiscal year; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options and RSUs.	Nil	Nil	▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ the pro-rata amount of any earned bonus at 'target' level accrued by the Company for the current fiscal year; and ▪ accelerated vesting of Share Options and RSUs.
Allan Mowbray	more than 50%	▪ Should a good reason exist (as defined in the employment contract)[3] in addition to a 'change of control', the executive would be entitled to the payment described under 'Involuntary Termination – Without Cause'; and ▪ accelerated vesting of Share Options and RSUs.	▪ 12 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ the average of the bonus payments for the preceding two years multiplied by 1.0; ▪ the pro-rata amount of any earned bonus at the level accrued to or budgeted (whichever is greater) by the Company for the current fiscal year; ▪ 10% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options and RSUs.	Nil	Nil	▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ the pro-rata amount of any earned bonus at 'target' level accrued by the Company for the current fiscal year; and ▪ accelerated vesting of Share Options and RSUs.
Jeff Newman	more than 50%	▪ Should a good reason exist (as defined in the employment contract)[3] in addition to a 'change of control', the executive would be entitled to the payment described under 'Involuntary Termination – Without Cause'; and ▪ accelerated vesting of Share Options and RSUs.	▪ 18 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ the average of the bonus payments for the preceding two years multiplied by 1.5; ▪ the pro-rata amount of any earned bonus at the level accrued to or budgeted (whichever is greater) by the Company for the current fiscal year; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options and RSUs.	Nil	Nil	▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ the pro-rata amount of any earned bonus at 'target' level accrued by the Company for the current fiscal year; and ▪ accelerated vesting of Share Options and RSUs.

Notes:

(1) Mr. Job and Mr. Webster are excluded from the table. Mr. Job ceased to be the Senior Vice President, Corporate on December 30, 2016. Mr. Job remains an employee of Essential as Director, Corporate, a non-NEO role. Mr. Job no longer has an executive contract. Mr. Webster resigned from Essential on November 23, 2016.

(2) Any decrease to an NEOs compensation, taken as a cost reduction measure, will be ignored for severance payment calculations and the executive's compensation will be taken at the level it was at prior to the reductions including salary, target bonus plan and benefits.

(3) Good reason is defined in each NEO's employment contract and references the NEO's right to terminate their employment in certain circumstances, which includes generally those matters at common law that are interpreted to be constructive dismissal.

The following table outlines the estimated incremental payments the NEOs would be entitled to had their employment been terminated without cause or, in the case of the President and CEO, had a change of control occurred on December 31, 2016 or, in the case of the other NEOs, had a change of control occurred on December 31, 2016 and there was 'good reason', as defined in their employment contracts.

Name [1]	Severance Period (# of months)	Total Incremental Obligation
Garnet Amundson	24	$2,678,629
Allan Mowbray	12	$677,030
Jeff Newman	18	$1,173,891

Note:
(1) Mr. Job and Mr. Webster are excluded from the table. Mr. Job ceased to be the Senior Vice President, Corporate on December 30, 2016. Mr. Job remains an employee of Essential as Director, Corporate, a non-NEO role. Mr. Job no longer has an executive contract. Mr. Webster resigned from Essential on November 23, 2016.

DIRECTOR COMPENSATION

Essential provides its non-employee directors with a comprehensive compensation package consisting of an annual cash retainer, meeting fees and long-term incentives in the form of DSUs granted pursuant to the DSU Plan.

All elements of director compensation are typically reviewed annually for competitiveness against Essential's peer group by the C&G Committee and the Board of Directors with the objective of attracting and retaining qualified members to serve on the Board of Directors. In 2013 and 2014, Lane Caputo reviewed the director's compensation relative to Essential's peer group and made recommendations to the C&G Committee and the Board of Directors which included considerations in respect of the retainers, meeting fees and DSU grants. In March 2015, in response to the industry downturn, the Board of Directors accepted a 20% reduction in their annual retainer and a 20% reduction in meeting fees. This was in-line with the salary reduction accepted by the NEOs. In July 2016, the Board of Directors accepted a further 10% reduction in their annual retainer and a further 10% reduction in their meeting fees.

Following amendments to the Share Option Plan approved by Shareholders on May 9, 2013, the Share Option Plan excludes non-employee directors as participants. Share Options that were issued and outstanding prior to that date will be exercised or expire in the normal course.

Summary Director Compensation Table

The following table outlines for the year ended December 31, 2016 information concerning the compensation paid to members of the Board of Directors other than Mr. Amundson. Mr. Amundson is also an NEO and is not separately compensated for his duties as a director. Mr. Amundson's compensation has been disclosed in the preceding section related to NEO compensation.

Name	Fees earned ($)	Share-based awards [1] ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
James Banister [2]	$56,680	$113,600	n/a	n/a	n/a	$170,280
Michael Black	$37,560	$85,200	n/a	n/a	n/a	$122,760
Robert German [3]	$45,660	$85,200	n/a	n/a	n/a	$130,860
Nicholas Kirton [4]	$53,640	$85,200	n/a	n/a	n/a	$138,840
Robert Michaleski [5]	$52,440	$85,200	n/a	n/a	n/a	$137,640

Notes:
(1) This is related to DSUs and reflects the grant date fair value which is the theoretical expected value calculated at the date of grant by multiplying the number of DSUs granted by the closing price of Shares on the date of grant ($0.71). This value may differ from the actual amount paid at the time the awards are paid out.
(2) Mr. Banister is the Chairman of the Board of Directors.
(3) Mr. German is the Chairman of the HSE Committee.
(4) Mr. Kirton is the Chairman of the Audit Committee.
(5) Mr. Michaleski is the Chairman of the C&G Committee.

Director Retainers and Fees Summary

Annual Board of Directors and committee retainers are paid quarterly and pro-rated for partial service. The same meeting fees are paid for attending meetings in person or by conference call.

	2016	
	January 1 – June 30 (1) Annualized	**July 1 – December 31 (2) Annualized**
Board of Directors Chair	$44,000	$39,600
Board of Directors Member	$24,000	$21,600
Audit / C&G Committee Chair	$36,000	$32,400
Other Committee Chair	$30,000	$27,000
Board of Directors and Committee Meeting (per meeting)	$1,200	$1,080

Notes:

(1) Effective March 16, 2015, the Board of Directors reduced the retainer and meeting fees by 20%.

(2) Effective July 1, 2016, the Board of Directors reduced the retainer and meeting fees by an incremental 10%.

Director Retainers and Fees Paid in 2016

Name	Chairman Retainer ($)	Board Member Retainer ($)	Committee Chair Retainer ($)	Board Meetings (1) ($)	Committee Meetings ($)	Total ($)
James Banister	$41,800	-	-	$10,200	$4,680	$56,680
Michael Black	-	$22,800	-	$10,200	$4,560	$37,560
Robert German	-	$22,800	$5,700	$9,120	$8,040	$45,660
Nicholas Kirton	-	$22,800	$11,400	$10,200	$9,240	$53,640
Robert Michaleski	-	$22,800	$11,400	$10,200	$8,040	$52,440

Note:

(1) Includes meeting fees earned for board meetings attended and attendance at the Annual General & Special Meeting.

Directors' Outstanding Share-Based and Share Option-Based Awards

The following table outlines for each member of the Board of Directors, other than Mr. Amundson who is an NEO, all Share-Option based and Share-based awards outstanding for the year ended December 31, 2016.

	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options (1) ($)**	**Number of shares or units of shares that have not vested (2) (#)**	**Market or payout value of share-based awards that have not vested (3) ($)**	**Market or payout value of vested share-based awards not paid out or distributed (4) ($)**
James Banister	50,000	$2.23	Aug 16, 2017	Nil Nil	160,000	$132,800	$81,209
Michael Black	80,000 40,000	$2.24 $2.23	Jun 14, 2017 Aug 16, 2017	Nil Nil	120,000	$99,600	$54,139
Robert German	40,000	$2.23	Aug 16, 2017	Nil Nil	120,000	$99,600	$68,789
Nicholas Kirton	40,000	$2.23	Aug 16, 2017	Nil Nil	120,000	$99,600	$54,139
Robert Michaleski	n/a	n/a	n/a	n/a	120,000	$99,600	$73,672

Notes:

(1) Based on the market price of $0.83 as at December 30, 2016 including vested and unvested Share Options.

(2) Share based awards consist of DSUs granted in 2016.

(3) Based on the market price of $0.83 as at December 30, 2016.

(4) DSUs vest one-year after grant but are not paid out until the individual ceases to be an Eligible Director. Based on the Share price of $0.83 as at December 30, 2016 multiplied by the DSUs that have vested (to-date), including the dividend equivalents. Vested Share-based awards for Banister – 97,842; Black – 65,228; German – 82,878; Kirton – 65,228 and Michaleski – 88,761.

Director Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of Share-based and Share Option-based awards that vested during the year ended December 31, 2016 for each member of the Board of Directors, other than Mr. Amundson who is an NEO, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016. The Company does not have a non-equity incentive plan in place for members of the Board of Directors.

Name	Option-Based Awards – Value Vested During the Year (1) ($)	Share-Based Awards – Value Vested During the Year (2) ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
James Banister	Nil	$32,948	n/a
Michael Black	Nil	$21,965	n/a
Robert German	Nil	$21,965	n/a
Nicholas Kirton	Nil	$21,965	n/a
Robert Michaleski	n/a	$21,965	n/a

Notes:

(1) The value is calculated based on the difference between the market price of shares underlying the Share Options at the vesting date and the exercise price of the Share Option on the grant date.

(2) The value is calculated based on the DSUs that vested in the year multiplied by the Share price at time of vest. DSUs cannot be exercised until the director is no longer an Eligible Director.
On August 13, 2016, the DSUs granted on August 13, 2015 vested but were not exercised. The value is the Share price at the time of vesting ($0.71) multiplied by the DSUs that vested, including the dividend equivalents. Share-based awards vesting for Banister – 46,406; Black – 30,937; German – 30,937; Kirton – 30,937 and Michaleski - 30,937.

CORPORATE GOVERNANCE DISCLOSURE

Set out below is a description of the corporate governance practices of Essential, in accordance with National Instrument 58-101 – Disclosure of Corporate Governance Practices ("**NI 58-101**").

Board of Directors

Disclose the identity of directors who are independent. Disclose the identity of directors who are not independent, and describe the basis for that determination. Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.

NI 58-101 defines "independence" by reference to the meaning of section 1.4 of NI 52-110, which provides that a member is "independent" if the member has no direct or indirect material relationship with the issuer, a "material relationship" being one which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement. NI 52-110 also specifically prescribes certain relationships which are deemed to be material.

Based on the foregoing, Essential has determined that all of its current directors are independent, except for Mr. Amundson and Mr. Black. Mr. Amundson is considered to have a material relationship with Essential by virtue of his position as President and Chief Executive Officer. Mr. Black is considered to have a potentially material relationship with Essential by virtue of his position as a partner of the law firm that provides legal services to Essential. The majority of the Board of Directors are independent.

Assuming the directors nominated for election at the Meeting are elected, the Board of Directors will continue to be comprised of six (6) directors, four (4) of whom are independent.

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following is a list of the current directors who are presently directors of other reporting issuers (or the equivalent):

Name	Name of Reporting Issuer
Nicholas Kirton	Oronova Energy Inc. (TSX-V)
Robert Michaleski	Pembina Pipeline Corporation (TSX) Vermillion Energy Inc. (TSX)

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board of Directors does to facilitate open and candid discussion among its independent directors.

The independent directors do not hold regularly scheduled Board of Director meetings at which non-independent directors are not in attendance, however, at each Board of Directors meeting, the directors hold an *in camera* session at which members of management, including the employee director, are not in attendance.

The C&G Committee is comprised entirely of independent directors and holds regular *in camera* sessions where management is not present. There were four such meetings in 2016.

The Audit Committee is comprised entirely of independent directors and holds regular *in camera* sessions where management is not present. There were four such meetings in 2016.

The HSE Committee holds regular *in camera* sessions where the employee director and management are not present, except for the Director, Health, Safety and Environment, the highest level non-executive employee responsible for this area. There were four such meetings in 2016.

If the Board of Directors deems a conflict with a non-independent director in attendance, at any Board or HSE Committee meeting, an *in camera* session would be held without that director. Essential maintains a majority of independent directors and there are procedures to ensure the Board of Directors is able to, and does, function independently of management.

Disclose whether or not the chair of the Board of Directors is an independent director. If the Board of Directors has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board of Directors has neither a chair that is independent nor a lead director that is independent, describe what the Board of Directors does to provide leadership for its independent directors.

The chairman of the Board of Directors ("**Board Chair**") is Mr. Banister and he is an independent director. The Board Chair's primary role is to manage the Board of Directors and ensure that the Board of Directors is organized properly and functions effectively to meet its obligations and responsibilities. The Board Chair works with the President and Chief Executive Officer of Essential to ensure effective relations with members of the Board of Directors, Shareholders, other stakeholders and the public.

Disclose the attendance record of each director for all Board of Director meetings held since the beginning of the issuer's most recently completed financial year.

The attendance record for each director of Essential since the beginning of the most recently completed financial year is indicated in the following table.

Name	2016 Board Meetings Attended	2017 Board Meetings Attended (1)
Garnet Amundson	8 of 8	1 of 1
James Banister	8 of 8	1 of 1
Michael Black	8 of 8	1 of 1
Robert German	7 of 8	1 of 1
Nicholas Kirton	8 of 8	1 of 1
Robert Michaleski	8 of 8	1 of 1

Note:
(1) From January 1, 2017 to March 8, 2017.

Board Mandate

Disclose the text of the Board of Directors' written mandate. If the Board of Directors does not have a written mandate, describe how the Board of Directors delineates its role and responsibilities

The mandate of the Board of Directors is attached as "Appendix A".

Position Descriptions

Disclose whether or not the Board of Directors has developed written position descriptions for the Board Chair and the chair of each committee of the Board of Directors. If the Board of Directors has not developed written position descriptions for the Board Chair and/or the chair of each committee of the Board of Directors, briefly describe how the Board of Directors delineates the role and responsibilities of each such position.

The Board of Directors has developed written position descriptions or terms of reference for the Board Chair and the chair of each committee of the Board of Directors (which include terms of reference for the chair for each of the Audit Committee, the C&G Committee and the HSE Committee).

Disclose whether or not the Board of Directors and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board of Directors and the Chief Executive Officer have not developed such a position description, briefly describe how the Board of Directors delineates the role and responsibilities of the Chief Executive Officer.

The Board of Directors and the President and Chief Executive Officer have developed a written position description referred to as the Terms of Reference for the President and Chief Executive Officer.

Orientation and Continuing Education

Briefly describe what measures the Board of Directors takes to orient new directors regarding:

(i) the role of the Board of Directors, its committees and its directors; and

(ii) the nature and operation of the issuer's business.

The Board of Directors has a Charters and Policies Manual that provides guidance to the Board of Directors, the Board Chair and the various committees of the Board of Directors and their respective chairman on various corporate governance matters. It also serves as a primary source of information concerning governance and the mandate of the Board of Directors and its committees. The Charters and Policies Manual includes each of the following items:

- Mandates for the Board of Directors and each committee of the Board of Directors;
- Position descriptions and terms of reference for the Board Chair, each committee chair, the directors, and the President and Chief Executive Officer;
- Governance Guidelines;
- Code of Business Conduct and Ethics ("**Corporate Code of Conduct**");
- Code of Conduct and Conflict of Interest Guidelines for Directors and Officers ("**Code for Directors and Officers**");
- Disclosure and Confidentiality Policy;
- Insider Trading Policy;
- Privacy Policy; and
- Whistleblower Policy.

New directors are invited to meet with senior management to learn about the business and may be invited to sit as an observer at the Board of Directors meeting and relevant committee meetings just prior to their anticipated approval as a director. Members of the Board of Directors are also encouraged to attend relevant third party development courses. Through these means, the Board of Directors attempts to ensure that all new directors receive a comprehensive orientation regarding both the business of Essential and the duties of a director.

Briefly describe what measures, if any, the Board of Directors takes to provide continuing education for its directors. If the Board of Directors does not provide continuing education, describe how the Board of Directors ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

The President and Chief Executive Officer and the management team provide regular written and verbal updates to the Board of Directors to keep the directors apprised of current industry conditions and business operations on a historical and prospective basis. Members of the Board of Directors are encouraged to communicate with management, auditors and industry contacts to keep themselves current with industry trends and developments and changes in regulations and legislation.

The C&G Committee makes recommendations regarding ongoing professional development programs for directors and directors are encouraged to participate in continuing education programs that are focused on enhancing individual director's skills and abilities as directors and maintaining and enhancing the currency of their knowledge and understanding of Essential's business.

A Board of Directors' field education day is planned for April, 2017 for the directors to visit the operations facility in Red Deer, Alberta, view equipment and meet operational managers.

Ethical Business Conduct

Disclose whether or not the Board of Directors has adopted a written code for the directors, officers and employees. If the Board of Directors has adopted a written code:

(i) ***disclose how a person or company may obtain a copy of the code;***

(ii) ***describe how the Board of Directors monitors compliance with its code, or if the Board of Directors does not monitor compliance, explain whether and how the Board of Directors satisfies itself regarding compliance with its code; and***

(iii) ***provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.***

Essential has the Corporate Code of Conduct that is applicable to Essential's directors, officers and employees and the Code for Directors and Officers which is applicable to Essential's directors and officers. The Corporate Code of Conduct and/or the Code for Directors and Officers, as applicable, is made available to all employees and can also be accessed on the Essential website at www.essentialenergy.ca and via SEDAR at www.sedar.com. Essential requires regular sign-off of the Code for Directors and Officers or the Corporate Code of Conduct, as applicable, by the members of the Board of Directors, officers, Calgary office employees and certain operational managers.

Employees with questions about the Corporate Code of Conduct are encouraged to refer the matter to their Divisional Director, General Manager, Chief Operating Officer, Chief Financial Officer, Corporate Secretary, President and Chief Executive Officer or the Chair of the C&G Committee. Employees and directors are required to promptly report violations to the President and Chief Executive Officer or the Chair of the C&G Committee. All reports will be reviewed and if appropriate, investigated in a discreet, confidential, professional, unbiased and timely manner. Any violations of the Corporate Code of Conduct or the Code for Directors and Officers may result in disciplinary action, up to and including termination of employment.

The Code for Directors and Officers provides that any nominee director must disclose to the C&G Committee all interests and relationships that the nominee director is aware of at the time which will or may give rise to a conflict of interest. If such interest or relationship arises while the individual is a director, there is a positive onus on the director to disclose relevant facts to the Corporate Secretary or the Board Chair. Each director is also required by the Code for Directors and Officers to report any known or suspected breach of the Corporate Code of Conduct to the Board Chair, and is regularly required to review and sign an executed copy of the Code for Directors and Officers.

Essential has not experienced any known conduct of a director or officer that constitutes a departure from the Code for Directors and Officers requiring the filing of a material change report since the beginning of the Company's most recently completed financial year.

Describe any steps the Board of Directors takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

In accordance with the Act, directors who are a party to or are a director or an officer of a party to a material contract or material transaction with Essential are required to disclose the nature and extent of their interest and are not permitted to vote on any resolution to approve the contract or transaction. See *"Conflicts of Interest"* in the Annual Information Form for further information regarding potential conflicts of interests involving members of the Board of Directors.

Describe any other steps the Board of Directors takes to encourage and promote a culture of ethical business conduct.

As discussed above, the Corporate Code of Conduct, which is applicable to all employees, sets out certain common values under which Essential and its employees conduct the Company's business. This Corporate Code of Conduct, which is promoted by management, is intended to create a positive image of Essential by promoting high ethical standards in all aspects of the Company's business.

Nomination of Directors

Describe the process by which the Board of Directors identifies new candidates for nomination to the Board of Directors.

The nominees for directors are initially considered and recommended by the C&G Committee, after consultation with the President and Chief Executive Officer, to the Board of Directors, approved by the Board of Directors and appointed annually by the Shareholders. Selection of nominees for election takes into consideration such matters that the C&G Committee and the Board of Directors deem relevant including any gaps in competencies and skills of the Board of Directors and the competencies and skills each nominee will bring to the Board of Directors along with the ability of any such nominee to devote sufficient time and resources to their duties as a member of the Board of Directors. In accordance with the mandate of the Board of Directors, the Board's set of criteria for addressing composition of the Board includes the present and anticipated skill set needed by the Board, experience, ethics, education, time availability, involvement in activities that conflict with Essential's business, term and the number of other directorships held. Other matters may be included that vary from time to time.

Disclose whether or not the Board of Directors has a nominating committee composed entirely of independent directors. If the Board of Directors does not have a nominating committee composed entirely of independent directors, describe what steps the Board of Directors takes to encourage an objective nomination process.

The C&G Committee, comprised entirely of independent directors, carries out some of the duties of a nominating committee and the full Board of Directors acts as a committee of the whole in respect of ultimately nominating candidates for election to the Board of Directors. The C&G Committee makes nominee recommendations to the Board of Directors and the Board of Directors as a whole approves nominees to the Board of Directors. Full Board discussion and approval encourages an objective and robust nomination process.

The C&G Committee is required to perform the following duties in respect of its governance mandate related to nomination to the Board of Directors and composition of the Board of Directors:

(a) develop, and annually update, a long-term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of Essential;

(b) develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board's short-term needs and long-term succession plans including considering the competencies and skills the Board, as a whole, should possess and the competencies and skills each existing member of the Board of Directors possesses;

(c) in consultation with the Board Chair and the Chief Executive Officer, recommend to the Board of Directors nominees for election as members of the Board taking into consideration such matters as the C&G Committee deems relevant including the matters referred to above, and the competencies and skills each new nominee will bring to the Board and the ability of any such new nominee to devote sufficient time and resources to his or her duties as a member of the Board; and

(d) evaluate regularly the effectiveness and contribution of the Board, the Board Chair and the chair of each committee and the effectiveness and contribution of individual directors, having regard for the mandate of the Board and position description, the results of surveys of the directors, attendance at Board and committee meetings, overall contribution and, in the case of individual directors, the competencies and skills the individual director is expected to bring to the Board.

Compensation

Describe the process by which the Board of Directors determines the compensation for the issuer's directors and officers.

The C&G Committee has the responsibility to annually review the directors' and officers' compensation program and make any recommendations to the Board of Directors for approval. Further details are outlined in the "Director Compensation" section and the "Executive Compensation" section of this Circular.

Disclose whether or not the Board of Directors has a compensation committee composed entirely of independent directors. If the Board of Directors does not have a compensation committee composed entirely of independent directors, describe what steps the Board of Directors takes to ensure an objective process for determining such compensation.

The mandate of the C&G Committee includes compensation matters. The C&G Committee is comprised entirely of independent directors.

If the Board of Directors has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The purpose of the C&G Committee as it relates to compensation matters is to assist the Board of Directors in fulfilling its oversight obligations relating to human resource and compensation matters including succession planning for senior management. The C&G Committee will also review and/or approve any other matters specifically delegated to the C&G Committee by the Board of Directors.

Subject to the powers and duties of the Board of Directors, the C&G Committee is required to perform the following duties in respect of its compensation mandate:

(a) recommend a performance evaluation process and metrics for the Chief Executive Officer and receive the Board Chair's evaluation of the Chief Executive Officer;

(b) review and recommend to the Board of Directors for approval the Chief Executive Officer's compensation including incentives, bonuses and benefit plans;

(c) review the recommendations of the Chief Executive Officer and recommend to the Board of Directors for approval the executive team's compensation including incentives, bonuses and benefit plans;

(d) establish and review annually the compensation philosophy, guidelines and plans for Essential employees and executives in conjunction with periodic reviews of peer group compensation policies to permit effective comparison with those of Essential;

(e) review and approve the recommendations of the Chief Executive Officer regarding compensation including incentives, bonuses and benefit plans for Essential employees other than the executive team and the Chief Executive Officer;

(f) recommend to the Board of Directors any long-term incentive plan grant for the executive team, the Chief Executive Officer and the Board of Directors;

(g) review and approve the recommendation of the Chief Executive Officer regarding any long-term incentive plan grant and long-term incentive plan pools for Essential employees other than the executive team and the Chief Executive Officer;

(h) recommend to the Board of Directors any incentive compensation plans and equity based plans, including but not limited to the Share Option Plan, Restricted Share Unit Plan and Deferred Share Unit Plan;

(i) review annually the succession plan for the Chief Executive Officer position and recommend such plan to the Board of Directors;

(j) review with the Chief Executive Officer existing management resources and plans, including recruitment and training programs, to ensure that qualified personnel are attracted and developed with a view toward becoming available for succession to executive positions at Essential and key officer positions in its major subsidiaries, and report on this matter to the Board of Directors at least once each year;

(k) review and recommend to the Board of Directors for approval, all executive compensation information for inclusion in public disclosure documents; and

(l) review annually director compensation and recommend compensation terms that adequately reflect the responsibilities of the Board of Directors, the Board Chair, committee chairs and members.

The C&G Committee has the power to retain special legal, accounting, financial or other consultants or advisors to advise the C&G Committee, at Essential's expense, including a compensation consultant or advisor.

Other Board Committees

If the Board of Directors has standing committees other than the Audit and Compensation and Governance Committees, identify the committees and describe their function.

In addition to the committees set out above, the Board of Directors also has an HSE Committee. The primary function of this committee is to assist the Board of Directors in carrying out its oversight and due diligence responsibilities by reviewing, reporting and making recommendations to the Board of Directors on the development and implementation of the policies, standards and practices of Essential with respect to health, safety and the environment.

In addition to the disclosure contained in this document, please see Essential's Annual Information Form for the year ended December 31, 2016 filed on SEDAR at www.sedar.com for further details regarding the Audit Committee and the mandate of the Audit Committee of Essential.

Assessments

Disclose whether or not the Board of Directors, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board of Directors satisfies itself that the Board of Directors, its committees, and its individual directors are performing effectively.

The Board of Directors conducts an annual performance assessment of its overall performance, committee performance and individual self-assessments by each director. The objective of the review is to contribute to a process of continuous improvement in the Board of Directors' execution of its responsibilities. The assessments are conducted using a questionnaire that has been approved by, and then administered by the C&G Committee. The review has regard to the mandate of the Board of Directors and the applicable committees and identifies areas where the directors believe the Board of Directors could improve their collective contribution to overseeing the business and operation of Essential. The Board members also self-assess their effectiveness, contribution and competencies, as individual directors.

Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the Board of Directors has adopted term limits for the directors or other mechanisms of Board renewal, and if so, include a description of those director term limits or other mechanisms of Board renewal. If not, disclose why it has not done so.

Essential has not adopted director term limits. The Board of Directors does not believe that tenure of a director is necessarily a predictor of director effectiveness. Through the annual Board assessment process (discussed above in the section "Assessments"), the Board of Directors rigorously assess the effectiveness, contributions, competencies and skills of the individual directors and the Board as a whole with a view to identifying any gaps in skills and competencies considered most relevant for Board renewal considerations.

Policies Regarding the Representation of Women on the Board

Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If not, disclose why it has not done so.

Essential has not adopted a written policy relating to the identification and nomination of women directors. The C&G Committee and the Board of Directors believe a number of factors should be considered when identifying and nominating a director. While gender is a factor that is considered, a variety of other skills and experiences are also considered to find the best candidate.

Consideration Given to the Representation of Women in the Director Identification and Selection Process

Disclose whether and, if so, how the Board or nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, and if not, disclose the issuer's reasons for not doing so.

The C&G Committee and the Board of Directors go through a rigorous process when considering a nominee director including an evaluation of the skills and experience of the current directors, determining the gaps in skills and experience that exist and finding potential candidates to fill those gaps and round out the skills and experience of the Board of Directors as a whole. While gender has factored into recent director searches, the final recommendation for nomination has been based on the best combination of skills and experience for the position without placing a specific emphasis on gender as a factor.

Consideration Given to the Representation of Women in Executive Officer Appointments

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appoints, disclose the issuer's reasons for not doing so.

Senior management does not specifically focus on having a certain representation of women in executive officer positions. When making executive officer appointments, the skills and experiences of the candidates are considered without specifically targeting a male or female candidate. The successful candidate is the one with the desired mix of skills and experience, regardless of the individual's gender.

Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

Disclose whether the issuer has adopted a target regarding women on the issuer's board. If not, disclose why it has not done so.

Essential has not adopted a target regarding the number of women on the Board of Directors. As discussed above, the C&G Committee and the Board of Directors focus on best combination of skills and experience for the position rather than setting a specific target based on gender.

Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If not, disclose why it has not done so.

Essential has not adopted a target regarding women in executive officer positions. As discussed above, senior management focuses on the best combination of skills and experience for the position rather than setting a specific target based on gender.

Number of Women on the Board and in Executive Officer Positions

Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

Essential has no (0%) women on the Board of Directors.

Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

Essential has one woman in an executive officer position, representing 25% of the executive officers, at March 8, 2017. The position held by the woman is Vice President, Investor Relations and Corporate Secretary.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, nominee directors or senior officers of Essential, nor any of their associates, or affiliates is now or has been indebted to Essential or any of its subsidiaries since the commencement of the last completed fiscal year, other than for routine indebtedness, nor is, or at any time since the beginning of the most recently completed financial year of Essential has, any indebtedness of any such person been subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Essential or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors and officers of Essential, nominees for director, any Shareholder who beneficially owns more than 10% of the Shares, any other informed person (as defined in National Instrument 51-102 – Continuous Disclosure Obligations), or any known associate or affiliate of such persons, in any transaction since the beginning of Essential's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Essential or any of their respective subsidiaries other than as set forth herein.

OTHER MATTERS

Essential knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

Additional information relating to Essential is available on SEDAR at www.sedar.com. Financial and other information with respect to Essential is provided in Essential's annual audited consolidated financial statements for the year ended December 31, 2016 and the related management's discussion and analysis. Copies of Essential's financial statements and related management discussion and analysis are available upon request from Essential at Essential Energy Services Ltd., Livingston Place West, 1100, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1, attention: Corporate Secretary, by telephone at (403) 513-7272 or by email at service@essentialenergy.ca. This information is also accessible on Essential's website at www.essentialenergy.ca.

APPENDIX A

MANDATE OF THE BOARD OF DIRECTORS

In the Mandate of the Board, the following words and phrases shall have the meanings ascribed thereto:

"**Auditor**" means an external auditor to Essential;

"**Board**" or "**Board of Directors**" or “**Directors**” means the board of directors of the Corporation;

"**Board Chair**" refers to the chair of the Board, or to any lead director who is an independent director elected by peers to act as lead director;

"**Chairs**" or "**Committee Chairs**" refer to chairs of any Committee of the Corporation;

"**Chief Executive Officer**" means the President and Chief Executive Officer of Essential Energy Services Ltd.;

"**Committees**" means the committees of the Board;

"**Corporation**" means Essential Energy Services Ltd.;

"**Essential**" means, collectively, the Corporation and its subsidiaries and affiliated entities;

“**Executive Officers**” or “**Officers**” means the executive officers of the Corporation;

"**Mandate**" means the mandate of the Board of Directors of the Corporation;

"**Shares**" means shares of the Corporation.

Introduction to Stewardship Duties

The purposes and responsibilities outlined in this Mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities.

The Board is responsible to shareholders and others for the stewardship of Essential. The Board is responsible to oversee management of the business affairs of the Corporation and to act with a view to the best interests of the Corporation, growing value and maximizing return to shareholders.

The Board has plenary power with respect to the Corporation. Any responsibility not delegated to management or a Committee of the Board remains with the Board.

General Legal Obligations of the Board

1. The Board is responsible for the following legal matter oversight:

   (a) overseeing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;

   (b) approving changes in the By-laws, Articles of Incorporation, matters requiring shareholder or shareholder approval, and agendas for shareholder and shareholder meetings;

   (c) approving Essential's legal structure, names and brands, mission statement and vision statement, and any amendments thereto;

(d) overseeing management to ensure compliance by the Corporation with all applicable securities laws, including continuous disclosure obligations and in relation to an offering of securities of the Corporation; and

(e) overseeing management to ensure compliance by the Corporation with stock exchange rules.

2. The following business matters are the responsibility of the Board generally:

(a) to oversee the management of the business and affairs of Essential including the relationships among the Corporation and its respective affiliates with their executives, affiliates, shareholders, Directors and Officers;

(b) to act honestly and in good faith with a view to the best interests of Essential;

(c) to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

(d) to act in accordance with its obligations contained in the *Business Corporations Act* (Alberta), the *Securities Act* of each province and territory of Canada, other relevant legislation, regulations and policies, and the Corporation's Articles and By-laws;

(e) in particular, it should be noted that the following matters must be considered by the Board as a whole:

(i) submit to the shareholders of the Corporation any question or matter requiring the approval of the shareholders of the Corporation;

(ii) fill a vacancy among the Directors or in the office of Auditor;

(iii) issue securities except in the manner and on the terms permitted by law and authorized by the Board;

(iv) declare dividends;

(v) purchase, redeem or otherwise acquire Shares;

(vi) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase Shares;

(vii) approve management proxy circulars;

(viii) approve take-over bid circulars or Directors' circulars;

(ix) approve any financial statements; or

(x) adopt, amend or repeal By-laws of the Corporation.

Composition and Board Organization

Nominees for Directors are initially considered and recommended by the Compensation and Governance Committee of the Board, approved by the entire Board and appointed annually by the Corporation, in accordance with the direction given to the Corporation by vote of the shareholders of the Corporation.

The appropriate number of Directors from time to time will be determined to fairly reflect the investment in Essential by those shareholders other than a significant shareholder or significant group of shareholders.

A majority of Directors comprising the Board must qualify as "independent" Directors in accordance with the definition of "independent" Director from time to time under the requirements or guidelines for Board service under applicable securities laws and the rules of any stock exchange on which the Shares are listed for trading. On at least an annual basis, the Board will conduct an analysis and make a determination as to the "independence" of each Board member.

Certain of the responsibilities of the Board referred to herein may be delegated to Committees of the Board. The responsibilities of those Committees will be as set forth in their respective mandates, as amended from time to time.

The Board's set of criteria for addressing composition of the Board will include the present and anticipated skill set needed by the Board, experience, ethics, education, time availability, involvement in activities that conflict with Essential's business, term and the number of other directorships held. Other matters may be included that vary from time to time.

Duties and Responsibilities

3. Managing the Affairs of the Board and Governance

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described under the heading "General Legal Obligations of the Board". Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:

(a) developing the Board's approach to governance, including the development and maintenance of the Board Manual and the Governance Guidelines, which may be delegated to the Compensation and Governance Committee;

(b) planning its composition and size;

(c) selecting the Board Chair, or, as applicable, a "Lead Director";

(d) nominating candidates for election to the Board;

(e) appointing Committees;

(f) determining Director compensation;

(g) developing position descriptions or terms of reference for the Board Chair and the Chair of each Committee of the Board, as well as for the President, Chief Executive Officer and for individual Directors; and

(h) assessing the effectiveness of the Board itself, Committees and individual Directors in fulfilling their responsibilities at least annually.

4. Management and Human Resources

The Board has oversight responsibility for:

(a) the appointment and succession of the Chief Executive Officer and evaluating the Chief Executive Officer's performance, approving Chief Executive Officer compensation and providing advice and counsel to the Chief Executive Officer in the execution of the Chief Executive Officer's duties;

(b) satisfying itself as to the integrity of the Chief Executive Officer and that the Chief Executive Officer and other Executive Officers create a culture of integrity throughout the organization;

(c) approving a position description or terms of reference for the Chief Executive Officer;

(d) reviewing Chief Executive Officer performance at least annually against agreed upon written goals and objectives that the Chief Executive Officer is responsible for meeting and that have been approved by the Board;

(e) approving decisions relating to senior management, including appointment and discharge of Officers, compensation and benefits for Executive Officers, acceptance of outside directorships on public companies by Executive Officers (other than not-for-profit organizations), and special arrangements with Executive Officers, or other employee groups;

(f) ensuring succession planning programs are in place, including programs to train and develop management; and

(g) approving certain matters relating to all employees, including:

(i) the annual salary policy/program for employees;

(ii) new benefit programs or material changes to existing programs; and

(iii) material benefits granted to retiring employees outside of benefits received under any approved pension and other benefit programs.

5. Strategy and Plans

The Board has oversight responsibility to:

(a) participate with management in the development of, and ultimately approve, Essential's strategic plan, which strategic plan will take into account, among other things, the opportunities and risks of the business;

(b) approve the annual business plans that enable Essential to realize its objectives;

(c) approve annual capital and operating budgets that support Essential's ability to meet its strategic objectives;

(d) approve any political or charitable donations policy or budget;

(e) approve the entering into, or withdrawing from, lines of business or geographic markets that are, or are likely to be, material to Essential;

(f) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;

(g) approve material divestitures and acquisitions;

(h) approve major leases; and

(i) monitor Essential's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

6. Financial and Corporate Issues

The Board has oversight responsibility to:

(a) take reasonable steps to ensure the implementation and integrity of Essential's internal control and management information systems;

(b) monitor operational and financial results;

(c) approve the Audit Committee recommendation to recommend appointment of external Auditors and approve Auditors' fees;

(d) approve annual and quarterly financial results as approved by the Audit Committee and to approve release thereof by management;

(e) approve any management proxy circular, annual information form and any documents incorporated by reference therein;

(f) approve dividends in respect of the Shares;

(g) approve financings, changes in authorized capital, issue and repurchase of Shares, issue, reissue, sell or pledge debt obligations of the Corporation, listing of shares and other securities, issue of commercial paper, and related prospectuses;

(h) approve banking resolutions and significant changes in banking relationships;

(i) review coverage, deductibles and key issues regarding corporate insurance policies;

(j) approve contracts, arrangements or commitments that may have a material impact on Essential;

(k) approve the commencement or settlement of litigation that may have a material impact on Essential; and

(l) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired to secure any obligation of the Corporation.

7. Business and Risk Management

The Board has oversight responsibility for the following functions, which may be delegated to one or more Committees of the Board:

(a) ensure management identifies the principal business and financial risks and implements appropriate systems to manage these risks;

(b) ensure management procures appropriate insurance including Director and Officer insurance;

(c) review operating and financial performance relative to budgets or objectives;

(d) receive reports from management on matters relating to, among others, ethical conduct, environmental management, employee health and safety, human rights, and related party transactions;

(e) to the extent the same have not been delegated to the Audit Committee, assess and monitor management control systems:

   (i) assess information provided by management and others (e.g., external Auditors) about the effectiveness of management control systems; and

   (ii) understand principal risks and review whether Essential achieves a proper balance between risk and returns, and that management ensures that systems are in place to address the risks identified.

(f) monitor Essential’s risk management process.

8. Policies and Procedures

The Board has oversight responsibility to:

(a) approve and monitor compliance with all significant policies and procedures by which Essential is operated;

(b) direct management to ensure Essential operates at all times within applicable laws and regulations and according to the Code of Conduct adopted by Essential; and

(c) review significant new corporate policies or material amendments to existing policies.

9. Compliance Reporting and Communications

The Board has oversight responsibility to:

(a) ensure Essential has in place effective communication processes with its shareholders and other stakeholders and financial, regulatory and other recipients;

(b) approve interaction with shareholders on all items requiring shareholder response or approval;

(c) ensure that the financial performance of the Corporation is reported to shareholders, other securityholders and regulators in compliance with applicable law and regulations on a timely and regular basis, fairly and in accordance with generally accepted accounting principles;

(d) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and

(e) report annually to shareholders on the Board governance for the preceding year.

10. Standards of Liability

Nothing contained in this Mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of its Committees. The purposes and responsibilities outlined in this Mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities.