NOTICE OF ANNUAL GENERAL MEETING OF

ESSENTIAL ENERGY SERVICES LTD. SHAREHOLDERS

to be held May 17, 2022

and

INFORMATION CIRCULAR

March 9, 2022

The deadline for the receipt of proxies for the Meeting is 10:00 a.m. (Calgary time) on May 13, 2022

ESSENTIAL ENERGY SERVICES LTD.

NOTICE OF ANNUAL GENERAL VIRTUAL-ONLY MEETING OF SHAREHOLDERS

You are invited to the Essential Energy Services Ltd. ("Essential") 2022 annual general virtual-only meeting (the "Meeting") of holders of common shares ("Shares") of Essential ("Shareholders").

When: Tuesday, May 17, 2022
10:00 a.m. (Calgary time)

Where: Virtual-only meeting conducted via live audio online webcast at https://web.lumiagm.com/225738687

Why is Essential having a Virtual-only Meeting?

Essential is having a virtual-only meeting again this year as a result of continued concerns with COVID-19. At the time of preparing for the Meeting, the omicron variant was still a concern in Alberta. Over the past couple of years, it has become apparent that predicting if and when, a "new wave" arises is not possible. As it is challenging to pivot, at the last minute, from an in-person to a virtual meeting if required, the board of directors of Essential determined that a virtual-only meeting was the best way to plan for an annual meeting this year. The Meeting will be conducted via live audio online webcast and allows Essential's Shareholders to participate in the Meeting regardless of their geographic location. Shareholders will not be able to attend the Meeting in person.

At the Meeting we will Cover Four Items of Business:

1. Receive Essential's 2021 consolidated financial statements and the auditors' report;
2. Elect the directors;
3. Appoint the auditors; and
4. Other business.

Your Vote and Participation is Important

If you are a Shareholder of record of Essential at the close of business on April 6, 2022, you are entitled to receive notice of, participate in, and vote at the Meeting. We encourage you to vote your Shares and participate in the Meeting.

Participation in the Meeting will be via the following website: https://web.lumiagm.com/225738687.

If you participate in the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related registration procedures.

The board of directors has approved the contents of the Management Information Circular (the "**Circular**"). Please review the Circular as it contains important information about the Meeting, the items of business and explains who can vote and how to vote.

Dated at the City of Calgary, in the Province of Alberta, this 9th day of March 2022.

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 17, 2022

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 conducted in a virtual-only format via live audio webcast at https://web.lumiagm.com/225738687 at 10:00 a.m. (Calgary time) on May 17, 2022, and at any adjournment(s) thereof, for the purposes set forth in the accompanying notice of annual general meeting of Shareholders ("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 9, 2022, unless otherwise stated and all dollar amounts are expressed in Canadian dollars.

DETAILS ABOUT THE MEETING

Shareholder participation at the Meeting is important to Essential.

Virtual-only Meeting

Essential is having a virtual-only Meeting this year as a result of concerns related to the COVID-19 global health pandemic. The board of directors of Essential ("**Board of Directors**" or "**Board**") determined that a virtual-only meeting was the best way to hold an annual meeting this year. The Meeting will be conducted via live audio online webcast and allows Essential's Shareholders to participate in the Meeting regardless of their geographic location. Shareholders will not be able to attend the Meeting in person.

Despite holding the Meeting in a virtual-only format, Essential's intention is to return to an in-person meeting format for its 2023 annual meeting of Shareholders.

The following sections provide detailed information about the Meeting and how Shareholders can participate in the Meeting and vote their common shares of Essential ("**Shares**").

Meeting Date, Time and Location

The Meeting will be held on May 17, 2022 at 10:00 a.m. (Calgary time). The Meeting will be conducted in a virtual-only format via live audio online webcast at https://web.lumiagm.com/225738687.

Participation at the Meeting

Registered Shareholders: A Shareholder whose name appears on Essential's records as a Shareholder (a "**Registered Shareholder**") may vote at the Meeting by completing a ballot online during the Meeting, as described below under "Voting and Proxies – Registered Shareholders – How to Vote".

Beneficial Shareholders: A non-registered Shareholder whose Shares are registered in the name of a nominee, such as a bank, trust company, securities broker or other intermediary (a "**Beneficial Shareholder**") that would like to vote at the Meeting must appoint themselves as a proxyholder, see "Voting and Proxies - How to Vote - Beneficial Shareholders". Beneficial Shareholders who have not appointed themselves as proxyholders will be able to participate as a guest but will not be able to vote or ask questions at the virtual Meeting.

Shareholders that wish to appoint a third-party proxyholder to represent them at the virtual Meeting must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering a proxyholder is an additional step once a Shareholder has submitted their proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. To register a proxyholder, Shareholders MUST visit https://www.computershare.com/EssentialEnergy by 10:00 a.m. (Calgary time) May 13, 2022 and provide the transfer agent, Computershare Trust Company of Canada ("**Computershare**") with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email.

Shareholders can attend the Meeting as follows:

- Log in online at https://web.lumiagm.com/225738687. We recommend visiting the website in advance of the Meeting to ensure it works on the Shareholder's computer or device;

- Password: essential2022 (case sensitive);

- Registered Shareholders must enter the 15-digit control number provided on their form of proxy provided by Computershare, which constitutes their username; and

- Appointed proxyholders must enter the username provided by Computershare via email.

Voting and Proxies

Who is Seeking my Vote?

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.

Who can Vote?

Shareholders at the close of business on April 6, 2022 (the "**Record Date**") are entitled to receive notice of, and to vote at the Meeting. To the extent a Shareholder transfers the ownership of any of their Shares after the Record Date and the transferee of those Shares establishes that they own such Shares and request, 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.

How to Vote

The procedures for voting are different for a Registered Shareholder and a Beneficial Shareholder.

<u>Registered Shareholders</u>

Registered Shareholders may vote virtually at the Meeting or by proxy or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend virtually 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.

Registered Shareholders can vote virtually at the Meeting by logging in as set out above under "Participation at the Meeting" and clicking on the voting icon when the chair declares the poll open.

Registered Shareholders can vote by proxy in one of three ways:

- Call 1-866-732-VOTE (8683) toll-free and follow the instructions. Registered Shareholders will need to enter their 15-digit control number (located on the bottom left corner of the first page of the proxy form that was sent to them) to identify themselves as a Shareholder on the telephone voting system;

- Go to www.investorvote.com and follow the instructions. Registered Shareholders will need to enter their 15-digit control number (located on the bottom left corner of the first page of the proxy form that was sent to them) to identify themselves as a Shareholder on the voting website; or

- Complete the proxy form that was sent to them, sign and date it and return to: Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department).

Computershare must receive completed proxy forms 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.

Exercise of Discretion by Proxyholders

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 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, variations or other matters to come before the Meeting.

Beneficial Shareholders

The majority of Essential's Shares are held by Beneficial Shareholders. Most nominees (i.e. the bank, trust company, securities broker or other intermediary) delegate responsibility for obtaining voting instructions from their 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.

Beneficial Shareholders can vote by proxy in the following ways:

- Complete and return the Voting Instruction Form to Broadridge;

- Call the toll-free telephone number 1-800-474-7493; or

- Access Broadridge's dedicated voting website at www.proxyvote.com to deliver their voting instructions.

Broadridge will tabulate the results of all instructions received and provide appropriate instructions respecting the voting of Shares to be represented at the Meeting. **The Voting Instruction Form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Shares voted. Beneficial Shareholders cannot use the Voting Instruction Form to vote Shares directly at the virtual Meeting.**

If the Beneficial Shareholder wishes to vote their Shares at the virtual Meeting, they must do so as proxyholder for the Registered Shareholder. To do this, the Beneficial Shareholder should enter their name in the blank space on the Voting Instruction Form provided and return the same to their 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 is using "notice and access" to deliver Meeting materials to Beneficial Shareholders ("**Notice and Access**"). Notice and Access is a set of rules developed by the Canadian Securities Administrators that allows companies to post meeting materials online, reducing paper and mailing costs. Essential will post the Notice of Meeting, Circular, audited consolidated annual financial statements for the year-ended December 31, 2021 and related Management's Discussion and Analysis (collectively, the "**Meeting Materials**") for Beneficial Shareholders to access electronically.

Beneficial Shareholders will receive a package in the mail containing a Voting Instruction Form, a notice outlining the business items to be addressed at the Meeting as well as information about how to access the Meeting Materials online, how to obtain paper copies of the Meeting Materials at no charge, and how to vote.

Essential will not be using Notice and Access for Registered Shareholders. 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 at www.essentialenergy.ca.

A paper copy of Essential's annual financial statements and related management's discussion and analysis for the most recently completed financial year has been 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. Registered Shareholders that consented to electronic delivery received 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 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"). Essential intends to pay for proximate intermediaries to forward the proxy-related materials and Voting Instruction Form to objecting beneficial owners under NI 54-101.

Changing Your Vote

Registered Shareholders can revoke their previously submitted proxy form by voting at the Meeting. That will automatically revoke their previous proxy. In addition, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or their 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; or (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.

Beneficial Shareholders may revoke their previously submitted voting instructions by contacting their nominee.

Advance Notice Requirement

Essential's by-laws include an advance notice requirement relating to the nomination of directors (the "**Advance Notice Requirement**") designed to facilitate an orderly and efficient director nomination process by ensuring that all Shareholders receive adequate notice of director nominations and sufficient information in respect of all nominees so that the proposed nominees' qualifications and suitability as directors can be evaluated and an informed vote cast for the election of directors. The Advance Notice Requirement is intended to provide Shareholders, the Board of Directors and Essential with a clear framework for nominating directors and sets certain deadlines before the Shareholder meeting for a Shareholder to notify Essential of its intention to nominate one or more directors.

For the purposes of the Meeting, to be valid under the Advance Notice Requirement, as Notice and Access will be used for delivery of the Meeting Materials, notice must be received not less than 40 days prior to the date of the Meeting, provided that if the Meeting is to be held on a date that is less than 50 days after the date of the first public announcement of the date of the Meeting, notice must be received not later than the 10th day following the date of the first public announcement of the Meeting.

Essential's by-laws set out the information that must be included in or that must accompany the nominating Shareholder's notice. The Board of Directors may, in its sole discretion, waive any provision under the Advance Notice Requirement.

Pursuant to Essential's by-laws, no business may be transacted at the Meeting unless it is: specified in the Company's notice of meeting given by or at the discretion of the Company's Board of Directors; otherwise properly brought before the annual meeting of Shareholders by or at the discretion of Essential's Board of Directors; or that is properly brought before the annual meeting of Shareholders by any Shareholder in accordance with the requirements of the *Business Corporations Act* (Alberta) ("**ABCA**"), subject to the Advance Notice Requirement. No business may be transacted at a meeting of Shareholders unless it is specified in Essential's notice of meeting, subject to the Advance Notice Requirement. The entirety of the Advance Notice Requirements are set out in Essential's Amended and Restated By-law No. 1, which is available on Essential's SEDAR profile at www.sedar.com.

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 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 9, 2022, an aggregate of 141,853,313 Shares were issued and outstanding. Each Shareholder is 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, 2021 and the auditors' report thereon. The financial statements for the year ended December 31, 2021 have been approved by the Board of Directors and no formal action will be taken at the Meeting to approve the financial statements.

Item 2 - Election of Directors

Shareholders will be asked to elect the proposed directors set forth below to hold office until the close of the next annual meeting of Shareholders or until their successors are elected or appointed. There are presently six directors of Essential. Each of the directors have been nominated to stand for re-election to the Board until the Company's 2023 annual meeting or until their successors are elected or appointed.

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 their 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 their 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 name of each nominee and their relevant information is set out below. Also included is Share ownership, Share-based awards and Share option-based awards outstanding at March 9, 2022 for the nominee directors. Share-based awards include awards under the Deferred Share Unit ("**DSU**") Plan ("**DSU Plan**") and the Restricted Share Unit ("**RSU**") Plan ("**RSU Plan**"). Share option-based awards include the option to purchase Shares ("**Share Options**") under the Company's share option plan (the "**Share Option Plan**"). Non-employee directors are excluded from participation in the Share Option Plan and as such, Share Options may not be granted to non-employee directors. Essential's Share Option Plan was discontinued effective March 9, 2022.

<table>
<tr><td rowspan="6">Garnet K. Amundson
Age: 60
Calgary, Alberta, Canada
Director since April 2008(1)</td><td colspan="3">Mr. Amundson is the President, Chief Executive Officer and a Director of Essential, and has been, since 2008. He was one of the founders of Builders Energy Services Trust ("Builders") in 2004. Mr. Amundson led Essential and its predecessors through the initial public offering of Builders, two public company merger transactions with the acquisitions of Builders in 2008 and Technicoil Corporation in 2011, the acquisition and integration of numerous private oilfield services companies and multiple oilfield service-line business dispositions. Prior to his role at Essential, Mr. Amundson's business experience included managerial and officer roles at various levels of seniority with multi-national oil and gas producers, an international fertilizer company and a national accounting firm. He holds the Chartered Professional Accountant (CPA, CA) designation.</td></tr>
<tr><th>Board/Committee Memberships</th><th colspan="2">Attendance at Meetings during 2021</th></tr>
<tr><td>Board of Directors</td><td>7 of 7</td><td>100%</td></tr>
<tr><td>Health, Safety and Environment ("HSE") Committee</td><td>4 of 4</td><td>100%</td></tr>
<tr><th colspan="3">Other Public Company Board Memberships</th></tr>
<tr><td colspan="3">None</td></tr>
</table>

Securities Held at March 9, 2022					
Shares	**DSUs**	**RSUs**	**Total Value (2)**	**Share Options (4)**	**Meets Share Ownership Requirements (3)**
1,247,485	5,913,951	2,657,207	$4,909,322	200,000	n/a

<table>
<tr><td rowspan="6">James A. Banister
Age: 77
Calgary, Alberta, Canada
Director since April 2008(1)</td><td colspan="3">Mr. Banister is an independent businessman. He is the President and Chief Executive Officer of BanCor Inc., a private investment company since 1997. Mr. Banister has been an independent businessman since 1985 and has served as a director on the boards of a variety of public and private companies. Mr. Banister has a Diploma in Business Administration.</td></tr>
<tr><th>Board/Committee Memberships</th><th colspan="2">Attendance at Meetings during 2021</th></tr>
<tr><td>Board of Directors</td><td>7 of 7</td><td>100%</td></tr>
<tr><td>C&G Committee</td><td>3 of 3</td><td>100%</td></tr>
<tr><th colspan="3">Other Public Company Board Memberships</th></tr>
<tr><td colspan="3">None</td></tr>
</table>

Securities Held at March 9, 2022					
Shares	**DSUs**	**RSUs**	**Total Value (2)**	**Share Options (4)**	**Meets Share Ownership Requirements (3)**
1,071,230	1,022,842	170,952	$1,132,512	nil	Yes

Felicia B. Bortolussi Age: 55 Calgary, Alberta, Canada Director since November 2021	Ms. Bortolussi is a corporate lawyer and the principal of an independent legal and advisory practice in which she serves as out-sourced general counsel and as a board and executive-level legal advisor, since 2014. Prior thereto, Ms. Bortolussi was a partner in Canadian national and global laws firms. Ms. Bortolussi holds the ICD.D designation from the Institute of Corporate Directors.		
	Board/Committee Memberships	**Attendance at Meetings during 2021**	
	Board of Directors [5] C&G Committee [5]	1 of 1 1 of 1	100% 100%
	Other Public Company Board Memberships		
	None		

Securities Held at March 9, 2022					
Shares	**DSUs**	**RSUs**	**Total Value [2]**	**Share Options [4]**	**Meets Share Ownership Requirements [3]**
25,000	126,597	nil	$75,799	nil	No

Robert T. German Age: 62 Calgary, Alberta, Canada Director since May 2011	Mr. German is the Vice President, Finance at Oculus Transport Ltd., a private oilfield hauling company, since 2015. Prior thereto, Mr. German was with Horizon North Logistics as the President and Chief Executive Officer and Director (2010 to 2014). Mr. German has over 30 years of experience and holds the Chartered Professional Accountant (CPA, CA) designation.		
	Board/Committee Memberships	**Attendance at Meetings during 2021**	
	Board of Directors Audit Committee HSE Committee	7 of 7 4 of 4 4 of 4	100% 100% 100%
	Other Public Company Board Memberships		
	None		

Securities Held at March 9, 2022					
Shares	**DSUs**	**RSUs**	**Total Value [2]**	**Share Options [4]**	**Meets Share Ownership Requirements [3]**
42,000	742,878	121,048	$452,963	nil	Yes

Nicholas G. Kirton Age: 77 Calgary, Alberta, Canada Director since May 2009[1]	Mr. Kirton is an independent businessman and formerly a partner with KPMG LLP (“**KPMG**”), until 2004. Mr. Kirton has been a director of a number of publicly traded companies. He holds the Chartered Professional Accountant (CPA, CA) designation and is a Fellow of the Chartered Professional Accountants. Mr. Kirton holds the ICD.D designation from the Institute of Corporate Directors.		
	Board/Committee Memberships	**Attendance at Meetings during 2021**	
	Board of Directors Audit Committee C&G Committee	7 of 7 4 of 4 3 of 3	100% 100% 100%
	Other Public Company Board Memberships		
	The Green Organic Dutchman Holdings Ltd. (TSX: TGOD)		

Securities Held at March 9, 2022					
Shares	**DSUs**	**RSUs**	**Total Value [2]**	**Share Options [4]**	**Meets Share Ownership Requirements [3]**
235,500	731,228	121,048	$543,888	nil	Yes

<table>
<tr><td rowspan="3">Robert B. Michaleski
Age: 68
Calgary, Alberta, Canada
Director since June 2013</td><td colspan="3">Mr. Michaleski is an independent businessman. He is a retired senior executive after spending the majority of his career at Pembina Pipeline Corporation where he was the Chief Executive Officer (2000 to 2013) and President (2000 to 2012). Mr. Michaleski holds the Chartered Professional Accountant (CPA, CA) designation.</td></tr>
<tr><td>Board/Committee Memberships
Board of Directors
Audit Committee
C&G Committee
HSE Committee</td><td colspan="2">Attendance at Meetings during 2021
7 of 7 — 100%
4 of 4 — 100%
3 of 3 — 100%
4 of 4 — 100%</td></tr>
<tr><td colspan="3">Other Public Company Board Memberships
Vermillion Energy Inc. (TSX:VET)</td></tr>
</table>

Securities Held at March 9, 2022

Shares	DSUs	RSUs	Total Value (2)	Share Options (4)	Meets Share Ownership Requirements (3)
160,000	759,761	121,048	$520,405	nil	Yes

Notes:

(1) *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 its conversion to a corporation.*

(2) *Based on the March 9, 2022, Share price of $0.50 and includes the number of Shares, DSUs and if applicable, the number of RSUs.*

(3) *Share ownership requirements apply to non-employee directors and are discussed below under "Share Ownership Guidelines".*

(4) *Non-employee directors were excluded from the Share Option Plan and as such, Share Options were not granted to non-employee directors. Essential's Share Option Plan was discontinued effective March 9, 2022. Share Options previously granted will remain validly outstanding until the earlier of when they are exercised or their expiry in January 2024. See "Equity Compensation Plans – Share Option Plan".*

(5) *Ms. Bortolussi joined the Board and C&G Committee effective November 9, 2021. She had perfect attendance for the period she was on the Board and C&G Committee.*

Board Skill Set Matrix

The following table reflects the diverse and broad skill set of the nominee directors.

	G. Amundson	J. Banister	F. Bortolussi	R. German	N. Kirton	R. Michaleski
Business – executive or board experience in the oil and gas services industry or oil and gas exploration and production sector.	√	√	√	√	√	√
Corporate Governance – deep understanding of corporate governance through experience as an executive or board member of public and private organizations.	√	√	√	√	√	√
Financial – executive experience in public financial accounting and reporting; corporate finance including debt and equity and capital markets; familiarity with internal financial controls and procedures.	√		√	√	√	√
Legal – experience as a legal practitioner.			√			
Compensation – executive or board compensation committee participation with an understanding of executive compensation programs and succession planning.	√	√	√	√	√	√
Strategic Growth – executive or board experience related to strategic planning and strategy execution.	√	√	√	√	√	√
HSE – experience and/or understanding of the health, safety, environmental challenges facing Essential and its responsibility to protect the environment and ensure safe and healthy operations for its employees, customers and stakeholders.	√	√	√	√	√	√

Share Ownership Guidelines

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, calculated as: (i) the greater of the cost of the Shares when purchased and the market value of the Shares at time of measure; plus (ii) the greater of the grant date value of DSUs and the market value of DSUs at the time of measure. Upon assessment in the fourth quarter of 2021, each director, except Ms. Bortolussi, met the minimum ownership requirement. Ms. Bortolussi has until November 9, 2024, to meet the requirements.

Voting Recommendation

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 9, 2022 a director, chief executive officer ("**CEO**") or chief financial officer ("**CFO**") 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, CEO or CFO; 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, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

No proposed director: (i) is, or was within the last 10 years prior to March 9, 2022 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 9, 2022 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.

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.

Shareholder Engagement

Management typically meets, in person, via telephone or virtually, with its largest known institutional Shareholders on an annual basis, at a minimum. Management welcomes more frequent dialogue, when requested by a Shareholder. When items of significant concern are raised by Shareholders, management ensures these items are brought to the attention of the Board of Directors. In addition, management has regularly engaged with the investment community through attendance at investor-focused conferences (in person and virtually, after March 2020) and are available to meet, as requested, with Shareholders and potential Shareholders.

Governance Scorecard

Board Composition and Policies		Page Reference
Number of independent directors [(1)]	5 of 6 (83%)	37
Every meeting has an *in-camera* session without the employee director	Yes	37
Share ownership policy for directors	Yes	11
Formal Board assessment process	Yes	46
Director attendance at 100% of the Board / committee meetings [(2)]	Yes	38
Directors that are on an excessive number of other public company boards	None	37
Governance		
Fully independent chair of the Board	Yes	38
Fully independent Audit and C&G Committees	Yes	37
Separate Board Chair and CEO	Yes	
Anti-hedging policy	Yes	20
Directors elected individually (not by slate)	Yes	7
Majority voting policy	Yes	8
Board succession planning	Yes	43
Regular engagement with Shareholders	Yes	12
Board oversight of Environment, Social and Governance ("**ESG**") matters	Yes	45
Audit		
Percentage of Audit Committee members that are financial experts [(3)]	100%	39

Notes:
(1) Mr. Amundson, by virtue of his role as President & CEO of Essential is considered non-independent.
(2) Each of the Board members had 100% attendance at all Board and committee meetings in 2021 (for the committees they are a member of).
(3) All of the Audit Committee members are CPA, CA designated.

Item 3 - Appointment of Auditors

Shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution to appoint KPMG, Chartered Accountants, Calgary, Alberta, to serve as auditors of Essential until the next annual meeting of Shareholders and to authorize the Board of Directors to fix their remuneration as such. KPMG have been the auditors of Essential since March 21, 2018.

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 ("**AIF**") dated March 9, 2022 under the heading "Composition of the Audit Committee and Mandate" and is incorporated by reference herein. The current AIF is available on Essential's SEDAR profile at www.sedar.com. The AIF 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. When completed, the comprehensive review evaluates the external auditor's performance and independence and has been carried out under guidance published by Chartered Professional Accountants of Canada, the Institute of Corporate Directors and the Canadian Public Accountability Board. The review focuses 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 the interim years, the auditor evaluation questionnaire that is used is a formal, but not comprehensive, assessment.

In December 2021, the Audit Committee conducted a review of KPMG using an auditor evaluation questionnaire. The questionnaire evaluated KPMG in terms of the quality of services provided, independence and various other aspects of the services they provided. The Audit Committee concluded to recommend the re-appointment of KPMG as auditors until the next annual meeting.

It is the intention of the management designees, if named as proxyholder, to vote for the above-referenced resolution unless otherwise directed.

Item 4 – 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

Share Option Plan

Essential's Share Option Plan was designed to provide officers and employees of, and consultants to, the Company and its subsidiaries (collectively, the "**Optionees**") with a long-term equity-based performance incentive. 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**") could grant Share Options to Optionees. Non-employee members of the Board of Directors were not allowed to participate in the Share Option Plan.

On May 9, 2019, 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 9, 2022.

The Share Option Plan was discontinued by the Board of Directors effective March 9, 2022. As a result, as of March 9, 2022, new Share Options cannot be granted. However, Share Options that were previously granted will remain validly outstanding until the earlier of when they are exercised or their expiry in January 2024.

The only Essential compensation arrangement that could be settled with the issuance of Shares was the Share Option Plan. The terms of the Share Option Plan are summarized in Essential's management information circular dated March 22, 2021, a copy of which is available on Essential's SEDAR profile at www.sedar.com. A copy of the Share Option Plan is also available on Essential's SEDAR profile.

Restricted Share Unit Plan

Essential has an RSU Plan that is intended as a compensation tool for the Company to recognize the contribution of members of the Board of Directors, 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 Participants. Essential believes it is important to align the interests of the Participants with Shareholder interests. 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. RSUs can only be settled by payment of cash to the Participant.

Prior to November 3, 2021, the RSU Plan did not provide for granting of RSUs to non-employee directors. Effective November 3, 2021, the RSU Plan was amended to allow non-employee directors to participate in the RSU Plan. As the tenure of non-employee directors extends, the future liability for settling their DSUs may increase (depending on the Share price). In an effort to mitigate this, the Board of Directors determined it appropriate to grant RSUs to non-employee directors. RSUs have a shorter vesting term, and in the future will be granted to non-employee directors that have met their minimum share ownership requirements.

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: 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: RSUs will be settled 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 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 Board of Directors) for the five trading days immediately preceding the vesting date, less any applicable withholding taxes.

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 a member of the Board of Directors, 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 a member of the Board of Directors, 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 accordance with the terms of the RSU Plan.

Amendment Provisions: 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 Company's Share Option Plan was discontinued effective March 9, 2022. See "Equity Compensation Plans – Share Option Plan". The following tables that set forth information with respect to Essential's long-term incentive plans ("**LTIP**") solely relate to Essential's Share Option Plan at December 31, 2021:

Plan Category	Number of Shares to be issued upon exercise of outstanding Share Options at December 31, 2021	Weighted-average exercise price of outstanding Share Options	Number of Shares remaining available for future issuance under equity compensation plans (1)
Equity compensation plans approved by Shareholders:			
Share Option Plan	1,478,000	$0.68	7,033,409
Equity compensation plans not approved by Shareholders	n/a	n/a	n/a
Total	1,478,000	$0.68	7,033,409

Note:

(1) The maximum number of Shares that could be issued by the Company on the exercise of Share Options at December 31, 2021 was 6% of issued and outstanding Shares.

Share Option Burn Rate

Essential's burn rate for each of the last three years is calculated as follows:

	2021	2020	2019
Equity compensation plans approved by Shareholders:			
Share Option Plan grants	Nil	Nil	532,000
Weighted average shares outstanding	141,856,813	141,856,813	141,856,813
Burn rate	0.0%	0.0%	0.4%

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 include the compensation philosophy, compensation for the executive team, bonus and benefit plans and succession planning.

The C&G Committee is composed of four directors. As set out in the mandate of the C&G Committee, a majority of the members must be independent. The Board of Directors appoints the Chair of the C&G Committee.

The C&G Committee may retain 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 services companies; specifically, with small market capitalization companies.
Nicholas Kirton	Yes	In the past 17 years has served on the compensation committee of four public companies, including Essential. Holds the ICD.D (Institute of Corporate Directors) certification which includes education regarding executive compensation.
Felicia Bortolussi	Yes	A corporate lawyer with over 20 years of experience and expertise as a legal advisor to public company boards, compensation committees and executive teams developing, implementing and advising on executive compensation strategy and programs. Holds the ICD.D certification which includes education regarding executive compensation.

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

Compensation Discussion and Analysis

This section describes Essential's Named Executive Officers ("**NEOs**") 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, 2021 were:

Name	Position
Garnet Amundson	President and CEO
Eldon Heck	Vice President, Downhole Tools & Rentals
Jeff Newman	CFO
Karen Perasalo	Vice President, Finance & Corporate Secretary
Jade Iluk	Director, Human Resources

Throughout the Executive Compensation section, when used, the term Executive NEO refers to Mr. Amundson, Mr. Heck, Mr. Newman and Ms. Perasalo. Matters related to compensation of the Executive NEOs are recommended by the C&G Committee to the Board of Directors for approval.

Compensation Philosophy, Strategy, Objectives and Components

Essential's NEO compensation program is designed to align the interests of NEOs with the interests of Shareholders, link NEO compensation to Essential's strategic business objectives and attract and retain high-performing NEOs. Essential's philosophy is to compensate NEOs in consideration of the following:

- business performance;
- ESG metrics and initiatives, most specific to health, safety and environment performance; and
- achievement of individual annual qualitative and quantitative goals.

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

In the period 2012 to 2015, Essential utilized third-party compensation consultants to provide a strategy for Essential's compensation structure for the executives and the Board of Directors. This included consideration of the various pay elements to align them with market practices, Essential's compensation philosophy, and to develop a strategy regarding compensation against the peer group, including making compensation decisions based on market data. The C&G Committee has not engaged a compensation consultant since 2015.

Commencing in 2015 and continuing through 2020 (the "**Downturn**"), a significant decline in commodity prices and customer spending resulted in reduced and volatile business activity.

2021 was largely a transition year towards economic recovery as the global demand for oil and natural gas increased and commodity prices improved. Industry producer cash flows improved but the demand for oilfield services remained relatively low (see "2020 and 2021 Macroeconomic and Health Pandemic Challenges for the Oilfield Services Sector"). Government incentives and other business support programs initially put in place in 2020 were reduced and ultimately, eliminated by the end of 2021, largely offsetting the EBITDAS (see "Definitions") benefits of increased activity. As a result, Executive NEO compensation decisions during the Downturn and in 2021 placed less consideration on direct peer group comparison and instead focused on Essential's financial health and performance, cash flow generation, individual performance and internal positional relativity.

Essential's NEO compensation program typically includes four components: salary, annual bonus plan ("**ABP**"), LTIP and benefits. LTIP typically includes Share Options, RSUs and DSUs (only for Executive NEOs). The use of Share Options was reduced or eliminated in recent years and the Share Option Plan was discontinued effective March 9, 2022 (see "Equity Compensation Plans - Share Option Plan"). Essential does not have a target ratio for each of the four individual components but the C&G Committee does consider the relative ratio of each element of pay. These elements also vary in size and proportion each year depending on free cash flow of the Company and the individual's performance. Commencing in 2022, with the Company's free cash flow expected to improve due to industry activity, NEOs LTIP compensation is expected to be exclusively in RSUs.

Prior to the Downturn, fixed compensation components, such as salary, were typically positioned at market median levels, with consideration given for individual performance, tenure and scope of role. Variable compensation components, such as annual bonus and LTIP, were structured to provide the opportunity for above-market total compensation for high levels of corporate and individual performance.

During the Downturn, the C&G Committee used, to a certain extent, a percentage of 2014 NEO total compensation as a benchmark to set their total compensation relative to both company and individual performance. In 2021, the C&G Committee used a percentage of 'at target' Executive NEO total compensation as the benchmark. However, through the Downturn and in 2021, fixed compensation was reduced and variable compensation was often altered or eliminated to align with Shareholder interests in order to preserve cash flow, reduce debt and retain key personnel. In certain years, NEOs voluntarily accepted LTIP in lieu of reduced cash compensation, thereby increasing their deferred, 'at risk' compensation. In addition, given Share price declines during the Downturn, NEOs lost significant compensation relative to the value that was reported in the years granted, but never realized. Although the NEO LTIP value loss aligned appropriately with losses experienced by Shareholders, Essential's NEOs accepted increased compensation risk through the decision to decrease their components of cash compensation and increase LTIP compensation.

Compensation Overview Table

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 (ABP)	Rewards accomplishment of annual business and ESG targets and objectives (specifically HSE goals and objectives) 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/or performance-vested)	Up to three years
	Long-term incentive (LTIP)	Aligns compensation with long-term corporate performance and the interests of Shareholders	DSUs (time-vested) Executive NEOs only	Indefinite [2]
			Share Options [3]	One to five years
Other Compensation [4]	Savings plan	Assist with saving including investment in Essential's Shares	Match/supplement NEO savings plan contributions [5]	Ongoing (suspended)
	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 seniority	Taxable allowances or perquisites	Ongoing

Notes:
(1) While salary is considered a "fixed" component, NEOs are subject to downside risk. From 2015 to 2021, NEO salaries have been voluntarily reduced, in varying percentages, below their base salaries.
(2) Cash payment for DSU settlement is not received until the Executive NEO departs the organization.
(3) Essential discontinued the Share Option Plan effective March 9, 2022.
(4) Essential does not have a pension plan.
(5) The Savings Plan matching program was suspended in May 2020 and remained suspended throughout 2021.

Compensation Approval Process

The C&G Committee reviews the various compensation components both individually and in total, to ensure they align with the program objectives. The C&G Committee then recommends all Executive NEO compensation components to the Board of Directors for their approval. Typically, this process begins in the fall with annual LTIP grants occurring in January and ABP payments typically occurring in March, based on performance from the previous year. Salaries are typically reviewed in June after peer information circular documents are available. There was a departure from some of the typical process timing in 2021. See "Compensation Components - Details".

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 is a drilling or oilfield services company that is publicly traded in Canada and headquartered in Canada. The peer group for 2021 data analysis (analysis of 2020 compensation data in 2021) included:

Cathedral Energy Services Ltd.	Source Energy Services Ltd.
CWC Energy Services Corp.	STEP Energy Services Ltd.
High Arctic Energy Services Inc.	Trican Well Service Ltd.
PHX Energy Services Corp.	Western Energy Services Corp.

The peer group is typically analyzed for the following compensation elements: salary, bonus and the estimated value of share-based incentives. Typically, it is difficult to obtain positional matches for all Essential NEOs. Peer group analysis has typically focused on the CEO and CFO roles with internal relativity being applied to determine compensation for the other two Executive NEO positions. The C&G Committee acknowledges that during the Downturn, business performance, debt levels and financial conditions faced by some peers could dictate decisions and outcomes that may not have been relevant to Essential's compensation practices. Generally, due to the static or reduced nature of NEO cash compensation during the Downturn, peer data has generally not been used to set compensation but has nonetheless been reviewed to understand where NEO compensation fits relative to the peer group. However, in 2021, peer data was reviewed and considered, in addition to internal relativity, to revise Executive NEO base salaries, against which voluntary reductions were applied in view of ongoing health pandemic and macroeconomic uncertainties.

Risk and Compensation

The C&G Committee considers the risks associated with Essential's compensation policies and practices and 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 consists of: salary, ABP, LTIP and benefits. At the NEO level, a significant percentage of total compensation is tied to LTIP. Share Options were 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. DSUs (for Executive NEOs only) typically vest after one year, unless otherwise determined by the C&G Committee, however, they cannot be exercised until the Executive NEO leaves the organization. The Share Option Plan was discontinued effective March 9, 2022. See "Equity Compensation Plans – Share Option Plan".

- 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 has a policy that prohibits the Board of Directors and NEOs 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 Board member or an NEO.

2020 and 2021 Macroeconomic and Health Pandemic Challenges for the Oilfield Services Sector

After the devasting negative effect on the global demand for oil from the 2020 Saudi Arabia/Russia oil price war (the "**Oil Price War**") and the COVID-19 health pandemic, the global demand for oil steadily improved in 2021 as did the price for oil ("**WTI**"). In addition, the price for Canadian natural gas ("**AECO**") improved in 2021 relative to

2020. These two factors generally increased commodity price-driven exploration and production ("**E&P**") company cash flows in 2021. This surplus cash flow in 2021 was generally applied to E&P company debt reduction and returning cash to shareholders through dividends and share repurchases, rather than significantly increasing capital spending. The Canadian E&P capital reinvestment ratio (E&P capital spending as a percentage of cash flow) was lower in 2021 than the previous ten years. Although industry oilfield services activity did increase in 2021, drilling and completion activity and the demand for oilfield services was low relative to the strength of commodity prices and E&P free cash flow generation in 2021. Oilfield service pricing in 2021, however, continued to lag as sufficient industry equipment and personnel generally continued to be available at these modest activity levels.

For Essential, this resulted in some financial recovery beginning in 2021 relative to revenue and earnings in 2020. This was, however, partially offset by a reduction in government support programs in 2021 relative to those received in 2020. In 2020, there were employee layoffs and significant cash compensation reductions for NEOs, the Board of Directors and all employees. In 2021, cash compensation was increased, reflecting the early stages of an oilfield services sector recovery.

Compensation Components - Details

<u>Salary</u>

<u>Framework</u>

Prior to the Downturn, an Essential NEO's salary was based on relevant market information and an NEO's experience, performance and scope of responsibility. For a fully competent NEO in a given position, Essential targeted salary at the median of the peer group. A high performing, long-serving NEO with a broader than typical role scope could have salary exceeding the peer group median. Since 2015, NEO salaries have been reduced by varying percentages. As Essential continues to transition into an industry recovery, the C&G Committee will look to return to this salary framework.

<u>2020 and 2021</u>

In January 2020, Essential's NEO salaries were fully re-instated for the first time since 2014 (Mr. Iluk's salary was fully reinstated in September 2019). However, due to the significant economic and commodity price impacts of the Oil Price War and COVID-19 (see "2020 and 2021 Macroeconomic and Health Pandemic Challenges for the Oilfield Services Sector"), NEO salaries were once again reduced effective May 2020 by up to 50%. With hindsight, the C&G Committee believed the reductions were higher than those taken by Essential's peer group. The C&G Committee closely monitored economic conditions, business performance and NEO cash compensation between May and December 2020, with a view to making adjustments as appropriate. For the period May 2020 to December 2020, certain NEO salaries were partially restored with individual Executive NEO salary reductions ranging from 21% to 50% of their full base salary.

In January 2021, as activity and the macroeconomic outlook improved, peer data was reviewed and considered to make a market adjustment for Executive NEO base salaries, to which a 15% reduction was applied. This was, in general, the first peer-data driven market adjustment for the Executive NEOs since 2014. In July 2021, as industry activity improved, NEO salaries were partially restored to a 5% reduction. This 5% reduction of base salary remained unchanged for the NEOs through to December 31, 2021.

<u>Annual Bonus Plan</u>

<u>Framework</u>

Prior to the Downturn, Essential's ABP program targeted annual NEO cash compensation (calculated as: salary plus target ABP) at or above the median of the peer group for target levels of performance. Thresholds were set for each NEO for the percentage of salary that could be earned for minimum (nil), threshold, target and maximum achievement of each category of performance. The ABP percentage of salary opportunity is higher for the CEO than the other NEOs. The Board of Directors has the discretion to reward above ABP parameters. The Board of Directors also has the discretion to pay zero or below ABP parameters if the Company has insufficient cash flow to support ABP payments, for poor business performance or when individual performance has been unsatisfactory. Essential's ABP scorecard approach links awards with business results and individual performance. A corporate performance factor aligns the ABP plan directly to EBITDAS (see "Definitions"), and is considered along with the following quantitative and qualitative criteria:

(a) Assessment of the execution of Essential's ESG objectives and performance metrics. From an operational perspective, a key aspect of the ESG program is effective HSE management. Metrics for which performance goals are set and progress monitored includes fostering a diverse, respectful, safety conscious culture and strong statistical safety performance. This includes:

  (i) measuring total recordable incident frequency ("**TRIF**") against targets that are typically set late in the previous year. TRIF measures the number of total recordable injuries in the exposure period as a percentage of workforce hours;

  (ii) measuring fatigue-violation rates ("**FVR**") and carrier profile targets that ensure employees are operating in a safe and responsible manner and within the social and regulatory expectations of the industry;

  (iii) monitoring and measure of any environmental spills and contamination and subsequent remediation;

(b) Achievement of individual annual qualitative and quantitative performance goals. Specific and measurable individual goals are set annually, and each participant is evaluated against those goals; and

(c) Individual performance, as evaluated annually through personal goals and a performance management process.

For each of the above categories, actual performance results are compared against predetermined criteria to determine if performance warrants a minimum (nil), threshold, target or maximum award, or somewhere in between. In the case of significant underperformance, any category can be assigned a zero.

An overriding discretionary performance factor is then determined based on EBITDAS and is approved by the Board of Directors. For ABP determination purposes, EBITDAS is considered prior to ABP expense. The use of a performance factor allows the Board of Directors to consider Essential's 'ability to pay' ABP. Individual awards, which are performance-driven and based on pre-established ABP targets, are then proportionately adjusted for all participants as dictated by the performance factor.

The ABP payment for the Vice President, Downhole Tools & Rentals is subject to a different scorecard methodology that is based on relative weighting of revenue, EBITDAS and safety metrics (primarily TRIF) for the Downhole Tools & Rentals business. It is proportionately adjusted as dictated by the performance factor.

The target value of NEO ABP awards, 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 Board of Directors approves the total Company ABP pool and individual Executive NEO ABP awards each year. The Board of Directors can exercise discretion when determining an Executive NEO's ABP award. Executive NEO ABP targets are specified in contractual agreements. The contracts do not specify the concept of a performance factor or minimum free cash flow generation. Through the Downturn and in 2021, the Executive NEOs often volunteered to accept reduced cash compensation – salary and ABP - below contractual levels, despite strong personal performance during extremely challenging business conditions. In some years, a portion of that voluntary cash compensation reduction was replaced with cash-deferred, higher risk RSU or DSU compensation.

The oilfield services sector is typically very cyclical in nature. As a result, the annual payout of ABP awards fluctuate in relation to Company performance and the condition of the oil and natural 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. Since 2014, the ABP was suspended in two separate years, with nil payments.

2020 and 2021

In May 2020, the ABP was suspended. However, discretionary bonuses and incentive programs were paid to ABP-eligible staff for individual performance and goal achievement in Q1 and Q4 2020 and quarterly in 2021, with consideration to the overall business performance factor. Based on Essential's strong financial position (cash in excess of long-term term debt through 2021) and its 'ability to pay', Essential used the structure of the ABP as the general basis to determine eligibility on a quarter-by-quarter basis. Differentiation for performance and goal attainment was achieved but was limited due to the significantly reduced funds available in 2020 and 2021 due to moderated industry activity.

In 2020, Executive NEO bonuses were approximately 28% to 38% of their calculated 2020 'target' ABP eligibility, which did not correlate with the relatively strong 2020 performance in HSE, EBITDAS generation, adjustment of business strategy to the challenges of the health pandemic and economic downturn and achievement of personal goals. In 2021, Executive NEO bonuses were approximately 67% to 71% of their calculated 2021 'target' ABP eligibility.

Long Term Incentive Plans

Prior to the Downturn, the number of Share Options, RSUs and/or DSUs granted annually to each NEO targeted the median of the peer group such that, when combined with other elements of compensation, Total Compensation (salary plus target ABP plus LTIP) could achieve the 75th percentile of the peer group when Share price performance warrants, or above in the case of superior Share price performance. During the Downturn and in 2021, LTIP grants were based largely on historical grants. In 2021, regular LTIP grants were largely consistent with the dollar value of 2019 and 2020 regular NEO grants. Varying share price at grant date can alter the number of units granted to each NEO.

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.

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. Market information, positional responsibility, performance and attraction and retention considerations determine the extent that Share Options, RSUs and/or DSUs are used to compensate NEOs. Commencing in 2022, the C&G Committee anticipates that it will exclusively use RSUs for LTIP compensation of NEOs and staff, with varying vesting arrangements that allow the C&G Committee to manage risk and compensation reward in accordance with Company objectives.

During the Downturn, in certain years, reductions in cash compensation (i.e. rolled back salaries and lower, or nil, ABP) were partially offset by incremental LTIP grants ("**Shortfall LTIP**"). Use of Shortfall LTIP preserved cash for Essential and offered deferred compensation to NEOs but increased the component of 'at risk' compensation for NEOs.

In 2020, the NEOs received incremental Shortfall LTIP grant value in DSUs and/or RSUs. In 2021, the Executive NEOs received incremental Shortfall LTIP grant value in RSUs. In both years, the number of incremental DSUs and/or RSUs granted were determined as a percentage of foregone cash compensation.

Effective March 9, 2022, the Company discontinued the Share Option Plan. See "Equity Compensation Plans – Share Option Plan".

Share Option Plan

The Company's Share Option Plan provided Optionees with a long-term equity-based incentive to align the interests of management with the interests of Shareholders. As Essential's Share price increased, Share Options increased in value. Share Options have not been granted since 2019 and the Share Option Plan was discontinued effective March 9, 2022. The Share Options that are currently outstanding are held by Executive NEOs, are fully vested, and will remain validly outstanding until the earlier of when they are exercised or their expiry in January 2024.

More information regarding Share Options granted to NEOs is available in the table under the heading "Outstanding Option-Based Awards and Share-Based Awards".

RSU Plan

The RSU Plan provides a medium-term incentive to retain and attract employees and align the interest of management with the interests of Shareholders. The C&G Committee has authorized issuance of time-vested and/or performance-vested RSUs. RSUs granted under the RSU Plan can only be settled with cash. The RSU Plan is described in detail under the heading "Equity Compensation Plans – Restricted Share Unit Plan".

The time and performance vesting provisions of the RSU Plan are subject to the 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 performance over time. Historical RSU grants have ranged from 100% performance-vested to 100% time-vested with varying proportions in between. In setting the vesting-criteria for a particular grant, the C&G Committee considers other elements of compensation, seniority in the organization and objectives of the grant. As at December 31, 2021, all outstanding RSUs were 100% time vested.

More information regarding RSUs granted to NEOs is available in the table under the heading "Outstanding Option-Based Awards and Share-Based Awards". The values presented in the table are theoretical values for RSUs at December 31, 2021, not the value that may ultimately be realized by the NEO.

In 2021, the RSU Plan was adjusted to allow non-employee members of the Board of Directors ("**Eligible Directors**") to participate in the RSU Plan. As the tenure of Eligible Directors extends, the future liability for settling their DSUs may increase (depending on the Share price). In an effort to mitigate this, the Board of Directors determined in 2021 that it will grant RSUs to Board members. RSUs have a shorter vesting term, and in the future will be granted to Eligible Directors that have met their minimum share ownership requirements.

More information regarding RSUs granted to Eligible Directors is available in the table under the heading "Directors' Outstanding Option-Based Awards and Share-Based Awards". The values presented in the table are theoretical values for RSUs at December 31, 2021, not the value that may ultimately be realized by the Eligible Director.

Deferred Share Unit Plan

The DSU Plan provides Eligible Directors and Executive 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 DSU Participants, 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 or employee, as applicable.

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.

- 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.

An Executive NEO may participate in the DSU Plan in the following way:

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

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

As the service term of Eligible Directors and Executive NEOs extends, the future liability for settling their DSUs may increase (depending on the Share price). Executive NEOs have accumulated significantly increased DSU positions through taking voluntary cash compensation reductions during the extended Downturn. With industry conditions improving, and in an effort to mitigate an ongoing increase in the DSU liability, the Board of Directors determined in late-2021 that the Company should cease granting incremental DSUs to Executive NEOs and Eligible Directors who have met their Share ownership requirements. RSUs have a shorter vesting term, and in the future will be granted to Eligible Directors that have met their minimum share ownership requirements. In 2021, DSUs were not issued to Executive NEOs as part of their normal annual LTIP grants. Prior to adopting this new philosophy related to DSUs, Mr. Amundson received a DSU grant as consideration for a contractual change to his severance calculation, reducing his severance term from 24 months to 18 months.

DSUs are redeemed within 15 days of the DSU Participant ceasing to be an Eligible Director or employee, as applicable, except in the case of death, or other unique circumstances where a longer time period for redemption may be allowed or required.

More information regarding DSUs granted to Executive NEOs is available in the table under the heading "Outstanding Option-Based Awards and Share-Based Awards". The values presented in the table are theoretical values for DSUs at December 31, 2021, not the value that may ultimately be realized by the Executive NEO.

More information regarding DSUs granted to Eligible Directors is available in the table under the heading "Directors' Outstanding Option-Based Awards and Share-Based Awards". The values presented in the table are theoretical values for DSUs at December 31, 2021, 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. Essential does not have a pension plan or provide any pension benefits to its employees or NEOs. 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 NEOs and that of their dependents and provide certain 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 employees with accidental death and dismemberment insurance, disability insurance as well as extended health, vision and dental coverage.

Employee Savings Plan

All employees and NEOs may contribute to Essential's employee savings plan ("**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.

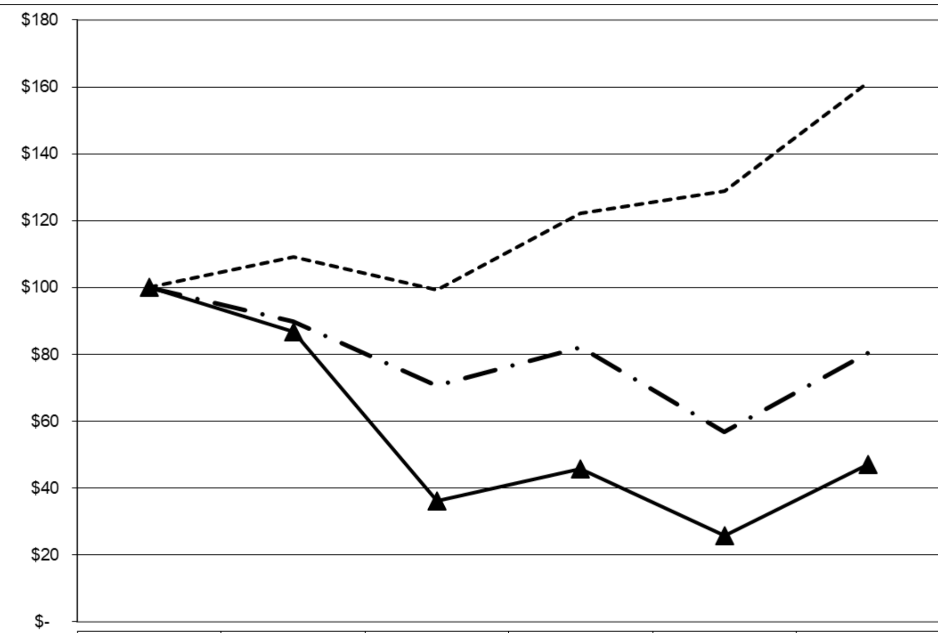
In May 2020, Essential suspended company-matching contributions of NEOs' and employees' personal contributions to the Employee Savings Plan. At December 31, 2021, the company-matching contribution for employees and the NEOs remained suspended.

Changes to Executive NEO Contractual Severance Entitlement

Acknowledging the long service tenure of its Executive NEOs, the significant voluntary cash compensation reductions taken by the Executive NEOs during the prolonged Downturn, and the strong financial position of the Company as the Downturn began to end, the Board of Directors reduced the contractual severance term of each Executive NEO by six months, with consideration settled in LTIP, thus reducing the potential future liability to Essential. Mr. Amundson received a DSU grant in 2021 as consideration for the contractual change to a portion of his severance entitlement, reducing his severance term from 24 months to 18 months. Mr. Newman and Ms. Perasalo received an RSU grant in 2022 as consideration for the contractual change to a portion of their severance entitlement, reducing their severance term from 18 months to 12 months. Mr. Heck received an RSU grant in 2022 as consideration for his severance calculation and ceased to be an employee. As part of the transition process, Mr. Heck has agreed to continue supporting management as a consultant until August 31, 2023.

Performance Graph

The following graph illustrates the cumulative total shareholder return for $100 invested in Essential, effective December 31, 2016, compared to the S&P TSX Composite Total Return Index (the "**Index**") for the applicable period, assuming all distributions and dividends are reinvested, and compared to the S&P TSX Energy Index (the "**Energy Index**"). The Energy Index is comprised of large capitalization Canadian E&P companies. While this is not a pure comparative due to Essential being a microcap oilfield services company, it reflects similar industry trends that Essential experienced.



	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
ESN	$100	$87	$36	$46	$26	$47
S&P TSX Index	$100	$109	$99	$122	$129	$161
S&P TSX Energy Index	$100	$90	$71	$82	$57	$81

The five year period displayed above portrays Essential's Share price through the extended industry Downturn, with a transition towards recovery in 2021. Over the five year period, Essential's Share price generally followed the trend of the Energy Index, with a much sharper decline in 2018. This sharper decline may be attributed to Essential's relatively small market capitalization and low trading liquidity. Essential's Share price in 2021 increased 81% from the end of 2020.

Compensation Granted Versus Compensation Realized

The "Summary Compensation Table for Named Executive Officers" herein ("**Summary Compensation Table**") sets out compensation that was *granted* to the NEOs with calculations based on the requirements outlined in Form 51-102F6 – *Statement of Executive Compensation*. The total value granted for Share-based awards and Share Option-based awards was not actually realized (i.e. that value was not received) by the NEOs.

Using the CEO as a representative example for the compensation impact on the NEOs, in the following table, in the line titled "CEO Realized Compensation", the granted values for Share-based awards and Share Option-based awards as presented in the Summary Compensation Table have been replaced with the value that was actually *realized* (i.e. received) on the exercise of Share-based awards and Share Option-based awards in each year. The actual compensation realized by the CEO in 2021 was $1.2 million compared to the $1.9 million value granted, as presented in the Summary Compensation Table. Over the five-year period, the granted value was $2.4 million higher than the realized value.

Like the CEO trend below, given the general downward trajectory of Essential's Share price through the Downturn, the NEOs' acceptance of decreased cash compensation and increased equity-based non-cash compensation has significantly reduced the compensation realized by NEOs.

(millions)	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
CEO Granted Compensation (1)	$1.9	$1.3	$1.2	$1.2	$1.9	$7.5
CEO Realized Compensation (2)	$1.0	$1.2	$1.0	$0.7	$1.2	$5.1

Notes:

(1) *CEO Granted Compensation: as presented in the Summary Compensation Table as "Total Compensation" in this and prior year information circulars. This includes the granted (theoretical) values for Share-based awards and Share Option-based awards.*

(2) *CEO Realized Compensation: calculated using the CEO Granted Compensation and for each year replaces the granted (theoretical) value at the time of grant for Share-based awards and Share Option-based awards with the value actually realized (i.e. received) in each year upon the exercise of Share-based awards (RSUs) and Share Option-based awards.*

Summary Compensation Table for Named Executive Officers

The following Summary Compensation Table presents Essential's three most recently completed financial years of total compensation granted 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*	2021 2020 2019	$383,120 $277,692 $322,008	$1,043,120 $680,875 $329,225	Nil Nil $30,000	$360,060 $175,000 $390,000	n/a n/a n/a	n/a n/a n/a	$67,670 $41,631 $168,641	$1,853,970 $1,175,198 $1,239,874
Eldon Heck *VP, Downhole Tools & Rentals*	2021 2020 2019	$229,872 $166,615 $193,210	$227,917 $317,475 $137,800	Nil Nil $12,450	$210,648 $83,000 $245,000	n/a n/a n/a	n/a n/a n/a	Nil $2,437 $55,796	$668,437 $569,527 $644,256
Jeff Newman *Chief Financial Officer*	2021 2020 2019	$283,653 $244,565 $227,597	$236,140 $356,082 $137,800	Nil Nil $12,450	$171,108 $64,250 $185,000	n/a n/a n/a	n/a n/a n/a	Nil $72,905 $108,712	$690,901 $737,802 $671,559
Karen Perasalo *VP, Finance & Corporate Secretary*	2021 2020 2019	$226,901 $205,104 $198,992	$219,594 $276,090 $137,800	Nil Nil $12,450	$136,886 $52,750 $155,000	n/a n/a n/a	n/a n/a n/a	Nil $38,433 $73,879	$583,381 $572,377 $578,121
Jade Iluk *Director, Human Resources*	2021 2020 2019	$180,375 $168,269 $162,885	$61,364 $104,383 $99,220	Nil Nil Nil	$62,500 $18,500 $41,100	n/a n/a n/a	n/a n/a n/a	Nil $8,702 $9,773	$304,239 $299,854 $312,978
Allan Mowbray (7) *Former, VP, Finance & Chief Financial Officer*	2019	$42,000	$137,800	$12,450	Nil	n/a	n/a	$23,429	$215,679

Notes:

(1) Executive NEO salaries have been reduced by varying percentages since 2014. In January 2021, salaries were market-adjusted and reduced 15% from the revised base salary. In July 2021, the salary reductions were reduced to 5% from base salary.
Mr. Iluk's salary was reduced 10% in January 2021. In July 2021, Mr. Iluk's salary reduction was reduced to 5%.

(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:

- *2021: January 8, 2021 - $0.225*
- *2020: March 6, 2020 - $0.28; May 19, 2020 - $0.155*
- *2019: January 8, 2019 - $0.325; August 15, 2019 - $0.33 (Mr. Iluk only)*

These values may differ from the actual value at the time the awards vest. 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. In addition to regular annual grants, 2020 and 2021 (excluding Mr. Iluk) included a shortfall grant for the NEOs as partial consideration for reduced cash compensation in those years. In addition, in 2021, Mr. Amundson received DSUs as consideration for a contractual change to his severance term, reducing it from 24 to 18 months.

(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. The assumptions for each year are:

	2021 Option Grant	*2020 Option Grant*	*2019 Option Grant*
Share price	*n/a*	*n/a*	*$0.32*
Exercise price[(a)]	*n/a*	*n/a*	*$0.32*
Risk-free interest rate	*n/a*	*n/a*	*1.9%*
Expected volatility	*n/a*	*n/a*	*56.3% - 58.7%*
Expected term	*n/a*	*n/a*	*3.9 – 4.6 years*
Expected forfeiture rate	*n/a*	*n/a*	*7.6% - 13.7%*
Dividend yield	*n/a*	*n/a*	*Nil*
Fair value per option issued	*n/a*	*n/a*	*$0.15*

[(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.

(5) For 2021, Mr. Amundson's other compensation includes amounts for a taxable benefit for a vehicle provided to Mr. Amundson - $34,385 and other perquisites, less than 25% of total perquisites.
*For 2020, Mr. Amundson, Mr. Heck, Ms. Perasalo and Mr. Iluk: other compensation includes amounts contributed by the Company on their behalf, subsequent to their individual contribution, pursuant to the Employee Savings Plan ("**Employee Savings Plan Contribution**") in the*

following amounts: Amundson - $16,246; Heck - $2,437; Perasalo - $11,769; Iluk - $3,635 and a payment for forfeited vacation time in the following amounts: Amundson - $25,385; Perasalo - $26,664; Iluk - $5,067. 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.

For 2020, Mr. Newman: other compensation includes Employee Savings Plan Contribution: $12,900; a payment for forfeited vacation time: $24,663; vehicle allowance: $21,185 and other perquisites, less than 25% of total perquisites.

*For 2019, Mr. Amundson, Mr. Heck and Ms. Perasalo: other compensation includes Employee Savings Plan Contribution in the following amounts: Amundson - $38,641; Heck - $5,796; Perasalo - $23,879. 2019 other compensation also includes cash compensation in lieu of a planned LTIP grant in 2019 that could not be issued due to trading blackouts ("**Incremental LTIP**") in the following amounts: Amundson - $130,000; Heck - $50,000; Perasalo - $50,000. For each, the total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary.*

For 2019, Mr. Newman: other compensation includes Employee Savings Plan Contribution: $27,312; Incremental LTIP: $50,000; vehicle allowance: $20,400; health spending: $8,000 and other perquisites, less than 25% of total perquisites.

For 2019, Mr. Iluk: other compensation includes Employee Savings Plan Contribution. The total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary.

For 2019, Mr. Mowbray: includes Employee Savings Plan Contribution: $4,597; vacation payout upon his departure: $18,832. The total value of other perquisites not generally available to employees did not exceed $50,000 or 10% of salary.

Total salary for each year for the above perquisite assessment was considered on base salary, pre-rollback basis.

*(6) Mr. Amundson does not receive compensation for his role as a member of the Board of Directors. Since the departure of the Chief Operating Officer ("**COO**") in November 2016, Mr. Amundson undertook the COO duties in addition to his President and CEO duties.*

(7) Mr. Mowbray resigned from Essential effective March 8, 2019.

Outstanding Option-Based Awards and Share-Based Awards

The following table outlines for each NEO all Share Option-based awards and Share-based awards (RSU and DSU) outstanding as at December 31, 2021.

	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 units of Share-based awards that have not vested (2) (#)**	**Market or payout value of Share-based awards that have not vested (3) ($)**	**Market or payout value of vested Share-based awards not paid out or distributed (4) ($)**
Garnet Amundson	455,000 200,000	$0.83 $0.32	Jan 10, 2022 Jan 8, 2024	Nil $14,000	3,380,576	$1,318,425	$2,306,441
Eldon Heck	195,000 83,000	$0.83 $0.32	Jan 10, 2022 Jan 8, 2024	Nil $5,810	1,456,296	$567,955	$448,110
Jeff Newman	205,000 83,000	$0.83 $0.32	Jan 10, 2022 Jan 8, 2024	Nil $5,810	1,603,954	$625,542	$638,730
Karen Perasalo	175,000 83,000	$0.83 $0.32	Jan 10, 2022 Jan 8, 2024	Nil $5,810	1,419,306	$553,529	$558,780
Jade Iluk	n/a	n/a	n/a	Nil	529,616	$206,550	Nil

Notes:

(1) Based on the market price of $0.39 as at December 31, 2021 including vested and unvested Share Option-based award.

(2) Share-based awards consist of RSUs granted in 2019, 2020, and 2021 that have not vested.

(3) Includes all unvested RSUs based on the Share price of $0.39 as at December 31, 2021.

(4) Includes DSUs that vested in 2021 and previous years, based on the Share price of $0.39 as at December 31, 2021. DSUs do not pay out until the NEO is no longer employed by the Company so the value realized will be determined at that future 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, 2021 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2021.

Name	Share Option-based awards – Value vested during the year (1) ($)	Share-based awards – Value vested during the year		Non-equity incentive plan compensation – Value earned during the year (4) ($)
		RSUs (cash settled) (2) ($)	DSUs (not paid out) (3) ($)	
Garnet Amundson	Nil	$341,787	$510,000	$360,060
Eldon Heck	Nil	$158,267	Nil	$210,648
Jeff Newman	Nil	$164,089	Nil	$171,108
Karen Perasalo	Nil	$135,867	Nil	$136,886
Jade Iluk	Nil	$130,508	Nil	$62,500

Notes:

(1) *The value is calculated based on the difference between the Share price at the vesting date and the exercise price of the Share Options on the grant date for the vested Share Options that were "in 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 vesting.*
On January 8, 2021, one third of the time-vested RSUs from the January 8, 2019 grant vested. The five-day volume weighted average price was $0.22. Time vested RSUs for Amundson – 262,667; Heck – 110,000; Newman – 110,000; Perasalo – 110,000; Iluk – 73,333.
On January 8, 2021, one third of the time-vested RSUs from the March 6, 2020 grant vested. The five-day volume weighted average price was $0.22. Time vested RSUs for Amundson – 400,000; Heck – 166,667; Newman – 222,222; Perasalo – 166,667; Iluk – 77,778.
On January 10, 2021, one third of the time-vested RSUs from the January 10, 2018 grant vested. The five-date volume weighted average price was $0.22 – Time vested RSUs for Amundson – 120,000; Heck – 50,000; Newman – 50,000; Perasalo – 50,000; Iluk – 31,111.
On May 19, 2021, all of the performance vested RSUs from the May 19, 2020 grant vested. The five-day volume weighted average price was $0.32. Performance vested RSUs for Amundson – 530,000; Heck – 270,000; Newman – 250,000; Perasalo – 200,000; Iluk – 251,936.

(3) *The value of DSUs is calculated based on 2,318,182 DSUs granted/vested in 2021multiplied by the five-day volume weighted average Share price of $0.22 at time of vesting. DSUs are not paid out until the NEO leaves the organization.*

(4) *Reflects the value of non-equity incentive plan awards earned in 2021 under Essential's ABP, as disclosed in the Summary Compensation Table for Named Executive Officers.*

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 that are at the president or vice president level have employment contracts in place to protect them from employment interruption and to ensure they are treated in a fair and equitable manner. The following table outlines the key contract terms in place as at December 31, 2021, for each NEO that is a president or vice president, in the event of a change in their employment status.

	Change of Control		***Involuntary Termination***		***Voluntary Termination***	
Name	**% Change in Securities Ownership Required**	**Payment Obligation (1)**	**Without Cause (1)**	**With Cause**	**Resignation**	**Death/Disability (1)**
Garnet Amundson	more than 50%	▪ 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; ▪ base salary multiplied by 'at target' bonus percent then multiplied by 1.5; ▪ the pro-rata amount of any earned bonus for the current fiscal year calculated as base salary multiplied by 'at target' bonus percent from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	▪ 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; ▪ base salary multiplied by 'at target' bonus percent then multiplied by 1.5; ▪ the pro-rata amount of any earned bonus for the current fiscal year calculated as base salary multiplied by 'at target' bonus percent from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	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; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.
Eldon Heck	more than 50%	▪ Should a good reason exist (as defined in the employment contract)(2) in addition to a 'change of control', the executive would be entitled to the payments described under 'Involuntary Termination – Without Cause'; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	▪ 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; ▪ bonus amount, as defined in his agreement, multiplied by 1.5; ▪ the pro-rata amount of the bonus amount, as defined in his agreement, from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	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; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.
Jeff Newman	more than 50%	▪ Should a good reason exist (as defined in the employment contract)(2) in addition to a 'change of control', the executive would be entitled to the payments described under 'Involuntary Termination – Without Cause'; and	▪ 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; ▪ base salary multiplied by 'at target' bonus percent multiplied by 1.5;	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; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.

Name	Change of Control		Involuntary Termination		Voluntary Termination	
	% Change in Securities Ownership Required	**Payment Obligation (1)**	**Without Cause (1)**	**With Cause**	**Resignation**	**Death/Disability (1)**
		▪ accelerated vesting of Share Options, RSUs and DSUs.	▪ the pro-rata amount of any earned bonus for the current fiscal year calculated as base salary multiplied by 'at target' bonus percent from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.			
Karen Perasalo	more than 50%	▪ Should a good reason exist (as defined in the employment contract)(2) in addition to a 'change of control', the executive would be entitled to the payments described under 'Involuntary Termination – Without Cause'; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	▪ 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; ▪ base salary multiplied by 'at target' bonus percent multiplied by 1.5; ▪ the pro-rata amount of any earned bonus for the current fiscal year calculated as base salary multiplied by 'at target' bonus percent from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	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; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.

Notes:

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

(2) "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 each NEO 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, 2021, or in the case of the other NEOs, had a change of control occurred on December 31, 2021 and there was 'good reason', as defined in their employment contracts.

Name	Severance Period (# of months)	Severance Compensation (1)	Contractual Share Option/RSU Obligation (2)	Contractual DSU Obligation (3)	Total Obligation
Garnet Amundson	18	$1,530,000	$1,332,425	$2,306,441	$5,168,866
Eldon Heck (4)	18	$834,000	$573,765	$448,110	$1,855,875
Jeff Newman (4)	18	$945,000	$631,352	$638,730	$2,215,082
Karen Perasalo (4)	18	$756,000	$559,339	$558,780	$1,874,119
Jade Iluk (5)	n/a	n/a	$206,550	n/a	$206,550

Notes:

(1) Includes salary, annual bonus and benefits for the specified severance period.

(2) Includes accelerated vesting and assumed payout of unvested or unexercised Share Options and unvested RSUs using the December 31, 2021 Share price of $0.39.

(3) Includes assumed payout of vested and unvested DSUs using the December 31, 2021 Share price of $0.39. DSUs by their nature do not pay out until the NEO leaves the organization. The value in the table represents DSUs earned to date (vested and unvested).

(4) In January 2022, contractual severance terms for Mr. Newman and Ms. Perasalo were reduced from 18 months to 12 months. In addition, Mr. Newman and Ms. Perasalo each received RSUs as consideration for the contractual change to their severance term. In January 2022, Mr. Heck received RSUs as consideration for his contractual severance calculation and transitioned from an employee to a consultant role. All RSUs granted related to severance term reductions have special vesting durations which align with objectives of the RSU grants.

(5) As Mr. Iluk is not a vice president, he does not have an employment contract. However, Essential is obligated to accelerate vesting and payment of Mr. Iluk's RSUs outstanding at the time of his termination in the event of a change of control. In addition, Mr. Iluk would receive payment in lieu of reasonable notice commensurate with his position, age and tenure in accordance with common law.

DIRECTOR COMPENSATION

Essential provides its non-employee directors with a comprehensive compensation package consisting of an annual cash retainer and long-term incentives in the form of DSUs or RSUs. In 2021, Essential started granting RSUs to non-employee Board members. See “Compensation Components – Details – Long Term Incentive Plans – RSU Plan”. 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.

All elements of director compensation are typically reviewed annually for competitiveness against Essential’s peer group by the C&G Committee and the Board with the objective of attracting and retaining qualified members to serve on the Board. In most years since 2015, the Board received voluntarily reduced compensation. In January 2020, Board full retainers and meeting fees were reinstated. However, Board retainers and meeting fees were subsequently reduced by 50% as of May 1, 2020, for the remainder of 2020. See “2020 and 2021 Macroeconomic and Health Pandemic Challenges for Oilfield Services Sector”.

In January 2021, Board compensation was reset to increase the retainers and eliminate meeting fees. The new Board retainers were then voluntarily reduced by 15% for January to June 2021. The voluntary reduction was changed to 5% for the period from July to December 2021.

Summary Director Compensation Table

The following table outlines for the year ended December 31, 2021 information concerning Board member compensation other than Mr. Amundson.

Name	Fees earned ($)	Share-based awards [1] ($)	Non-equity incentive compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
James Banister [2]	$76,500	$69,236	n/a	n/a	n/a	$145,736
Felicia Bortolussi [3]	$7,587	$43,393	n/a	n/a	n/a	$50,980
Robert German [4]	$58,500	$49,024	n/a	n/a	n/a	$107,524
Nicholas Kirton [5]	$65,700	$49,024	n/a	n/a	n/a	$114,724
Robert Michaleski [6]	$65,700	$49,024	n/a	n/a	n/a	$114,724
Former Board Member: Steven Sharpe [7]	$3,330	n/a	n/a	n/a	n/a	$3,330

Notes:

(1) For Mr. Banister, Mr. German, Mr. Kirton and Mr. Michaleski – RSUs granted on November 10, 2021. Reflects the grant date fair value which is the theoretical expected value calculated at the date of grant by multiplying the number of RSUs granted by the closing price of Shares on the date of grant ($0.405). RSUs granted: Banister - 170,952; German – 121,048; Kirton – 121,048; and Michaleski – 121,048. For Ms. Bortolussi – DSUs granted on November 10, 2021 upon joining the Board. Reflects the grant date fair value which is the theoretical expected value granted at the date of grant by multiplying the number of DSUs granted (107,143) by the closing price of Shares on the date of grant ($0.405).

(2) Mr. Banister is the Chair of the Board of Directors.

(3) Ms. Bortolussi was appointed to the Board of Directors on November 9, 2021. Ms. Bortolussi elected to receive her 2021 retainer in DSUs. The DSUs were granted at the end of the quarter at market price, as defined in the DSU Plan. In the table, the value of retainer compensation is included as fees earned, although it was paid in DSUs.

(4) Mr. German is the Chair of the HSE Committee.

(5) Mr. Kirton is the Chair of the Audit Committee.

(6) Mr. Michaleski is the Chair of the C&G Committee.

(7) Mr. Sharpe resigned from the Board of Directors on January 26, 2021.

Director Retainers and Fees Summary

Annual Board and committee retainers are paid quarterly and pro-rated for partial service.

	2021	
	January 1 – June 30 [(1)] Annualized	July 1 – December 31 [(1)] Annualized
Board Chair [(2)]	$72,250	$80,750
Board Member	$46,750	$52,250
Audit / C&G Committee Chair [(2)]	$62,050	$69,350
HSE Committee Chair [(2)]	$55,250	$61,750
Board and Committee Meeting (per meeting)	n/a	n/a

Notes:

(1) Reflects 15% voluntary reduction for retainers from January 1, 2021 to June 30, 2021, and a 5% reduction for retainers from July 1 to December 31, 2021.

(2) Represents the total retainer paid to the Chairs, inclusive of the Board Member retainer.

Director Retainers and Fees Paid in 2021

Name	Board Chair Retainer ($)	Board Member Retainer ($)	Committee Chair Retainer ($)	Board Meetings ($)	Committee Meetings ($)	Total ($)
James Banister	$27,000	$49,500	-	n/a	n/a	$76,500
Felicia Bortolussi [(1)]	-	$7,587	-	n/a	n/a	$7,587
Robert German	-	$49,500	$9,000	n/a	n/a	$58,500
Nicholas Kirton	-	$49,500	$16,200	n/a	n/a	$65,700
Robert Michaleski	-	$49,500	$16,200	n/a	n/a	$65,700
Former Board Member: Steven Sharpe [(2)]	-	$3,330	-	n/a	n/a	$3,330

Notes:

(1) Ms. Bortolussi was appointed to the Board of Directors on November 9, 2021.

(2) Mr. Sharpe resigned from the Board of Directors on January 26, 2021. Mr. Sharpe elected to receive his 2021 retainer in DSUs.

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

The following table outlines for each member of the Board all Share Option-based and Share-based awards for the year ended December 31, 2021.

	Share Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of Share-based units that have not vested [(1)] (#)	Market or payout value of Share-based awards that have not vested [(2)] ($)	Market or payout value of vested Share-based awards not paid out or distributed [(3)] ($)
James Banister	n/a	n/a	n/a	n/a	170,952	$66,671	$389,908
Felicia Bortolussi	n/a	n/a	n/a	n/a	107,143	$41,786	$7,587
Robert German	n/a	n/a	n/a	n/a	121,048	$47,209	$289,722
Nicholas Kirton	n/a	n/a	n/a	n/a	121,048	$47,209	$285,179
Robert Michaleski	n/a	n/a	n/a	n/a	121,048	$47,209	$296,307

Notes:

(1) For Mr. Banister, Mr. German, Mr. Kirton and Mr. Michaleski – the above report RSUs that were granted on November 10, 2021 that had not vested at December 31, 2021. For Ms. Bortolussi – DSUs granted on November 10, 2021 upon joining the Board.

(2) Based on the market price of $0.39 as at December 31,2021.

(3) DSUs typically vest one-year after grant although in certain circumstances, vesting criteria can vary. DSUs are not paid out until the individual ceases to be an Eligible Director. Based on the Share price of $0.39 as at December 31, 2021 multiplied by the DSUs that have vested to-date. Vested Share-based awards for: Banister – 1,022,842; Bortolussi – 19,454; German – 742,878; Kirton – 731,228; and Michaleski – 759,761.

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

The following table sets forth the value of Share Option-based and Share-based awards that vested during the year ended December 31, 2021, for each member of the Board. For the Board members, there was no value provided or earned in non-equity incentive plan compensation during the year ended December 31, 2021. The Company does not have a non-equity incentive plan in place for members of the Board.

Name	Share Option-Based Awards – Value Vested During the Year ($)	Share-Based Awards – Value Vested During the Year - DSUs [(1)] ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
James Banister	n/a	$162,750	n/a
Felicia Bortolussi [(2)]	n/a	n/a	n/a
Robert German	n/a	$112,700	n/a
Nicholas Kirton	n/a	$112,700	n/a
Robert Michaleski	n/a	$112,700	n/a
Former Board Member: Steven Sharpe [(3)]	n/a	n/a	n/a

Notes:

(1) The value is calculated based on the DSUs that vested in the year multiplied by the five-day volume weighted average Share price at the time of vesting. DSUs cannot be exercised until the director is no longer an Eligible Director.
The DSUs granted on August 12, 2020 vested one year after issuance. The value is the five-day volume weighted average Share price at time of vesting ($0.35) multiplied by the DSUs that vested. DSUs vesting for Banister – 465,000; German – 322,000; Kirton – 322,000, Michaleski – 322,000.

(2) Ms. Bortolussi was appointed to the Board of Directors on November 9, 2021. For 2021, Ms. Bortolussi elected to receive her retainer as DSUs with immediate vesting. She received the following grant: December 31, 2021 – 19,454. Since this was related to her retainer, the value was included as fees earned in the previous tables.

(3) Mr. Sharpe resigned as a member of the Board of Directors on January 26, 2021. His initial Board member DSU grant did not vest as he did not complete one year of director service required for the grant to vest. For 2021, Mr. Sharpe elected to receive his retainer as DSUs with immediate vesting. He received a grant on March 8, 2021 – 11,483 DSUs. Since this was related to his retainer, the value was included as fees earned in the previous tables.

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**") in addition to other relevant corporate governance disclosure.

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. Mr. Amundson is considered to have a material relationship with Essential by virtue of his position as President and CEO.

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 be comprised of six directors, five 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	The Green Organic Dutchman Holdings Ltd. (TSX)
Robert Michaleski	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 Director 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 the employee director and management are not present. There were three such meetings in 2021.

The Audit Committee is comprised entirely of independent directors and holds regular *in-camera* sessions where the employee director and management are not present. There were four such meetings in 2021.

The HSE Committee holds regular *in-camera* sessions where the employee director is not present. There were four such meetings in 2021.

If the Board of Directors deems a conflict with a non-independent director in attendance, at any Board 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 chair 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 CEO 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	2021 Board Meetings Attended	2022 Board Meetings Attended (1)
Garnet Amundson	7 of 7	1 of 1
James Banister	7 of 7	1 of 1
Felicia Bortolussi (2)	1 of 1	1 of 1
Robert German	7 of 7	1 of 1
Nicholas Kirton	7 of 7	1 of 1
Robert Michaleski	7 of 7	1 of 1
Former Board Member:		
Steven Sharpe (3)	n/a	n/a

Notes:
(1) From January 1, 2022 to March 9, 2022.
(2) Ms. Bortolussi joined the Board of Directors on November 9, 2021. She attended all Board meetings subsequent to joining.
(3) Mr. Sharpe resigned from the Board of Directors on January 26, 2021. There were no Board meeting in 2021 prior to his resignation.

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

The attendance record for each C&G Committee meeting of Essential since the beginning of the most recently completed financial year is indicated in the following table.

Name	2021 C&G Committee Meetings Attended	2022 C&G Committee Meetings Attended (1)
James Banister	4 of 4	1 of 1
Felicia Bortolussi (2)	1 of 1	1 of 1
Nicholas Kirton	4 of 4	1 of 1
Robert Michaleski	4 of 4	1 of 1
Former Board Member:		
Steven Sharpe (3)	0 of 1	n/a

Notes:
(1) From January 1, 2022 to March 9, 2022.
(2) Ms. Bortolussi joined the Board of Directors on November 9, 2021. She attended all C&G Committee meetings subsequent to joining.
(3) Mr. Sharpe resigned from the Board of Directors on January 26, 2021. There was one C&G Committee meeting prior to his resignation that he did not attend.

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

Name	2021 Audit Committee Meetings Attended	2022 Audit Committee Meetings Attended (1)
Robert German	4 of 4	1 of 1
Nicholas Kirton	4 of 4	1 of 1
Robert Michaleski	4 of 4	1 of 1

Note:
(1) From January 1, 2022 to March 9, 2022.

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

Name	2021 HSE Committee Meetings Attended	2022 HSE Committee Meetings Attended (1)
Garnet Amundson	4 of 4	1 of 1
Robert German	4 of 4	1 of 1
Robert Michaleski	4 of 4	1 of 1

Notes:
(1) From January 1, 2022 to March 9, 2022.

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.

Audit Committee Member Qualifications

Disclose the qualifications of the Audit Committee members.

The Audit Committee members have the appropriate credentials and experience to effectively provide oversight over the matters outlined in the Audit Committee Mandate. The mandate can be found in the Company's AIF for the year ended December 31, 2021, filed on SEDAR at www.sedar.com.

Name	Relevant Credentials and Experience
Nicholas Kirton	Mr. Kirton holds a CPA, CA designation and is a retired audit partner with KPMG. In 2006, Mr. Kirton received the ICD.D designation from the Institute of Corporate Directors.
Robert German	Mr. German holds a CPA, CA designation and has worked in the capacity of Vice President, Finance of four oilfield services companies. He was also the CEO of a public oilfield services company.
Robert Michaleski	Mr. Michaleski holds a CPA, CA designation and formerly held positions as the CEO, President and CFO at Pembina Pipeline Corporation.

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 chair 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;
- Board Diversity Policy ("**Diversity Policy**");
- 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 meetings and relevant committee meetings 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.

Directors are encouraged to participate in continuing education programs that are focused on enhancing individual director's skills and abilities and through meetings and discussions which develop their knowledge and understanding of Essential's business. Some of the directors pursue continuing education by attending professional and industry association seminars and workshops.

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 a 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 and employees.

The Corporate Code of Conduct addresses the following key areas, among others:

- Avoiding conflicts of interest
- Protection and proper use of Essential's assets
- Confidentiality of corporate information
- Fair dealing
- Avoiding corruption and bribery
- Complying with economic sanctions
- Complying with laws, rules, regulations and corporate policies
- Reporting of illegal or unethical behaviour
- Promoting diversity
- Prohibiting harassment and discrimination

Employees with questions about the Corporate Code of Conduct are encouraged to refer the matter to their General Manager, 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 to the Board Chair and is regularly required to review and sign a copy of the Code for Directors and Officers.

Neither the President and CEO nor the Chair of the C&G Committee is aware of any 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 ABCA, 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 AIF for the year ended December 31, 2021, filed on SEDAR at www.sedar.com 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.

Essential has a Whistleblower Policy that establishes procedures that allow employees of Essential to confidentially and anonymously submit their concerns to the Chair of the Audit Committee regarding questionable ethical, moral, accounting, internal accounting controls or auditing matters, without fear of retaliation. This can be done directly to the Chair of the Audit Committee or through a third-party monitoring system. There were no ethics incidents reported in 2021.

Essential has an Anti-Corruption, Anti-Bribery and Political Compliance Policy which is designed to ensure that employees, directors, agents and contractors of Essential are at all times compliant with anti-corruption laws and prohibits bribery of foreign and domestic public officials, corporate officials or politicians and to ensure Essential does not receive an improper advantage in its business dealings.

The "tone from the top" from the Board and senior management reflects Essential's commitment to honest and ethical business behaviour.

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 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. Consideration will also be given to the requirements set out in Essential's Diversity Policy. Other matters that vary from time to time may also be considered by the Board.

In 2021, the Board of Directors set a target to recruit and appoint a woman to the Board prior to the Company's 2022 annual meeting of Shareholders. On November 9, 2021, Ms. Felicia Bortolussi joined the Board of Directors of Essential. She is seeking continuation of her role at the May 17, 2022, Meeting.

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 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 critical 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 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 each committee, including the terms of reference for each chair, 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 also reviews and/or approves 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 performs 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 benefits 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 benefits plans;

(d) establish and review annually the compensation philosophy, guidelines and plans for Essential's 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 benefits 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 and 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's 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 RSU Plan and the DSU Plan;

(i) review annually the succession strategy for the Chief Executive Officer position and recommend such strategy 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, 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 Board of 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. The HSE Committee has oversight responsibility of the "E" and a portion of the "S" in ESG. The C&G Committee shares in oversight of the "S" and most matters of the "G".

In addition to the disclosure contained in this document, please see Essential's AIF for the year ended December 31, 2021 filed on SEDAR at www.sedar.com for further details regarding the Audit Committee and the mandate of the Audit Committee of Essential.

ESG Oversight

Discuss the Board of Director's role with regards to ESG Oversight

Essential is committed to ESG responsibilities and recognizes the increased focus on ESG by Shareholders and other stakeholders.

The first element of Essential's culture statement, which articulates the values of Essential, states: "We care about the safety of each other and our environment". To that end, Essential has a number of policies and procedures to reinforce its commitment to society, governance of Essential and the environment, by operating with high ethical standards and a commitment to conduct ourselves with care and attention in the communities where Essential conducts business.

The Board is responsible for ESG oversight and each Board committee is focused on ESG as outlined below. The Board, in its entirety, is provided reports and recommendations from each committee and provides ultimate oversight and approval, as appropriate.

The HSE Committee has oversight for environmental ("E") and certain social ("S") matters including:

- Oversees and monitors Essential's compliance with its legal, industry and community obligations pertaining to health, safety and the environment; and
- Oversees and monitors management's activities to ensure Essential is establishing appropriate environment, health and safety policies and has procedures in place for maintaining management systems to monitor compliance.

The C&G Committee has oversight for certain social ("S") matters and most governance ("G") matters including:

- Oversees and assesses the functioning of the Board, its committees and individual members, and the nomination process for new candidates;
- Oversees the development, implementation and assessment of effective governance policies;
- Oversees CEO and executive succession planning; and
- Oversees director, executive and employee compensation.

The Audit Committee has oversight for the following governance ("G") matters:

- Ensures corporate financial integrity is maintained, including approval of all financial disclosures; and
- Oversees the Whistleblower policy and the Chair of the Audit Committee receives any Whistleblower complaints.

For each committee and the Board, oversight includes understanding and monitoring the risks, activities and opportunities inherent in each Committee mandate and in the mandate of the Board of Directors itself.

Detailed ESG disclosure can be found in Essential's AIF under "ESG Practices" for the year ended December 31, 2021, filed on SEDAR at www.sedar.com. The following is a summary of certain aspects of Essential's ESG practices:

Environmental (oversight by the HSE Committee):

- Strict regard for environmental laws, industry standards and Essential's policies;
- Vehicles and facilities are operated in a manner that seeks to minimize the impact on the environment;
- Adhere to best practices in spill prevention, noise mitigation and fluid handling; and
- Provide training programs focused on the environment including well control to prevent unintended releases and spill containment.

Social (oversight by the HSE Committee and the C&G Committee):

- Strong focus on safety with established targets, measurement and follow-up, with a focus on continuous improvement;
- Provide training programs for new employees, specific skills and leadership;
- Right and Obligation to Refuse Dangerous Work Policy allowing employees to refuse work when there are potential concerns or questions regarding hazards;
- Implementation of a First Nations Policy; and
- Support local charities including STARS Air Ambulance, the Calgary Drop-in Centre, the United Way and local Food Banks, among others.

Governance (oversight by the C&G Committee):

- Employees are required to adhere to the Corporate Code of Conduct;
- Essential has a Whistleblower Policy (oversight by the Audit Committee);
- The Board of Director's commitment to Essential is reflected in their strong and reliable attendance;
- Safety is measured and factored into management compensation;
- Board diversity, with one woman member of the Board of Directors; and
- Diversity in the workplace is supported – including, but not limited to, gender, race, color, family status, disabilities, sexual orientation, ethnicity and religious beliefs.

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 and 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 could improve its contribution to overseeing the business and operations of Essential. The Board members also self-assess their individual effectiveness, contribution and competencies, as 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 assesses 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 adopted a Board Diversity Policy in March 2019, to take into account diversity considerations such as gender, business experience, geographic representation, age and ethnicity for Board composition. This is intended to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure Essential has the opportunity to benefit from all available talent. The Board Diversity Policy explicitly states the Board will target inclusion of an appropriate number of women directors.

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. When identifying suitable candidates for appointment or re-election to the Board of Directors, the Company considers candidates on merit against objective criteria such as the competencies, expertise, skills, background and other qualities identified from time to time by the Board of Directors, in addition to the benefits of diversity and the needs of the Board.

In 2021, the Board of Directors set a target to recruit and appoint a woman to the Board of Directors prior to the Company's 2022 annual meeting of Shareholders. During the recruitment process, in addition to looking for a woman, a skills gap analysis was considered to ensure the incumbent held the appropriate skills and experience to fill the gaps and enhance the skills and experience of the Board of Directors as a whole. On November 9, 2021, Ms. Felicia Bortolussi joined the Board of Directors of Essential. She is seeking continuation of her role at the May 17, 2022, Meeting.

As Shareholder expectations continue to evolve with regard to board diversity, Essential's Board Diversity Policy will continue to guide the Board in future recruitment processes.

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 appointments, disclose the issuer's reasons for not doing so.

Executive 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 targeting a specific gender. The successful candidate is the one with the desired mix of skills and experience, regardless of the individual's gender. Essential's executive team includes one vice president that is a woman, a role in which she has served since 2013, representing 25% of executive management, at December 31, 2021.

When considering senior corporate management, which includes the executive officers and director level management, 33% of the individuals (three of nine) are women. Extending that further to include corporate managers, 42% of the individuals (five of twelve) are women.

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.

In 2021, the Board of Directors set a target to recruit and appoint a woman to the Board of Directors prior to the Company's 2022 annual meeting of Shareholders. On November 9, 2021, Ms. Felicia Bortolussi joined the Board of Directors of Essential. She is seeking continuation of her role at the May 17, 2022, Meeting.

As Shareholder expectations continue to evolve with regard to board diversity, Essential's Board Diversity Policy will continue to guide the Board in future recruitment processes.

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. Essential has a small executive team (four individuals at December 31, 2021) and since 2013, one of the individuals is a woman. As noted above, when considering senior corporate management, which includes the executive officers and director level management, 33% of the individuals are women. As such, specific targets have not been required.

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 one woman on the Board of Directors, representing 17% of Board positions.

As a micro-capitalization TSX-listed company, Essential maintains a relatively small number of board positions and there has been little turnover and, therefore limited opportunities to recruit new Board members in the last few years. In 2020, in response to a request from, at that time, Essential's largest Shareholder, a new director was added to the candidate list presented to Shareholders at the 2020 Annual General and Special Meeting. He was approved with 97% of votes "For". While that individual met a number of the skill set requirements, he was not a woman. This impacted Essential's ability to add a woman director in 2020. It takes time, especially for the board of a small company, to add new board positions.

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 December 31, 2021. The position held by the woman is Vice President, Finance and Corporate Secretary.

When considering senior corporate management, which includes the executive officers and director level management, 33% of the individuals are women. Extending that further to include corporate managers, 42% of the individuals are women.

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.

Essential has lease agreements for shop premises with certain private corporations that are controlled by Eldon Heck, who at December 31, 2021, was the Vice President, Downhole Tools & Rentals. In January 2022, Mr. Heck transitioned from an employee to a consultant role. The terms and conditions of these agreements are based on market rates for similar leases and are no more favourable than those available, or which might reasonably be expected to be available, in similar transactions on an arm's length basis. For the year ended December 31, 2021, Essential incurred lease payments related to these shop premises of $0.7 million (2020 - $0.8 million, 2019 - $1.5 million).

NORMAL COURSE ISSUER BID

On December 17, 2021, the Corporation announced the TSX had accepted its notice of intention (the "**NCIB Notice**") to implement a normal course issuer bid ("**NCIB**") during the 12-month period commencing December 21, 2021 and ending December 20, 2022, or until such earlier time the NCIB is completed or terminated at the option of Essential. Shareholders may obtain a copy of the NCIB Notice, without charge, by contacting Essential.

Under the NCIB, Essential may purchase up to 10,374,478 Shares, representing 7.5% of the public float, on the open market through the facilities of the TSX and/or other alternative Canadian trading systems. The actual number of Shares to be purchased will be determined by Essential, subject to the maximum daily purchase limitation of 23,482 Shares, which is 25% of the six-month average daily trading volume of Shares on the TSX at November 30, 2021. Essential may make one block purchase per calendar week which exceeds the daily purchase limitation. Any Shares purchased under the NCIB will be cancelled. The price which Essential pays for any Shares purchased will be the prevailing market price of such Shares at the time of purchase.

Essential entered into an Automatic Share Purchase Plan with a broker for the purpose of buying Shares through Essential's blackout periods. Such purchases would be determined by the broker in its sole discretion, based on parameters that are established by Essential prior to any blackout period. All other purchases under the NCIB will be at the discretion of Essential.

There were no purchases made under the NCIB for the year ended December 31, 2021.

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, 2021 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.

DEFINITIONS

EBITDAS – earnings before finance costs, income taxes, depreciation, amortization, transaction costs, losses or gains on disposal, write-down of assets, impairment loss, foreign exchange gains or losses, and share-based compensation, which includes both equity-settled and cash-settled transactions.

IFRS – International Financial Reporting Standards.

FORWARD LOOKING INFORMATION

This Circular contains "forward-looking statements" and "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "anticipate", "believe", "continue", "expect", "future", "intend", "objective", "potential", "target" and similar expressions, or are events or conditions that "can", "could", "may", "should", "typically", "will" or "would" occur or be achieved. This Circular contains forward-looking statements pertaining to: the Meeting; the COVID-19 pandemic; proxy solicitation; the Board of Directors' majority voting policy; compensation philosophy, strategy, objectives and components; economic conditions; long term incentive plans, including liabilities in respect thereof; consultant arrangements; ethical business conduct; and board nominations, composition and renewal.

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

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

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

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

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.

<u>Composition and Board Organization</u>

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. Consideration will be given to the requirements set out in Essential's Board Diversity Policy. 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 the Chief Executive Officer, acceptance of outside directorships on public or private companies by Executive Officers (other than not-for-profit organizations), acceptance of an advisory position with an entity that has an oil and gas focus by Executive Officers, 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.