



**NOTICE OF ANNUAL GENERAL MEETING OF
ESSENTIAL ENERGY SERVICES LTD. SHAREHOLDERS**

to be held May 9, 2023

and

INFORMATION CIRCULAR

March 3, 2023

The deadline for the receipt of proxies for the Meeting is 3:00 p.m. (Calgary time) on May 5, 2023

ESSENTIAL ENERGY SERVICES LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are invited to the Essential Energy Services Ltd. (“Essential”) 2023 annual general meeting (the “Meeting”) of holders of common shares (“Shares”) of Essential (“Shareholders”).

When: Tuesday, May 9, 2023
3:00 p.m. (Calgary time)

Where: Livingston Club Conference Centre
Plus 15, 222 – 3rd Avenue S.W., Calgary, Alberta

At the Meeting we will Cover Four Items of Business:

1. Receive Essential’s 2022 consolidated financial statements and the auditors’ report;
2. Elect the directors;
3. Appoint the auditors; and
4. Other business.

Specific details of these items are set forth in the Management Information Circular (the “**Circular**”).

Your Vote and Participation is Important

If you are a Shareholder of record of Essential at the close of business on March 21, 2023, 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.

The board of directors has approved the contents of 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 3rd day of March 2023.

**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 9, 2023

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the management of Essential Energy Services Ltd. (“Essential” or the “Company” or the “Corporation”) for use at the annual general meeting (the “Meeting”) of the holders of common shares (“Shareholders”) of Essential to be held at 3:00 p.m. (Calgary time) on May 9, 2023 at the Livingston Club Conference Centre, Plus 15, 222 – 3rd Avenue S.W., Calgary, Alberta, and at any adjournment(s) thereof, for the purposes set forth in the accompanying notice of 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 3, 2023, 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. 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

When: Tuesday, May 9, 2023
3:00 p.m. (Calgary time)

Where: Livingston Club Conference Centre, Plus 15, 222 – 3rd Avenue S.W., Calgary, Alberta

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 March 21, 2023 (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.

Registered Shareholder: A Shareholder whose Shares are registered in their name (“**Registered Shareholder**”).

Beneficial Shareholder: 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**”).

Registered Shareholders

Registered Shareholders may vote in person 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 and vote in their place. The persons named in the enclosed form of proxy are directors and/or officers of Essential.

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 (“**Computershare**”), 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department).

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 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.

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 Meeting.**

If the Beneficial Shareholder wishes to vote their Shares at the 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.

Each Beneficial Shareholder has the right to appoint a proxyholder other than the persons designated in the Voting Instruction Form, to attend and act for the Beneficial Shareholder and on the Beneficial Shareholder's behalf at the Meeting. To do this, the Beneficial Shareholder should enter the name of the appointee in the blank space on the Voting Instruction Form provided and return the same to their broker or intermediary (or the agent of such broker or 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, 2022 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 and how to obtain paper copies of the Meeting Materials at no charge.

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 of Essential (the "**Board of Directors**" or "**Board**") and the Company 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 3, 2023, an aggregate of 132,690,097 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, 2022, and the auditors' report thereon. The financial statements for the year ended December 31, 2022, 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 2024 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 3, 2023 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.

Garnet K. Amundson Age: 61 Calgary, Alberta, Canada Director since April 2008 ⁽¹⁾		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.			
		Board/Committee Memberships		Attendance at Meetings during 2022	
		Board of Directors		6 of 6	100%
		Health, Safety and Environment (“ HSE ”) Committee		4 of 4	100%
		Other Public Company Board Memberships			
		None			
Securities Held at March 3, 2023					
Shares	DSUs	RSUs	Total Value ⁽²⁾	Share Options ⁽⁴⁾	Meets Share Ownership Requirements ⁽³⁾
1,373,776	5,913,951	1,941,825	\$3,707,821	200,000	n/a

James A. Banister Age: 78 Calgary, Alberta, Canada Director since April 2008 ⁽¹⁾		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.			
		Board/Committee Memberships		Attendance at Meetings during 2022	
		Board of Directors		6 of 6	100%
		C&G Committee		2 of 2	100%
		Other Public Company Board Memberships			
		None			
Securities Held at March 3, 2023					
Shares	DSUs	RSUs	Total Value ⁽²⁾	Share Options ⁽⁴⁾	Meets Share Ownership Requirements ⁽³⁾
1,376,730	1,022,842	289,644	\$1,075,686	nil	Yes

Felicia B. Bortolussi Age: 56 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. She has been a director of public and private companies and not-for-profit organizations. Ms. Bortolussi holds the ICD.D designation from the Institute of Corporate Directors.			
		Board/Committee Memberships		Attendance at Meetings during 2022	
		Board of Directors		6 of 6	100%
		C&G Committee		2 of 2	100%
		Other Public Company Board Memberships			
		None			
Securities Held at March 3, 2023					
Shares	DSUs	RSUs	Total Value ⁽²⁾	Share Options ⁽⁴⁾	Meets Share Ownership Requirements ⁽³⁾
25,000	248,219	Nil	\$109,288	nil	No

Robert T. German Age: 63 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 2022	
		Board of Directors		6 of 6	100%
		Audit Committee		4 of 4	100%
		HSE Committee		4 of 4	100%
		Other Public Company Board Memberships			
		None			
Securities Held at March 3, 2023					
Shares	DSUs	RSUs	Total Value ⁽²⁾	Share Options ⁽⁴⁾	Meets Share Ownership Requirements ⁽³⁾
42,000	742,878	202,321	\$394,880	nil	Yes

Sophia J. Langlois Age: 53 Calgary, Alberta, Canada Director since November 2022		Ms. Langlois is a former partner with KPMG LLP (“KPMG”), until 2020. She has been a director of not-for-profit organizations. Ms. Langlois holds the Chartered Professional Accountant (CPA, CA) designation, the Chartered Professional Human Resources (CPHR) designation and the ICD.D designation from the Institute of Corporate Directors.			
		Board/Committee Memberships		Attendance at Meetings during 2022	
		Board of Directors ⁽⁵⁾		1 of 1	100%
		Audit Committee ⁽⁵⁾		n/a	n/a
		C&G Committee ⁽⁵⁾		1 of 1	100%
		Other Public Company Board Memberships			
		Loop Energy Inc. (TSX: LPEN) Alaris Equity Partners Income Trust (TSX: AD.UN)			
Securities Held at March 3, 2023					
Shares	DSUs	RSUs	Total Value ⁽²⁾	Share Options ⁽⁴⁾	Meets Share Ownership Requirements ⁽³⁾
nil	118,421	Nil	\$47,368	nil	No

Robert B. Michaleski Age: 69 Calgary, Alberta, Canada Director since June 2013		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.			
		Board/Committee Memberships		Attendance at Meetings during 2022	
		Board of Directors		6 of 6	100%
		Audit Committee		4 of 4	100%
		C&G Committee		2 of 2	100%
		HSE Committee		4 of 4	100%
		Other Public Company Board Memberships			
		Vermillion Energy Inc. (TSX:VET)			
Securities Held at March 3, 2023					
Shares	DSUs	RSUs	Total Value ⁽²⁾	Share Options ⁽⁴⁾	Meets Share Ownership Requirements ⁽³⁾
160,000	759,761	202,321	\$448,833	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 3, 2023, Share price of \$0.40 and includes the number of Shares, DSUs and if applicable, the number of RSUs and Share Options.*
- (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 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. Langlois joined the Board and C&G Committee effective November 15, 2022. She had perfect attendance for the period she was on the Board and C&G Committee. Ms. Langlois joined the Audit Committee effective December 14, 2022. There were no Audit Committee meetings in 2022 subsequent to this date.*

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	S. Langlois	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 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 2022, each director, except Ms. Bortolussi and Ms. Langlois met the minimum ownership requirement. Ms. Bortolussi has until November 9, 2024, to meet the requirements. Ms. Langlois has until November 15, 2025, 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 3, 2023 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 3, 2023 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 3, 2023 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 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 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%)	33
Every meeting has an <i>in-camera</i> session without the Employee Director	Yes	33
Share ownership policy for directors	Yes	11
Formal Board assessment process	Yes	43
Director attendance at 100% of the Board / committee meetings ⁽²⁾	Yes	34
Directors that are on an excessive number of other public company boards	None	33
Governance		
Fully independent chair of the Board	Yes	34
Fully independent Audit and C&G Committees	Yes	33
Separate Board Chair and CEO	Yes	34
Anti-hedging policy	Yes	19
Directors elected individually (not by slate)	Yes	7
Majority voting policy	Yes	7
Board succession planning	Yes	39
Regular engagement with Shareholders	Yes	12
Board oversight of Environment, Social and Governance (“ESG”) matters	Yes	41
Board diversity	Yes	43
Audit		
Percentage of Audit Committee members that are financial experts ⁽³⁾	100%	36

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 2022 (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 close of 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

3, 2023 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 2022, 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

The only Essential compensation arrangement that could be settled with the issuance of Shares was the Share Option Plan. Essential has an RSU Plan and a DSU Plan, both of which can only be settled with cash payments. See “Executive Compensation – Compensation Discussion and Analysis – Compensation Components – Details – Long-Term Incentive 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 could grant Share Options to Optionees. Non-employee members of the Board of Directors were not allowed to participate in the Share Option Plan.

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 remain validly outstanding until the earlier of when they are exercised or their expiry in January 2024.

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.

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 the Share Option Plan at December 31, 2022:

Plan Category	Number of Shares to be issued upon exercise of outstanding Share Options at December 31, 2022	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	449,000	\$0.32	n/a
Equity compensation plans not approved by Shareholders	n/a	n/a	n/a
Total	449,000	\$0.32	n/a

Note:

(1) The Share Option Plan was discontinued effective March 9, 2022. New Share Options cannot be granted. Existing Share Options remain validly outstanding until the earlier of exercise or expiry in January 2024.

Share Option Burn Rate

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

	2022	2021	2020
Equity compensation plans approved by Shareholders:			
Share Option Plan grants	Nil	Nil	Nil
Annual weighted average Shares outstanding (000's)	139,294	141,857	141,857
Burn rate	0.0%	0.0%	0.0%

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 executives, 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:

	<u>Independent ⁽¹⁾</u>	<u>Experience Relevant for Executive Compensation</u>
Robert Michaleski, Chair	Yes	14 years as the CEO 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.
Felicia Bortolussi	Yes	A corporate lawyer with over 25 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 designation which includes education regarding executive compensation.
Sophia Langlois	Yes	18 years of human resource leadership experience, coupled with over 25 years of Board experience, serving on executive, compensation and governance committees with public, private and non-profit entities. Holds the Chartered Professional in Human Resources (CPHR) designation, the Chartered Professional Accountant (CPA, CA) designation, and the ICD.D designation which includes education regarding executive compensation.

Note:

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

Mr. Nick Kirton retired from the C&G Committee and the Board of Directors of Essential on December 14, 2022.

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, 2022 were:

<u>Name</u>	<u>Position</u>
Garnet Amundson	President and CEO
Jeff Newman	CFO
Karen Perasalo	Vice President, Finance & Corporate Secretary
Laura Ingram	Controller
Jade Iluk	Director, Human Resources

Throughout the Executive Compensation section, when used, the term “Executive NEO” refers to Mr. Amundson, 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
- 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.

From 2015 to 2021, the oilfield service sector experienced a downturn (the “**Downturn**”) characterized by significant declines in commodity prices and customer spending that resulted in reduced and volatile business activity. During the Downturn, Essential’s Executive NEO compensation decisions 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 fixed compensation was reduced and variable compensation and certain perquisites were altered or eliminated to align with Shareholder interests to preserve cash flow, reduce debt and retain talent. In 2022, fixed compensation, variable compensation and perquisites were returned to non-reduced levels, parameters and entitlements.

Essential’s NEO compensation program typically includes four components: salary, annual bonus plan (“**ABP**”), LTIP and benefits. LTIP may include RSUs and DSUs (DSUs are only for Executive NEOs). The C&G Committee, in its discretion, determines the use of RSUs or DSUs for NEO LTIP based on factors that include the plan’s parameters, market information, historical grants, positional responsibility, performance and attraction and retention considerations. Commencing in 2022, the C&G Committee anticipates it will use RSUs only for NEO LTIP compensation, with varying vesting arrangements that allow the C&G Committee to manage risk and compensation rewards in a manner consistent with Company objectives. 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.

Compensation Overview Table

<u>Type of Compensation</u>	<u>Component</u>	<u>Objective</u>	<u>Form</u>	<u>Performance Period</u>
Fixed Compensation	Salary	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) ⁽¹⁾	Up to three years
	Long-term incentive (LTIP)	Aligns compensation with long-term corporate performance and the interests of Shareholders	DSUs (time-vested) ⁽¹⁾ Executive NEOs only	Indefinite ⁽²⁾
Other Compensation ⁽³⁾	Savings plan	Assist with savings including investment in Essential's Shares	Match/supplement NEO savings plan contributions	Ongoing
	Benefits	Provide market competitive benefits	Life and accidental death and dismemberment insurance, disability insurance, health, vision and dental coverage	Ongoing
	Perquisites	Market competitive perquisites that vary based on seniority	Taxable allowances or perquisites	Ongoing

Notes:

(1) Executive NEOs are eligible to receive RSUs or DSUs at the discretion of the C&G Committee. Commencing in 2022, the C&G Committee anticipates the use of RSUs only for NEO LTIP.

(2) Cash payment for DSU settlement is not received until the Executive NEO departs the organization.

(3) Essential does not have a pension plan.

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 Executive NEO compensation components, for each individual, to the Board of Directors for their approval.

Non-Executive NEO compensation is determined by the CEO, based on internal relativity to the Executive NEOs, non-executive similar peer positions and market data as available. The C&G Committee reviews and recommends to the Board of Director for their approval the total Company ABP pool and LTIP pool.

Typically, this process begins in the fall with annual LTIP grants occurring in January and ABP payments generally 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 2022.

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 2022 data analysis (analysis of 2021 compensation data in 2022) 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. 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 NEO positions.

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. 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 performance of the President and CEO 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.

Compensation Components – Details

Salary

An Essential NEO's salary is typically based on relevant, available peer-position market information (as discussed above in "Peer Group / Benchmark Review") and an NEO's experience, performance and scope of responsibility. For a fully competent NEO in a given position, Essential typically targets salary at the median of the peer group. During the Downturn, exceptions were made to reduce certain salaries for cost-reduction reasons. A high performing, long-serving NEO with a broader than typical role scope could have a salary exceeding an equivalent role in the peer group. During the Downturn, NEO salaries were reduced by varying percentages. In February 2022, NEO salaries were

reinstated. In September 2022, NEO salaries were increased with consideration of equivalent peer salaries and inflation.

Annual Bonus Plan

Essential's ABP program targets annual Executive NEO cash compensation (calculated as: salary plus target ABP) at or above the median of the peer group for target levels of performance. Thresholds are 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 C&G Committee has the discretion to reward above ABP parameters. The C&G Committee 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 ESG is effective HSE management, including a safety culture and strong statistical safety performance. HSE measures relevant for the ABP include:
 - (i) Measuring total recordable incident frequency ("TRIF") against pre-determined, set 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 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; and
 - (iii) monitoring and measuring any environmental spills and appropriate subsequent remediation;
- (b) Achievement of annual qualitative and quantitative performance goals. Specific and measurable business and individual goals are set annually, and each participant is evaluated against those goals; and
- (c) Individual performance, as evaluated twice-per-year through 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 corporate performance factor is then determined based on EBITDAS and is approved by the C&G Committee. For ABP determination purposes, EBITDAS is considered prior to ABP expense. The use of a corporate performance factor allows the C&G Committee to consider Essential's 'ability to pay' a bonus under the 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 corporate 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 C&G Committee approves the total Company ABP pool and individual Executive NEO ABP awards each year. The C&G Committee 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. The CEO approves non-Executive NEO ABP awards within the total Company ABP pool approved by the C&G Committee.

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,

suspended or revoked at the discretion of the C&G Committee. During the Downturn, the ABP was suspended in two separate years, with nil payments.

Long Term Incentive Plans

In determining the value and type of LTIP granted each year, the C&G Committee considers the LTIP parameters, market information, historical grants, positional responsibility, performance, and attraction and retention considerations to determine the extent that LTIP is used to compensate NEOs. Commencing in 2022, the C&G Committee anticipates that it will exclusively use RSUs for Executive NEO LTIP compensation, with varying vesting arrangements that allow the C&G Committee to manage risk and compensation reward in accordance with Company objectives. For many years, RSUs have been the only form of LTIP compensation for non-Executive NEOs and the C&G Committee anticipates this to continue.

The LTIP value granted annually to each NEO generally targets the median of the peer group (for Executive NEOs), in addition to consideration for the other factors discussed above. In 2022, regular LTIP grant value was largely consistent with the dollar value of 2020 and 2021 regular NEO grants. Share price at grant date will 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.

Share Option Plan

The Share Option Plan was discontinued effective March 9, 2022. As result, as of that date, no new Share Options can be granted. No Share Options have been granted since January 2019.

The Share Options that are currently outstanding are primarily 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 recognizes the contribution of members of the Board of Directors, NEOs, employees and consultants (the “**RSU Participants**”), provides a medium-term incentive element in the Company’s overall compensation package and seeks to retain and attract RSU Participants. The RSU Plan is designed to align the interests of the RSU Participants with Shareholder interests. The C&G Committee has absolute discretion to approve the RSU Participants entitled to participate in the RSU Plan and the number of RSUs to be awarded to each RSU Participant. 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.

An RSU is a phantom unit granted to an RSU Participant, the value of which is equal to the market price (as defined in the RSU Plan and calculated as at the redemption date) of a Share. RSUs can only be settled by payment of cash to the RSU Participant.

The vesting provision of an RSU grant is subject to the discretion of the C&G Committee and may be based on: (i) an RSU Participant’s continued employment and contractual services with the Company (time), or (ii) any criteria established by the C&G Committee to measure the Company’s performance over time (performance). 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, 2022, all outstanding RSUs were 100% time-vested.

The term is determined by the C&G Committee provided it shall not exceed December 31 of the third calendar year following the year of the RSU Participant's service in respect of which the RSUs were granted. RSUs are redeemed and settled with cash payment within 15 days of vesting.

If an RSU 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 an RSU Participant ceases to be a member of the Board of Directors, an employee of, or consultant to the Company or its subsidiaries for any other reason, except in the case of death of the RSU Participant or a change of control, subject to any resolution passed by the C&G Committee, any RSUs which have not become vested RSUs within a 90 day period shall be cancelled.

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, 2022, not the value that may ultimately be realized by the NEO.

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, 2022, not the value that may ultimately be realized by the Eligible Director.

DSU 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. Typically, in the early tenure of an Eligible Director, when Share ownership requirements have not yet been met, the Eligible Director receives DSUs as consideration for the annual LTIP grant. As the tenure of an Eligible Director extends, the future liability for settling their DSUs may increase (depending on the Share price). In an effort to mitigate this, commencing in 2022, the C&G Committee anticipates that discretionary LTIP grants will be made in RSUs, rather than DSUs, to Eligible Directors who have met their Share ownership requirements.

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. In an effort to mitigate an ongoing increase in the DSU liability for long-tenured Executive NEOs, commencing in 2022, the C&G Committee anticipates that discretionary LTIP grants to Executive NEOs will be made in RSUs rather than DSUs.

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.

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.

As the service term of Executive NEOs extends, the future liability for settling their DSUs may increase (depending on the Share price). Executive NEOs have accumulated significant DSU positions through taking DSUs to offset a portion of voluntary cash compensation reductions during the Downturn. This preserved cash for the Company and offered deferred compensation to Executive NEOs. In an effort to mitigate an ongoing increase in the DSU liability, commencing in 2022, the C&G Committee anticipates that new LTIP grants to Executive NEOs and to Eligible Directors who have met their Share ownership requirements will be made in the form of RSUs.

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, 2022, 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, 2022, 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 nor 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.

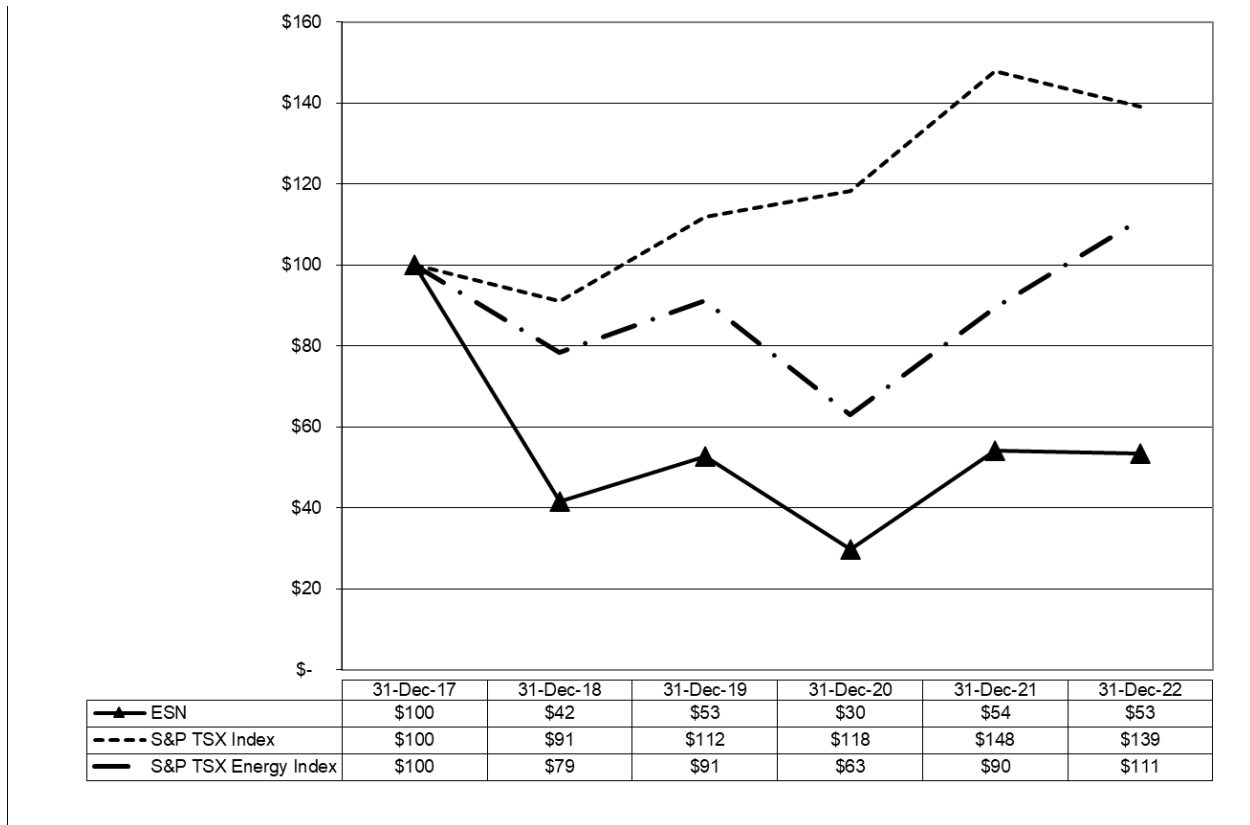
Employee Savings Plan

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. In July 2022, company-matching contribution for NEOs and employees was reinstated.

Performance Graph

The following graph illustrates the cumulative total shareholder return for \$100 invested in Essential, since December 31, 2017, compared to the S&P TSX Composite Total Return 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 exploration and production (“**E&P**”) companies. While this is not a pure comparative due to Essential being a microcap oilfield services company, at times it reflects similar industry trends that Essential experienced.



The five year period displayed above portrays Essential’s Share price through the extended Downturn, with a transition towards recovery in 2021 and 2022. 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 lower trading liquidity. In 2022, Essential’s Share price deviated from the Energy Index. While Essential’s EBITDAS increased in 2022 and it continued to be in a financially strong position, the December 31, 2022 Share price was flat relative to December 31, 2021. In general, oilfield service companies and Essential did not experience some of the direct benefits of strong commodity prices and free cash flow generation that buoyed the share prices of large capitalization Canadian E&P companies.

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, for the line titled “CEO Realized Compensation” in the table below, 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.

Over the five-year period, CEO Realized Compensation was \$0.9 million lower than CEO Granted Compensation.

(millions)	2018	2019	2020	2021	2022	Total
CEO Granted Compensation ⁽¹⁾	\$1.3	\$1.2	\$1.2	\$1.9	\$1.6	\$7.2
CEO Realized Compensation ⁽²⁾	\$1.2	\$1.0	\$0.7	\$1.2	\$2.2	\$6.3

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 ⁽⁴⁾ (\$)		Pension value (\$)	All other compensation ⁽⁵⁾ (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Garnet Amundson ⁽⁶⁾ <i>President & CEO</i>	2022	\$428,500	\$575,610	n/a	\$620,000	n/a	n/a	\$22,389	\$1,646,499
	2021	\$383,120	\$1,043,120	Nil	\$360,060	n/a	n/a	\$67,670	\$1,853,970
	2020	\$277,692	\$680,875	Nil	\$175,000	n/a	n/a	\$41,631	\$1,175,198
Jeff Newman <i>CFO</i>	2022	\$317,500	\$453,659	n/a	\$305,000	n/a	n/a	\$16,583	\$1,092,742
	2021	\$283,653	\$236,140	Nil	\$171,108	n/a	n/a	Nil	\$690,901
	2020	\$244,565	\$356,082	Nil	\$64,250	n/a	n/a	\$72,905	\$737,802
Karen Perasalo <i>VP, Finance & Corporate Secretary</i>	2022	\$254,062	\$392,195	n/a	\$245,000	n/a	n/a	\$13,274	\$904,531
	2021	\$226,901	\$219,594	Nil	\$136,886	n/a	n/a	Nil	\$583,381
	2020	\$205,104	\$276,090	Nil	\$52,750	n/a	n/a	\$38,433	\$572,377
Laura Ingram ⁽⁷⁾ <i>Controller</i>	2022	\$194,865	\$90,116	n/a	\$71,000	n/a	n/a	\$8,050	\$364,031
Jade Iluk <i>Director, Human Resources</i>	2022	\$196,952	\$58,536	n/a	\$71,000	n/a	n/a	\$7,958	\$334,446
	2021	\$180,375	\$61,364	Nil	\$62,500	n/a	n/a	Nil	\$304,239
	2020	\$168,269	\$104,383	Nil	\$18,500	n/a	n/a	\$8,702	\$299,854
Eldon Heck ⁽⁸⁾ <i>VP, Downhole Tools & Rentals</i>	2021	\$229,872	\$227,917	Nil	\$210,648	n/a	n/a	Nil	\$668,437
	2020	\$166,615	\$317,475	Nil	\$83,000	n/a	n/a	\$2,437	\$569,527

Notes:

- (1) NEO salaries were reduced by varying percentages from 2014 to early 2022.
- (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:
 - 2022: January 11, 2022 - \$0.40; Nov 15, 2022 - \$0.40 (Ms. Ingram only)
 - 2021: January 8, 2021 - \$0.225
 - 2020: March 6, 2020 - \$0.28; May 19, 2020 - \$0.155

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, in 2022, Mr. Newman and Ms. Perasalo received RSUs as consideration for a contractual change to each of their severance terms, reducing them from 18 to 12 months. In 2021, Mr. Amundson received DSUs as consideration for a contractual change to his severance term, reducing it from 24 to 18 months. 2021 and 2020 (excluding Mr. Iluk) included an incremental LTIP grant for the NEOs as partial consideration for reduced cash compensation in those years.
- (3) The Share Option Plan was discontinued effective March 9, 2022.
- (4) Reflects the value of awards earned in each year under Essential's ABP. In 2021, the Executive NEOs received incremental LTIP for a portion of their ABP eligibility.
- (5) For 2022, other compensation is the amount contributed by the Company on their behalf, subsequent to their individual contribution, pursuant to the Employee Savings Plan ("**Employee Savings Plan Contribution**"). 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 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 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 2020 and 2021, 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 2016, Mr. Amundson undertook the COO duties in addition to his President and CEO duties.
- (7) Ms. Ingram was considered an NEO for 2022.
- (8) Mr. Heck ceased to be an employee of Essential effective January 10, 2022.

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, 2022.

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of 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	200,000	\$0.32	Jan 8, 2024	\$13,000	2,096,231	\$807,049	\$2,276,871
Jeff Newman	83,000	\$0.32	Jan 8, 2024	\$5,395	928,985	\$357,659	\$630,541
Karen Perasalo	83,000	\$0.32	Jan 8, 2024	\$5,395	873,430	\$336,271	\$551,616
Laura Ingram	n/a	n/a	n/a	Nil	371,754	\$143,125	Nil
Jade Iluk	n/a	n/a	n/a	Nil	315,028	\$121,286	Nil

Notes:

- (1) Based on the market price of \$0.385 as at December 30, 2022. All Share Options have vested.
- (2) Share-based awards consist of RSUs granted in 2020, 2021, and 2022 that have not vested.
- (3) Includes all unvested RSUs based on the Share price of \$0.385 as at December 30, 2022.
- (4) Includes DSUs that vested in 2022 and previous years, based on the Share price of \$0.385 as at December 30, 2022. 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. This includes DSUs that were granted from 2016 to 2021 for Amundson; 2016 to 2020 for Newman and Perasalo.

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, 2022, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2022.

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	\$6,000	\$1,144,631	Nil	\$620,000
Jeff Newman	\$2,490	\$780,152	Nil	\$305,000
Karen Perasalo	\$2,490	\$656,541	Nil	\$245,000
Laura Ingram	n/a	\$97,323	Nil	\$71,000
Jade Iluk	n/a	\$146,861	Nil	\$71,000

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.
- (3) No DSUs vested in 2022.
- (4) Reflects the value of non-equity incentive plan awards earned in 2022 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, 2022, for each NEO that is a president or vice president, in the event of a change in their employment status.

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⁾
Garnet Amundson	more than 50%	<ul style="list-style-type: none"> ▪ 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 of 20 days; ▪ the greater of either base salary multiplied by 'at target' bonus percent multiplied by 1.5 and the average of the bonus payments for the preceding two years multiplied by 1.5; ▪ the pro-rata amount of any earned bonus for the current fiscal year at the level accrued or 'at target', whichever is greater, 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. 	<ul style="list-style-type: none"> ▪ 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 of 20 days; ▪ the greater of either base salary multiplied by 'at target' bonus percent multiplied by 1.5 and the average of the bonus payments for the preceding two years multiplied by 1.5; ▪ the pro-rata amount of any earned bonus for the current fiscal year at the level accrued or 'at target', whichever is greater, 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	<ul style="list-style-type: none"> ▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum of 20 days; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.
Jeff Newman	more than 50%	<ul style="list-style-type: none"> ▪ 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'. 	<ul style="list-style-type: none"> ▪ 12 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum of 20 days; ▪ the greater of either base salary multiplied by 'at target' bonus percent multiplied by 1.0 and the average of the bonus payments for the preceding two years multiplied by 1.0; ▪ the pro-rata amount of any earned bonus for the current fiscal year at the level accrued or 'at target', whichever is greater, 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	<ul style="list-style-type: none"> ▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum of 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⁾
Karen Perasalo	more than 50%	<ul style="list-style-type: none"> 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'. 	<ul style="list-style-type: none"> 12 months pay in lieu of notice at current base salary; accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum of 20 days; the greater of either base salary multiplied by 'at target' bonus percent multiplied by 1.0 and the average of the bonus payments for the preceding two years multiplied by 1.0; the pro-rata amount of any earned bonus for the current fiscal year at the level accrued or 'at target', whichever is greater, 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	<ul style="list-style-type: none"> Base salary accrued and unpaid; accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum of 20 days; and upon death: accelerated vesting of Share Options, RSUs and DSUs.

Notes:

- (1) Any decrease to an Executive NEO's compensation, taken as a cost reduction measure, will be ignored for severance payment calculations and the Executive 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 Executive NEO's employment contract and references the Executive 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, 2022, or in the case of the other NEOs, had a change of control occurred on December 31, 2022, 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	\$1,652,100	\$820,049	\$2,276,871	\$4,749,020
Jeff Newman	12	\$675,700	\$363,054	\$630,541	\$1,669,295
Karen Perasalo	12	\$541,300	\$341,666	\$551,616	\$1,434,582
Laura Ingram ⁽⁴⁾	n/a	n/a	\$143,125	n/a	\$143,125
Jade Iluk ⁽⁴⁾	n/a	n/a	\$121,286	n/a	\$121,286

Notes:

- (1) Includes salary, annual bonus and benefits for the specified severance period.
- (2) Includes accelerated vesting and assumed payout of vested and unexercised Share Options and unvested RSUs using the December 31, 2022 Share price of \$0.385.
- (3) Includes assumed payout of vested and unvested DSUs using the December 31, 2022 Share price of \$0.385. DSUs by their nature do not pay out until the Executive NEO leaves the organization. The value in the table represents DSUs earned to date.
- (4) Ms. Ingram and Mr. Iluk are not vice presidents and neither has an employment contract. However, Essential is obligated to accelerate vesting and payment of Ms. Ingram's and Mr. Iluk's RSUs outstanding at the time of termination in the event of a change of control. In addition, Ms. Ingram and Mr. Iluk would receive payment in lieu of reasonable notice commensurate with their respective positions, age and tenure in accordance with common law.

DIRECTOR COMPENSATION

Essential provides its non-employee Board of Directors with a comprehensive compensation package consisting of an annual retainer and long-term incentives in the form of DSUs or RSUs. See “Executive Compensation – Compensation Discussion and Analysis – Compensation Components – Details – Long Term Incentive Plans”. Mr. Amundson is also an NEO and is not separately compensated for his duties as a director on the Board. 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 throughout the Downturn (2015 – 2021), the Board voluntarily reduced compensation. In March 2022, Board retainers were reinstated.

Summary Director Compensation Table

The following table outlines for the year ended December 31, 2022, 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⁾	\$84,292	\$61,487	n/a	n/a	n/a	\$145,779
Felicia Bortolussi	\$54,542	\$42,568	n/a	n/a	n/a	\$97,110
Robert German ⁽³⁾	\$64,458	\$42,568	n/a	n/a	n/a	\$107,026
Sophia Langlois ⁽⁴⁾	\$7,707	\$47,368	n/a	n/a	n/a	\$55,075
Robert Michaleski ⁽⁵⁾	\$72,392	\$42,568	n/a	n/a	n/a	\$114,960
Former Board Member: Nicholas Kirton ⁽⁶⁾	\$69,019	\$42,568	n/a	n/a	n/a	\$111,587

Notes:

- (1) For Mr. Banister, Mr. German, Mr. Kirton and Mr. Michaleski – RSUs granted on August 10, 2022. 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 (\$0.35). RSUs granted: Banister – 175,676; German – 121,622; Kirton – 121,622; and Michaleski – 121,622.
For Ms. Bortolussi – DSUs granted on August 10, 2022. 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 (121,622) by the closing price of Shares on the date of grant (\$0.35).
For Ms. Langlois – DSUs granted on November 15, 2022, 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 (118,421) by the closing price of Shares on the date of grant (\$0.40).
- (2) Mr. Banister is the Chair of the Board of Directors.
- (3) Mr. German is the Chair of the HSE Committee.
- (4) Ms. Langlois was appointed to the Board of Directors effective November 15, 2022. Ms. Langlois was appointed Chair of the Audit Committee effective December 14, 2022.
- (5) Mr. Michaleski is the Chair of the C&G Committee.
- (6) Mr. Kirton resigned from the Board of Directors effective December 14, 2022.

Director Retainers and Fees Summary

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

	2022 Annual Retainer ⁽¹⁾
Board Chair ⁽²⁾	\$85,000
Board Member	\$55,000
Audit / C&G Committee Chair ⁽²⁾	\$73,000
HSE Committee Chair ⁽²⁾	\$65,000
Board and Committee Meeting (per meeting)	n/a

Notes:

- (1) From January 1, 2022 to February 28, 2022, there was a voluntary 5% reduction to the amounts reflected in this table.
- (2) Represents the total retainer paid to the Chairs, inclusive of the Board Member retainer.

Director Retainers and Fees Paid in 2022

Name	Board Chair Retainer (\$)	Board Member Retainer (\$)	Committee Chair Retainer (\$)	Board Meetings (\$)	Committee Meetings (\$)	Total (\$)
James Banister	\$29,750	\$54,542	-	n/a	n/a	\$84,292
Felicia Bortolussi	-	\$54,542	-	n/a	n/a	\$54,542
Robert German	-	\$54,542	\$9,916	n/a	n/a	\$64,458
Sophia Langlois ⁽¹⁾	-	\$6,875	\$832	n/a	n/a	\$7,707
Robert Michaleski	-	\$54,542	\$17,850	n/a	n/a	\$72,392
Former Board Member: Nicholas Kirton ⁽²⁾	-	\$52,001	\$17,018	n/a	n/a	\$69,019

Notes:

(1) Ms. Langlois was appointed to the Board of Directors effective November 15, 2022, and appointed Chair of the Audit Committee effective December 14, 2022.

(2) Mr. Kirton resigned from the Board of Directors effective December 14, 2022.

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, 2022.

	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	289,644	\$111,513	\$393,794
Felicia Bortolussi	n/a	n/a	n/a	n/a	121,622	\$46,824	\$48,740
Robert German	n/a	n/a	n/a	n/a	202,321	\$77,894	\$286,008
Sophia Langlois ⁽⁴⁾	n/a	n/a	n/a	n/a	118,421	\$45,592	nil
Robert Michaleski	n/a	n/a	n/a	n/a	202,321	\$77,894	\$292,508
Former Board Member: Nicholas Kirton ⁽⁵⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

(1) For Mr. Banister, Mr. German and Mr. Michaleski – awards represent RSUs that were granted in 2021 and 2022 that had not vested at December 31, 2022. For Ms. Bortolussi and Ms. Langlois – awards represent DSUs that were granted in 2022.

(2) Based on the market price of \$0.385 as at December 30, 2022.

(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 \$0.385 as at December 30, 2022 multiplied by the DSUs that have vested to date. Vested Share-based awards for: Banister – 1,022,842; Bortolussi – 126,597; German – 742,878; and Michaleski – 759,761.

(4) Ms. Langlois was appointed to the Board of Directors effective November 15, 2022.

(5) Mr. Kirton resigned from the Board of Directors effective December 14, 2022. All LTIP balances vested and paid out in 2022.

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, 2022, 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, 2022. The Company does not have a non-equity incentive plan for members of the Board.

Name	Share Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year ⁽¹⁾		Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
		RSUs (cash settled) ⁽²⁾ (\$)	DSUs (not paid out) ⁽³⁾ (\$)	
James Banister	n/a	\$22,794	n/a	n/a
Felicia Bortolussi	n/a	n/a	\$42,857	n/a
Robert German	n/a	\$16,140	n/a	n/a
Sophia Langlois	n/a	n/a	n/a	n/a
Robert Michaleski	n/a	\$16,140	n/a	n/a
Former Board Member: Nicholas Kirton ⁽⁴⁾	n/a	\$97,068	n/a	n/a

Notes:

- (1) The value is calculated based on the RSUs and 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.
- (2) On November 10, 2022, one-third of the time-vested RSUs from the November 10, 2021, grant vested. The five-day volume weighted average price was \$0.40. RSUs for Banister – 56,984; German – 40,349; Michaleski – 40,349; Kirton – 40,349.
- (3) The DSU grant on November 10, 2021 vested one year after issuance. The value is the five-day volume weighted average Share price at time of vesting (\$0.40) multiplied by the DSUs that vested. DSUs vested for Bortolussi – 107,143.
- (4) Mr. Kirton resigned from the Board of Directors effective December 14, 2022. Outstanding RSUs vested upon his departure.

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 “**Employee Director**”).

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):

<u>Name</u>	<u>Name of Reporting Issuer</u>
Sophia Langlois	Loop Energy Inc. (TSX) Alaris Equity Partners Income Trust (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 Directors meetings at which non-independent directors are not in attendance. However, at each Board of Directors meeting the directors hold an *in-camera* session at which members of management, including the Employee Director, are not in attendance. There were six such meetings in 2022.

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 two such meetings in 2022.

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 2022.

The HSE Committee holds regular *in-camera* sessions where the Employee Director is not present. There were four such meetings in 2022.

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	2022 Board Meetings Attended	2023 Board Meetings Attended ⁽¹⁾
Garnet Amundson	6 of 6	1 of 1
James Banister	6 of 6	1 of 1
Felicia Bortolussi	6 of 6	1 of 1
Robert German	6 of 6	1 of 1
Sophia Langlois ⁽²⁾	1 of 1	1 of 1
Robert Michaleski	6 of 6	1 of 1
Former Board Member:		
Nicholas Kirton ⁽³⁾	6 of 6	n/a

Notes:

(1) From January 1, 2023 to March 3, 2023.

(2) Ms. Langlois joined the Board of Directors effective November 15, 2022. She attended all Board meetings subsequent to joining.

(3) Mr. Kirton resigned from the Board of Directors effective December 14, 2022.

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	2022 C&G Committee Meetings Attended	2023 C&G Committee Meetings Attended ⁽¹⁾
James Banister	2 of 2	2 of 2
Felicia Bortolussi	2 of 2	2 of 2
Sophia Langlois ⁽²⁾	1 of 1	2 of 2
Robert Michaleski	2 of 2	2 of 2
Former Board Member:		
Nicholas Kirton ⁽³⁾	2 of 2	n/a

Notes:

(1) From January 1, 2023 to March 3, 2023.

(2) Ms. Langlois joined the Board of Directors effective November 15, 2022. She attended all C&G Committee meetings subsequent to joining.

(3) Mr. Kirton resigned from the Board of Directors effective December 14, 2022.

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	2022 Audit Committee Meetings Attended	2023 Audit Committee Meetings Attended ⁽¹⁾
Robert German	4 of 4	1 of 1
Sophia Langlois ⁽²⁾	0 of 0	1 of 1
Robert Michaleski	4 of 4	1 of 1
Former Board Member		
Nicholas Kirton ⁽³⁾	4 of 4	n/a

Notes:

(1) From January 1, 2023 to March 3, 2023.

(2) Ms. Langlois joined the Board of Directors effective November 15, 2022. She attended all Audit Committee meetings subsequent to joining.

(3) Mr. Kirton resigned from the Board of Directors effective December 14, 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	2022 HSE Committee Meetings Attended	2023 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

Note:

(1) From January 1, 2023 to March 3, 2023.

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 CEO have developed a written position description referred to as the Terms of Reference for the President and CEO.

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, 2022, filed on SEDAR at www.sedar.com.

Name	Relevant Credentials and Experience
Sophia Langlois	Ms. Langlois holds a CPA, CA designation and is a former audit partner with KPMG. Ms. Langlois holds 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 service companies. He was also the CEO of a public oilfield service 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 CEO;
- General Guidelines for Committees;
- 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;
- Whistleblower Policy;
- Anti-Corruption, Anti-Bribery and Political Compliance Policy; and
- Anti-Money Laundering, Anti-Terrorist Financing and Compliance with Sanctions 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 CEO 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, CFO, Corporate Secretary, President and CEO or the Chair of the C&G Committee. Employees and directors are required to promptly report violations to the President and CEO 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, 2022, 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.

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 CEO, 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.

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 CEO, 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 CEO and receive the Board Chair's evaluation of the CEO;
- (b) review and recommend to the Board of Directors for approval the CEO's compensation including incentives, bonuses and benefits plans;
- (c) review the recommendations of the CEO and recommend to the Board of Directors for approval the Executive NEO'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 CEO regarding compensation including incentives, bonuses and benefits plans for Essential employees other than the Executive NEO's and the CEO;
- (f) recommend to the Board of Directors any long-term incentive plan grant for the Executive NEO's and the CEO and the Board of Directors;
- (g) review and approve the recommendation of the CEO regarding any long-term incentive plan grant and long-term incentive plan pools for Essential's employees other than the Executive NEO's and the CEO;
- (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 CEO position and recommend such strategy to the Board of Directors;
- (j) review with the CEO 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 NEO 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.

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 by its employees to conduct themselves 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.

Further ESG disclosure can be found in Essential's AIF under "ESG Practices" for the year ended December 31, 2022, filed on SEDAR at www.sedar.com. During 2023, Essential plans to release its inaugural ESG Report.

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;
- Adherence to 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 (primary oversight by the C&G Committee):

- Employees are required to adhere to the Corporate Code of Conduct;
- 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 two women serving as members of the Board of Directors;
- Diversity in the workplace is supported – including, but not limited to, gender, race, color, family status, disabilities, sexual orientation, ethnicity and religious beliefs;
- Essential has a Whistleblower Policy (oversight by the Audit Committee); and
- Essential has a robust cybersecurity program (oversight by the Board).

Cybersecurity

Essential recognizes the importance of cybersecurity and the risk associated with digital technology and is committed to its security posture to ensure its digital assets, information, and people are safeguarded from cyber threats. The Company has in place a number of processes including, but not limited to, employee education, identity and access management, third-party security assessment, sophisticated security solutions, disaster recovery management and insurance risk coverage.

The Director, Information Technology (“IT”), of Essential is responsible for implementation of the cybersecurity program and practices. This position reports to the CFO. Cybersecurity is part of the corporate strategy risk program and features in the ESG materiality assessment that will be used to form Essential's inaugural formal ESG report.

The Director, IT, reports annually to the Audit Committee (typically with all Board members in attendance) to provide an IT update. The 2022 update was presented to the entire Board and contained a significant focus on cybersecurity.

In 2023, management and the Board will continue to focus on cybersecurity governance to increase Board member education and understanding of cybersecurity for effective oversight.

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

Board Diversity Metrics

	Percentage of Women
Board of Directors	33%
Executive management	33%
Executive management plus corporate director-level employees (" Senior Corporate Management ")	38%

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

Essential has a Board Diversity Policy that takes 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. That target was met when Ms. Bortolussi joined the Board in November 2021. Subsequent to that, a second woman director, Ms. Langlois, joined the Board in November 2022. The Board nominees for the 2023 Meeting consist of 33% women.

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 33% of executive management, at December 31, 2022. At the Senior Corporate Management level, 38% 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. That target was met and subsequent to that, a second woman director joined the Board. Women represent 33% of Board members.

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 (three individuals at December 31, 2022) and one of the individuals is a woman (33%). At the Senior Corporate Management level, 38% are women. With this representation, 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 two women on the Board of Directors, representing 33% of 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 33% of the executive officers at December 31, 2022. The position held by this individual is Vice President, Finance and Corporate Secretary. At the Senior Corporate Management level, 38% of the individuals are women (three of eight).

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, until January 2022, was the Vice President, Downhole Tools & Rentals. The terms and conditions of these agreements were based on market rates for similar leases and were no more favourable than those available, or which might reasonably be expected to have been available, in similar transactions on an arm's length basis. For the year ended December 31, 2022, for the period Mr. Heck was an employee, Essential incurred lease payments related to these shop premises of \$nil (2021 - \$0.7 million, 2020 - \$0.8 million).

NORMAL COURSE ISSUER BID

On December 21, 2022, the Corporation announced the Toronto Stock Exchange ("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 23, 2022 and ending December 22, 2023, 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 12,965,027 Shares, representing 10% 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 that will be purchased will be determined by Essential, subject to the maximum daily purchase limitation of 20,542 Shares, which is 25% of the six-month average daily trading volume of Shares on the TSX at November 30, 2022. 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 will pay 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.

On December 17, 2021, the Corporation announced the TSX had accepted its NCIB Notice to implement a NCIB during the 12-month period commencing December 21, 2021, and ending December 20, 2022, or until such earlier time the NCIB was completed or terminated at the option of Essential (the “**2021 – 2022 NCIB**”). Pursuant to the 2021 - 2022 NCIB, Essential purchased and cancelled 8,490,216 Shares, which was 82% of the maximum allowed (10,374,478 Shares). Total consideration was \$3.4 million at a weighted average cost per Share of \$0.40. The Shares were purchased through the facilities of the TSX and alternative Canadian trading systems.

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, 2022, 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, 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”, “continue”, “expect”, “future”, “intend”, “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; proxy solicitation; the Board of Directors’ majority voting policy; the Diversity Policy; compensation philosophy, strategy, objectives and components; economic conditions; expected value of securities; vesting dates; long term incentive plans, including liabilities in respect thereof; mailing of materials; Shareholder engagement; Board and NEO compensation components and review; the oilfield services sector; ethical business conduct; availability of an inaugural ESG Report in 2023; and board nominations, composition and renewal. The forward-looking statements are based on a number of key expectations and assumptions made by Essential including but not limited to: general economic, financial market and oil and natural gas industry conditions including oil and natural gas pricing; and availability of technology, labour and expertise.

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 AIF (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;

“**CEO**” or “**Chief Executive Officer**” means the President and Chief Executive Officer of Essential Energy Services Ltd.;

“**Committees**” means the committees of the Board;

“**Corporation**” means Essential Energy Services Ltd.;

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

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

“**Mandate**” means the mandate of the Board of Directors of the Corporation;

“**Shares**” means shares of the Corporation.

Introduction to Stewardship Duties

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

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

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

General Legal Obligations of the Board

1. The Board is responsible for the following legal matter oversight:
 - (a) overseeing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
 - (b) approving changes in the By-laws, Articles of Incorporation, matters requiring shareholder or shareholder approval, and agendas for shareholder and shareholder meetings;

- (c) approving Essential's legal structure, names and brands, mission statement and vision statement, and any amendments thereto;
 - (d) overseeing management to ensure compliance by the Corporation with all applicable securities laws, including continuous disclosure obligations and in relation to an offering of securities of the Corporation; and
 - (e) overseeing management to ensure compliance by the Corporation with stock exchange rules.
2. The following business matters are the responsibility of the Board generally:
- (a) to oversee the management of the business and affairs of Essential including the relationships among the Corporation and its respective affiliates with their executives, affiliates, shareholders, Directors and officers;
 - (b) to act honestly and in good faith with a view to the best interests of Essential;
 - (c) to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
 - (d) to act in accordance with its obligations contained in the *Business Corporations Act* (Alberta), the *Securities Act* of each province and territory of Canada, other relevant legislation, regulations and policies, and the Corporation's Articles and By-laws;
 - (e) in particular, it should be noted that the following matters must be considered by the Board as a whole:
 - (i) submit to the shareholders of the Corporation any question or matter requiring the approval of the shareholders of the Corporation;
 - (ii) fill a vacancy among the Directors or in the office of Auditor;
 - (iii) issue securities except in the manner and on the terms permitted by law and authorized by the Board;
 - (iv) declare dividends;
 - (v) purchase, redeem or otherwise acquire Shares;
 - (vi) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase Shares;
 - (vii) approve management proxy circulars;
 - (viii) approve take-over bid circulars or Directors' circulars;
 - (ix) approve any financial statements; or
 - (x) adopt, amend or repeal By-laws of the Corporation.

Composition and Board Organization

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

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

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

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

The Board’s set of criteria for addressing composition of the Board will include the present and anticipated skill set needed by the Board, experience, ethics, education, time availability, involvement in activities that conflict with Essential’s business, term and the number of other directorships held. 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, CEO 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 CEO and evaluating the CEO’s performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO’s duties;
- (b) satisfying itself as to the integrity of the CEO and that the CEO and other Executive Officers create a culture of integrity throughout the organization;
- (c) approving a position description or terms of reference for the CEO;

- (d) reviewing CEO performance at least annually against agreed upon written goals and objectives that the CEO 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 CEO, 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, with primary oversight by the Audit Committee;
- (b) review and monitor Essential's cybersecurity management, including appropriate risk mitigation strategies, systems, processes and controls;

- (c) monitor operational and financial results;
- (d) approve the Audit Committee recommendation to recommend appointment of external Auditors and approve Auditors' fees;
- (e) approve annual and quarterly financial results as approved by the Audit Committee and to approve release thereof by management;
- (f) approve any management proxy circular, annual information form and any documents incorporated by reference therein;
- (g) approve dividends in respect of the Shares;
- (h) 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;
- (i) approve banking resolutions and significant changes in banking relationships;
- (j) review coverage, deductibles and key issues regarding corporate insurance policies;
- (k) approve contracts, arrangements or commitments that may have a material impact on Essential;
- (l) approve the commencement or settlement of litigation that may have a material impact on Essential; and
- (m) 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.