
**NOTICE OF SPECIAL MEETING OF**

**ESSENTIAL ENERGY SERVICES LTD. SHAREHOLDERS**

**to be held November 7, 2023**

**and**

**INFORMATION CIRCULAR**

**October 3, 2023**

***The deadline for the receipt of proxies for the Meeting is 10:30 a.m. (Calgary time) on November 3, 2023***

**These materials are important and require your immediate attention. They require shareholders of Essential Energy Services Ltd. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. If you have any questions or require more information, please contact Odyssey Trust Company, by telephone at 1 (587) 885-0960, or toll-free at 1 (888) 290-1175 or by email at proxy@odysseytrust.com.**


October 3, 2023

Dear Shareholder,

You are invited to attend the special meeting (the "**Meeting**") of holders ("**Essential Shareholders**") of common shares ("**Essential Shares**") of Essential Energy Services Ltd. ("**Essential**") to be held on November 7, 2023 at the Calgary Petroleum Club, Viking Room, 319 – 5th Avenue SW, Calgary, Alberta, at 10:30 a.m. (Calgary time).

At the Meeting, Essential Shareholders will be asked to consider and, if deemed advisable, to pass a special resolution (the "**Amalgamation Resolution**") approving an amalgamation (the "**Amalgamation**") under section 181 of the *Business Corporations Act* (Alberta) between Essential and 2544592 Alberta Ltd. ("**Subco**"), a wholly-owned subsidiary of Element Technical Services Inc. ("**Element**") and involving the Essential Shareholders, pursuant to which, among other things, subject to the terms and conditions of the amalgamation agreement between Essential, Element and Subco dated September 15, 2023 (the "**Amalgamation Agreement**"), each Essential Shareholder will be entitled to receive $0.40 in cash per Essential Share held immediately prior to the Amalgamation.

The Amalgamation is the result of an extensive and thorough arm's length negotiation between Essential and Element and their respective advisors. The determination of the board of directors of Essential (the "**Essential Board**") to support the Amalgamation is based on various factors described more fully in the accompanying management information circular of Essential dated October 3, 2023 (the "**Information Circular**").

The Essential Board, having taken into account such factors and matters as it considered relevant, having received legal and financial advice and having received and reviewed the financial advisor's fairness opinion described in the Information Circular, determined that the transactions contemplated by the Amalgamation Agreement are in the best interests of Essential, and unanimously recommends that Essential Shareholders vote **FOR** the Amalgamation Resolution. All of the directors and executive officers of Essential, who collectively hold approximately 3.1% of the outstanding Essential Shares, have also agreed to vote all of their Essential Shares in favour of the Amalgamation.

The Information Circular contains a detailed description of the Amalgamation as well as the background to, and reasons for, the Amalgamation and sets forth the actions to be taken by you at the Meeting. You should carefully review the Information Circular in its entirety and consult with your financial, legal or other professional advisors if you require advice or assistance.

The Amalgamation constitutes a "business combination" for the purposes of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), which requires, among other things, the approval of the transaction by a majority of the votes cast by the Essential Shareholders other than the Essential Shareholders whose votes are required to be excluded for the purposes of "majority of the minority" approval as required under MI 61-101.

Accordingly, in order to become effective, the Amalgamation Resolution must be approved by at least:

a) 66⅔% of the votes cast on the Amalgamation Resolution by the Essential Shareholders present in person or by proxy at the Meeting; and

b) a majority of the votes cast by the Essential Shareholders present in person or by proxy at the Meeting excluding for this purpose votes attached to the Essential Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101, if required.

In addition to the Essential Shareholder approvals described above, the completion of the Amalgamation is subject to satisfaction or waiver of other usual and customary conditions contained in the Amalgamation Agreement. If all of the necessary conditions to the Amalgamation under the Amalgamation Agreement are satisfied or waived, Essential expects that the Amalgamation will become effective on or about November 9, 2023.

We look forward to your participation at our Meeting.

(signed) "*James Banister"*
Chair of the Board of Directors

**ESSENTIAL ENERGY SERVICES LTD.**
**NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS**

**When:** Tuesday, November 7, 2023
10:30 a.m. (Calgary time)

**Where:** Calgary Petroleum Club, Viking Room,
319 – 5th Avenue SW, Calgary, Alberta

**NOTICE IS HEREBY GIVEN** that a special meeting (the "**Meeting**") of holders ("**Essential Shareholders**") of common shares ("**Essential Shares**") of Essential Energy Services Ltd. ("**Essential**") will be held on November 7, 2023 at the Calgary Petroleum Club, Viking Room, 319 – 5th Avenue SW, Calgary, Alberta at 10:30 a.m. (Calgary time) for the following purposes:

1. to consider and, if deemed advisable, adopt the Amalgamation Resolution (as defined in the accompanying management information circular of Essential dated October 3, 2023 (the "**Information Circular**")) authorizing an amalgamation of Essential and 2544592 Alberta Ltd. ("**Subco**"), a wholly-owned subsidiary of Element Technical Services Inc. ("**Element**"), and involving Element and the Essential Shareholders, substantially upon the terms and conditions set forth in the amalgamation agreement dated September 15, 2023, between Essential, Element and Subco (the "**Amalgamation Agreement**") whereby, among other things, each Essential Shareholder will be entitled to receive $0.40 in cash per Essential Share held immediately prior to the Amalgamation, as more particularly described in the Information Circular. The full text of the Amalgamation Resolution is set forth in Appendix A to the Information Circular; and

2. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Specific details of the matters to be put before the Meeting are set forth in the Information Circular. The full text of the Amalgamation Agreement is attached as Appendix B to the Information Circular.

Registered holders of Essential Shares ("**Registered Shareholders**") at the close of business on September 18, 2023 (the "**Record Date**") are entitled to receive notice of, attend and vote by proxy in advance of the Meeting. To the extent an Essential Shareholder transfers the ownership of any of their Essential Shares after the Record Date and the transferee of those Essential Shares establishes that they own such Essential Shares and requests, at least ten days before the Meeting, to be included in the list of Essential Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Essential Shares at the Meeting.

If you are not a Registered Shareholder and instead receive materials through your broker, investment dealer, bank, trust company or other intermediary (each, an "**Intermediary**"), please complete the form of proxy or voting instruction form provided to you by your Intermediary in accordance with the instructions provided therein.

It is important to us at Essential that you exercise your vote. If you are a Registered Shareholder, you 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 an Essential 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 an Essential Shareholder on the voting website; or

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

In order to be acted upon at the Meeting, validly completed instruments of proxy must be returned by 10:30 a.m. (Calgary time) on November 3, 2023, or, if the Meeting is adjourned or postponed, at least 48 hours prior to such adjourned or postponed Meeting (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta).

Odyssey Trust Company has been retained as Proxy Solicitation and Information Agent. If you have any questions or require more information, please contact Odyssey Trust Company, by telephone at 1 (587) 885-0960, or toll-free at 1 (888) 290-1175 or by email at proxy@odysseytrust.com.

Pursuant to section 191 of the *Business Corporations Act* (Alberta) (the "**ABCA**"), Registered Shareholders have the right to dissent with respect to the Amalgamation Resolution and, if the Amalgamation is completed, to be paid the fair value of their Essential Shares by Essential (or its successor) in accordance with the provisions of section 191 of the ABCA. A Registered Shareholder's right to dissent is more particularly described in the Information Circular and the text of section 191 of the ABCA, which is attached as Appendix C to the Information Circular. To exercise such right to dissent, a dissenting Shareholder must send to Essential, c/o Fasken Martineau DuMoulin LLP, 350 - 7th Avenue SW, Suite 3400, Calgary, Alberta, T2P 3N9, Attention: Sarah Gingrich, (email: sgingrich@fasken.com), a written objection to the Amalgamation Resolution at or before the Meeting or any adjournment or postponement thereof. **Failure to strictly comply with the requirements set forth in section 191 of the ABCA may result in the loss of any right of dissent.**

**Persons who are beneficial owners of Essential Shares ("Beneficial Shareholders") registered in the name of an Intermediary who wish to dissent should be aware that only Registered Shareholders are entitled to dissent. Accordingly, a Beneficial Shareholder desiring to exercise the right of dissent in respect of the Amalgamation Resolution must make arrangements for the Essential Shares beneficially owned by such Beneficial Shareholder to be registered in the Beneficial Shareholder's name prior to the time the written objection to the Amalgamation Resolution is required to be received by, or on behalf of, Essential or, alternatively, make arrangements for the registered holder of such Essential Shares to dissent on behalf of the Beneficial Shareholder. It is strongly recommended that any Essential Shareholder wishing to dissent seek independent legal advice.**

**DATED** this 3rd day of October, 2023.

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

(signed) "*Garnet K. Amundson*"
Garnet K. Amundson
President, Chief Executive Officer and Director

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## MANAGEMENT INFORMATION CIRCULAR

### Frequently Asked Questions About the Meeting and the Amalgamation

The questions and answers below are not meant to be a substitute for the more detailed description and information contained in this Information Circular and should be read in conjunction with, and are qualified in their entirety by, the more detailed information appearing in this Information Circular. All capitalized terms used below but not otherwise defined have the meanings set forth under "*Glossary of Terms*". **Essential Shareholders are urged to read this Information Circular, including the Appendices hereto, carefully and in their entirety.**

#### *FAQs Related to the Meeting*

*Q: When and where is the Meeting?*

The Meeting will be held at the Calgary Petroleum Club, Viking Room, 319 – 5th Avenue SW, Calgary, Alberta at 10:30 a.m. (Calgary time) on November 7, 2023.

*Q: What am I voting on?*

At the Meeting, Essential Shareholders will be asked to consider and, if deemed advisable, to pass the Amalgamation Resolution approving the Amalgamation, in connection with which, among other things, each Essential Shareholder will be entitled to receive $0.40 in cash per Essential Share held immediately prior to the Amalgamation, and such other matters which may properly come before the Meeting, or any adjournment or postponement thereof. At the time of printing this Information Circular, Essential knows of no other matter expected to come before the Meeting, other than the vote on the Amalgamation Resolution. The full text of the Amalgamation Resolution is set forth in Appendix A to this Information Circular.

*Q: What is the quorum for the Meeting?*

Pursuant to Essential's amended and restated by-law no. 1, the quorum required at the Meeting shall be persons present not being less than two in number and holding or representing not less than 25% of the Essential Shares entitled to be voted at the Meeting.

*Q: Does the Essential Board support the Amalgamation?*

Yes. The Essential Board, following receipt of the Fairness Opinion and other advice from Peters & Co. and legal counsel, and having undertaken a thorough review of, and having carefully considered the Amalgamation, the terms of the Amalgamation Agreement and such other matters as it considered necessary or appropriate, including the factors and risks described under the heading "*The Amalgamation – Recommendations*" and elsewhere in this Information Circular, has unanimously: (a) determined that the transactions contemplated by the Amalgamation Agreement are in the best interests of Essential; (b) approved the Amalgamation Agreement and the transactions contemplated thereby; and (c) determined to recommend that the Essential Shareholders vote in favour of the Amalgamation Resolution.

**Accordingly, the Essential Board unanimously recommends that Essential Shareholders vote <u>FOR</u> the Amalgamation Resolution.**

As part of their deliberations and in making their respective recommendations, the Essential Board considered a number of factors, including but not limited to those described in this Information Circular. See "*The Amalgamation – Reasons For and Anticipated Benefits of the Amalgamation*", "*The Amalgamation – Recommendations*" and "*The Amalgamation – Fairness Opinion*".

*Q: Have any significant Essential Shareholders agreed to vote in favour of the Amalgamation Resolution?*

Yes. Each Supporting Securityholder has agreed, among other things, not to dispose of any of their Essential Shares prior to the Effective Date, to vote in favour of the Amalgamation Resolution and to otherwise support the Amalgamation. The Supporting Securityholders collectively hold approximately 3.1% of the outstanding Essential Shares.

*Q: Who is soliciting my proxy?*

The management of Essential is soliciting your proxy. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors, executive officers or employees of Essential or by any other means management of Essential may deem necessary. Odyssey Trust Company has been retained as Proxy Solicitation and Information Agent. If you have any questions or require more information, please contact Odyssey Trust Company, by telephone at 1 (587) 885-0960, or toll-free at 1 (888) 290-1175 or by email at proxy@odysseytrust.com. Essential has agreed to pay Odyssey Trust Company an aggregate fee of up to $33,500, plus reasonable out-of-pocket expenses, for these services.

The cost of any such solicitation by management shall be borne by Essential.

*Q: Who is entitled to vote on the Amalgamation Resolution at the Meeting?*

Only Essential Shareholders whose names have been entered in the register of Essential Shareholders on the close of business on September 18, 2023 will be entitled to receive notice of and to vote by proxy at the Meeting.

*Q: How many Essential Shares are entitled to vote?*

As at September 18, 2023, 125,365,597 Essential Shares were issued and outstanding. Each Essential Share confers the right to one vote on the Amalgamation Resolution.

*Q: What is the Requisite Shareholder Approval?*

In order to become effective, the Amalgamation Resolution must be approved by:

(a) 66⅔% of the votes cast on the Amalgamation Resolution by the Essential Shareholders present in person or by proxy at the Meeting; and

(b) a majority of the votes cast by the Essential Shareholders present in person or by proxy at the Meeting excluding for this purpose votes attached to the Essential Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101, if required.

See "*Procedure for the Amalgamation to Become Effective – Essential Shareholder Approval*".

*Q: How do I vote?*

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

Registered Shareholders may vote in person at the Meeting or by proxy or they may appoint another person, who does not have to be an Essential 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 will receive a form of proxy with this Information Circular and may 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 an Essential 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 an Essential Shareholder on the voting website; or

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

**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 an Essential 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.

Please note that if you vote by mail, your proxy must be returned by 10:30 a.m. (Calgary time) on November 3, 2023, or, if the Meeting is adjourned or postponed, at least 48 hours prior to such adjourned or postponed Meeting (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta). If you vote by internet, there is no need to mail back the proxy.

All Essential Shares represented at the Meeting by properly completed forms of proxy will be voted in accordance with the specifications of the Registered Shareholder contained in the proxy. **In the absence of such specification, such Essential Shares will be voted FOR the matters set forth in the Information Circular.** All Essential Shares represented at the Meeting will be voted in accordance with the instructions of the Essential 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 Information Circular, management of Essential knows of no such amendments, variations or other matters to come before the Meeting.

Beneficial Shareholders will receive a Voting Instruction Form with this Information Circular and may give their voting instructions to their Intermediary in accordance with the instructions on the Voting Instruction Form provided.

See "*Voting and Proxies – How to Vote*" for more information on how you may vote. Odyssey Trust Company has been retained as Proxy Solicitation and Information Agent. If you have any questions or require more information, please contact Odyssey Trust Company, by telephone at 1 (587) 885-0960, or toll-free at 1 (888) 290-1175 or by email at proxy@odysseytrust.com. Beneficial Shareholders who have received a Voting Instruction Form from Broadridge must deposit the completed Voting Instruction Form with Broadridge by mail or facsimile at the address or facsimile number noted thereon.

***FAQs Related to the Amalgamation***

*Q: When will the Amalgamation be completed?*

If all of the necessary conditions to the Amalgamation under the Amalgamation Agreement are satisfied or waived, Essential expects the Effective Date to be on or about November 9, 2023. The Effective Date could be delayed for a number of reasons, including delays in receiving all applicable regulatory approvals.

*Q: What will happen to Essential if the Amalgamation is completed?*

Following the completion of the Amalgamation, Amalco, as successor to Essential, will become a wholly-owned subsidiary of Element. It is expected that the Essential Shares will be delisted from the TSX and Amalco will make an application to cease to be a reporting issuer under applicable Securities Laws as soon as reasonably practicable thereafter. Essential anticipates that the Essential Shares will be delisted from the TSX within three Business Days following the Effective Date.

*Q: What will happen if the Amalgamation is not completed?*

The completion of the Amalgamation is subject to the satisfaction or waiver of certain closing conditions set out in the Amalgamation Agreement. Furthermore, each of Essential and Element have the right to terminate the Amalgamation Agreement in certain circumstances. Failure to complete the Amalgamation could negatively impact the price of the Essential Shares and future business and operations of Essential.

In the event of the termination of the Amalgamation Agreement as a result of an Element Damages Event, Essential has agreed to pay to Element a non-completion fee of $5.5 million. See "*The Amalgamation Agreement – Non-Completion Fee*".

In the event of the termination of the Amalgamation Agreement as a result of an Element Expense Reimbursement Event, Essential has agreed to pay to Element an expense reimbursement of $2.75 million. Similarly, in the event of the termination of the Amalgamation Agreement as a result of an Essential Damages Event, Element has agreed to pay an expense reimbursement of $2.75 million to Essential. See "*The Amalgamation Agreement – Expense Reimbursement*".

*Q: What approvals are required for the Amalgamation to become effective?*

Completion of the Amalgamation is subject to, among other things, receipt of the Requisite Shareholder Approval. See "*Procedure for the Amalgamation to Become Effective – Essential Shareholder* Approval".

*Q: What premium does the Consideration to be received under the Amalgamation represent?*

The Consideration of $0.40 per Essential Share represents a premium of approximately 12% to Essential's 20-day volume weighted average trading price on the TSX and a premium of approximately 10% to Essential's closing price on the TSX as of close of markets on September 14, 2023, the last trading day prior to the announcement of the proposed Amalgamation.

*Q: What will I have to do as an Essential Shareholder to receive the Consideration for my Essential Shares?*

If you are a Registered Shareholder, you must complete and sign the Letter of Transmittal enclosed with this Information Circular and return it, together with the original certificate(s) representing your Essential Shares, to the Depositary. As soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Essential Shares acquired by Element under the Amalgamation of a duly completed Letter of Transmittal and the original certificate(s) representing such Essential Shares and all other required documents, the Depositary shall forward, by first class mail (or in accordance with such other delivery instructions provided in the Letter of Transmittal), to such former Shareholder at the address specified in the Letter of Transmittal, the Consideration (less applicable withholdings) issued to such Essential Shareholder under the Amalgamation. For greater certainty, any Letter of Transmittal with respect to Essential Shares that are held through book entry, direct registration or other electronic means are not required to be accompanied by the DRS Advice in respect of such Essential Shares.

If you are a Beneficial Shareholder, you will receive your payment through your account with your Intermediary that holds the Essential Shares on your behalf. You should contact your Intermediary if you have questions about this process.

See "*Procedure for the Amalgamation to Become Effective – Procedure for Receipt of Consideration – Procedure for Exchange of Essential Shares for Consideration*".

*Q: Am I entitled to Dissent Rights?*

You are entitled to Dissent Rights if you are a Registered Shareholder. Registered Shareholders who validly exercise their Dissent Rights will be entitled to be paid by Essential (or its successor) the fair value of the Essential Shares in respect of which the holder dissents. Such amount may be the same as, more than, or less than the Consideration payable pursuant to the Amalgamation.

Only Registered Shareholders are entitled to Dissent Rights. Beneficial Shareholders who wish to exercise Dissent Rights should be aware that they may only do so through the Registered Shareholder of such Essential Shares and should contact their Intermediary to make appropriate arrangements.

Failure to strictly adhere to the procedures established by section 191 of the ABCA may result in the loss of Dissent Rights. Accordingly, Dissenting Shareholders who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of section 191 of the ABCA, the full text of which is set out in Appendix C to this Information Circular, and consult their own legal advisor.

See "*Dissent Rights*".

*Q: What are the tax consequences to Essential Shareholders?*

This Information Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Essential Shareholders who, under the Amalgamation, dispose of one or more Essential Shares. Essential Shareholders should consult their own tax advisors for advice with respect to the Canadian income tax consequences to them in respect of the Amalgamation. See "*Certain Canadian Federal Income Tax Considerations*".

This Information Circular does not address any tax considerations of the Amalgamation other than certain Canadian federal income tax considerations to Essential Shareholders. Essential Shareholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the relevant tax implications of the Amalgamation, including any associated filing requirements, in such jurisdictions. All Essential Shareholders should also consult their own tax advisors regarding relevant provincial, territorial or state tax considerations of the Amalgamation.

*Q: Are there risks I should consider in deciding whether to vote for the Amalgamation Resolution?*

The Amalgamation involves various risks. Essential Shareholders should carefully consider the risk factors described in this Information Circular in evaluating whether to approve the Amalgamation Resolution. Readers are cautioned that such risk factors are not exhaustive. Such risk factors should be considered in conjunction with the other information included in this Information Circular, as well as the documents filed by Essential pursuant to applicable Laws from time to time.

See "*Risk Factors*".

**Glossary of Terms**

The following is a glossary of certain terms used in this Information Circular. Terms and abbreviations used in the Appendices to this Information Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

"**ABCA**" means the *Business Corporations Act* (Alberta) as amended, including the regulations promulgated thereunder;

"**ABP**" has the meaning given to it under the heading "*Interests of Certain Persons in the Amalgamation – Annual Bonus Plan*";

"**Acquisition Proposal**" means any inquiry or the making of any proposal, whether or not in writing, to Essential from any person or group of persons "acting jointly or in concert" (within the meaning of NI 62-104), other than the transactions contemplated by the Amalgamation Agreement, relating to:

(a) any direct or indirect sale, issuance or acquisition of shares or other securities (or securities convertible or exercisable for such shares or interests) in Essential that, when taken together with the securities of Essential held by the proposed acquiror and any person acting jointly or in concert with such acquiror, represent 20% or more of the voting securities of Essential, or rights or interests therein and thereto;

(b) any direct or indirect acquisition of assets (or any lease, joint venture or other arrangement having the same economic effect as a purchase or sale of assets) of Essential (including, for greater certainty, securities of any Subsidiary thereof) representing 20% or more of the consolidated assets of Essential and its Subsidiaries, taken as a whole;

(c) an amalgamation, arrangement, merger, business combination, or consolidation involving Essential to which all or substantially all of Essential's revenues or earnings are attributable; or

(d) any take-over bid, issuer bid, exchange offer, liquidation, dissolution, reorganization or similar transaction involving Essential that, if consummated, would result in such person or group of persons beneficially owning all of the voting or equity securities of Essential or assets to which all or substantially all of Essential's revenues or earnings on a consolidated basis are attributable;

"**affiliate**" has the meaning set forth under applicable Securities Laws;

"**Agent**" means National Bank of Canada, in its capacity as agent under the Credit Agreement;

"**AIF**" means the annual information form of Essential for the year ended December 31, 2022 and dated March 3, 2023;

"**allowable capital loss**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*";

"**Amalco**" means the continuing corporation resulting from the Amalgamation;

"**Amalco Redeemable Preferred Shares**" means the redeemable preferred shares in the capital of Amalco, having the rights, privileges, restrictions and conditions set out in Schedule C of the Amalgamation Agreement;

"**Amalgamation**" means the amalgamation of Essential and Subco under the provisions of section 181 of the ABCA, on and subject to the terms and conditions set out in the Amalgamation Agreement;

"**Amalgamation Agreement**" means the amalgamation agreement dated September 15, 2023 between Essential, Element and Subco, providing for, among other things, the Amalgamation, and all amendments thereto, a copy of which is attached as Appendix B to this Information Circular;

"**Amalgamation Resolution**" means the special resolution of the Essential Shareholders in respect of the Amalgamation to be considered at the Meeting substantially in the form set out in Appendix A attached hereto;

"**Annual MD&A**" means management's discussion and analysis of the financial and operating results of Essential for the year ended December 31, 2022;

"**Articles of Amalgamation**" means the articles of amalgamation in respect of the Amalgamation, substantially in the form set out in Schedule A to the Amalgamation Agreement, required under subsection 185(1) of the ABCA to be filed with the Registrar to give effect to the Amalgamation;

"**Beneficial Shareholders**" means Essential Shareholders who hold their Essential Shares in the name of an Intermediary and not in their own name;

"**Broadridge**" means Broadridge Investor Communications Corporation;

"**Business Day**" means a day other than a Saturday, Sunday or a day when banks in the City of Calgary, Alberta are not generally open for business;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Certificate**" means the certificate of amalgamation to be issued by the Registrar, pursuant to subsection 185(4) of the ABCA, in respect of the Amalgamation;

"**Consideration**" means $0.40, in cash, per Essential Share;

"**Conversion**" has the meaning given to it under the heading "*Information Concerning Essential – General*";

"**Closing**" means the closing of the Amalgamation contemplated by the Amalgamation Agreement in accordance with the terms and conditions of the Amalgamation Agreement;

"**Court**" means the Court of King's Bench of Alberta;

"**CRA**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**Credit Agreement**" means the ninth amended and restated credit agreement dated as of June 26, 2018, as amended July 9, 2020 and November 25, 2021, among, inter alios, Essential, the Agent and the Lenders pursuant to which the Lenders granted the Credit Facilities;

"**Credit Facilities**" means, collectively, the credit facilities in the maximum amount of $25,000,000 granted under the Credit Agreement;

"**Depositary**" means Computershare Investor Services Inc., appointed for the purpose of receiving the deposit of certificates formerly representing Essential Shares and for the delivery of the Consideration pursuant to the Amalgamation;

"**Disclosure Letter**" means the disclosure letter of Essential dated September 15, 2023 and delivered to Element by Essential in connection with the Amalgamation Agreement;

"**Dissent Rights**" means the rights of dissent that will apply in relation to the Amalgamation as provided for in Section 191 of the ABCA;

"**Dissenting Shareholder**" means a Registered Shareholder that validly exercises Dissent Rights in relation to the Amalgamation;

"**DRS Advice**" means a Direct Registration System (DRS) advice;

"**Effective Date**" means the date shown on the Certificate;

"**Element**" means Element Technical Services Inc.;

"**Element Damages Event**" has the meaning given to it under the heading "*The Amalgamation Agreement – Non-Completion Fee*";

"**Essential**" mean Essential Energy Services Ltd.;

"**Essential Board**" means the board of directors of Essential;

"**Essential DSU Plan**" means the amended and restated deferred share unit plan of Essential dated March 6, 2013, as amended and restated on June 30, 2016;

"**Essential DSUs**" means the outstanding deferred share units of Essential issued pursuant to the Essential DSU Plan;

"**Essential Option Plan**" means the amended and restated share option plan of Essential dated April 28, 2010, as amended and restated on March 6, 2019;

"**Essential Option Termination Agreements**" means agreements entered into between Essential and each of the holders of Essential Options whereby each holder of Essential Options agrees to surrender for cancellation or exercise on a "cashless" basis all outstanding Essential Options held by such holder of Essential Options immediately prior to Closing in accordance with the provisions of Section 2.5 of the Amalgamation Agreement;

"**Essential Options**" means the outstanding share options issued pursuant to the Essential Option Plan, whether or not vested, to acquire Essential Shares;

"**Essential RSU Plan**" means the amended and restated restricted share unit plan of Essential as amended and restated on November 3, 2021;

"**Essential RSUs**" means the outstanding restricted share units of Essential issued pursuant to the Essential RSU Plan;

"**Essential Shares**" means the common shares in the capital of Essential;

"**Essential Shareholders**" means holders of Essential Shares from time to time;

"**Executed LOI**" has the meaning given to it under the heading "*The Amalgamation – Background to the Amalgamation and Recommendations*";

"**Fairness Opinion**" means the opinion of Peters & Co., to the effect that the consideration to be received by the Essential Shareholders under the Amalgamation is fair, from a financial point of view, to the Essential Shareholders, the full text of which is attached to this Information Circular as Appendix D;

"**Fasken**" means Fasken Martineau DuMoulin LLP, legal counsel to Essential;

"**Final LOI**" has the meaning given to it under the heading "*The Amalgamation – Background to the Amalgamation and Recommendations*";

"**First LOI**" has the meaning given to it under the heading "*The Amalgamation – Background to the Amalgamation and Recommendations*";

"**Governmental Entity**" means: (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign; (b) any subdivision or authority of any of the above; (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (d) any government-controlled corporation or similar entity; or (e) any stock exchange, including the TSX;

"**IFRS**" means, at the relevant time, International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board, applied on a consistent basis;

"**Information Circular**" means this management information circular dated October 3, 2023, together with all Appendices hereto, provided to the Essential Shareholders in connection with the Meeting;

"**Interim MD&A**" means management's discussion and analysis of the financial and operating results of Essential for the six months ended June 30, 2023;

"**Interim Period**" means the period from the date of the Amalgamation Agreement until Closing;

"**Intermediary**" means an intermediary with which a Beneficial Shareholder may engage, including banks, trust companies, securities dealers or brokers or trustees or administrators of self-directed trusts governed by "registered retirement savings plans", "registered retirement income funds", "registered education savings plans" (collectively as defined in the Tax Act) and similar plans, and such intermediary's nominees;

"**Law(s)**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law, orders, ordinances, judgments, decrees, guidelines, policies or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity and the term "applicable" with respect to such Laws and in a context that refers to a person, means such Laws as are applicable to such person or its business, undertaking, property or securities and that emanate from a Governmental Entity having jurisdiction over the person or its business, undertaking, property or securities;

"**Lenders**" means the syndicate of lenders under the Credit Agreement comprised of National Bank of Canada, ATB Financial and Canadian Western Bank;

"**Letter of Transmittal**" means the letter of transmittal provided to Registered Shareholders, pursuant to which such Registered Shareholders are required to deliver Essential Shares to the Depositary in order to receive the Consideration payable to them pursuant to the Amalgamation and the subsequent redemption of the Amalco Redeemable Preferred Shares;

"**Matching Period**" has the meaning given to it under the heading "*The Amalgamation Agreement –Matching Right*";

"**Material Adverse Change**" or "**Material Adverse Effect**" means any change, event, occurrence or effect that, individually or in the aggregate with other such changes, events, occurrences or effects is or could reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, financial condition or liabilities of Essential and its Subsidiaries, taken as a whole, except any such change, event, occurrence or effect resulting from or arising in connection with:

(a) any change affecting the oilfield services industry in general;

(b) any changes in currency exchange, interest or inflation rates or commodity, securities or general economic, financial, or credit market conditions in Canada, the United States or elsewhere;

(c) any changes in the market price of crude oil, natural gas or other hydrocarbons;

(d) any change in global, national or regional political conditions;

(e) any act of civil unrest, civil disobedience, war, terrorism, cyberterrorism, military activity or sabotage, including an outbreak or escalation of hostilities involving any Governmental Entity or the declaration by any Governmental Entity of a national emergency or war, or any worsening or escalation of any such conditions threatened or existing on the date of the Amalgamation Agreement;

(f) any change or proposed change in any Laws or the interpretation, application or non-application of any Laws by any Governmental Entity;

(g) any change in IFRS or Canadian generally accepted accounting principles;

(h) any hurricane, flood, tornado, earthquake or other natural disaster, man-made disaster or comparable event;

(i) the commencement or continuation of any epidemic, pandemic, disease outbreak (including COVID-19), other outbreak of illness, health crisis or public health event including the escalation or worsening thereof;

(j) any action taken (or omitted to be taken) by Essential or any of its Subsidiaries which is required to be taken (or omitted to be taken) pursuant to the Amalgamation Agreement or applicable Law;

(k) any matters or actions required, permitted, restricted or contemplated by the Amalgamation Agreement or consented to or approved in writing by Element or, in all such cases, occurring as a direct result thereof;

(l) the failure of Essential to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flows, utilization rates or other matters (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

(m) a change attributable to the execution, announcement, pendency or performance of the transactions contemplated by the Amalgamation Agreement (including, without limitation: any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of Essential or any of its Subsidiaries with any of Essential's current or prospective shareholders; and any litigation relating to or resulting from the Amalgamation Agreement or the transactions contemplated thereby);

(n) any change in the market price or trading volume of any securities of Essential (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred); or

(o) any matter that has been expressly disclosed by Essential in writing to Element in the Disclosure Letter;

provided, however, that with respect to clauses (a) through to and including (i) such matter does not have a materially disproportionate effect on Essential and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industries in which Essential and its Subsidiaries operate and provided further that references in certain sections of the Amalgamation Agreement to dollar amounts

are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Material Adverse Change" or a "Material Adverse Effect" has occurred;

"**McCarthys**" means McCarthy Tétrault LLP, legal counsel to Element;

"**Meeting**" means the special meeting of Essential Shareholders (including any adjournment or postponement thereof permitted under the Amalgamation Agreement) that is to be convened to consider, and, if deemed advisable, to approve the Amalgamation Resolution;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**NI 54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"**NI 62-104**" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

"**Non-Resident Holder**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations – Non-residents of Canada*";

"**Notice of Special Meeting**" means the notice of the special meeting of Essential Shareholders which accompanies this Information Circular;

"**OBOs**" has the meaning given to it under the heading "*Voting and Proxies – How to Vote – As a Beneficial Shareholder – Giving Your Voting Instructions to Your Intermediary*";

"**Outside Date**" means December 15, 2023;

"**Parties**" means, collectively, the parties to the Amalgamation Agreement, and "**Party**" shall be construed to mean Essential or both Element and Subco;

"**person**" includes any individual, partnership, association, body corporate, company, organization, trust, estate, trustee, executor, administrator, legal representative, government (including any Governmental Entity), syndicate or other entity, whether or not having legal status;

"**Peters & Co.**" means Peters & Co. Limited, financial advisor to Essential;

"**Peters & Co. Engagement Agreement**" means the engagement letter between Essential and Peters & Co. dated August 14, 2023;

"**Record Date**" means the close of business on September 18, 2023;

"**Registered Shareholders**" means Essential Shareholders who hold their Essential Shares in their own name;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA;

"**Regulations**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**Representatives**" means officers, directors, employees, legal and financial advisors, representatives and agents of Essential, Element or Subco, as the context requires;

"**Requisite Shareholder Approval**" means the requisite approval for the Amalgamation Resolution, being: (a) 66⅔% of the votes cast on the Amalgamation Resolution by the Essential Shareholders present in person or by proxy at the Meeting; and (b) a majority of the votes cast by the Essential Shareholders present in person or by proxy at the Meeting excluding for this purpose votes attached to the Essential Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101, if required;

"**Resident Holder**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*";

"**Securities Laws**" means the *Securities Act* (Alberta) and other applicable corporate and securities Laws in force in Canada, including the rules, regulations, notices, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;

"**SEDAR+**" means the system for the transmission of documents known as the System for Electronic Data Analysis and Retrieval +;

"**Subsidiary**" has the meaning ascribed thereto in the ABCA (and includes any partnerships directly or indirectly owned by Element or Essential, as the case may be, unless the context otherwise requires);

"**Subco**" means 2544592 Alberta Ltd., a wholly-owned subsidiary of Element;

"**Superior Proposal**" means any unsolicited, bona fide written Acquisition Proposal made after the date of the Amalgamation Agreement that:

(a) complies in all respects with applicable Laws;

(b) did not result from a breach of Section 3.4 of the Amalgamation Agreement, other than an immaterial breach of Essential's obligations to provide a notice within a prescribed time;

(c) the Essential Board has determined, in its good faith judgment, after receiving the advice of its external legal counsel and professional financial advisors, is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person or group of persons making such Acquisition Proposal;

(d) is not subject to a financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to the satisfaction of the Essential Board, in its good faith judgment, after receiving the advice of its external legal counsel and professional financial advisors, to have been secured in order to complete such Acquisition Proposal at the time and on the basis set out therein;

(e) the Essential Board has determined, in its good faith judgment, after receiving the advice of its external legal counsel and professional financial advisors, that such Acquisition Proposal would, if consummated in accordance with its terms, taking into account the risk of non-completion, result in a transaction that is more favourable, from a financial point of view, to Essential Shareholders than the Amalgamation; and

(f) the Essential Board has determined, in its good faith judgment, after receiving the advice of its external legal counsel and professional financial advisors, that the failure to accept, recommend, approve, or enter into a definitive agreement to implement such Acquisition Proposal would be inconsistent with the fiduciary duties of the Essential Board under applicable Laws,

except that for the purposes of this definition of "Superior Proposal", the references in the definition of "Acquisition Proposal" to "20% or more of the voting securities of Essential" shall be deemed to be references to "50% or more of the voting securities of Essential" and the references to "20% or more of the

consolidated assets of Essential" shall be deemed to be references to "all or substantially all of the consolidated assets of Essential";

"**Support Agreements**" means a support agreement substantially in the form of those support agreements dated September 15, 2023, between Element and each of the directors and executive officers of Essential;

"**Supporting Securityholders**" means each of the directors and executive officers of Essential and each other Essential Shareholder party to a Support Agreement during the Interim Period;

"**Tax Act**" means, collectively, the *Income Tax Act* (Canada) and the *Income Tax Application Rules* (Canada), as amended from time to time, and the regulations promulgated thereunder;

"**Tax Proposals**" has the meaning given to it under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**taxable capital gain**" has the meaning given to it under the heading *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*";

"**Trust**" has the meaning given to it under the heading "*Information Concerning Essential – General*";

"**TSX**" means the Toronto Stock Exchange;

"**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934; and

"**Voting Instruction Form**" means the voting instruction form provided by Broadridge to Beneficial Shareholders.

**Introduction**

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Essential for use at the Meeting, and any adjournment or postponement thereof. No person has been authorized to give any information or make any representations in connection with the Amalgamation or any other matters to be considered at the Meeting other than those contained in this Information Circular and if given or made, any such information or representations may not be relied upon as having been authorized by Essential.**

**The information concerning Element contained in this Information Circular, including but not limited to the information under the heading "*Information Concerning Element and Subco*", has been provided by Element. Although Essential has no knowledge that would indicate that any of such information is untrue or incomplete, Essential does not assume any responsibility for the accuracy or completeness of such information or the failure by Element to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Essential.**

This Information Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation. The delivery of this Information Circular will not, under any circumstances, create an implication that there has been no change in the information set forth in this Information Circular since the date as of which such information is given in this Information Circular.

This Information Circular is dated October 3, 2023. The information contained in this Information Circular is given as of October 3, 2023, unless otherwise specifically stated.

The information contained on, or accessible through, Essential's website, Element's website or any other website does not constitute part of this Information Circular.

All summaries of, and references to, the Amalgamation Agreement and the Amalgamation in this Information Circular are qualified in their entirety by reference to the complete text of the Amalgamation Agreement, a copy of which is attached as Appendix B to this Information Circular. **You are urged to carefully read the full text of the Amalgamation Agreement.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth in this Information Circular under "*Glossary of Terms*". The terms and abbreviations used in the Appendices to this Information Circular are defined separately therein. Details of the Amalgamation are set forth under the heading "*The Amalgamation*". For details of the matters to be considered by the Essential Shareholders, see "*Matters to be Considered at the Meeting* ".

All dollar amounts presented in this Information Circular are presented in Canadian dollars, unless otherwise stated.

**Forward-Looking Statements**

This Information Circular contains certain forward-looking information and forward-looking statements within the meaning of applicable Securities Laws (collectively, "*forward-looking information*"). Forward-looking information relates to future events or future performance and is based upon management's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact may be forward-looking information. Words such as "seek", "plan", "continue", "expect", "intend", "believe", "anticipate", "predict", "estimate", "may", "will", "could", "potential" and other similar words that indicate events or conditions may occur are intended to identify forward-looking information.

In particular, this Information Circular contains forward-looking information pertaining to the following:

- the anticipated benefits of the Amalgamation to Essential and Essential Shareholders;
- the structure, steps, timing and effect of the Amalgamation;
- the timing of the Meeting and the completion of the Amalgamation;
- the anticipated Effective Date;
- the anticipated receipt of all required regulatory and third-party approvals for the Amalgamation;
- the ability of Essential and Element to satisfy the other conditions to, and to complete, the Amalgamation;
- the delisting of the Essential Shares from the TSX and the anticipated timing thereof;
- the application by Amalco to cease to be a reporting issuer under applicable Securities Laws and the anticipated timing thereof;
- the anticipated tax treatment of the Amalgamation for Essential Shareholders;
- the anticipated treatment of Essential Shareholders under applicable Securities Laws; and
- Dissent Rights held by Essential Shareholders with regards to the Amalgamation.

This forward-looking information is based on certain expectations and assumptions, including the following expectations and assumptions:

- the perceived benefits of the Amalgamation are based upon a number of factors, including the terms and conditions of the Amalgamation Agreement and current industry, economic and market conditions (see "*The Amalgamation – Recommendations*" and "*The Amalgamation – Reasons For and Anticipated Benefits of the Amalgamation*");

- certain steps in, and timing of, the Amalgamation and the Effective Date of the Amalgamation are based upon the terms of the Amalgamation Agreement and advice received from counsel to Essential relating to the expected timing of transaction steps (see "*The Amalgamation*" and "*Timing*"); and

- the anticipated tax treatment of the Amalgamation for Essential Shareholders is subject to the statements under "*Certain Canadian Federal Income Tax Considerations*".

By its very nature, forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Essential believes the expectations reflected in the forward-looking statements contained in this Information Circular are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular.

Some of the risks that could cause results to differ materially from those expressed in the forward- looking information include:

- the conditions to the completion of the Amalgamation, including receipt of the Requisite Shareholder Approval, may not be satisfied or waived, which may result in the Amalgamation not being completed;

- the timing of the Meeting and the anticipated Effective Date may be changed or delayed;

- the Amalgamation Agreement may be terminated by either Party under certain circumstances, including as a result of the occurrence of a Material Adverse Change in respect of Essential;

- Essential will incur costs relating to the Amalgamation, regardless of whether the Amalgamation is completed or not completed;

- if the Amalgamation is completed, Essential Shareholders will be entitled to receive the Consideration of $0.40, in cash, per Essential Share and will not have an opportunity to receive the benefit from any potential increase in value in Essential's business in the future;

- if the Amalgamation is not completed, Essential may be required, in certain circumstances, to pay a non-completion fee or an expense reimbursement to Element; and

- if the Amalgamation is not completed, Essential Shareholders will not receive the Consideration and Essential will continue to be subject to various risks related to its ongoing business.

Readers are cautioned that the foregoing list of factors are not exhaustive. The forward-looking information contained in this Information Circular is expressly qualified by this cautionary statement. Except as required by law, Essential does not undertake any obligation to publicly update or revise any forward-looking information.

Readers should also carefully consider the matters discussed under the headings "*Risk Factors*", "*Certain Canadian Federal Income Tax Considerations*" and other risks described elsewhere in this Information Circular and in the AIF, the Annual MD&A and the Interim MD&A, which are available on Essential's website at essentialenergy.ca or on Essential's corporate profile on SEDAR+ at www.sedarplus.ca.

**Non-IFRS Financial Measures**

Certain specified financial measures in this news release, including "enterprise value as a multiple of trailing twelve-month EBITDAS", do not have a standardized meaning as prescribed under IFRS. These measures should not be used as an alternative to IFRS measures because they may not be comparable to similar financial measures used by other companies.

"Enterprise value as a multiple of trailing twelve-month EBITDAS" is a non-IFRS ratio calculated as enterprise value divided by EBITDAS. "Enterprise value" is calculated as the sum of (i) Consideration multiplied by the number of Essential Shares issued and outstanding as at August 31, 2023, (ii) long-term debt, (iii) lease liabilities, (iv) certain transaction-related expenses permitted to be incurred by Essential pursuant to the terms of the Amalgamation Agreement, (v) less cash. EBITDAS is a non-IFRS financial measure and a component of this ratio. This ratio is used as a supplemental financial measure by management and investors to assess the valuation of the Essential Shares.

"EBITDAS" is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other companies. The most directly comparable IFRS measure for "EBITDAS" is net loss. "EBITDAS" is further explained in the "Non-IFRS and Other Financial Measures" section of the Interim MD&A, (available on Essential's profile on SEDAR+ at www.sedarplus.ca), which section is incorporated by reference herein.

**Information for Essential Shareholders in the United States**

Essential is a corporation organized under the Laws of the Province of Alberta. The solicitation of proxies for the Meeting and the transactions contemplated in this Information Circular are not subject to the requirements of section 14(a) of the U.S. Exchange Act. Accordingly, the solicitation of proxies and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate Laws and applicable Securities Laws, and this Information Circular has been prepared in accordance with disclosure requirements applicable in Canada. Essential Shareholders in the United States should be aware that Canadian corporate Laws and applicable Securities Laws and disclosure requirements are different from United States corporate and securities Laws and disclosure requirements applicable to proxy statements under the U.S. Exchange Act.

The enforcement by Essential Shareholders of civil liabilities under applicable United States federal and state securities Laws may be affected adversely by the fact that Essential, Element and Subco are each organized under the Laws of a jurisdiction other than the United States, that all or a majority of their respective officers and directors are residents of countries other than the United States, and that substantially all of Essential's and Element's assets are located outside of the United States.

You may not be able to sue a non-United States company, its officers or directors named in this Information Circular in a United States or non-United States court for violations of United States federal or state securities Laws. In addition, the courts of countries other than the United States may not enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal or state securities Laws of the United States.

**The transaction described herein has not been approved or disapproved by the United States Securities and Exchange Commission or any other securities regulatory authority, nor has any securities regulatory authority passed upon the fairness of or the merits of this transaction or upon the accuracy or adequacy of the information contained in this Information Circular.**

**Essential Shareholders should be aware that the transaction described herein may have material tax consequences in the United States, including without limitation, the possibility that the transaction is taxable, in whole or in part, for United States federal income tax purposes. Essential Shareholders are advised to consult their own tax advisors to determine the particular tax consequences to them of the transaction.**

## Voting and Proxies

### *Purpose of Solicitation*

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Essential for use at the Meeting to be held on Tuesday, November 7, 2023 at 10:30 a.m. (Calgary time), or at any adjournment or postponement thereof, for the purposes set out in the accompanying Notice of Special Meeting.**

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors, executive officers or employees of Essential or by any other means management of Essential may deem necessary. The cost of any such solicitation by management shall be borne by Essential. Odyssey Trust Company has been retained as Proxy Solicitation and Information Agent. If you have any questions or require more information, please contact Odyssey Trust Company, by telephone at 1 (587) 885-0960, or toll-free at 1 (888) 290-1175 or by email at proxy@odysseytrust.com. Beneficial Shareholders who have received a Voting Instruction Form from Broadridge must deposit the completed Voting Instruction Form with Broadridge by mail or facsimile at the address or facsimile number noted thereon.

### *Who Can Vote*

Essential Shareholders of record at the close of business on the Record Date are entitled to vote by proxy at the Meeting.

### *Matters to Be Voted On*

At the Meeting, Essential Shareholders will be asked to consider and, if deemed advisable, to pass the Amalgamation Resolution approving the Amalgamation, in connection with which, among other things, each Essential Shareholder will be entitled to receive $0.40 in cash per Essential Share held immediately prior to the Amalgamation, and such other matters which may properly come before the Meeting, or any adjournment or postponement thereof. At the time of printing this Information Circular, Essential knows of no other matter expected to come before the Meeting, other than the vote on the Amalgamation Resolution. The full text of the Amalgamation Resolution is set forth in Appendix A to this Information Circular.

### *How to Vote*

*As a Registered Shareholder*

You are a Registered Shareholder if you hold Essential Shares in your name and you have a share certificate.

Registered Shareholders may vote in person at the Meeting or by proxy or they may appoint another person, who does not have to be an Essential 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 will receive a form of proxy with this Information Circular and may 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 an Essential 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 an Essential Shareholder on the voting website; or

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

Please note that if you vote by mail, your proxy must be returned by 10:30 a.m. (Calgary time) on November 3, 2023, or, if the Meeting is adjourned or postponed, at least 48 hours prior to such adjourned or postponed Meeting (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta). If you vote by internet, there is no need to mail back the proxy.

All Essential Shares represented at the Meeting by properly completed forms of proxy will be voted in accordance with the specifications of the Registered Shareholder contained in the proxy. **In the absence of such specification, such Essential Shares will be voted FOR the matters set forth in the Information Circular.** All Essential Shares represented at the Meeting will be voted in accordance with the instructions of the Essential 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 Information Circular, management of Essential knows of no such amendments, variations or other matters to come before the Meeting.

*As a Beneficial Shareholder*

You are a Beneficial Shareholder if your Essential Shares are registered in the name of an Intermediary.

**The information set out in this section is of significant importance to many Essential Shareholders, as a substantial number of Essential Shareholders do not hold their Essential Shares in their own name.** Only Essential Shareholders whose names appear on the records of Essential as the Registered Shareholders, and duly appointed proxyholders, are permitted to vote. If Essential Shares are listed in an account statement provided to an Essential Shareholder by an Intermediary, such Essential Shares will likely be registered under the name of the Intermediary or an agent of that Intermediary. Essential Shares held by Intermediaries or their agents can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries or their agents are prohibited from voting shares for their clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Essential Shares are communicated to their Intermediary. Beneficial Shareholders will receive a Voting Instruction Form with this Information Circular. As a Beneficial Shareholder, you may vote as follows:**

*Giving Your Voting Instructions to Your Intermediary*

Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to its clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Essential Shares are voted at the Meeting. The majority of Intermediaries now delegate responsibility for obtaining instructions from their clients to Broadridge. Broadridge typically provides a scannable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the completed voting instruction form to the Intermediaries. Beneficial Shareholders are alternatively provided with a toll-free telephone number or a website address where voting instructions can be provided. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Essential Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Voting Instruction Form cannot use that Voting Instruction Form to vote Essential Shares directly at the Meeting. The Voting Instruction Form will not be valid unless it is completed as outlined therein and returned to Broadridge well in advance of the Meeting in accordance with the instructions set out therein in order to have the Essential Shares voted at the Meeting.**

**Beneficial Shareholders should follow the instructions on the Voting Instruction Form that they receive and contact their Intermediaries promptly if they need assistance.**

Beneficial Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to Essential are referred to as non-objecting beneficial owners or "**NOBOs**". Those Beneficial Shareholders who have objected to their Intermediary disclosing ownership information about themselves to Essential are referred to as objecting beneficial owners or "**OBOs**".

Pursuant to NI 54-101, Essential has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to Beneficial Shareholders. Essential is not relying on the notice-and-access delivery procedures outlined in NI 54-101 to distribute copies of the proxy-related materials in connection with the Meeting.

Essential has agreed to pay the postage for Intermediaries to deliver copies of the proxy-related materials and related documents to OBOs (who have not otherwise waived their right to receive proxy-related materials).

*Voting at the Meeting*

If a Beneficial Shareholder wishes to vote their Essential Shares in person 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 Intermediary in accordance with the instructions provided by such Intermediary well in advance of the Meeting.

***Revocation of Proxies***

A Registered Shareholder who has submitted a proxy may revoke it as to any matter upon which a vote has not already been cast, pursuant to the authority conferred by the proxy.

A Registered Shareholder may revoke a proxy by voting again on the internet or by phone, or by depositing an instrument in writing, executed by the Registered Shareholder or his or her attorney authorized in writing, or, if the Registered Shareholder is a corporation, under its corporate seal or signed by a duly authorized officer or attorney for such corporation 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), at any time, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) preceding the Meeting or an adjournment or postponement of the Meeting at which the proxy is to be used.

Only Registered Shareholders have the right to revoke a proxy in the manner described above. Beneficial Shareholders who wish to change their vote must arrange for their broker or other Intermediary in whose name such Beneficial Shareholder's Essential Shares are registered to revoke the voting instructions given on such Beneficial Shareholder's behalf in accordance with the instructions provided by such broker or other Intermediary. It should be noted that the revocation of voting instructions by a Beneficial Shareholder can take several days or even longer to complete and, accordingly, any such revocation should be completed well in advance of the deadline prescribed in the Voting Instruction Form.

**Voting Securities and Principal Holders Thereof**

The only outstanding voting securities of Essential are the Essential Shares, of which, as at October 3, 2023, 125,365,597 Essential Shares were issued and outstanding. Essential is authorized to issue an unlimited number of Essential Shares. Each Essential Share confers the right to one vote on the Amalgamation Resolution.

Only Essential Shareholders whose names have been entered in the register of Essential Shareholders on the close of business on the Record Date will be entitled to receive notice of and to vote by proxy at the Meeting. To the extent an Essential Shareholder transfers the ownership of any of their Essential Shares after the Record Date and the transferee of those Essential Shares establishes that they own such Essential Shares and requests, at least ten days before the Meeting, to be included in the list of Essential Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Essential Shares at the Meeting.

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

## SUMMARY OF THE AMALGAMATION

*This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Information Circular, including the Appendices hereto.*

### The Meeting

The Meeting will be held at the Calgary Petroleum Club, Viking Room, 319 – 5th Avenue SW, Calgary, Alberta, at 10:30 a.m. (Calgary time). on November 7, 2023. At the Meeting, Securityholders will be asked to consider and vote upon the Amalgamation Resolution. See "*The Amalgamation*" and "*Matters to be Considered at the Meeting* ".

### The Amalgamation

*Effect of the Amalgamation*

**The following is a summary only of certain of the material terms of the Amalgamation Agreement and is qualified in its entirety by the full text of the Amalgamation Agreement, a copy of which is attached as Appendix B to this Information Circular. Essential Shareholders are urged to read the Amalgamation Agreement carefully and in its entirety.**

If completed, the Amalgamation will result in each Essential Shareholder being entitled to receive $0.40 in cash per Essential Share held immediately prior to the Amalgamation, and Amalco becoming a wholly-owned subsidiary of Element.

The completion of the Amalgamation will constitute a "Change of Control" (as defined in each of the Essential Option Plan, Essential DSU Plan and Essential RSU Plan) and pursuant to the Amalgamation Agreement, the vesting dates for all outstanding Essential Options, Essential DSUs and Essential RSUs will be accelerated to immediately prior to, and conditional on the occurrence of, Closing (in accordance with the terms of the Essential Option Plan, Essential DSU Plan and Essential RSU Plan, as applicable). In addition, pursuant to the Amalgamation Agreement, Essential will settle the outstanding Essential DSUs and Essential RSUs in cash immediately prior to Closing (less applicable withholdings) and all outstanding Essential Options will be cancelled for nominal consideration or exercised on a "cashless" basis pursuant to the Essential Option Termination Agreements and in accordance with the Essential Option Plan.

Under the Amalgamation, Essential and Subco will amalgamate as one corporation under a name to be a designated number determined by the Registrar and on the Effective Date, among other things:

(a) each issued and outstanding Essential Share (other than any Essential Shares held by Dissenting Shareholders) will be exchanged for one Amalco Redeemable Preferred Share;

(b) each issued and outstanding Essential Share held by a Dissenting Shareholder will be cancelled and the Dissenting Shareholder will be entitled to be paid the fair value of such Essential Share by Essential (or its successor) in accordance with the ABCA; and

(c) each issued and outstanding Subco Share (as defined in the Amalgamation Agreement) shall be converted into one Amalco Share.

Each Amalco Redeemable Preferred Share will be redeemed by Amalco for the Consideration immediately following the issuance of the Certificate.

See "*The Amalgamation – Effect of the Amalgamation*" and "*The Amalgamation – Details of the Amalgamation*".

*Background to the Amalgamation and Recommendations*

The terms of the Amalgamation are the result of negotiations between Essential (and Peters & Co. on Essential's behalf) and Element and the respective legal counsel for Essential and Element. This Information Circular contains a summary of the events leading up to the negotiation of the Amalgamation Agreement and the meetings, negotiations, discussions and actions between the Representatives of Essential and Element that preceded the execution of the Amalgamation Agreement and the public announcement of the transaction.

See "*The Amalgamation – Background to the Amalgamation and Recommendations*".

*Reasons for the Amalgamation*

In reaching the unanimous determination that the transactions contemplated by the Amalgamation Agreement are in the best interests of Essential, approving the Amalgamation Agreement and the transactions contemplated thereby and determining to recommend that the Essential Shareholders vote **FOR** the Amalgamation Resolution, the Essential Board considered and relied upon a number of factors, including, among others, the Fairness Opinion and various strategic, financial and operational factors and potential advantages and disadvantages of the Amalgamation. For a list of anticipated benefits considered, see "*The Amalgamation – Reasons For and Anticipated Benefits of the Amalgamation*".

**Fairness Opinion**

In deciding to recommend approval of the Amalgamation, the Essential Board, considered, among other things, the Fairness Opinion. The Essential Board retained Peters & Co. through the Peters & Co. Engagement Agreement dated August 14, 2023. Pursuant to the Peters & Co. Engagement Agreement, Peters & Co. agreed to, among other things, deliver a fairness opinion to the Essential Board, as requested in connection with the Amalgamation.

In consideration for its services, Essential has agreed to pay Peters & Co.: (i) a fixed fee which is payable for the Fairness Opinion that is not conditional on completion of the Amalgamation and is independent of the fee that is; (ii) a financial advisory fee that is payable upon the successful completion of the Amalgamation; and (iii) a retainer fee, which will be credited against the financial advisory fee noted in (ii), which is not conditional on completion of the Amalgamation. Essential has also agreed to reimburse Peters & Co. for certain out-of-pocket expenses and to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use of the Fairness Opinion by Essential and the Essential Board.

At the meeting of the Essential Board, held on September 14, 2023, Peters & Co. delivered a verbal opinion and subsequently confirmed in writing by the Fairness Opinion that as of the date thereof, and based upon and subject to the assumptions, qualifications and limitations contained therein, the consideration to be received by the Essential Shareholders pursuant to the Amalgamation is fair, from a financial point of view, to the Essential Shareholders. **The full text of the Fairness Opinion, which sets forth, among other things, assumptions made, matters considered, information reviewed and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached to this Information Circular as Appendix D.**

**Peters & Co. provided the Fairness Opinion for the sole benefit of the Essential Board in connection with, and for the purpose of, its consideration of the Amalgamation. The Fairness Opinion is not to be construed as a recommendation to any Essential Shareholder to vote its Essential Shares in favour of the Amalgamation Resolution or as an opinion concerning the trading price or value of the Essential Shares following the announcement of the Amalgamation.**

See "*The Amalgamation – Fairness Opinion*" and the full text of the Fairness Opinion, which is attached as Appendix D to this Information Circular.

*Recommendation of the Essential Board*

Following an extensive review and analysis of the Amalgamation and consideration of other available alternatives and other relevant factors considered by the Essential Board, the Essential Board has unanimously: (a) determined that the transactions contemplated by the Amalgamation Agreement are in the best interests of Essential; (b) approved the Amalgamation Agreement and the transactions contemplated thereby; and (c) determined to recommend that the Essential Shareholders vote in favour of the Amalgamation Resolution.

Accordingly, the Essential Board unanimously recommends that Essential Shareholders vote **FOR** the Amalgamation Resolution.

See "*The Amalgamation – Recommendations*".

*Support Agreements*

Each of the Supporting Securityholders (including each director and executive officer of Essential) has agreed, among other things, not to dispose of any of their Essential Shares prior to the Effective Date, to vote in favour of the Amalgamation Resolution and to otherwise support the Amalgamation. The Supporting Securityholders (including each director and executive officer of Essential) collectively hold approximately 3.1% of the outstanding Essential Shares.

See "*The Amalgamation – Support Agreements*".

**The Amalgamation Agreement**

*Parties to the Amalgamation Agreement*

The principal undertaking of Essential, through its subsidiaries, is to provide oilfield services to oil and natural gas producers, primarily in the Western Canadian Sedimentary Basin. Essential provides oilfield services with coiled tubing, fluid and nitrogen pumpers and downhole tools and rentals. For additional information regarding Essential, see "*Information Concerning Essential*".

Element is a privately-held well fracturing and coil services company, established in 2011. Element has strong foundations and vested interests in the communities in which it operates, and is led by an experienced management team and board of directors.

Subco is a wholly-owned subsidiary of Element and was incorporated on September 14, 2023 solely for the purpose of completing the Amalgamation. For additional information regarding Element and Subco, see "*Information Concerning Element and Subco*".

*Amalgamation Agreement*

**The following is a summary only of certain of the material terms of the Amalgamation Agreement and is qualified in its entirety by the full text of the Amalgamation Agreement, a copy of which is attached as Appendix B to this Information Circular. Essential Shareholders are urged to read the Amalgamation Agreement carefully and in its entirety.**

The completion of the Amalgamation is subject to the satisfaction or waiver of certain closing conditions set out in the Amalgamation Agreement. These conditions include, among others, approval of the Amalgamation Agreement by the Essential Shareholders, the Effective Date occurring on or before the Outside Date and holders of not more than 10% of the outstanding Essential Shares having validly exercised Dissent Rights that have not been withdrawn as of the Effective Date. On or prior to the third Business Day following the satisfaction or waiver of all of the conditions to closing set out in the Amalgamation Agreement (other than those conditions which, by their nature, cannot be satisfied prior to the Effective Date, has been satisfied or, where not prohibited, waived by the applicable Party or

Parties in whose favour the condition is), the Parties will file the Articles of Amalgamation with the Registrar in order to give effect to the Amalgamation.

In addition to certain covenants, representations and warranties made by each of Essential and Element in the Amalgamation Agreement, Essential has provided certain non-solicitation covenants, subject to the right of the Essential Board to respond to an unsolicited Acquisition Proposal that constitutes or could be expected to constitute or lead to a Superior Proposal, and the right of Element to match any such Superior Proposal within three Business Days.

In the event of the termination of the Amalgamation Agreement as a result of an Element Damages Event, including where: (a) the Essential Board fails to make certain recommendations or determinations in respect of the Amalgamation or withdraws, modifies, qualifies or changes certain recommendations or determinations in respect of the Amalgamation in a manner adverse to Element; or (b) the Essential Board accepts, recommends, approves or enters into a definitive agreement to implement a Superior Proposal or proposes publicly to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, Essential has agreed to pay to Element a non-completion fee of $5.5 million.

If an Element Expense Reimbursement Event occurs, provided that no Essential Damages Event has occurred and is continuing, and the Amalgamation Agreement is terminated, Essential shall pay an expense reimbursement of $2.75 million to Element as liquidated damages. Similarly, if an Essential Damages Event occurs, provided that no Element Damages Event or Element Expense Reimbursement Event has occurred and is continuing, and the Amalgamation Agreement is terminated, Element shall pay an expense reimbursement of $2.75 million to Essential as liquidated damages.

The Amalgamation Agreement may be terminated, prior to the filing of the Articles of Amalgamation, by mutual written consent of Essential and Element, or by either Party in certain circumstances as more particularly set forth in the Amalgamation Agreement. Subject to certain limitations, either Party may also terminate the Amalgamation Agreement on or following the Outside Date if Closing has not occurred.

See "*The Amalgamation Agreement*" and the full text of the Amalgamation Agreement, which is attached to this Information Circular as Appendix B.

**Procedure for the Amalgamation to Become Effective**

*Procedural Steps*

The Amalgamation is proposed to be carried out pursuant to section 181 of the ABCA. The following procedural steps must be taken in order for the Amalgamation to become effective:

(a) the Amalgamation Resolution must be approved by the Essential Shareholders at the Meeting by the Requisite Shareholder Approval;

(b) all conditions precedent to the Amalgamation, as set forth in the Amalgamation Agreement, must be satisfied or waived by the appropriate Party; and

(c) the Articles of Amalgamation, in the form prescribed by the ABCA, must be filed with the Registrar.

**There is no assurance that the conditions set out in the Amalgamation Agreement will be satisfied or waived on a timely basis or at all.**

Upon the conditions precedent set forth in the Amalgamation Agreement being fulfilled or waived, Essential intends to file the Articles of Amalgamation with the Registrar under the ABCA.

See "*Procedure for the Amalgamation to Become Effective – Procedural Steps*".

*Essential Shareholder Approval*

In order to become effective, the Amalgamation Resolution must be approved by at least: (a) 66⅔% of the votes cast on the Amalgamation Resolution by the Essential Shareholders present in person or by proxy at the Meeting; and (b) a majority of the votes cast by the Essential Shareholders present in person or by proxy at the Meeting excluding for this purpose votes attached to the Essential Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101, if required.

To the knowledge of Essential and its directors and senior officers, after reasonable inquiry, for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 2,872,952 Essential Shares (representing approximately 2.29% of the issued and outstanding Essential Shares) beneficially owned, or over which control or direction is exercised, directly or indirectly, by James Banister and Garnet Amundson, will be excluded in determining whether "majority of the minority" approval for the purposes of MI 61-101 is obtained.

The Amalgamation Resolution must receive the Requisite Shareholder Approval in order for Essential to implement the Amalgamation on the Effective Date in accordance with the terms of the Amalgamation Agreement. If the Amalgamation Resolution is not approved by the Requisite Shareholder Approval, the Amalgamation cannot be completed.

Pursuant to Essential's amended and restated by-law no. 1, the quorum required at the Meeting shall be persons present not being less than two in number and holding or representing not less than 25% of the Essential Shares entitled to be voted at the Meeting.

See "*Procedure for the Amalgamation to Become Effective – Essential Shareholder Approval*" and "*Securities Law Matters*".

*Regulatory Matters*

Following the completion of the Amalgamation, it is expected that the Essential Shares will be delisted from the TSX and Amalco will make an application to cease to be a reporting issuer under Applicable Canadian Securities Laws to be effective as soon as reasonably practicable thereafter.

See "*Procedure for the Amalgamation to Become Effective – Regulatory Matters*".

*Securities Law Matters*

The Amalgamation constitutes a "business combination" under MI 61-101 and, consequently, completion of the Amalgamation is subject to obtaining "majority of the minority" approval of the Amalgamation Resolution.

In determining "majority of the minority" approval for a business combination, Essential is required to exclude the votes attached to the Essential Shares that, to the knowledge of Essential or any "interested party" (as defined in MI 61-101) or their respective directors or senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised, directly or indirectly, by: (a) Essential; (b) an "interested party"; (c) a "related party" of an "interested party", unless the "related party" meets that description solely in its capacity as a director or senior officer of one or more persons that are neither "interested parties" nor "issuer insiders" of Essential; or (d) "joint actors" with any person referred to in (b) or (c) above in respect of the transaction, all as defined in MI 61-101.

To the knowledge of Essential and its directors and senior officers, after reasonable inquiry, for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 2,872,952 Essential Shares (representing approximately 2.29% of the issued and outstanding Essential Shares) beneficially owned, or over which control or direction is exercised, directly or indirectly, by James Banister and Garnet Amundson, will be excluded in determining whether "majority of the minority" approval for the purposes of MI 61-101 is obtained.

See "*Securities Law Matters*".

*Procedure for Receipt of Consideration*

Enclosed with this Information Circular is a Letter of Transmittal, which, when properly completed and returned together with the original certificate(s) representing Essential Shares and all other required documents, will enable each Essential Shareholder to receive the Consideration that such Essential Shareholder is entitled to receive as a result of the Amalgamation and the subsequent redemption of the Amalco Redeemable Preferred Shares. No certificates shall be issued in respect of the Amalco Redeemable Preferred Shares issued pursuant to the Amalgamation and such Amalco Redeemable Preferred Shares shall be evidenced by the certificates representing Essential Shares (for greater certainty, other than certificates representing Essential Shares held by Dissenting Shareholders). Additional copies of the Letter of Transmittal are available by contacting the Depositary at the numbers listed thereon. The Letter of Transmittal is also available under Essential's SEDAR+ profile at www.sedarplus.ca.

**If any Registered Shareholder fails for any reason to deliver to the Depositary for cancellation the certificates formerly representing Essential Shares, together with the Letter of Transmittal and such other certificates, documents or instruments required for such Registered Shareholder to receive the Consideration for the Amalco Redeemable Preferred Shares on or before the fifth anniversary of the Effective Date, such former Registered Shareholder shall be deemed to have surrendered and forfeited to Amalco on such fifth anniversary any Consideration held by the Depositary in trust for such former Registered Shareholder and the certificate(s) representing such Essential Shares will cease to represent a right or claim of any kind or nature.**

**Beneficial Shareholders whose Essential Shares are registered in the name of an Intermediary should contact that Intermediary for instructions and assistance in delivering those Essential Shares.** Beneficial Shareholders will be entitled to receive payment through their account with their Intermediary that holds such Beneficial Shareholder's Essential Shares on its behalf. Beneficial Shareholders should contact their Intermediary with any questions about this process.

Immediately prior to Closing, Essential will settle the outstanding Essential DSUs and Essential RSUs (less applicable withholdings) and all outstanding Essential Options will be cancelled for nominal consideration or exercised on a "cashless" basis pursuant to the Essential Option Termination Agreements and in accordance with the Essential Option Plan.

See "*Procedure for the Amalgamation to Become Effective – Procedure for Receipt of Consideration*".

**Dissent Rights**

Dissenting Shareholders are entitled, in addition to any other rights such Dissenting Shareholder may have, to dissent and to be paid by Essential (or its successor) the fair value of the Essential Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Amalgamation Resolution is approved by the Essential Shareholders at the Meeting and provided the Amalgamation is completed in respect of such Essential Shareholders. **A Dissenting Shareholder may dissent only with respect to all of the Essential Shares held by such Dissenting Shareholder, or on behalf of any one beneficial owner, and registered in the Essential Shareholder's name. Only Registered Shareholders are entitled to dissent. Beneficial Shareholders who wish to dissent should be aware that they may only do so through the registered holder of such Essential Shares. An Intermediary (including CDS), who holds Essential Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise the Dissent Right on behalf of such Beneficial Shareholders with respect to all of the Essential Shares held for such Beneficial Shareholders that wish to dissent. In such case, the written objection to the Amalgamation Resolution should set forth the number of Essential Shares covered by it.**

See "*Dissent Rights*".

**Certain Canadian Federal Income Tax Considerations**

This Information Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Essential Shareholders who, under the Amalgamation, dispose of one or more Essential Shares. See "*Certain Canadian Federal Income Tax Considerations*".

Essential Shareholders should consult their own tax advisors for advice with respect to the Canadian income tax consequences to them in respect of the Amalgamation.

This Information Circular does not address the tax consequences of the Amalgamation to the holders of Essential Options, Essential DSUs or Essential RSUs. Such holders should consult their own tax advisors in this regard.

**Timing**

If the Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions to the Amalgamation are satisfied or waived, Element expects the Effective Date to be on or about November 9, 2023.

The Amalgamation will become effective upon the filing with the Registrar of the Articles of Amalgamation.

The Effective Date could be delayed for a number of reasons, including delays in receiving all applicable regulatory approvals.

See "*Timing*".

**Risk Factors**

Essential Shareholders voting in favour of the Amalgamation Resolution will be choosing to receive the Consideration as payment for their Essential Shares. If the Amalgamation Resolution is approved and the Amalgamation is completed, Essential Shareholders will receive the Consideration for every Essential Share held by them. The Amalgamation involves various risks.

**The following is a list of certain risk factors associated with the Amalgamation, which Essential Shareholders should carefully consider in evaluating whether to approve the Amalgamation Resolution:**

- the conditions to the completion of the Amalgamation, including receipt of the Requisite Shareholder Approval, may not be satisfied or waived, which may result in the Amalgamation not being completed;
- the timing of the Meeting and the anticipated Effective Date may be changed or delayed;
- the Amalgamation Agreement may be terminated by either Party under certain circumstances, including as a result of the occurrence of a Material Adverse Change in respect of Essential;
- Essential will incur costs relating to the Amalgamation, regardless of whether the Amalgamation is completed or not completed;
- if the Amalgamation is completed, Essential Shareholders will be entitled to receive the Consideration of $0.40, in cash, per Essential Share and will not have an opportunity to receive the benefit from any potential increase in value in Essential's business in the future;
- if the Amalgamation is not completed, Essential may be required, in certain circumstances, to pay a non-completion fee or expense reimbursement to Element in accordance with the Amalgamation Agreement; and
- if the Amalgamation is not completed, Essential Shareholders will not receive the Consideration and Essential will continue to be subject to various risks related to its ongoing business.

The risk factors listed above are an abbreviated list of risk factors summarized elsewhere in this Information Circular, the AIF, the Annual MD&A and the Interim MD&A, each of which are incorporated in this Information Circular by reference. Readers are cautioned that such risk factors are not exhaustive. See "*Risk Factors*". **Essential Shareholders should carefully consider all such risk factors in evaluating whether to approve the Amalgamation Resolution.**

## THE AMALGAMATION

### Effect of the Amalgamation

If completed, the Amalgamation will result in each Essential Shareholder being entitled to receive $0.40 in cash per Essential Share held immediately prior to the Amalgamation, and Amalco becoming a wholly-owned subsidiary of Element.

The completion of the Amalgamation will constitute a "Change of Control" (as defined in each of the Essential Option Plan, Essential DSU Plan and Essential RSU Plan) and, pursuant to the Amalgamation Agreement, the vesting dates for all outstanding Essential Options, Essential DSUs and Essential RSUs will be accelerated to immediately prior to, and conditional on the occurrence of, Closing (in accordance with the terms of the Essential Option Plan, Essential DSU Plan and Essential RSU Plan, as applicable). In addition, pursuant to the Amalgamation Agreement, Essential will settle the outstanding Essential DSUs and Essential RSUs in cash immediately prior to Closing (less applicable withholdings) and all outstanding Essential Options will be cancelled for nominal consideration or exercised on a "cashless" basis pursuant to the Essential Option Termination Agreements and in accordance with the Essential Option Plan.

Pursuant to the terms of the Amalgamation Agreement, Essential will amalgamate with Subco, with the amalgamated entity, Amalco, becoming a wholly-owned subsidiary of Element. Subject to the terms of the Amalgamation Agreement, each Essential Shareholder (other than any Dissenting Shareholders) will, upon completion of the Amalgamation, receive one Amalco Redeemable Preferred Share for each Essential Share held by such Essential Shareholder and the Amalco Redeemable Preferred Shares will each be immediately redeemed for $0.40 in cash. No certificates shall be issued in respect of the Amalco Redeemable Preferred Shares issued pursuant to the Amalgamation and such Amalco Redeemable Preferred Shares shall be evidenced by the certificates representing Essential Shares (for greater certainty, other than certificates representing Essential Shares held by Dissenting Shareholders).

The Amalgamation will be implemented by way of a statutory amalgamation under the ABCA pursuant to the terms of the Amalgamation Agreement.

### Details of the Amalgamation

**The following is a summary only of certain of the material terms of the Amalgamation Agreement and is qualified in its entirety by the full text of the Amalgamation Agreement, a copy of which is attached as Appendix B to this Information Circular. Essential Shareholders are urged to read the Amalgamation Agreement carefully and in its entirety.**

As a result of the Amalgamation: (i) Essential Shareholders (other than Dissenting Shareholders) will receive the Consideration for their Essential Shares; and (ii) Amalco will become a wholly-owned subsidiary of Element. Under the Amalgamation, Essential and Subco will amalgamate as one corporation under a name to be a designated number determined by the Registrar and on the Effective Date, among other things:

(a) each issued and outstanding Essential Share (other than any Essential Shares held by Dissenting Shareholders) will be exchanged for one Amalco Redeemable Preferred Share;

(b) each issued and outstanding Essential Share held by a Dissenting Shareholder will be cancelled and the Dissenting Shareholder will be entitled to be paid the fair value of such Essential Share by Essential (or its successor) in accordance with the ABCA; and

(c) each issued and outstanding Subco Share (as defined in the Amalgamation Agreement) shall be converted into one Amalco Share.

Each Amalco Redeemable Preferred Share will be redeemed by Amalco for the Consideration immediately following the issuance of the Certificate.

On the Effective Date:

(a) the property (except amounts receivable from any Amalgamating Corporation (as defined in the Amalgamation Agreement) or shares of any Amalgamating Corporation) of each Amalgamating Corporation will continue to be the property of Amalco;

(b) Amalco will continue to be liable for the obligations (except amounts payable to any Amalgamating Corporation) of each Amalgamating Corporation;

(c) any existing cause of action, claim or liability to prosecution pending by or against either of the Amalgamating Corporations will be unaffected;

(d) any civil, criminal or administrative action or proceeding pending by or against either of the Amalgamating Corporations may be continued to be prosecuted by or against Amalco;

(e) any conviction against, or ruling, order or judgment in favour or against, either of the Amalgamating Corporations may be enforced by or against Amalco; and

(f) the articles of amalgamation of Amalco shall be the Articles of Amalgamation. The by-laws of Amalco shall be the existing by-laws of Subco.

The Amalgamation Agreement provides that any Essential Shareholder who fails to deliver to the Depositary for cancellation the certificates formerly representing Essential Shares, together with such other documents or instruments required for such Essential Shareholder to receive the Consideration for the Amalco Redeemable Preferred Shares on or before the fifth anniversary of the Effective Date will be deemed to have donated and forfeited to Amalco on such fifth anniversary any Consideration (together with any dividends and distributions with respect thereto) held by the Depositary for such former Essential Shareholder.

**Background to the Amalgamation and Recommendations**

The terms of the Amalgamation are the result of arm's length negotiations between Essential (and Peters & Co. on Essential's behalf) and Element and the respective legal counsel for Essential and Element. The following is a summary of the events leading up to the negotiation of the Amalgamation Agreement and the meetings, negotiations, discussions and actions between the Representatives of Essential and Element that preceded the execution of the Amalgamation Agreement and the public announcement of the transactions contemplated thereby.

Essential emerged from the prolonged downturn as a financially strong company with very low debt. The oilfield service downturn started in early 2015 and continued through to the 2020s. Low sectoral multiples, post-pandemic economic changes and ongoing politicized energy conversations have continued to adversely impact growth and value of many publicly-traded oilfield service companies in the last few years. As a micro-cap company with low trading liquidity, it became problematic for Essential to attract the investment of institutional shareholders. As a result, access to capital was challenging, the cost of capital remained high and Essential's growth opportunities were limited.

Accordingly, Essential's management and the Essential Board met regularly to review, among other things, Essential's business opportunities and strategic options to enhance value for Essential Shareholders with a view to the best interests of Essential. The Essential Board also regularly evaluated and reviewed the merits of potential strategic opportunities and routinely had inquiries from third parties with respect to potential merger, acquisition and divestment opportunities. Essential's management and the Essential Board spent significant time evaluating such opportunities and, in certain cases, executed a non-binding letter of intent in order to evaluate potential merger, acquisition and divestment opportunities in greater detail between 2016 and late 2021.

In late 2021, the Essential Board worked with Essential's management and Peters & Co. to assess the next strategic steps for Essential. Peters & Co. attended Essential Board meetings in December 2021 and March 2022 to discuss strategic options for Essential. The Essential Board and management continued to regularly review and discuss strategic options, in some cases with potential third parties, with a view to enhancing value for Essential Shareholders.

Conversations about strategic options continued to occur at each Essential Board meeting throughout the remainder of 2022 and into 2023.

Mr. Amundson was approached by Element in July 2023. On July 26, 2023, Mr. Amundson, President, Chief Executive Officer and Director of Essential, had an initial meeting with Mr. Swertz, Chair of the board of directors of Element, after an unsolicited invitation from Mr. Swertz one week prior, related to the potential acquisition of Essential by Element. Mr. Amundson advised the Chair of the Essential Board and Peters & Co. of the meeting and conversation.

Certain high-level discussions were held between the management teams of Essential and Element on July 28, 2023 and August 2, 2023. Mr. Amundson briefed the Chair of the Essential Board and Peters & Co. of these discussions.

On August 3, 2023, the Essential Board held a regularly-scheduled meeting to review and approve its second quarter 2023 financial results. During that meeting, management briefed the Essential Board regarding the conversations that had been held with Element to-date. The Essential Board was supportive of management's continued dialogue with Element and approved the execution of a confidentiality agreement with Element and discussed the engagement of Peters & Co. to act as financial advisor. At the conclusion of this meeting, the Essential Board held an in-camera session without Mr. Amundson, the only non-independent director.

On August 8, 2023, Essential and Element signed a confidentiality agreement to enable Essential to share information with Element for their due diligence of Essential's businesses and operations. Subsequent to signing the confidentiality agreement, Essential management and Element management met, along with their respective financial advisors.

On August 11, 2023, Essential received an initial non-binding letter of intent ("**First LOI**") from Element for an all-cash transaction to acquire Essential.

On August 12, 2023, Essential management met with their legal advisor, Fasken, and Peters & Co. to discuss the First LOI.

On August 14, 2023, the Essential Board met to discuss the First LOI with management and Peters & Co. The Essential Board approved the Peters & Co. Engagement Agreement to act as financial advisor and received and considered the advice of Peters & Co. The Essential Board, management and Peters & Co. discussed the proposal and a draft response letter. The Essential Board directed management to continue discussions with Element, with a view to the best interests of Essential and the Essential Shareholders. The Essential Board provided management with parameters for negotiation. At the conclusion of this meeting, the Essential Board held an in-camera session without Mr. Amundson, the only non-independent director.

On August 15, 2023, Essential delivered a response letter to Element which specified Essential's views on key transaction terms. Essential continued discussions with Element.

On August 17, 2023, Essential received a revised non-binding letter of intent from Element. Essential management discussed the revisions with Fasken and Peters & Co.

On August 18, 2023, a final non-binding letter of intent ("**Final LOI**") was received from Element. With unanimous support of the Essential Board, the Final LOI was signed by Essential and Element on August 18, 2023 (the "**Executed LOI**").

Under the terms of the Executed LOI, Element offered to purchase all of the Essential Shares with cash as the sole form of consideration. The Executed LOI outlined that the offer therein was subject to Element obtaining an extension and expansion of its current credit facility to fund the purchase price prior to signing the Amalgamation Agreement, and that the Amalgamation Agreement would not be subject to a financing condition.

Between August 18, 2023, and September 14, 2023, Element and its legal counsel completed their due diligence of Essential and its business, including site visits to certain field locations. Essential, assisted by Fasken and Peters & Co., negotiated with Element the terms and conditions of the Amalgamation Agreement and related documentation.

On September 5, 2023, the Essential Board met and received an update on the transaction terms and timing from management and Peters & Co. The Essential Board, management, and Peters & Co. discussed the assessment of Essential's potential strategic options throughout the past several years, including specific opportunities with counterparties, and the current view on potential counterparties and their interest in a potential transaction with Essential. At the conclusion of this meeting, the Essential Board held an in-camera session without Mr. Amundson, the only non-independent director.

On September 14, 2023, the Essential Board met to consider the Amalgamation with management, Fasken and Peters & Co. in attendance for portions of the meeting. At the meeting, management reviewed the key terms of the Amalgamation Agreement and Support Agreement and Fasken and Peters & Co. were available to answer questions related to same. The Essential Board received a verbal fairness opinion from Peters & Co., confirmed by the delivery of the written Fairness Opinion dated effective September 14, 2023, to the effect that, as at the date of such verbal fairness opinion and based upon and subject to the assumptions, limitations and qualifications to be set forth in the written Fairness Opinion of Peters & Co., the consideration to be received by the Essential Shareholders pursuant to the Amalgamation is fair, from a financial point of view, to the Essential Shareholders. As part of its deliberations, the independent members of the Essential Board met in-camera with Peters & Co. and Fasken, without the non-independent director or management present. As part of its deliberations, the Essential Board considered the matters described under the headings "*The Amalgamation – Reasons For and Anticipated Benefits of the Amalgamation*" and "*The Amalgamation – Recommendations*" below. The Essential Board also received advice from Fasken with respect to their fiduciary duties and the impact of the proposed transaction on the Essential Shareholders and other stakeholders of Essential.

Following deliberations, the Essential Board unanimously: (a) determined that the transactions contemplated by the Amalgamation Agreement are in the best interests of Essential; (b) approved the Amalgamation Agreement and the transactions contemplated thereby; and (c) determined to recommend that the Essential Shareholders vote in favour of the Amalgamation Resolution.

Following approval by the Essential Board, the Amalgamation Agreement and the Support Agreements were executed and delivered to the respective parties on September 15, 2023, and Essential subsequently announced the Amalgamation with a news release issued on the morning of September 15, 2023.

On October 3, 2023, the Essential Board approved this Information Circular and the mailing thereof to Essential Shareholders.

**Reasons For and Anticipated Benefits of the Amalgamation**

In reaching the unanimous determination that the transactions contemplated by the Amalgamation Agreement are in the best interests of Essential, approving the Amalgamation Agreement and the transactions contemplated thereby and determining to recommend that the Essential Shareholders vote **FOR** the Amalgamation Resolution, the Essential Board considered and relied upon a number of factors, including, among others, the following:

- *Premium*. The Consideration of $0.40 per Essential Share offered under the Amalgamation represents a 12% premium to the 20-day volume weighted average trading price of the Essential Shares on the TSX and a premium of 10% to Essential's closing price on the TSX for the period ended September 14, 2023, the last trading day prior to the execution of the Amalgamation Agreement by Essential and Element;

- *Multiple.* The Consideration enterprise value represents an implied multiple of 4.1 times Essential's reported trailing twelve-month EBITDAS as of June 30, 2023 (see "*Non-IFRS Financial Measures*");

- *Certainty of Value and Liquidity*. The Consideration paid under the Amalgamation is in cash, providing certainty of value and immediate liquidity for Essential Shareholders to dispose of all of their Essential Shares at a premium within a relatively illiquid market otherwise available to Essential Shareholders;

- *No Financing Condition*. The Amalgamation is not subject to a financing condition and Element has represented that it will have, at the time of closing, sufficient funds to satisfy the aggregate Consideration;

- *Fairness Opinion*. Peters & Co. provided the Essential Board with the Fairness Opinion which states that, as of the date of such opinion, and subject to the assumptions, limitations, qualifications and other matters set forth in the Fairness Opinion, the consideration to be received by the Essential Shareholders pursuant to the Amalgamation is fair, from a financial point of view, to the Essential Shareholders. For more information, see "*The Amalgamation – Fairness Opinion*";

- *Ability to Respond to Superior Proposals*. The Amalgamation Agreement allows, subject to certain limitations on Essential's ability to solicit interest from third parties, the Essential Board to engage in discussions or negotiations with respect to an unsolicited bona fide written Acquisition Proposal at any time prior to the approval of the Amalgamation Resolution by the Essential Shareholders and after the Essential Board determines, in good faith, that such Acquisition Proposal could reasonably be expected to lead to a Superior Proposal;

- *Customary Shareholder and Other Approvals Required.* The following rights and approvals protect the interests of Essential Shareholders with respect to the Amalgamation: (i) the Amalgamation Resolution must be approved by at least 66 2/3% of the votes cast by all Essential Shareholders voting in person or by proxy at the Meeting; and (ii) if required, a majority of the votes cast by Essential Shareholders in person or represented by proxy at the Special Meeting, after excluding the votes cast by those Essential Shareholders whose votes are required to be excluded in accordance with MI 61-101;

- *Shareholder Support*. All executive officers and directors of Essential holding an aggregate of 3.1% of the issued and outstanding Essential Shares have entered into Support Agreements pursuant to which they have agreed, on the terms and conditions specified therein, to vote all of their Essential Shares in favour of the Amalgamation Resolution; and

- *Closing Anticipated in a Timely Fashion*. The Essential Board believes that the Amalgamation is likely to be completed in accordance with its terms within a reasonable time. It is currently anticipated that the Amalgamation will be completed on or about November 9, 2023.

The Essential Board also considered a number of potential risks and potential negative factors relating to the Amalgamation, including the following:

- the risks to Essential if the Amalgamation is not completed, including the costs to Essential in pursuing the Amalgamation, the diversion of management's attention away from conducting Essential's business in the ordinary course and the potential impact on Essential's current business relationships (including with future and prospective employees, suppliers and customers);

- the fact that following the Amalgamation, Essential will no longer exist as a public corporation and Essential Shareholders will forego any future increase in value that might result from future growth and the potential achievement of Essential's long-term plans, balanced against the fact that Essential Shareholders will no longer be subject to any risks of the business;

- the conditions to the obligations of Element to complete the Amalgamation and the right of Element to terminate the Amalgamation Agreement under certain limited circumstances; and

- the limitations contained in the Amalgamation Agreement on Essential's ability to solicit additional interest from third parties, as well as the fact that if the Amalgamation Agreement is terminated under certain circumstances, Essential must pay a non-completion fee to Element, as described under "*The Amalgamation Agreement – Non-Completion Fee*".

The foregoing summary of the information and factors considered by the Essential Board is not intended to be exhaustive of the factors considered by it in reaching its conclusions and making its recommendations. In their evaluation of the Amalgamation, individual Essential Board members evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Essential, and based upon the advice of the Essential Board's legal and financial advisors. In view of the numerous factors considered in connection

with its evaluation of the Amalgamation, the Essential Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusions and recommendations. In addition, individual members of the Essential Board may have given different weights to different factors. The conclusions and recommendations of the Essential Board were made after considering all of the information and factors involved.

**Fairness Opinion**

The Essential Board initially retained Peters & Co. through the Peters & Co. Engagement Agreement dated August 14, 2023. Pursuant to the Peters & Co. Engagement Agreement, Peters & Co. agreed to, among other things, deliver a fairness opinion to the Essential Board, as requested in connection with the Amalgamation. At the meeting of the Essential Board, held on September 14, 2023, Peters & Co. delivered a verbal opinion and subsequently confirmed in writing by the Fairness Opinion that as of the date thereof, and based upon and subject to the assumptions, qualifications and limitations contained therein, the consideration to be received by Essential Shareholders pursuant to the Amalgamation is fair, from a financial point of view, to Essential Shareholders.

**Peters & Co. provided the Fairness Opinion for the sole benefit of the Essential Board in connection with, and for the purpose of, its consideration of the Amalgamation. The Fairness Opinion is not to be construed as a recommendation to any Essential Shareholder to vote its Essential Shares in favour of the Amalgamation Resolution or as an opinion concerning the trading price or value of the Essential Shares following the announcement of the Amalgamation.** The Fairness Opinion was part of a number of factors taken into consideration by the Essential Board in making its determinations in respect of the Amalgamation described below and in authorizing the submission of the Amalgamation Resolution to the Essential Shareholders for approval.

The full text of the written Fairness Opinion, which sets forth, among other things, assumptions made, matters considered, information reviewed, and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached as Appendix D. The Fairness Opinion is subject to the assumptions and limitations contained therein and should be read in its entirety. The summary of the Fairness Opinion in this Circular is qualified in its entirety by reference to the full text of the written Fairness Opinion attached as Appendix D. **The Fairness Opinion is subject to the assumptions and limitations contained therein and should be read in its entirety.**

*Fees Payable to Peters & Co.*

In consideration for its services, Essential has agreed to pay Peters & Co.: (i) a fixed fee which is payable for the Fairness Opinion that is not conditional on completion of the Amalgamation and is independent of the fee that is; (ii) a financial advisory fee that is payable upon the successful completion of the Amalgamation; and (iii) a retainer fee, which will be credited against the financial advisory fee noted in (ii), which is not conditional on completion of the Amalgamation. Essential has also agreed to reimburse Peters & Co. for certain out-of-pocket expenses and to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use of the Fairness Opinion by Essential and the Essential Board.

*Peters & Co.'s Qualifications*

Details regarding Peters & Co.'s qualifications, credentials and independence for purposes of MI 61-101 are set forth under the headings "*Qualifications of Peters & Co.*" and "*Relationship of Peters & Co. with Interested Parties*" in the Fairness Opinion.

**Recommendations**

At a meeting of the Essential Board held on September 14, 2023, prior to entering into the Amalgamation Agreement, the Essential Board considered the Amalgamation and in making its determination, the Essential Board considered and relied upon a number of substantive factors, carefully considered all aspects of the Amalgamation Agreement and the Amalgamation and considered a variety of uncertainties, risks and other potentially negative factors concerning the Amalgamation and the Amalgamation Agreement, which the Essential Board concluded were outweighed by the potential benefits of the Amalgamation, although there can be no assurances in this regard. The Essential Board did

not assign any relative or specific weights to the foregoing factors which were considered, and individual members of the Essential Board may have given differing weights to different factors.

**Following an extensive review and analysis of the Amalgamation and consideration of other available alternatives and other relevant factors considered by the Essential Board, the Essential Board has unanimously: (a) determined that the transactions contemplated by the Amalgamation Agreement are in the best interests of Essential; (b) approved the Amalgamation Agreement and the transactions contemplated thereby; and (c) determined to recommend that the Essential Shareholders vote in favour of the Amalgamation Resolution.**

**Accordingly, the Essential Board unanimously recommends that Essential Shareholders vote FOR the Amalgamation Resolution.**

### Support Agreements

Each of the Supporting Securityholders (including each director and executive officer of Essential) has agreed, among other things, not to dispose of any of their Essential Shares prior to the Effective Date, to vote in favour of the Amalgamation Resolution and to otherwise support the Amalgamation. The Supporting Securityholders (including each director and executive officer of Essential) collectively hold approximately 3.1% of the outstanding Essential Shares.

## THE AMALGAMATION AGREEMENT

**The following is a summary only of certain of the material terms of the Amalgamation Agreement and is qualified in its entirety by the full text of the Amalgamation Agreement, a copy of which is attached as Appendix B to this Information Circular. Essential Shareholders are urged to read the Amalgamation Agreement carefully and in its entirety.**

### General

The Amalgamation will be effected pursuant to the Amalgamation Agreement which is attached as Appendix B to this Information Circular. The Amalgamation Agreement contains covenants, representations and warranties of and from each of Essential, Element and Subco and various conditions precedent, both mutual and with respect to Essential, Element and Subco. Unless all such conditions are satisfied or waived (to the extent capable of being waived) by the Party for whose benefit such conditions exist, the Amalgamation will not proceed. There is no assurance that the conditions set out in the Amalgamation Agreement will be satisfied or waived on a timely basis or at all.

### Representations and Warranties of the Parties

The Amalgamation Agreement contains certain customary representations and warranties of each of Essential, Element and Subco relating to, among other things, their respective organization, qualification and authorization to enter into the Amalgamation Agreement and to consummate the Amalgamation, as well as certain representations and warranties related to the absence of any violation of, or conflict with, among other things, such Party's constating documents or applicable Laws. In addition, Essential has made certain representations and warranties with respect to its business, operations and assets. The representations and warranties made by the Parties are, in certain cases, subject to specified exceptions or qualifications. For the complete text of the applicable provisions, see Article 4 of the Amalgamation Agreement.

### Mutual Conditions

The respective obligations of the Parties to consummate the transactions contemplated by the Amalgamation Agreement, and, in particular, the Amalgamation, are subject to the satisfaction, on or before the Effective Date, or such other time as may be specified, of the following conditions, any of which may be waived by the mutual consent of the Parties without prejudice to their right to rely on any other of such conditions:

(a) the Requisite Shareholder Approval shall have been obtained at the Meeting;

(b) the TSX shall have conditionally approved the Amalgamation, subject only to customary conditions reasonably expected to be satisfied;

(c) there shall be no action taken under any existing applicable Law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Entity, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation; or

(ii) results in a judgment or assessment of material damages directly or indirectly relating to the Amalgamation; and

(d) all other required domestic and foreign regulatory and governmental approvals and consents in respect of the completion of the Amalgamation and certain key consents shall have been obtained on terms and conditions satisfactory to Element and Essential, each acting reasonably, and all applicable domestic and foreign statutory and regulatory waiting periods shall have expired or have been terminated and no unresolved material objection or opposition shall have been filed, initiated or made during any applicable statutory regulatory period.

**Conditions to the Obligations of Essential**

The obligation of Essential to consummate the Amalgamation is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) each of the material covenants, acts and undertakings of Element and Subco to be performed on or before the Effective Date pursuant to the terms of the Amalgamation Agreement shall have been duly performed by Element and Subco, as applicable;

(b) Element shall have furnished Essential with certified copies of:

(i) the constating documents of Element and the Element Shareholder Agreement (as defined in the Amalgamation Agreement);

(ii) the resolutions duly passed by the Element Board (as defined in the Amalgamation Agreement) approving the Amalgamation Agreement and the Amalgamation; and

(iii) the irrevocable consent of the Element Shareholders (as defined in the Amalgamation Agreement) holding at least 60% of the common shares of Element consenting to the Amalgamation Agreement and the Amalgamation in accordance with the Element Shareholder Agreement;

(c) Subco shall have furnished Essential with certified copies of:

(i) the constating documents of Subco;

(ii) the resolutions duly passed by the Subco Board (as defined in the Amalgamation Agreement) approving the Amalgamation Agreement and the Amalgamation; and

(iii) the resolution of the sole shareholder of Subco approving the Amalgamation;

(d) the representations and warranties of Element and Subco contained in Section 4.3 of the Amalgamation Agreement shall be true as at the Effective Date with the same effect as though such

representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak of an earlier date or except as affected by transactions contemplated or permitted by the Amalgamation Agreement) and Element and Subco shall have complied with their covenants in the Amalgamation Agreement, except where the failure or failures of such representations and warranties to be so true and correct or the failure to perform such covenants would not materially impede, interfere with, prevent or delay the transactions contemplated by the Amalgamation Agreement or the Amalgamation, and Essential shall have received a certificate to that effect dated as of the Effective Date from an executive officer of each of Element and Subco acting solely on behalf of Element or Subco, as applicable, and not in their personal capacity and without personal liability, to the best of their information and belief having made reasonable inquiry, and Essential will have no knowledge to the contrary.

The foregoing conditions are for the exclusive benefit of Essential and may be asserted by Essential regardless of the circumstances or may be waived by Essential in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Essential may have.

**Conditions to the Obligations of Element and Subco**

The obligations of Element and Subco to consummate the Amalgamation is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) each of the material covenants, acts and undertakings of Essential to be performed on or before the Effective Date pursuant to the terms of the Amalgamation Agreement shall have been duly performed by Essential;

(b) Essential shall have furnished Element with certified copies of:

(i) the constating documents of Essential;

(ii) the resolutions duly passed by the Essential Board approving the Amalgamation Agreement and the Amalgamation and directing the submission of the Amalgamation Resolution for approval at the Meeting and recommending that Essential Shareholders vote in favour of the Amalgamation Resolution; and

(iii) the Amalgamation Resolution, duly passed at the Meeting;

(c) the representations and warranties of Essential contained in Section 4.1 of the Amalgamation Agreement shall be true as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak of an earlier date or except as affected by transactions contemplated or permitted by the Amalgamation Agreement) and Essential shall have complied with its covenants in the Amalgamation Agreement, except where the failure or failures of such representations and warranties to be so true and correct or the failure to perform such covenants would not, or would not reasonably be expected to have a Material Adverse Effect on Essential or to materially impede or reasonably be expected to materially impede the completion of the Amalgamation, and Element shall have received a certificate to that effect dated as of the Effective Date from an executive officer of Essential acting solely on behalf of Essential and not in their personal capacity and without personal liability, to the best of their information and belief having made reasonable inquiry, and Element will have no knowledge to the contrary;

(d) Element shall have received copies of the "tail" or "run-off" directors and officers liability insurance policy obtained and/or maintained in accordance with Section 2.4(b) the Amalgamation Agreement;

(e) Element shall have received the resignations and mutual releases of each director and officer of Essential, as set forth in Section 2.8 the Amalgamation Agreement;

(f) the Essential Transaction Expenses (as defined in the Amalgamation Agreement) will not be greater than as set forth in the Disclosure Letter and Essential will have delivered to Element an estimate of the Essential Transaction Expenses as at Closing along with sufficiently detailed support for such calculations no later than five Business Days prior to the Effective Date;

(g) Element shall have received a payout statement on or before the Effective Date from the Agent in respect of all Indebtedness (as defined in the Amalgamation Agreement) under the Credit Facilities, including all accrued interest and fees owing to the Agent and Lenders under the Credit Agreement as of the date of Closing, along with a per diem to account for any delays in Closing, together with a general release and discharge from the Agent and Lenders to be effective upon receipt by the Agent of the total payout amount, which release and discharge will include the release and discharge of all Encumbrances (as defined in the Amalgamation Agreement) in connection with the Credit Agreement and any security granted in connection therewith;

(h) the Essential Net Debt (as defined in the Amalgamation Agreement) will not be greater than as set forth in the Disclosure Letter and Essential will have delivered to Element an estimate of Essential Net Debt along with sufficiently detailed support for such calculations no later than five Business Days prior to the Effective Date;

(i) Essential Shareholders holding not more than 10% of the Essential Shares, if any, then outstanding shall have validly exercised, and not withdrawn, any Dissent Rights granted in favour of registered Essential Shareholders in respect of the Amalgamation;

(j) all outstanding Essential RSUs and Essential DSUs will have automatically vested and been settled in accordance with the terms of the Essential RSU Plan and Essential DSU Plan, respectively;

(k) all outstanding Essential Options will have been cancelled for nominal consideration or exercised on a "cashless" basis pursuant to the Essential Option Termination Agreements and in accordance with the Essential Option Plan;

(l) there shall not be any action or proceeding (whether, for greater certainty, by a Governmental Entity or any other person) pending or threatened in any jurisdiction to:

  (i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, Element's ability to acquire, hold, or exercise full rights of ownership over, any Essential Shares (other than Essential Shares held by Dissenting Shareholders); or

  (ii) prevent or materially delay the consummation of the Amalgamation or, if the Amalgamation is consummated, reasonably be expected to have a Material Adverse Effect; and

(m) there shall not have occurred any Material Adverse Change in respect of Essential since the date of the Amalgamation Agreement.

The foregoing conditions are for the exclusive benefit of Element and Subco and may be asserted by Element (on behalf of itself and on behalf of Subco) regardless of the circumstances or may be waived by Element (on behalf of itself and on behalf of Subco) in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Element and Subco may have.

**Covenants Relating to the Amalgamation**

The Amalgamation Agreement also contains customary negative and affirmative covenants of each of the Parties, including the following mutual covenants:

(a) during the Interim Period, unless the Amalgamation Agreement is terminated in accordance with its terms, each Party will use its commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions to the Amalgamation and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under applicable Laws to complete the Amalgamation, including using commercially reasonable efforts to:

(i) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Amalgamation;

(ii) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop or otherwise adversely affecting its ability to complete the Amalgamation; and

(iii) co-operate with the other Party in connection with the performance by such other Party and its Subsidiaries of their obligations under, the Amalgamation Agreement, and

it shall not take any action, refrain from taking any commercially reasonable action or permit any action to be taken or not taken which is inconsistent with the Amalgamation Agreement or which would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated by the Amalgamation Agreement, except as permitted by the Amalgamation Agreement;

(b) neither Party shall take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in the Amalgamation Agreement untrue in any material respect;

(c) each of Essential and Element shall promptly notify the other in writing of any material change (actual, anticipated, contemplated or, to the knowledge of such Party threatened, financial or otherwise) in its (or in the case of Element, Subco's) business, operations, affairs, assets, liabilities (contingent or otherwise), financial condition, capitalization, results of operations, properties, licenses, prospects or cash flows, whether contractual or otherwise, or of any change in any representation or warranty provided by such Party (or in the case of Element, Subco) in the Amalgamation Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and such notifying Party shall in good faith discuss with the other Party any change in circumstances (actual, anticipated, contemplated or, to the knowledge of such Party, threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to the other Party;

(d) each of the Parties shall use its commercially reasonable efforts to satisfy or cause satisfaction of certain conditions precedent set out in the Amalgamation Agreement as soon as reasonably practicable to the extent that the satisfaction of the same is within the control of such Party;

(e) each of Essential and Element shall indemnify and save harmless the other Party and its directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Essential or Element, as applicable, or any director, officer or agent thereof, may be subject or which Essential or Element, as applicable, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any Misrepresentation (as defined in the Amalgamation Agreement) in the Essential Information (as defined in the Amalgamation Agreement) or the Element Information (as defined in the Amalgamation Agreement), as applicable, or in any material filed by a Party in relation to the Amalgamation in compliance or intended compliance with any applicable Law;

(ii) in the case of Essential, any order made or any inquiry, investigation or proceeding by any Securities Authority (as defined in the Amalgamation Agreement) or other competent authority based upon any Misrepresentation in the Essential Information or in any material filed by or on behalf of Essential, in relation to the Amalgamation, in compliance or intended compliance with applicable Securities Laws, which prevents or restricts the trading in the Essential Shares;

(iii) in the case of Element, Element or Subco not complying with their obligations with respect to site visits; or

(iv) the applicable Party not complying with any requirement of applicable Laws in connection with the Amalgamation;

except that neither Essential nor Element shall be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages or expenses arise out of or are based upon any Misrepresentation solely based on or relating to the Essential Information or the Element Information, as applicable, included in this Information Circular;

(f) each Party will make all necessary filings and applications under applicable Laws required to be made on the part of such Party in connection with the Amalgamation and shall take all reasonable action necessary to be in compliance with such applicable Laws; and

(g) each Party shall use commercially reasonable efforts to take all necessary actions to give effect to the Amalgamation.

For the complete text of the applicable provisions, see Sections 3.1, 3.2 and 3.3 of the Amalgamation Agreement.

**Covenants Relating to the Conduct of Business of Essential**

In the Amalgamation Agreement, Essential has agreed to certain covenants relating to the operation of its business during the Interim Period, unless the Amalgamation Agreement is terminated in accordance with its terms, except with the prior written consent of Element, including, among other things, operating its business in material compliance with applicable Law, the terms of the Amalgamation Agreement, and generally accepted good oilfield service industry practices. Without limiting the generality of the foregoing, Essential's business shall be conducted, in all material respects, only in the Ordinary Course (as defined in the Amalgamation Agreement), and Essential shall consult with Element in respect of the ongoing business and affairs of Essential and keep Element apprised of all material developments relating thereto. For the complete text of the applicable provisions, see Section 3.2 of the Amalgamation Agreement.

**Covenants of Essential Regarding Non-Solicitation**

In the Amalgamation Agreement, Essential has agreed to certain non-solicitation covenants in favour of Element, including that Essential shall not, except as provided in the Amalgamation Agreement, directly or indirectly, do, or authorize or permit any of its Representatives to do, any of the following:

(a) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal;

(b) enter into discussions or negotiations with, or provide any information to, any person concerning a possible Acquisition Proposal; or

(c) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal.

The foregoing restrictions are, however, subject to a "fiduciary out" provision which provides that Essential and its Representatives may:

(a) enter into, or participate in, any discussions or negotiations with an arm's length third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of the Amalgamation Agreement, by Essential or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of an agreement substantially similar to the Confidentiality Agreement (as defined in the Amalgamation Agreement) (provided that such agreement shall provide for the disclosure thereof, along with the information provided thereunder, to Element), may furnish to such third party information concerning Essential and its business, affairs, properties and assets, in each case if, and only to the extent that:

(i) the third party has first made a written bona fide Acquisition Proposal, which did not result from a breach of the Amalgamation Agreement, and in respect of which the Essential Board determines in good faith, after consultation with its legal and financial advisors, constitutes, or would reasonably be expected to constitute or lead to, a Superior Proposal; and

(ii) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, Essential promptly provides written notice to Element to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity and provides to Element certain information required to be provided pursuant to the Amalgamation Agreement; or

(b) comply with Division 3 of NI 62-104 and similar provisions under Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(c) withdraw certain approvals or recommendations of the Amalgamation and accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal, but only if such Acquisition Proposal did not result from a breach of the Amalgamation Agreement and only if prior to such acceptance, recommendation, approval or implementation, among other things, the Essential Board has concluded in good faith that such Acquisition Proposal constitutes a Superior Proposal and Essential terminates the Amalgamation Agreement in accordance with its terms.

If Essential is in receipt of an Acquisition Proposal, it shall: (a) promptly (and in any event within 24 hours of receipt by Essential) notify Element (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Essential, its assets, or any amendments to the foregoing received by Essential. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) or any such request (which request may be reasonably considered to be in furtherance of, or in relation to, an Acquisition Proposal) for non-public information relating to Essential or its assets received by Essential or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the person making any inquiry, proposal, offer or request (to the extent then known by Essential); (b) provide such further and other details of the Acquisition Proposal, request or any amendment thereto as Element may reasonably request (to the extent then known by Essential); and (c) keep Element fully informed of the status, including any change to material terms, of any Acquisition Proposal, request or any amendment thereto, shall respond promptly to all reasonable inquiries by Element with respect thereto, and shall provide to Element copies of all material correspondence and other written material sent to or provided to Essential by any person in connection with such inquiry, proposal, offer or request or sent or provided by Essential to any person in connection with such inquiry, proposal, offer or request.

For the complete text of the applicable provisions, see Section 3.4 of the Amalgamation Agreement.

**Matching Right**

Essential shall give Element at least three Business Days' (the "**Matching Period**") written notice of any decision by the Essential Board to withdraw certain approvals or recommendations of the Amalgamation or to accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal (other than a confidentiality agreement as described under "*The Amalgamation Agreement – Covenants of Essential Regarding Non-Solicitation*"), which notice

shall specify that the Essential Board has determined that such Acquisition Proposal constitutes a Superior Proposal and that it has determined, subject only to Element's matching right (as described below), to accept, recommend, approve or enter into an agreement to proceed with such Superior Proposal.

During the Matching Period, Element shall have the opportunity (but not the obligation), to offer to amend the Amalgamation Agreement in order for such Acquisition Proposal to cease to be a Superior Proposal. In addition, during such Matching Period or such longer period as may be approved by Essential in writing for such purpose: (a) the Essential Board shall review any offer made by Element to amend the Amalgamation Agreement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) Essential shall, and shall cause its financial advisors and legal counsel to, negotiate in good faith with Element and its financial and legal advisors to make such adjustments in the terms and conditions of the Amalgamation Agreement as would enable Essential to proceed with the Amalgamation under the Amalgamation Agreement, as amended, rather than the Acquisition Proposal previously constituting a Superior Proposal.

If the Essential Board determines that such Acquisition Proposal would cease to be a Superior Proposal: (a) Essential shall promptly so advise Element and the Parties shall amend the Amalgamation Agreement to reflect such offer made by Element, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing; and (b) the Essential Board shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not withdraw or modify the recommendation of the Essential Board in respect of the Amalgamation. Notwithstanding the foregoing, and for greater certainty, Element shall have no obligation to make or negotiate any changes to the Amalgamation Agreement in the event that Essential is in receipt of a Superior Proposal. Each successive material modification of any Superior Proposal that results in an increase in the consideration (or the value thereof) to be received by the Essential Shareholders or other material terms or conditions shall constitute a new Superior Proposal for purposes of Element's matching right under the Amalgamation Agreement and will initiate a new Matching Period.

For the complete text of the applicable provisions, see Section 3.4 of the Amalgamation Agreement.

**Non-Completion Fee**

Pursuant to the Amalgamation Agreement, if an Element Damages Event occurs, provided that no Essential Damages Event has occurred and is continuing, and the Amalgamation Agreement is terminated pursuant to item (e) under "*The Amalgamation Agreement – Termination of the Amalgamation Agreement*" below, Essential shall pay a non-completion fee of $5.5 million to Element as liquidated damages.

For the purposes of the Amalgamation Agreement, "**Element Damages Event**" means:

(a) the Essential Board: (i) fails to make certain recommendations or determinations in respect of the Amalgamation; (ii) withdraws, modifies, qualifies or changes certain recommendations or determinations in respect of the Amalgamation in a manner adverse to Element; or (iii) resolves to do any of the foregoing;

(b) a bona fide Acquisition Proposal (or a bona fide intention to make an Acquisition Proposal) is proposed, offered or made to Essential or Essential Shareholders prior to the date of the Meeting and remains outstanding at the time of the Meeting and Essential Shareholders do not approve the Amalgamation in accordance with the terms of the Amalgamation Agreement, or the Amalgamation is not submitted for their approval, and such Acquisition Proposal, as originally proposed or amended (or any other Acquisition Proposal that is announced, proposed, offered or made to Essential or the Essential Shareholders prior to the expiry of the first Acquisition Proposal) is completed within twelve months of the date the Amalgamation Agreement is terminated; provided that, for the purposes of the definition of Element Damages Event, all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%";

(c) the Essential Board or Essential, as applicable, accepts, recommends, approves, enters into, or publicly announces an agreement or proposal to implement an Acquisition Proposal;

(d) the Essential Board accepts, recommends, approves or enters into a definitive agreement to implement a Superior Proposal or proposes publicly to accept, recommend, approve or enter into an agreement to implement a Superior Proposal; or

(e) Essential breaches the non-solicitation covenants of the Amalgamation Agreement, other than an immaterial breach of Essential's obligations to provide a notice within a prescribed time.

For the complete text of the applicable provisions, see Section 8.1 of the Amalgamation Agreement.

**Expense Reimbursement**

Pursuant to the Amalgamation Agreement, if an Element Expense Reimbursement Event occurs, provided that no Essential Damages Event has occurred and is continuing, and the Amalgamation Agreement is terminated pursuant to item (f) under "*The Amalgamation Agreement – Termination of the Amalgamation Agreement*" below, Essential shall pay an expense reimbursement of $2.75 million to Element as liquidated damages. For the purposes of the Amalgamation Agreement, "**Element Expense Reimbursement Event**" means a breach by Essential of any of its representations, warranties or covenants made in the Amalgamation Agreement, which breaches, individually or in the aggregate, cause a Material Adverse Change or materially impede the completion of the transactions contemplated by the Amalgamation Agreement (including, without limitation, the Amalgamation) on and subject to the terms of the Amalgamation Agreement. For the complete text of the applicable provisions, see Section 8.1 of the Amalgamation Agreement.

Pursuant to the Amalgamation Agreement, if an Essential Damages Event occurs, provided that no Element Damages Event or Element Expense Reimbursement Event has occurred and is continuing, and the Amalgamation Agreement is terminated pursuant to item (g) under "*The Amalgamation Agreement – Termination of the Amalgamation Agreement*" below, Element shall pay an expense reimbursement of $2.75 million to Essential as liquidated damages. For the purposes of the Amalgamation Agreement, "**Essential Damages Event**" means a breach by Element or Subco, as applicable, of any of their representations, warranties or covenants made in the Amalgamation Agreement, which breaches, individually or in the aggregate, materially impede the completion of the transactions contemplated by the Amalgamation Agreement (including, without limitation, the Amalgamation) on and subject to the terms of the Amalgamation Agreement. For the complete text of the applicable provisions, see Section 8.2 of the Amalgamation Agreement.

**Liquidated Damages**

Pursuant to the Amalgamation Agreement, each Party acknowledged that the fees described under "*The Amalgamation Agreement – Non-Completion Fee*" and "*The Amalgamation Agreement – Expense Reimbursement*" is a payment of liquidated damages which are a genuine pre-estimate of the damages which Element or Essential, as applicable, shall suffer or incur as a result of the event giving rise to such damages and resultant termination of the Amalgamation Agreement and is not a penalty. Essential and Element have each irrevocably waived any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, each Party has agreed that, upon any termination of the Amalgamation Agreement under circumstances where Element or Essential is entitled to a payment under Section 8.1 or 8.2 of the Amalgamation Agreement, as the case may be, and such amount is paid in full, Essential and Element, as the case may be, shall be precluded from any other remedy against the other Party at Law or in equity or otherwise (including without limitation an order for specific performance, notwithstanding Section 10.3 of the Amalgamation Agreement), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Party or its Representatives in connection with the Amalgamation Agreement or the transactions contemplated thereby.

**Termination of the Amalgamation Agreement**

Upon prompt written notice:

(a) the Amalgamation Agreement may be terminated, prior to the filing of the Articles of Amalgamation, by mutual written consent of the Parties without further action on the part of the Essential Shareholders or the shareholders of Subco;

(b) Element may terminate the Amalgamation Agreement provided that Element and Subco are not then in breach of the Amalgamation Agreement so as to cause any of the conditions in Essential's favour not to be satisfied;

(c) Essential may terminate the Amalgamation Agreement provided that Essential is not then in breach of the Amalgamation Agreement so as to cause any of the conditions in Element's and/or Subco's favour not to be satisfied;

(d) either Essential or Element may terminate the Amalgamation Agreement on or following the Outside Date if Closing has not occurred, except that the right to terminate the Amalgamation Agreement shall not be available to any Party whose breach of any of its representations, warranties or covenants under the Amalgamation Agreement has been the cause of, or directly resulted in, the failure of Closing to occur on or before the Outside Date;

(e) the Amalgamation Agreement may be terminated by either Party upon the occurrence of an Element Damages Event;

(f) the Amalgamation Agreement may be terminated by Element upon the occurrence of an Element Expense Reimbursement Event; and

(g) the Amalgamation Agreement may be terminated by Essential upon the occurrence of an Essential Damages Event.

For the complete text of the applicable provisions, see Section 9.2 of the Amalgamation Agreement.

**Other Required Approvals**

Except as otherwise disclosed in this Information Circular, Essential is not aware of any other consents or approvals of any Governmental Entity required in connection with the Amalgamation.

**Fees and Expenses of the Amalgamation**

Except as otherwise expressly provided for in the Amalgamation Agreement, each Party will bear its own costs and expenses in connection with the Amalgamation Agreement and the Amalgamation. See Section 10.5 of the Amalgamation Agreement.

The aggregate fees and expenses expected to be incurred by Essential in connection with the Amalgamation are estimated to be approximately $2.5 million, including legal, financial advisory, accounting, filing and printing costs, the costs of preparing and mailing this Information Circular and fees in respect of the Fairness Opinion.

## PROCEDURE FOR THE AMALGAMATION TO BECOME EFFECTIVE

**Procedural Steps**

The Amalgamation is proposed to be carried out pursuant to section 181 of the ABCA. The following procedural steps must be taken in order for the Amalgamation to become effective:

(a) the Amalgamation Resolution must be approved by the Essential Shareholders at the Meeting by the Requisite Shareholder Approval;

(b) all conditions precedent to the Amalgamation, as set forth in the Amalgamation Agreement, must be satisfied or waived by the appropriate Party; and

(c) the Articles of Amalgamation, in the form prescribed by the ABCA, must be filed with the Registrar.

**There is no assurance that the conditions set out in the Amalgamation Agreement will be satisfied or waived on a timely basis or at all.**

Upon the conditions precedent set forth in the Amalgamation Agreement being fulfilled or waived, Essential intends to file the Articles of Amalgamation with the Registrar under the ABCA.

**Essential Shareholder Approval**

In order to become effective, the Amalgamation Resolution must be approved by at least: (a) 66⅔% of the votes cast on the Amalgamation Resolution by the Essential Shareholders present in person or by proxy at the Meeting; and (b) a majority of the votes cast by the Essential Shareholders present in person or by proxy at the Meeting excluding for this purpose votes attached to the Essential Shares held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101, if required.

To the knowledge of Essential and its directors and senior officers, after reasonable inquiry, for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 2,872,952 Essential Shares (representing approximately 2.29% of the issued and outstanding Essential Shares) beneficially owned, or over which control or direction is exercised, directly or indirectly, by James Banister and Garnet Amundson, will be excluded in determining whether "majority of the minority" approval for the purposes of MI 61-101 is obtained. See "*Securities Law Matters*".

The Amalgamation Resolution must receive the Requisite Shareholder Approval in order for Essential to implement the Amalgamation on the Effective Date in accordance with the terms of the Amalgamation Agreement. If the Amalgamation Resolution is not approved by the Requisite Shareholder Approval, the Amalgamation cannot be completed. See "*Securities Law Matters*" and "*Matters to be Considered at the Meeting*".

Pursuant to Essential's amended and restated by-law no. 1, the quorum required at the Meeting shall be persons present not being less than two in number and holding or representing not less than 25% of the Essential Shares entitled to be voted at the Meeting.

**Unless instructed otherwise, the persons designated by management of Essential in the enclosed form of proxy intend to vote <u>FOR</u> the approval of the Amalgamation Resolution set forth in Appendix A to this Information Circular.**

Notwithstanding the foregoing, the Amalgamation Resolution proposed for consideration by the Essential Shareholders authorizes the Essential Board, without further notice to or approval of the Essential Shareholders: (a) to amend the Amalgamation Agreement, to the extent permitted therein; or (b) not to proceed with the Amalgamation at any time prior to the Effective Date. See Appendix A to this Information Circular for the full text of the Amalgamation Resolution.

**Regulatory Matters**

The Amalgamation Agreement provides that, subject to certain exceptions, receipt of all applicable regulatory approvals is a condition to the Amalgamation becoming effective. See "*The Amalgamation Agreement – Mutual Conditions*".

*Stock Exchange Delisting and Ceasing to be a Reporting Issuer*

Following the completion of the Amalgamation, it is expected that the Essential Shares will be delisted from the TSX and Amalco will make an application to cease to be a reporting issuer under applicable Securities Laws to be effective

as soon as reasonably practicable thereafter. Essential anticipates that the Essential Shares will be delisted from the TSX within three Business Days following the Effective Date.

**Depositary Agreement**

Prior to the Effective Date, Essential, Element, Subco and the Depositary will enter into a depositary agreement. Pursuant to the Amalgamation Agreement, prior to the Effective Date, Element is required to deposit sufficient funds to pay the aggregate Consideration with the Depositary.

**Procedure for Receipt of Consideration**

*Procedure for Exchange of Essential Shares for Consideration*

Registered Shareholders (other than any Dissenting Shareholders) must duly complete and return a Letter of Transmittal, together with the original certificate(s) representing their Essential Shares and all other required documents to the Depositary, at its principal office specified in the Letter of Transmittal. In the event that the Amalgamation is not completed, such original certificate(s) and other relevant documents will be promptly returned to Registered Shareholders who provided such original certificate(s) and other relevant documents to the Depositary. For greater certainty, any Letter of Transmittal with respect to Essential Shares that are held through book entry, direct registration or other electronic means are not required to be accompanied by the DRS Advice in respect of such Essential Shares.

**Enclosed with this Information Circular is a Letter of Transmittal, which, when properly completed and returned together with the original certificate(s) representing Essential Shares and all other required documents, will enable each Essential Shareholder to receive the Consideration that such Essential Shareholder is entitled to receive as a result of the Amalgamation and the subsequent redemption of the Amalco Redeemable Preferred Shares**. No certificates shall be issued in respect of the Amalco Redeemable Preferred Shares issued pursuant to the Amalgamation and such Amalco Redeemable Preferred Shares shall be evidenced by the certificates representing Essential Shares (for greater certainty, other than certificates representing Essential Shares held by Dissenting Shareholders). Additional copies of the Letter of Transmittal are available by contacting the Depositary at the numbers listed thereon. The Letter of Transmittal is also available under Essential's SEDAR+ profile at www.sedarplus.ca.

**Beneficial Shareholders whose Essential Shares are registered in the name of an Intermediary should contact that Intermediary for instructions and assistance in delivering those Essential Shares.** Beneficial Shareholders will be entitled to receive payment through their account with their Intermediary that holds such Beneficial Shareholder's Essential Shares on its behalf. Beneficial Shareholders should contact their Intermediary with any questions about this process.

The Letter of Transmittal contains complete instructions on how to receive your Consideration.

**From and after the Effective Date, the original certificate(s) formerly representing Essential Shares shall represent only the right to receive, in the case of certificates held by Registered Shareholders (other than Dissenting Shareholders), a cash payment equal to the aggregate Consideration payable to such former Registered Shareholder pursuant to the Amalgamation Agreement**, subject to such former Registered Shareholder validly depositing with the Depositary the original certificate(s) representing its Essential Shares, a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, and in the case of certificates held by Dissenting Shareholders, the fair value of the Essential Shares represented by such certificates from Essential (or its successor) as provided for in the ABCA.

As soon as practicable following the later of the Effective Date and the date of deposit by a former Registered Shareholder of Essential Shares acquired by Element under the Amalgamation of a duly completed Letter of Transmittal, the original certificate(s) representing such Essential Shares and all other required documents, the Depositary shall forward by first class mail to such former Registered Shareholder at the address specified in the Letter of Transmittal or hold for pick up if elected in the Letter of Transmittal, the Consideration (less applicable

withholdings) issued to such former Registered Shareholder under the Amalgamation. Registered Shareholders may also elect to receive the Consideration by wire transfer in accordance with the instructions provided in the Letter of Transmittal.

**If any Registered Shareholder fails for any reason to deliver to the Depositary for cancellation the certificates formerly representing Essential Shares, together with the Letter of Transmittal and such other certificates, documents or instruments required for such Registered Shareholder to receive the Consideration for the Amalco Redeemable Preferred Shares on or before the fifth anniversary of the Effective Date, such former Registered Shareholder shall be deemed to have surrendered and forfeited to Amalco on such fifth anniversary any Consideration held by the Depositary in trust for such former Registered Shareholder and the certificate(s) representing such Essential Shares will cease to represent a right or claim of any kind or nature.**

From and after the Effective Date, no Essential Shareholder shall be entitled to receive any consideration with respect to such Essential Shares other than the Consideration to which such holder is entitled to receive as a result of the Amalgamation and the subsequent redemption of the Amalco Redeemable Preferred Shares.

In the event any original share certificate which immediately prior to the Effective Date represented an interest in one or more Essential Shares that were transferred pursuant to the Amalgamation has been lost, stolen or destroyed, upon satisfying such reasonable requirements as may be imposed by Element and the Depositary in relation to the issuance of replacement share certificates, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed original share certificates the Consideration to which the former Registered Shareholder is entitled pursuant to the Amalgamation. The former Registered Shareholder entitled to receive such Consideration shall, as a condition precedent to the receipt thereof, give a declaration of loss and indemnity bond satisfactory to Element and the Depositary in such amount as Element and the Depositary may direct and will indemnify Element and the Depositary in a manner satisfactory to Element and the Depositary, against any claim that may be made against Element and the Depositary with respect to the certificate(s) alleged to have been lost, stolen or destroyed. Alternatively, Registered Shareholders may participate in the Depositary's blanket bond program with Aviva Insurance Company of Canada in accordance with the instructions provided in the Letter of Transmittal.

The method of delivery of the Letter of Transmittal and the original certificate(s) representing Essential Shares is at the option and risk of the person transmitting the Letter of Transmittal and accompanying certificate(s). Element recommends that these documents be hand delivered to the Depositary at its office specified in the Letter of Transmittal, and a receipt obtained; otherwise the use of registered mail with return receipt requested, properly insured, is recommended. Delivery of these documents will be deemed effective only when such documents are actually received by the Depositary.

If (a) a Letter of Transmittal is signed by a person other than the registered holder(s) of the Essential Shares, or (b) if the Consideration is to be issued or delivered in the name of a person other than the registered holder of the Essential Shares; such signature must be guaranteed by an Eligible Institution (as defined in the Letter of Transmittal), or in some other manner satisfactory to the Depositary (except that no guarantee is required if the signature is that of an Eligible Institution). If the Letter of Transmittal is executed by a person other than the registered holder(s) of the Essential Shares, then the original certificate(s) representing the Essential Shares must be endorsed or be accompanied by an appropriate transfer power of attorney duly and properly completed by the registered holder(s) and the signature(s) on such endorsement or share transfer power of attorney must correspond exactly to the name(s) of the registered holder(s) as registered or as appearing on the certificate(s) and must be guaranteed in accordance with the instructions provided in the Letter of Transmittal.

All questions as to validity, form, eligibility (including timely receipt), and acceptance of any Essential Shares surrendered pursuant to the Amalgamation will be determined by Element in its sole discretion. Depositing Essential Shareholders agree that such determination shall be final and binding.

Under no circumstances will interest accrue or be paid by Essential, Element or the Depositary on the Consideration payable in respect of the Amalgamation to persons depositing Essential Shares with the Depositary.

Notwithstanding the provisions of this Information Circular and the Letter of Transmittal, the cheques representing the Consideration to be received in connection with to the Amalgamation will not be mailed if Element, Subco and

Essential determine that delivery thereof by mail may be delayed. Persons entitled to cheques which are not mailed may take delivery thereof at the office of the Depositary in which the deposited original certificate(s) representing Essential Shares were originally deposited until such time that it is determined that the delivery by mail will no longer be delayed.

Registered Shareholders are encouraged to deliver a validly completed and duly executed Letter of Transmittal, as applicable, together with the relevant original certificate(s) representing Essential Shares, as applicable, to the Depositary as soon as possible.

The Consideration will be payable in Canadian dollars, however, a Registered Shareholder may instead elect to receive payment in United States dollars in accordance with the instructions provided in the Letter of Transmittal, in which case such Registered Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in United States dollars will be based on the prevailing market rate(s) available to the Depositary on the date of the currency conversion. All risks associated with the currency conversion from Canadian dollars to United States dollars, including risks relating to change in rates, the timing of exchange or the selection of a rate for exchange, and all cost incurred with the currency conversion are for the Registered Shareholder's sole account and will be at such Registered Shareholder's sole risk and expense. None of Essential, Element, Subco or Computershare Trust Company of Canada or their affiliates are responsible for any such matters.

Failure to make an election by the Effective Date will result in the Consideration being paid in Canadian dollars.

*Procedure for Exchange of Other Securities*

Immediately prior to Closing, Essential will pay to the holders of Essential DSUs and Essential RSUs the consideration to which they are entitled in accordance with the Amalgamation Agreement, less applicable withholdings. Holders of Essential DSUs or Essential RSUs do not need to deliver the Letter of Transmittal or any other certificates or documentation in order to receive the applicable consideration for such Essential DSUs or Essential RSUs, as applicable.

No holder of Essential DSUs or Essential RSUs shall be entitled to receive any consideration with respect to such Essential DSUs or Essential RSUs, as applicable, other than the consideration to which such holder is entitled to receive under the Amalgamation and, for greater certainty, no such holder will be entitled to receive any interest, dividend, premium or other payment in connection therewith.

*Withholdings*

Essential, Element, Subco and the Depositary shall be entitled to deduct or withhold from any amounts payable to any person under the Amalgamation (including, without limitation, any amounts payable with respect to Essential Options, Essential DSUs or Essential RSUs in accordance with the Amalgamation Agreement), such amounts as Essential, Element, Subco or the Depositary, as applicable, is required to deduct or withhold from such consideration in accordance with applicable Tax (as defined in the Amalgamation Agreement) Laws. Any such amounts will be deducted and withheld from such consideration payable pursuant to the Amalgamation or any agreement governing the exercise or other disposition of the Essential Options, Essential DSUs or Essential RSUs in accordance with the Amalgamation Agreement and shall be treated for all purposes as having been paid to the Essential Shareholder or holder of Essential Options, Essential DSUs or Essential RSUs, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

## INTERESTS OF CERTAIN PERSONS IN THE AMALGAMATION

Except as described below and elsewhere in this Information Circular, 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, or executive officer of Essential or any individual who has held office as such since the beginning of Essential's last financial year, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting, including the Amalgamation.

**Essential Shares**

As at the date hereof, the directors and executive officers of Essential and their respective affiliates and associates beneficially owned or controlled or directed, directly or indirectly, an aggregate of 3,902,113 Essential Shares, representing approximately 3.1% of the outstanding Essential Shares. All of the Essential Shares held by such directors and executive officers of Essential and their associates will be treated in the same fashion under the Amalgamation as Essential Shares held by the other Essential Shareholders. See the table below under "*Interests of Certain Persons in the Amalgamation – Summary of Interests*" for the number of Essential Shares held by each director and executive officer of Essential.

**Essential Options, Essential DSUs and Essential RSUs**

As at the date hereof, the directors and executive officers of Essential and their respective affiliates and associates beneficially owned or controlled or directed, directly or indirectly, an aggregate of 449,000 Essential Options, 11,876,609.82 Essential DSUs and 10,523,319 Essential RSUs.

The completion of the Amalgamation will constitute a "Change of Control" (as defined in each of the Essential Option Plan, Essential DSU Plan and Essential RSU Plan) and, pursuant to the Amalgamation Agreement, the vesting dates for all outstanding Essential Options, Essential DSUs and Essential RSUs will be accelerated to immediately prior to, and conditional on the occurrence of, Closing (in accordance with the terms of the Essential Option Plan, Essential DSU Plan and Essential RSU Plan, as applicable). In addition, pursuant to the Amalgamation Agreement, Essential will settle the outstanding Essential DSUs and Essential RSUs in cash immediately prior to Closing (less applicable withholdings) and all outstanding Essential Options will be cancelled for nominal consideration or exercised on a "cashless" basis pursuant to the Essential Option Termination Agreements and in accordance with the Essential Option Plan.

All outstanding Essential Options vested before the date of the Amalgamation Agreement in accordance with their terms.

See the table below under "*Interests of Certain Persons in the Amalgamation – Summary of Interests*" for the number of Essential Options, Essential DSUs and Essential RSUs held by each director and executive officer of Essential.

**Annual Bonus Plan**

Bonuses payable to the executive officers of Essential in connection with the Annual Bonus Program (the "**ABP**"), if any, will be payable on the Effective Date in an amount equal to the sum of: (a) the greater of (i) base salary multiplied by "at target" bonus percent, and (ii) the average of the bonus payments for the preceding two years; and (b) the pro-rata amount of any earned bonus for the current fiscal year from January 1 through to the termination date, less any amounts paid to date.

**Change of Control Benefits**

Essential has entered into employment agreements with each of the executive officers of Essential, which provide for the following payments upon a termination of employment by such executive officer upon a "Change of Control" (as defined in such employment agreements):

| Name | Payment Obligation [(1)] |
|---|---|
| Garnet Amundson | • 12 months pay in lieu of notice at current base salary;<br>• accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days;<br>• the greater of either base salary multiplied by 'at target' bonus percent and the average of the bonus payments for the preceding two years;<br>• the pro-rata amount of any earned bonus for the current fiscal year from Jan 1st through to the termination date, less any amounts paid to date;<br>• 20% of the pay in lieu amount for lost benefits; and |

| Name | Payment Obligation [1] |
|---|---|
| | • accelerated vesting of Essential Options, Essential DSUs and Essential RSUs. |
| Jeff Newman | 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:<br>• 12 months pay in lieu of notice at current base salary;<br>• accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days;<br>• the greater of either base salary multiplied by 'at target' bonus percent and the average of the bonus payments for the preceding two years;<br>• the pro-rata amount of any earned bonus for the current fiscal year from Jan 1st through to the termination date, less any amounts paid to date;<br>• 20% of the pay in lieu amount for lost benefits; and<br>• accelerated vesting of Essential Options, Essential DSUs and Essential RSUs. |
| Karen Perasalo | 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:<br>• 12 months pay in lieu of notice at current base salary;<br>• accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days;<br>• the greater of either base salary multiplied by 'at target' bonus percent and the average of the bonus payments for the preceding two years;<br>• the pro-rata amount of any earned bonus for the current fiscal year from Jan 1st through to the termination date, less any amounts paid to date;<br>• 20% of the pay in lieu amount for lost benefits; and<br>• accelerated vesting of Essential Options, Essential DSUs and Essential RSUs. |
| Laura Ingram | 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:<br>• 12 months pay in lieu of notice at current base salary;<br>• accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days;<br>• the greater of either base salary multiplied by 'at target' bonus percent and the average of the bonus payments for the preceding two years;<br>• the pro-rata amount of any earned bonus for the current fiscal year from Jan 1st through to the termination date, less any amounts paid to date;<br>• 20% of the pay in lieu amount for lost benefits; and<br>• accelerated vesting of Essential Options, Essential DSUs and Essential RSUs. |

*Notes:*

*(1) Any decrease to an executive officer's compensation, taken as a cost reduction measure, will be ignored for severance payment calculations and the executive officer'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 officer's employment contract and references the executive officer's right to terminate their employment in certain circumstances, which includes generally those matters at common law that are interpreted to be constructive dismissal.*

Pursuant to the Amalgamation Agreement, Essential shall cause the directors and officers of Essential and each of its Subsidiaries to resign as directors and/or officers of Essential and/or its Subsidiaries, as applicable, effective as of the Effective Date. In connection with such resignations, the total estimated value of severance which would be received by the executive officers of Essential pursuant to such payments would be an aggregate of approximately $4.1 million, calculated as of September 15, 2023 (excluding settlement of outstanding Essential DSUs and Essential RSUs). The actual severance payments to the executive officers of Essential could differ as a result of, among other things, the timing of the terminating event.

**Continuing Insurance Coverage and Indemnification for Directors and Officers of Essential**

Pursuant to the Amalgamation Agreement, Essential will obtain and/or maintain directors' and officers' liability insurance for the current and former officers and directors of Essential, covering claims made prior to or within six years after the Effective Date which has a scope and coverage substantially similar in scope and coverage to that provided pursuant to its current directors' and officers' insurance policy and Element has agreed to not take or permit any action to be taken to terminate or adversely affect such directors' and officers' insurance.

Element and Essential have also agreed that Amalco and its successors will not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of current and former officers and directors of Essential, pursuant to the provisions of the articles, by-laws or other constating documents of Essential, applicable corporate legislation and any written indemnity agreements which have been entered into between Essential and its current and former officers and directors effective on or prior to the date of the Amalgamation Agreement.

**Resignations and Releases**

In connection with the Amalgamation, Essential has agreed to arrange for the resignation of the directors and officers of Essential and each of its Subsidiaries, as directors and/or officers of Essential and/or its Subsidiaries, as applicable, effective as of the Effective Date, and use its commercially reasonably efforts to obtain mutual releases in a form acceptable to Element, acting reasonably, from each of the directors and officers of Essential and its Subsidiaries, as directors and/or officers of Essential and/or its Subsidiaries, effective as of the Effective Date.

**Summary of Interests**

The following table sets forth the names and positions of the directors and executive officers of Essential since the beginning of Essential's last financial year, the number of Essential Shares, Essential Options, Essential DSUs and Essential RSUs owned or over which control or direction was exercised by each such director or executive officer of Essential and, where known after reasonable inquiry, by their respective associates or affiliates as of such date and the consideration to be received for such Essential Shares, Essential Options, Essential DSUs and Essential RSUs pursuant to the Amalgamation.

| Names | Essential Shares | Estimated Payment for Essential Shares ($) | Essential Options | Essential DSUs | Essential RSUs | Estimated Payment for Outstanding Essential Options, Essential DSUs and Essential RSUs (as applicable) ($) [(1)(2)(3)] | Total Estimated Payment for Essential Shares, Essential Options, Essential DSUs and Essential RSUs ($)[(4)] |
|---|---|---|---|---|---|---|---|
| James Banister[(5)]<br>*Chair* | 1,376,730 | 550,692.00 | - | 1,022,841.80 | 231,086 | 501,571.12 | 1,052,263.12 |
| Felicia Bortolussi[(5)]<br>*Director* | 25,000 | 10,000.00 | - | 248,218.85 | - | 99,287.54 | 109,287.54 |
| Robert German[(5)]<br>*Director* | 42,000 | 16,800.00 | - | 742,877.91 | 161,781 | 361,863.56 | 378,663.56 |
| Sophia Langlois[(5)]<br>*Director* | 31,000 | 12,400.00 | - | 118,421.00 | - | 47,368.40 | 59,768.40 |

| Names | Essential Shares | Estimated Payment for Essential Shares ($) | Essential Options | Essential DSUs | Essential RSUs | Estimated Payment for Outstanding Essential Options, Essential DSUs and Essential RSUs (as applicable) ($) (1)(2)(3) | Total Estimated Payment for Essential Shares, Essential Options, Essential DSUs and Essential RSUs ($)(4) |
|---|---|---|---|---|---|---|---|
| Robert Michaleski(5) *Director* | 160,000 | 64,000.00 | - | 759,761.26 | 161,781 | 368,616.90 | 432,616.90 |
| Garnet Amundson *President, Chief Executive Officer and Director* | 1,496,195 | 598,478.00 | 200,000 | 5,913,951.00 | 2,114,875 | 3,227,530.40 | 3,826,008.40 |
| Jeff Newman *Senior Vice President* | 401,611 | 160,644.40 | 83,000 | 1,637,769.00 | 414,358 | 827,490.80 | 988,135.20 |
| Laura Ingram *Chief Financial Officer* | 37,548 | 15,019.20 | - | - | 542,139 | 216,855.60 | 231,874.80 |
| Karen Perasalo *Vice President, Finance and Corporate Secretary* | 332,029 | 132,811.60 | 83,000 | 1,432,769.00 | 414,358 | 745,490.80 | 878,302.40 |
| Eldon Heck *Former VP, Downhole Tools & Rentals* | 118,492 | 47,396.80 | 83,000 | - | 170,455 | 74,822.00 | 122,218.80 |
| Nick Kirton *Former director* | Unknown | Unknown | - | - | - | - | Unknown |

Notes:
(1) Excludes ordinary course settlement of executive officer Essential RSUs on October 6, 2023, in the aggregate amount of $694,737.
(2) Pursuant to the terms of the Essential DSU Plan, each redeemed Essential DSU shall entitle the holder of such Essential DSU to receive the Market Price in cash in an amount that is rounded down to the nearest cent, less any applicable withholdings. "**Market Price**" is defined in the Essential DSU Plan as the volume weighted average trading price of the Essential Shares on the TSX for the five trading days immediately preceding the applicable calculation date. The value of the Essential DSUs in the table above has been determined by multiplying the aggregate number of Essential DSUs by the Consideration.
(3) Pursuant to the terms of the Essential RSU Plan, on the RSU Payment Date (as defined in the Essential RSU Plan) Essential shall make a cash payment to a holder of Essential RSUs equal to the product of the number of vested Essential RSUs multiplied by the Market Price, less any applicable withholdings. "**Market Price**" is defined in the Essential RSU Plan as the volume weighted average trading price of the Essential Shares on the TSX for the five trading days immediately preceding the applicable calculation date. The value of the Essential RSUs in the table above has been determined by multiplying the aggregate number of Essential RSUs by the Consideration.
(4) Before applicable withholdings.
(5) Independent Essential Board members will receive cash payments on Closing in lieu of regularly scheduled August 2023 Essential DSU and Essential RSU grants (the "August LTIP Grants") as follows: J. Banister $32,500; F. Bortolussi $22,500; R. German $22,500; S. Langlois $22,500; and R. Michaleski $22,500. Essential was prohibited from making the August LTIP Grants pursuant to applicable Securities Laws.

## SECURITIES LAW MATTERS

Essential is subject to the provisions of MI 61-101, which is intended to regulate certain transactions to ensure equal treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders (excluding interested or related parties), independent valuations and, in certain circumstances, approval and oversight of the transaction by a special committee of independent directors. The minority securityholder protections of MI 61-

101 generally apply to "business combinations" (as defined in MI 61-101) which terminate the interests of equity securityholders without their consent.

If the Amalgamation constitutes a "business combination" of Essential, MI 61-101 requires that the Amalgamation Resolution be approved by a majority of the minority of Essential Shareholders.

A "business combination" includes, for an issuer, a transaction (including an amalgamation) as a consequence of which the interest of a holder of an equity security of the issuer may be terminated without the holder's consent, and where a person who is a "related party", as defined in MI 61-101, of the issuer at the time the transaction is agreed to is entitled to receive, directly or indirectly, as a consequence of the transaction, a "collateral benefit", as defined in MI 61-101.

Accordingly, the Amalgamation may be considered a "business combination" under MI 61-101 because each of the acceleration of the vesting of the Essential DSUs and Essential RSUs and the entitlements of the directors and executive officers to those payments described under "*Interests of Certain Persons in the Amalgamation*" may be considered to be a "collateral benefit" for the purposes of MI 61-101.

For the purposes of MI 61-101, directors, senior officers and other related parties of Essential receive a "collateral benefit" if they are entitled to receive, subject to certain exceptions, directly or indirectly, as a consequence of the Amalgamation, any benefit, including an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of Essential or of another person, regardless of the existence of any offsetting costs to the related party or whether the benefit is provided, or agreed to, by Essential or Element, as applicable, or another party to the Amalgamation. Among other things, a "collateral benefit" does not include a payment of the Essential Shares that is identical in amount and form to the entitlement of the general body of Essential Shareholders in Canada.

**Essential Minority Approval**

In determining minority approval for a business combination, Essential is required to exclude the votes attached to Essential Shares that, to the knowledge of Essential and its directors and officers after reasonable inquiry, are beneficially owned or over which control or direction is exercised by all "interested parties" and their "related parties" and "joint actors" all as defined in MI 61-101. For the purposes of MI 61-101, "interested parties" includes any "related parties" of the issuer (including any directors or senior officers of Essential) if the related party would, as a consequence of the transaction, receive a collateral benefit.

As described above, the acceleration of the vesting of the Essential DSUs and Essential RSUs may be considered a "collateral benefit". In addition, the entitlements of the directors and executives officers of Essential to those payments described under "*Interests of Certain Persons in the Amalgamation*" may be considered a "collateral benefit". However, except with respect to James Banister and Garnet Amundson (for the reasons set forth below), these benefits or payments fall within an exception to the definition of "collateral benefit" for the purposes of MI 61-101 since the benefits are received solely in connection with the related party's services as an employee, director or consultant under certain circumstances, including where the related party and his or her associated entities beneficially own or exercises control or direction, directly or indirectly, over less than 1% of the outstanding securities of each class of equity securities at the time the transaction was agreed to or publicly announced and: (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; and (c) full particulars of the benefit are disclosed in the disclosure document for the transaction. Accordingly, with the exception of James Banister and Garnet Amundson, no related party will be considered to have received a "collateral benefit" for the purposes of MI 61-101.

At the time the Amalgamation was agreed to:

- James Banister owned or exercised control or direction over 1,376,730 securities (1,376,730 Essential Shares), representing 1.10% of the outstanding Essential Shares;

- Felicia Bortolussi owned or exercised control or direction over 25,000 securities (25,000 Essential Shares), representing 0.02% of the outstanding Essential Shares;

- Robert German owned or exercised control or direction over 42,000 securities (42,000 Essential Shares), representing 0.03% of the outstanding Essential Shares;

- Sophia Langlois owned or exercised control or direction over 31,000 securities (31,000 Essential Shares), representing 0.02% of the outstanding Essential Shares;

- Robert Michaleski owned or exercised control or direction over 160,000 securities (160,000 Essential Shares), representing 0.13% of the outstanding Essential Shares;

- Garnet Amundson owned or exercised control or direction over 1,696,195 securities (1,496,195 Essential Shares and 200,000 Essential Options), representing 1.35% of the outstanding Essential Shares;

- Jeff Newman owned or exercised control or direction over 484,611 securities (401,611 Essential Shares and 83,000 Essential Options), representing 0.39% of the outstanding Essential Shares;

- Laura Ingram owned or exercised control or direction over 37,548 securities (37,548 Essential Shares), representing 0.03% of the outstanding Essential Shares; and

- Karen Perasalo owned or exercised control or direction over 415,029 securities (332,029 Essential Shares and 83,000 Essential Options), representing 0.33% of the outstanding Essential Shares.

As a result, Essential Shares owned or over which control or direction is exercised by James Banister and Garnet Amundson will be excluded in determining minority approval of the Amalgamation Resolution.

As a result of the foregoing, the Amalgamation is a "business combination" of Essential for the purposes of MI 61-101 and the minority approval requirements of MI 61-101 will apply in connection with the approval of the Amalgamation by the Essential Shareholders. In addition to obtaining approval of the Amalgamation Resolution by an affirmative vote of at least two-thirds of the votes cast on the Amalgamation Resolution by the Essential Shareholders present in person or by proxy at the Meeting, approval will also be sought from a simple majority of the votes cast on the Amalgamation Resolution by the Essential Shareholders present in person or by proxy at the Meeting, excluding the votes of any "interested parties", "related parties of interested parties" or "joint actors" whose votes may not be included in determining minority approval of a "business combination" under MI 61-101.

Essential is not required to obtain a formal valuation under MI 61-101 as no "interested party" (as defined in MI 61-101) of Essential is, as a consequence of the Amalgamation, directly or indirectly acquiring Essential or its business or combining with Essential and neither the Amalgamation nor the transaction contemplated thereunder is a "related party transaction" (as defined in MI 61-101) for which Essential would be required to obtain a formal valuation.

**Prior Valuations**

MI 61-101 also requires Essential to disclose any "prior valuations" (as defined in MI 61-101) of Essential or its material assets or securities made within the 24-month period preceding the date of this Information Circular. After reasonable inquiry, neither Essential nor any director or senior officer of Essential has any knowledge of any "prior valuation" of Essential, the Essential Shares or other securities or its material assets in the 24 months preceding the date of this Information Circular.

## DISSENT RIGHTS

**The following description of the right to dissent to which Registered Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's Essential Shares and is qualified in its entirety by reference to the full text of section 191 of the ABCA, which is attached as Appendix C to this Information Circular. A**

**Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of the ABCA. Failure to adhere to the procedures established therein may result in the loss of Dissent Rights. Accordingly, each Dissenting Shareholder who might desire to exercise Dissent Rights should consult his, her or its own legal advisor.**

Dissenting Shareholders are entitled, in addition to any other rights such Dissenting Shareholder may have, to dissent and to be paid by Essential (or its successor) the fair value of the Essential Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Amalgamation Resolution is approved by the Essential Shareholders at the Meeting and provided the Amalgamation is completed. **A Dissenting Shareholder may dissent only with respect to all of the Essential Shares held by such Dissenting Shareholder, or on behalf of any one beneficial owner, and registered in the Dissenting Shareholder's name. Only Registered Shareholders are entitled to dissent. Beneficial Shareholders who wish to dissent should be aware that they may only do so through the registered holder of such Essential Shares. An Intermediary (including CDS), who holds Essential Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise the Dissent Right on behalf of such Beneficial Shareholders with respect to all of the Essential Shares held for such Beneficial Shareholders that wish to dissent. In such case, the written objection to the Amalgamation Resolution should set forth the number of Essential Shares covered by it.**

Dissenting Shareholders must provide a written objection to the Amalgamation Resolution so that it is received by Essential, c/o Fasken Martineau DuMoulin LLP, 350 - 7th Avenue SW, Suite 3400, Calgary, Alberta, T2P 3N9, Attention: Sarah Gingrich, (email: sgingrich@fasken.com), at or before the Meeting or any adjournment or postponement thereof. **No person who has voted (including by way of instructing a proxy holder to vote) in favour of the Amalgamation shall be entitled to exercise Dissent Rights. Voting against the Amalgamation (including by way of instructing a proxy holder to vote) will not constitute a written objection referred to in subsection 191(5) of the ABCA.**

Either Essential (which for purposes hereof shall include any successor to Essential) or a Dissenting Shareholder, as the case may be, may apply to the Court, after the approval of the Amalgamation Resolution, to fix the fair value of such Dissenting Shareholder's Essential Shares. If such an application is made to the Court by either Essential or a Dissenting Shareholder, Essential must, unless the Court orders otherwise, send to each Dissenting Shareholder a written offer to pay such Dissenting Shareholder an amount considered by the Essential Board to be the fair value of the Essential Shares held by such Dissenting Shareholder. The offer, unless the Court orders otherwise, must be sent to each Dissenting Shareholder at least ten days before the date on which the application is returnable, if Essential is the applicant, or within ten days after Essential is served a copy of the application, if a Dissenting Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Shareholder and contain or be accompanied with a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Essential for the purchase of such holder's Essential Shares in the amount of the offer made by Essential, or otherwise, at any time before the Court pronounces an order fixing the fair value of the Essential Shares.

A Dissenting Shareholder will not be required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Essential Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Essential and in favour of each of those Dissenting Shareholders, and fixing the time within which Essential must pay the amount payable to each Dissenting Shareholder calculated from the date on which such Dissenting Shareholder ceases to have any rights as an Essential Shareholder until the date of payment.

On the Amalgamation becoming effective, or upon the making of an agreement between Essential and the Dissenting Shareholder as to the payment to be made by Essential to the Dissenting Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Dissenting Shareholder will cease to have any rights as a holder of Essential Shares and shall only be entitled to be paid by Essential (or its successor) the fair value of such holder's Essential Shares net of all withholding or other taxes required to be withheld by Essential or Element in accordance with applicable Laws, to the extent applicable. Until one of these events occurs, the Dissenting Shareholder may withdraw

his, her or its dissent, or if the Amalgamation has not yet become effective, Essential may rescind the Amalgamation Resolution and, in either event, the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

Essential shall not make a payment to a Dissenting Shareholder under section 191 of the ABCA if there are reasonable grounds for believing that it is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of its assets would thereby be less than the aggregate of its liabilities. In such event, Essential shall notify each Dissenting Shareholder that it is unable lawfully to pay such Dissenting Shareholder for his, her or its Essential Shares, in which case the Dissenting Shareholder may, by written notice to Essential within 30 days after receipt of such notice, withdraw such holder's written objection, in which case the holder shall be deemed to have participated in the Amalgamation as an Essential Shareholder. If the Dissenting Shareholder does not withdraw such holder's written objection, such Dissenting Shareholder retains status as a claimant against Essential to be paid as soon as Essential is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Essential but in priority to Essential Shareholders.

All Essential Shares held by Dissenting Shareholders who exercise their Dissent Rights will, if the holders thereof do not otherwise withdraw such written objections, be deemed to be transferred to Essential under the Amalgamation and cancelled in exchange for the fair value thereof, which fair value shall be determined as of the close of business on the last Business Day before the day on which the Amalgamation Resolution is approved by the Essential Shareholders at the Meeting or will, if such Dissenting Shareholders ultimately are not so entitled to be paid the fair value thereof, be treated as if the holders had participated in the Amalgamation on the same basis as a non-dissenting holder of Essential Shares, and such Essential Shares will be deemed to be exchanged for the Consideration on the same basis as all other Essential Shareholders pursuant to the Amalgamation.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their Essential Shares. Section 191 of the ABCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, Dissenting Shareholders who might desire to exercise the Dissent Rights should carefully consider and comply with the provisions of section 191 of the ABCA, the full text of which is set out in Appendix C to this Information Circular and consult their own legal advisor.**

The Amalgamation Agreement provides that, unless otherwise waived by Element, it is a condition to the completion of the Amalgamation that holders of not greater than 10% of the outstanding Essential Shares shall have validly exercised Dissent Rights in respect of the Amalgamation that have not been withdrawn as of the Effective Date.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes certain Canadian federal income tax considerations under the Tax Act of the Amalgamation and the redemption of Amalco Redeemable Preferred Shares generally applicable to Essential Shareholders who, for the purposes of the Tax Act and at all relevant times, hold their Essential Shares and Amalco Redeemable Preferred Shares as capital property and deal at arm's length and are not affiliated with Essential, Element, Subco or Amalco or any of their respective affiliates.

Essential Shares and Amalco Redeemable Preferred Shares will generally be considered capital property to an Essential Shareholder unless the Essential Shareholder holds them in the course of carrying on a business or has acquired such shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Essential Shareholders who are resident in Canada for the purposes of the Tax Act and whose Essential Shares or Amalco Redeemable Preferred Shares might not otherwise be capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have them and every other "Canadian security" (as defined in the Tax Act) owned by them deemed to be capital property in the taxation year of the election and in all subsequent taxation years. Essential Shareholders whose Essential Shares or Amalco Redeemable Preferred Shares are not capital property should consult their own tax advisors for advice, including with respect to whether an election under subsection 39(4) of the Tax Act is available and advisable in their particular circumstances.

This summary is not applicable to Element or Subco. This summary is also not applicable to an Essential Shareholder: (a) that is a "financial institution" for purposes of the mark-to-market rules; (b) a "specified financial institution"; (c) an interest in which would be a "tax shelter investment"; (d) that has elected under the functional currency rules in the Tax Act to determine its "Canadian tax results" in a currency other than Canadian currency; (e) that has entered or will enter into a "derivative forward agreement" or "synthetic disposition arrangement" with respect to the Essential Shares or the Amalco Redeemable Preferred Shares; (f) who is exempt from paying tax under Part I of the Tax Act; (g) that is a partnership or trust; (h) that will receive dividends on its Essential Shares under or as part of a "dividend rental arrangement" or; (i) that is a "foreign affiliate" of a taxpayer resident in Canada, all as defined in the Tax Act. In addition, this summary does not address all of the tax considerations applicable to an Essential Shareholder in respect of Essential Shares acquired upon the exercise of Essential Options or pursuant to other employee compensation plans. Any Essential Shareholders to whom this paragraph applies should consult their own tax advisors having regard to their own particular circumstances.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**") and an understanding of the current administrative policies and assessing practices published in writing by the Canada Revenue Agency ("**CRA**") before the date of this Information Circular. This summary also takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) before the date of this Circular (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in Law or administrative policies or assessing practices, whether by legislative, regulatory, administrative or judicial action or decision, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may be different from those discussed in this summary. This summary assumes that the Essential Shares will be listed on the TSX at the Effective Date.

**This summary is not exhaustive of all Canadian federal income tax considerations. The following summary is of a general nature only and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any Essential Shareholder. Accordingly, Essential Shareholders should consult their own tax advisors for advice as to the tax consideration in respect of the Amalgamation and the disposition of their Amalco Redeemable Preferred Shares applicable to their particular circumstances, including the application and effect of the income and other tax Laws of any country, province, territory, state or local tax authority.**

**Holders Resident in Canada**

The following portion of the summary is generally applicable to an Essential Shareholder who, at all relevant times, is or is deemed to be, resident in Canada for the purposes of the Tax Act and any applicable income tax treaty ("**Resident Holder**").

*Disposition of Essential Shares on Amalgamation*

A Resident Holder whose Essential Shares are converted into Amalco Redeemable Preferred Shares on the Amalgamation will not realize any capital gain or capital loss as a result of the conversion. A Resident Holder will be considered to have disposed of the Essential Shares for proceeds of disposition equal to the aggregate adjusted cost base of the Essential Shares to the Resident Holder immediately before the Amalgamation and to have acquired Amalco Redeemable Preferred Shares at an aggregate cost equal to such proceeds of disposition.

*Redemption of Amalco Redeemable Preferred Shares*

On the redemption of the Amalco Redeemable Preferred Shares, provided that the proceeds of redemption do not exceed the aggregate paid-up capital of the Amalco Redeemable Preferred Shares, no deemed dividend will arise. Essential expects that the proceeds of redemption of the Amalco Redeemable Preferred Shares will not exceed their paid-up capital. A Resident Holder whose Amalco Redeemable Preferred Shares are redeemed will generally realize a capital gain (or capital loss) to the extent that the aggregate proceeds of disposition of the Amalco Redeemable Preferred Shares (which will be equal to the number of the Amalco Redeemable Preferred Shares held by the Resident Holder multiplied by the Consideration) exceed (or are less than) the aggregate adjusted cost base to the Resident Holder of the Amalco Redeemable Preferred Shares (determined in accordance with the paragraph above) and any

reasonable costs of disposition. The tax treatment of capital gains and capital losses under the Tax Act is discussed below.

*Dissenting Shareholders*

Under the current administrative practice of the CRA, a Resident Holder who is a Dissenting Shareholder who does receive Amalco Redeemable Preferred Shares at the time of the Amalgamation will be considered to have disposed of its Essential Shares to Amalco for proceeds of disposition equal to the amount paid by Amalco to it for such Essential Shares less the amount of any interest awarded by the Court, and will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the aggregate adjusted cost base of such Essential Shares to the Resident Holder and any reasonable costs of disposition. The treatment of capital gains and capital losses under the Tax Act is discussed below. As this is an administrative practice only, Resident Holders who are Dissenting Shareholders should consult their own tax advisors with respect to the tax implications to them of the exercise of their Dissent Rights. Any interest awarded by the Court to such a Dissenting Shareholder will be included in the Resident Holder's income for the purposes of the Tax Act.

*Taxation of Capital Gains and Capital Losses*

A Resident Holder who realizes a capital gain or a capital loss on the disposition of Amalco Redeemable Preferred Shares will generally be required to include in income one-half of any such capital gain ("**taxable capital gain**") and may apply one-half of any such capital loss ("**allowable capital loss**") against taxable capital gains in accordance with the detailed rules in the Tax Act. Allowable capital losses in excess of taxable capital gains may ordinarily be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years in accordance with the detailed rules of the Tax Act.

A capital loss realized on the disposition of Amalco Redeemable Preferred Shares may, in certain circumstances, be reduced by the amount of certain dividends previously received or deemed to have been received on the Essential Shares converted on the Amalgamation, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, or where a trust or partnership of which a corporation is a beneficiary or a member is itself a member of a partnership or a beneficiary of a trust that owns shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors in this regard.

A "Canadian-controlled private corporation" (as defined in the Tax Act) or that is or is deemed to be a "substantive CCPC" (as proposed to be defined in the Tax Act pursuant to the Tax Proposals released on August 9, 2022) at any time in a taxation year may be liable to pay an additional tax on certain investment income, including taxable capital gains, dividends received or deemed to be received (but not dividends or deemed dividends that are deductible in computing taxable income) and interest, which may be refundable in certain circumstances. Resident Holders should consult their own tax advisors in this regard.

Capital gains realized and dividends received (or deemed to be received) by a Resident Holder or a trust (other than certain specified trusts) may give rise to alternative minimum tax under the Tax Act. The 2023 federal budget announced proposed amendments to the alternative minimum tax for taxation years that begin after 2023, including increasing the minimum tax rate, raising the minimum tax exemption amount and broadening the minimum tax base. Draft Tax Proposals to implement the proposed amendments were released on August 4, 2023. Resident Holders who are individuals or trusts (other than certain specified trusts) should consult their own tax advisors in this regard.

**Non-residents of Canada**

The following portion of the summary is generally applicable to an Essential Shareholder who, for the purposes of the Tax Act and any applicable income tax treaty and at all relevant times, (i) is not, and is not deemed to be, a resident of Canada; (ii) does not hold or use, and is not deemed to hold or use, the Essential Shares or the Amalco Redeemable Preferred Shares received pursuant to the Amalgamation in the course of carrying on business in Canada; and (iii) is not an insurer carrying on business in Canada or elsewhere (a "**Non-Resident Holder**"). Non-Resident Holders should consult their own tax advisors having regard to their own particular circumstances.

*Disposition of Essential Shares on Amalgamation*

A Non-Resident Holder whose Essential Shares are converted into Amalco Redeemable Preferred Shares on the Amalgamation will generally be treated in the same manner as a Resident Holder as described above.

*Redemption of Amalco Redeemable Preferred Shares*

On the redemption of the Amalco Redeemable Preferred Shares, provided that the proceeds of redemption do not exceed the aggregate paid-up capital of the Amalco Redeemable Preferred Shares, no deemed dividend will arise. Essential expects that the proceeds of redemption of the Amalco Redeemable Preferred Shares will not exceed their paid-up capital. A Non-Resident Holder whose Amalco Redeemable Preferred Shares are redeemed will generally realize a capital gain (or a capital loss) in the same manner as a Resident Holder as generally described above. However, a Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on the redemption unless the Amalco Redeemable Preferred Shares constitute "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of the redemption and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

The Amalco Redeemable Preferred Shares will generally not constitute "taxable Canadian property" to a Non-Resident Holder at the time of the redemption unless, (i) at any time during the 60-month period preceding the time of the redemption, more than 50% of the fair market value of the Essential Shares and the Amalco Redeemable Preferred Shares was derived directly or indirectly from one or any combination of (A) real or immoveable property situated in Canada, (B) "Canadian resource properties" (as defined in the Tax Act), (C) "timber resource properties" (as defined in the Tax Act), and (D) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing, whether or not the property exists. Moreover, the Amalco Redeemable Preferred Shares will generally not constitute "taxable Canadian property" to a Non-Resident Holder at the time of the redemption unless: (a) the Essential Shares and the Amalco Redeemable Preferred Shares are listed or deemed to be listed on a designated stock exchange (which currently includes the TSX) at the time of the redemption, and (b) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, or the Non-Resident Holder together with such persons have owned 25% or more of the shares of any class or series of the capital stock of Essential or 25% or more of the Amalco Redeemable Preferred Shares at any time during the 60-month period immediately preceding the time of the redemption, and the conditions set out in clause (i) in the foregoing sentence are satisfied.

Provided that, immediately prior to the Amalgamation, the Essential Shares are listed on a designated stock exchange (which currently includes the TSX), and provided that the Amalco Redeemable Preferred Shares are redeemed by Amalco within 60 days after the Amalgamation, the Amalco Redeemable Preferred Shares will be deemed to be listed on a designated stock exchange until the earliest time at which such Amalco Redeemable Preferred Shares are so redeemed.

Notwithstanding the foregoing, the Amalco Redeemable Preferred Shares may also be deemed to be "taxable Canadian property" in other certain circumstances (generally only where such shares are issued pursuant to certain tax deferred reorganizations under the Tax Act). If the Amalco Redeemable Preferred Shares are taxable Canadian property to a Non-Resident Holder at the time of the redemption, a capital gain realized on the disposition of such Amalco Redeemable Preferred Shares may be exempt from tax under the applicable income tax convention. In the event that any capital gain realized by a Non-Resident Holder on the redemption of the Amalco Redeemable Preferred Shares is not exempt from tax under the Tax Act by virtue of an applicable income tax convention, the tax consequences pertaining to capital gains (or capital losses) as generally described above will generally apply. Non-Resident Holders should consult their own tax advisors regarding any Canadian reporting requirements arising from these transactions.

*Dissenting Shareholders*

Under the current administrative practice of the CRA, a Non-Resident Holder who is a Dissenting Shareholder who does not receive Amalco Redeemable Preferred Shares at the time of the Amalgamation will be considered to have disposed of its Essential Shares to Amalco for proceeds of disposition equal to the amount paid by Amalco to it for such Essential Shares less the amount of any interest awarded by the Court, and will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the aggregate adjusted cost base of such

Essential Shares to the Non-Resident Holder and any reasonable costs of disposition. Provided that the Essential Shares do not constitute taxable Canadian property, no Canadian tax will be payable on any capital gain realized by a Non-Resident Holder in these circumstances. As this is an administrative practice only, Non-Resident Holders who are Dissenting Shareholders should consult their own tax advisors with respect to the tax implications to them of the exercise of their Dissent Rights. Any interest awarded to a Non-Resident Holder who is a Dissenting Shareholder will not be subject to Canadian withholding tax.

*Realization of Capital Gains*

Provided that the Essential Shares and Amalco Redeemable Preferred Shares do not constitute taxable Canadian property, a Non-Resident Holder will not realize any capital gain in respect of the disposition of Essential Shares on the Amalgamation and will not be subject to taxation under the Tax Act in respect of any capital gain realized on the redemption of the Amalco Redeemable Preferred Shares.

## OTHER TAX CONSIDERATIONS

**This Information Circular does not address any tax considerations of the Amalgamation other than certain Canadian federal income tax considerations to Essential Shareholders. Essential Shareholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the relevant tax implications of the Amalgamation, including any associated filing requirements, in such jurisdictions. All Essential Shareholders should also consult their own tax advisors regarding relevant provincial, territorial or state tax considerations of the Amalgamation.**

## TIMING

If the Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions to the Amalgamation are satisfied or waived, Essential expects the Effective Date to be on or about November 9, 2023.

The Amalgamation will become effective upon the filing with the Registrar of the Articles of Amalgamation.

The Effective Date could be delayed for a number of reasons, including delays in receiving all applicable regulatory approvals.

## RISK FACTORS

The Amalgamation involves various risks. Essential Shareholders should carefully consider the following risk factors in evaluating whether to approve the Amalgamation Resolution. Readers are cautioned that such risk factors are not exhaustive. These risk factors should be considered in conjunction with the other information included in this Information Circular and the documents filed by Essential under its SEDAR+ profile from time to time. Additional risks and uncertainties may also adversely affect Essential after giving effect to the Amalgamation.

### Risks Relating to the Amalgamation

*Failure to satisfy conditions to the completion of the Amalgamation*

The completion of the Amalgamation is subject to a number of conditions precedent, certain of which are outside the control of Essential, including obtaining the Requisite Shareholder Approval and the satisfaction of other customary closing conditions. There can be no certainty, nor can Essential provide any assurance, that these conditions will be satisfied or waived nor can there be any certainty as to the timing of their satisfaction or waiver. See "*Procedure for the Amalgamation to Become Effective – Essential Shareholder Approval*" and "*Procedure for the Amalgamation to Become Effective – Regulatory Matters*".

A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approvals to be obtained could delay the Effective Date and may adversely affect the business, financial condition or results of Essential. There can be no certainty, nor can Essential provide any assurance, that these conditions will be

satisfied or waived nor can there be any certainty as to the timing of their satisfaction or waiver. If such conditions are not satisfied or waived and the Amalgamation is not completed, or is materially delayed, the market price of the Essential Shares may be adversely affected.

*The Amalgamation Agreement may be terminated in certain circumstances*

Each of Essential and Element have the right to terminate the Amalgamation Agreement in certain circumstances. Accordingly, there is no certainty, nor can Essential provide any assurance, that the Amalgamation Agreement will not be terminated by either Essential or Element before the completion of the Amalgamation. For instance, Element has the right, in certain circumstances, to terminate the Amalgamation Agreement if changes occur that constitute a Material Adverse Change with respect to Essential. There is no assurance that a Material Adverse Change with respect to Essential will not occur before the Effective Date, in which case Element could elect to terminate the Amalgamation Agreement and the Amalgamation would not proceed.

If the Amalgamation Agreement is terminated, Essential will still have incurred costs for pursuing the Amalgamation, including costs related to the diversion of management's attention away from the conduct of Essential's business.

*Essential may be required to pay a non-completion fee or expense reimbursement*

If the Amalgamation is not completed, Essential may be required, in certain circumstances, to pay a non-completion fee or expense reimbursement to Element.

*The non-completion fee may discourage other parties from making an Acquisition Proposal*

Under the Amalgamation Agreement, Essential is required to pay a non-completion fee to Element in the event that the Amalgamation Agreement is terminated in circumstances related to a possible alternative transaction to the Amalgamation. Such fee may discourage other parties from making an Acquisition Proposal, even if such a transaction could provide better value to Essential Shareholders than the Amalgamation.

*Failure to complete the Amalgamation could negatively impact the price of the Essential Shares and future business and operations of Essential*

There are a number of material risks relating to the Amalgamation not being completed, including but not limited to the following:

- the price of the Essential Shares may decline to the extent that the current market price reflects a market assumption that the Amalgamation will be completed;
- Essential Shareholders will not receive the Consideration payable under the Amalgamation;
- certain costs related to the Amalgamation, such as legal, accounting and the expenses and certain of the fees of Peters & Co., will be payable by Essential even if the Amalgamation is not completed;
- if the Amalgamation is not completed, Essential may be required, in certain circumstances, to pay a non-completion fee or expense reimbursement to Element; and
- Essential will continue to be subject to various risks related to its ongoing business (see "*Risk Factors – Risks Relating to Essential*" below).

*While the Amalgamation is pending, Essential is restricted from taking certain actions*

The Amalgamation Agreement restricts Essential from taking specified actions without the consent of Element until the Amalgamation is completed. These restrictions may prevent Essential from pursuing attractive business opportunities that may arise prior to the completion of the Amalgamation.

*Essential Shareholders will not participate in any future growth in Essential's business*

Upon completion of the Amalgamation, Essential Shareholders will be entitled to receive the Consideration of $0.40, in cash, per Essential Share. Amalco will become a wholly owned subsidiary of Element and the Essential Shareholders will have no ongoing interest in Amalco or Element. The Essential Shareholders will not receive the benefit of any potential future growth in the value of Essential's business.

*The Amalgamation may not be completed if holders of a number of Essential Shares exercise Dissent Rights*

Essential Shareholders have the right to exercise Dissent Rights and demand payment of the fair value of their Essential Shares, in cash, in connection with the Amalgamation in accordance with the ABCA. The exercise of Dissent Rights requires satisfaction of certain specific conditions, and the determination of the amount payable is subject to a Court-supervised valuation process. There is no certainty as to whether a Dissenting Shareholder will be entitled to receive an amount that is greater than, or less than, the Consideration contemplated by the Amalgamation. If there are a significant number of Dissenting Shareholders, a substantial cash payment may be required to be made to such Essential Shareholders. For this reason, it is a condition to the completion of the Amalgamation that holders of not more than 10% of the outstanding Essential Shares have exercised Dissent Rights in respect of the Amalgamation. While this condition may be waived by Element in its sole discretion, Element may determine not to proceed with the Amalgamation if the threshold is exceeded. If this occurs, the Amalgamation will not be completed. See "*Dissent Rights*".

**Risks Relating to Essential**

If the Amalgamation is not completed, Essential will continue to face, and Essential Shareholders will be exposed to, the risks that Essential currently faces with respect to its business, affairs, operations and future prospects. A description of the risk factors applicable to Essential is contained under the heading "*Risk Factors*" in the AIF.

## INFORMATION CONCERNING ESSENTIAL

**General**

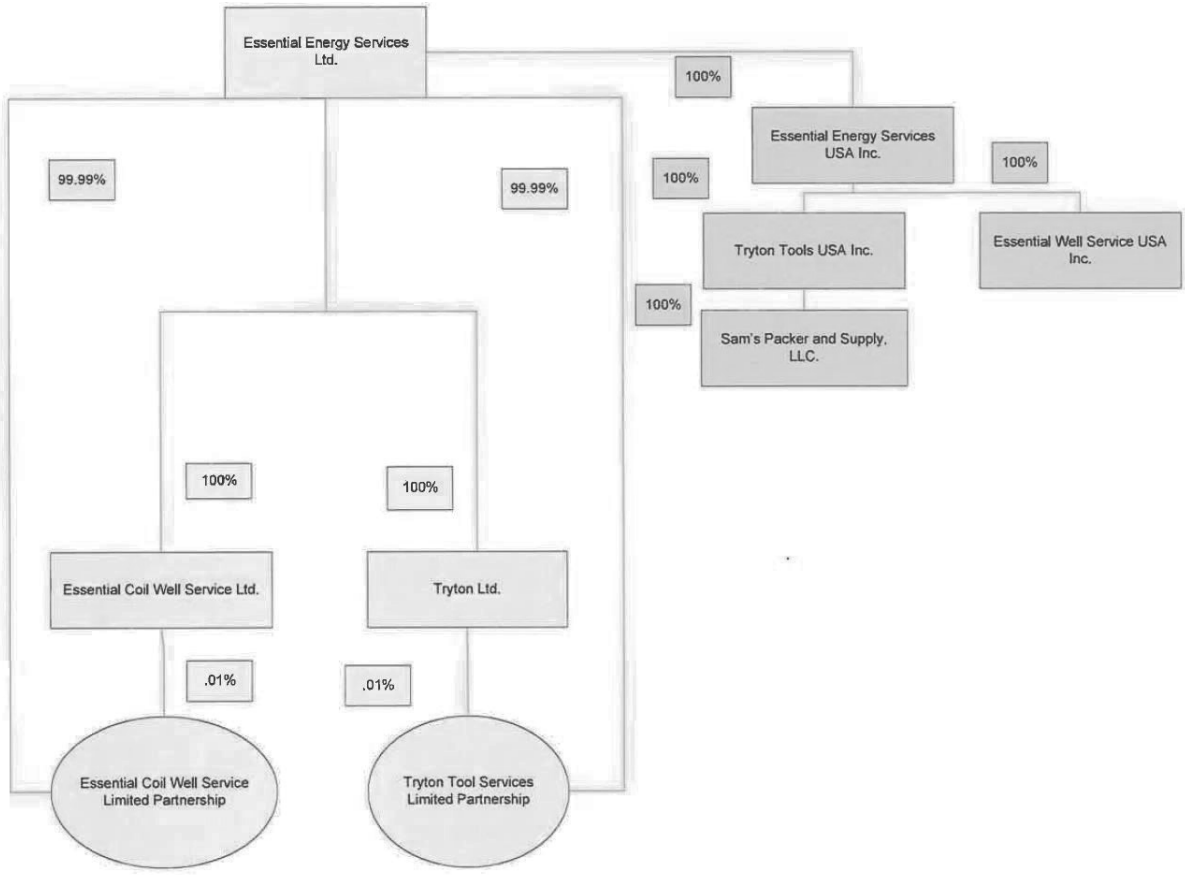
Essential was incorporated under the ABCA on February 26, 2010. It was formed in connection with the conversion of Essential Energy Services Trust, a trust formed pursuant to the laws of the Province of Alberta (the "**Trust**") to a corporation pursuant to a plan of arrangement under the ABCA (the "**Conversion**"), which was completed on April 29, 2010. Upon closing of the Conversion, Essential assumed the business of the Trust.

The head and principal office of Essential is located at Suite 1100, 250 - 2nd Street S.W., Calgary, Alberta, T2P 0C1. The registered office of Essential is located at Suite 3400, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9.

The principal undertaking of Essential, through its subsidiaries, is to provide oilfield services to oil and natural gas producers, primarily in the Western Canadian Sedimentary Basin. Essential provides oilfield services with coiled tubing, fluid and nitrogen pumpers and downhole tools and rentals. As at December 31, 2022, Essential and its Subsidiaries collectively employed 332 employees.

**Organizational Structure of Essential**

The following diagram sets forth the organizational structure of Essential and its Subsidiary entities as at the date hereof, with the percentage figures denoting the percentage of votes attaching to all the voting securities beneficially owned by Essential and each of its Subsidiaries.




The corporations identified above were formed under the ABCA except for:

- Essential Energy Services USA Inc. and Essential Well Service USA Inc. were formed under the laws of the State of Delaware;
- Tryton Tools USA Inc. was formed under the Texas Business Organizations Code; and
- Sam's Packer and Supply, LLC was formed under the laws of the State of Kansas.

The partnerships identified above were formed under the *Partnership Act* (Alberta).

**Market Price and Trading Volume Data**

The Essential Shares are listed and posted for trading on the TSX under the symbol "ESN". The following table sets out the price ranges and volumes of the Essential Shares that were traded in the six-month period preceding the date of the Amalgamation Agreement.

| Month - 2023 | Price Range ($) | | Monthly Trading Volume |
|---|---|---|---|
| | High | Low | |
| September 1 – 14 | $0.37 | $0.35 | 364,732 |
| August | $0.395 | $0.345 | 2,703,823 |
| July | $0.38 | $0.35 | 759,960 |
| June | $0.375 | $0.35 | 1,885,346 |
| May | $0.365 | $0.31 | 6,891,326 |
| April | $0.36 | $0.30 | 1,547,564 |

| | | | |
|---|---|---|---|
| March | $0.40 | $0.30 | 1,813,048 |

On September 14, 2023, the last trading day on which Essential Shares traded prior to the announcement of the Amalgamation, the closing price of Essential Shares on the TSX was $0.365. On October 2, 2023, the last trading day on which Essential Shares traded prior to the date of this Information Circular, the closing price of Essential Shares on the TSX was $0.395.

Following the completion of the Amalgamation, it is expected that the Essential Shares will be delisted from the TSX and Amalco will make an application to cease to be a reporting issuer under applicable Securities Laws as soon as reasonably practicable thereafter. Essential anticipates that the Essential Shares will be delisted from the TSX within three Business Days following the Effective Date.

**Previous Purchases and Sales**

During the twelve-month period preceding the date of the Amalgamation Agreement, Essential has not purchased or sold any securities of Essential (excluding securities purchased or sold pursuant to the exercise of Essential Options and other conversion rights), other than the repurchase of Essential Shares for cancellation pursuant to a normal course issuer bid as follows:

| Month of Transaction | Nature of Transaction | Number of Essential Shares Repurchased | Average Price per Essential Share | Aggregate Purchaser Price |
|---|---|---|---|---|
| September 2022 | Normal Course Issuer Bid | 387,500 | $0.3545 | $137,369 |
| October 2022 | Normal Course Issuer Bid | 425,200 | $0.3578 | $152,133 |
| November 2022 | Normal Course Issuer Bid | 4,376,000 | $0.4002 | $1,751,269 |
| December 2022 | Normal Course Issuer Bid | 220,500 | $0.4031 | $88,883 |
| January 2023 | Normal Course Issuer Bid | 413,500 | $0.3935 | $162,715 |
| February 2023 | Normal Course Issuer Bid | 304,000 | $0.3951 | $120,124 |
| March 2023 | Normal Course Issuer Bid | 389,000 | $0.3627 | $141,086 |
| April 2023 | Normal Course Issuer Bid | 354,500 | $0.3323 | $117,794 |
| May 2023 | Normal Course Issuer Bid | 5,848,500 | $0.3547 | $2,074,716 |
| June 2023 | Normal Course Issuer Bid | 330,500 | $0.3627 | $119,873 |
| July 2023 | Normal Course Issuer Bid | 330,500 | $0.3678 | $121,556 |
| August 2023 | Normal Course Issuer Bid | 30,500 | $0.3867 | $11,795 |

### Dividends

During the two-year period preceding the date of the Amalgamation Agreement, Essential has not paid any dividends on the Essential Shares. Essential does not anticipate paying any dividends in the immediate or foreseeable future.

### Commitments to Acquire Essential Shares

Other than pursuant to Essential Options and the Amalgamation Agreement, neither Essential, nor any director or executive officer of Essential, nor, to the knowledge of the directors and executive officers of Essential, after reasonable inquiry, (a) any associate or affiliate of an insider of Essential, (b) any insider of Essential (other than a director or executive officer of Essential); or (c) any person or company acting jointly or in concert with Essential, has any agreement, commitment or understanding to acquire securities of Essential.

### Previous Distributions

Essential has not distributed any Essential Shares during the five years preceding the date of the Amalgamation Agreement.

## INFORMATION CONCERNING ELEMENT AND SUBCO

**The information concerning Element contained in this Information Circular, including but not limited to the information under this heading, has been provided by Element. Although Essential has no knowledge that would indicate that any of such information is untrue or incomplete, Essential does not assume any responsibility for the accuracy or completeness of such information or the failure by Element to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Essential.**

### General

Element is a privately-held well fracturing and coil services company, established in 2011. Element has strong foundations and vested interests in the communities in which it operates, and is led by an experienced management team and board of directors.

Subco is a wholly-owned subsidiary of Element and was incorporated on September 14, 2023 solely for the purpose of completing the Amalgamation.

### Commitments to Acquire Essential Shares

Other than pursuant to the Amalgamation Agreement, neither Element, nor any director or senior officer of Element, nor, to the knowledge of the directors and executive officers of Element, after reasonable inquiry, (a) any associate or affiliate of an insider of Element, (b) any insider of Element (other than a director or executive officer of Element); or (c) any person or company acting jointly or in concert with Element, has any agreement, commitment or understanding to acquire securities of Essential.

### Amalgamations, Agreements, Commitments and Understandings Involving Element

Except as disclosed in this Information Circular, there are no agreements, commitments or understandings made or proposed to be made between Element and any of the directors or senior officers of Essential and no payments or other benefits are proposed to be made or given by Element by way of compensation for loss of office or as to such directors or senior officers remaining in or retiring from office if the Amalgamation is completed.

Except the Support Agreements, there are no agreements, commitments or understandings made or proposed to be made between Element and any Essential Shareholder relating to the Amalgamation.

## MATTERS TO BE CONSIDERED AT THE MEETING

### Amalgamation Resolution

At the Meeting, Essential Shareholders will be asked to consider and vote upon the Amalgamation Resolution in the form set forth in Appendix A to this Information Circular. Essential Shareholders are urged to review this Information Circular carefully and in its entirety when considering the Amalgamation Resolution. See "*The Amalgamation*".

In order to become effective, the Amalgamation Resolution must be approved by the Essential Shareholders at the Meeting by the Requisite Shareholder Approval. See "*Procedure for the Amalgamation to Become Effective – Essential Shareholder Approval*" and "*Securities Law Matters*".

**Unless instructed otherwise, the persons designated by management of Essential in the enclosed form of proxy intend to vote FOR the approval of the Amalgamation Resolution. The Essential Board unanimously recommends that Essential Shareholders vote FOR the Amalgamation Resolution.**

### Other Matters to be Considered at the Meeting

At the time of printing this Information Circular, Essential knows of no other matter expected to come before the Meeting, other than the vote on the Amalgamation Resolution.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of the date of this Information Circular, no current or former director, executive officer or employee of Essential, or at any time since the beginning of the most recently completed financial year has been, indebted: (a) to Essential; or (b) to another entity, where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Essential.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Information Circular, no director or executive officer of Essential or a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of voting securities of Essential, or any associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction since the commencement of Essential's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Essential or its Subsidiaries.

## AUDITORS OF ESSENTIAL

The auditors of Essential are KPMG LLP Chartered Professional Accountants, Calgary, Alberta.

## ADDITIONAL INFORMATION

Additional information relating to Essential is available on the SEDAR+ website at www.sedarplus.ca. Additional information regarding the business of Essential is contained in the AIF, and documents incorporated by reference therein.

Additional financial information regarding Essential is provided in Essential's audited consolidated financial statements and Annual MD&A for the year ended December 31, 2022. Copies of these documents and any interim financial statements and MD&A available for periods subsequent to December 31, 2022 and additional copies of this Circular are available on the SEDAR+ website at www.sedarplus.ca and on Essential's website at essentialenergy.ca. In addition, these documents may also be obtained upon request and free of charge to Essential Shareholders 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.

## APPROVAL AND CERTIFICATION

The content and delivery of this Information Circular has been approved by the directors of Essential.

**DATED** this 3rd day of October, 2023.

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

(signed) "*James Banister*"
James Banister
Chair of the Board of Directors

## CONSENT OF PETERS & CO.

To: The Board of Directors (the "**Board**") of Essential Energy Services Ltd. ("**Essential**")

We refer to the information circular (the "**Information Circular**") of Essential dated October 3, 2023 relating to the special meeting of shareholders of Essential to approve an Amalgamation under the *Business Corporations Act* (Alberta) involving, among others, Essential and Element Technical Services Inc.

We consent to the inclusion in the Information Circular of our fairness opinion to the Board dated September 14, 2023 as Appendix D and a summary thereof in the Information Circular. Our fairness opinion was given as of September 14, 2023 and remains subject to the assumptions, qualifications and limitations contained therein.

DATED this 3rd day of October, 2023.

(signed) "*Peters & Co. Limited*"

**APPENDIX A**
**AMALGAMATION RESOLUTION**

**RESOLUTION OF THE SHAREHOLDERS**
**OF ESSENTIAL ENERGY SERVICES LTD. (the "Corporation")**

**NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the amalgamation (the "**Amalgamation**") of the Corporation and 2544592 Alberta Ltd. ("**Subco**") be approved and authorized in accordance with the terms and conditions of the amalgamation agreement dated September 15, 2023, between the Corporation, Element Technical Services Inc., and Subco (including the appendices attached thereto) as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof (the "**Amalgamation Agreement**");

2. the Amalgamation Agreement, the actions of the directors of the Corporation in approving the Amalgamation and the Amalgamation Agreement and the actions of the directors and officers of the Corporation in executing and delivering the Amalgamation Agreement and causing the performance by the Corporation of its obligations thereunder are hereby confirmed, ratified, authorized and approved;

3. notwithstanding the passing of this special resolution by the shareholders of the Corporation (the "**Shareholders**"), the directors of the Corporation are hereby authorized and empowered, without further approval by the Shareholders: (i) to amend the Amalgamation Agreement to the extent permitted therein; or (ii) not to proceed with the Amalgamation at any time prior to the Effective Date (as defined in the Amalgamation Agreement); and

4. any one director or officer of the Corporation (an "**Authorized Officer**") is hereby authorized, empowered and instructed to, for and on behalf of the Corporation, do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or desirable by such Authorized Officer in order to carry out the intent of the foregoing resolutions and the matters authorized thereby and to give full force and effect to the foregoing, such determination to be conclusively evidence by the execution and delivery of such document or the doing of such act or thing.

**APPENDIX B**
**AMALGAMATION AGREEMENT**

(*See attached*)

**AMALGAMATION AGREEMENT**

between

**ELEMENT TECHNICAL SERVICES INC.**

– and –

**2544592 ALBERTA LTD.**

– and –

**ESSENTIAL ENERGY SERVICES LTD.**

**SEPTEMBER 15, 2023**

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## AMALGAMATION AGREEMENT

**THIS AGREEMENT** is made as of September 15, 2023:

**BETWEEN:**

**ELEMENT TECHNICAL SERVICES INC.**, a body corporate existing under the laws of Alberta ("**Element**")

- and -

**2544592 ALBERTA LTD.**, a body corporate existing under the laws of Alberta ("**Subco**")

- and -

**ESSENTIAL ENERGY SERVICES LTD.**, a body corporate existing under the laws of Alberta ("**Essential**")

**WHEREAS** upon the terms and subject to the conditions set out in this Agreement, the Parties (as defined herein) intend to effect a business combination transaction whereby, among other things, Essential and Subco will amalgamate and continue as one corporation in accordance with the terms and conditions hereof;

**AND WHEREAS** Subco is a wholly-owned subsidiary of Element and has not carried on active business and Element desires that Subco amalgamate with Essential under the ABCA (as defined herein) in accordance with the terms and conditions hereof;

**AND WHEREAS** the Essential Board (as defined herein) has unanimously: (i) determined that the transactions contemplated by this Agreement are in the best interests of Essential; (ii) approved this Agreement and the transactions contemplated hereby; and (iii) determined to recommend that the Essential Shareholders (as defined herein) vote in favour of the transactions contemplated by this Agreement;

**AND WHEREAS** the Element Board (as defined herein) has unanimously: (i) determined that the transactions contemplated by this Agreement are in the best interests of Element; and (ii) approved this Agreement and the transactions contemplated hereby;

**AND WHEREAS** concurrently with the entering into of this Agreement, Element has entered into Support Agreements (as defined herein) with each director and executive officer of Essential, pursuant to which, among other things, each director and executive officer of Essential has agreed to vote in favour of the Essential Amalgamation Resolution (as defined herein);

**AND WHEREAS** Element Shareholders holding at least 60% of the common shares of Element have irrevocably consented to this Agreement and the transactions contemplated hereby in accordance with the terms of the Element Shareholder Agreement (as defined herein);

**NOW THEREFORE** this Agreement witnesseth that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as set out below.

## ARTICLE 1
## INTERPRETATION

### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following words and terms have the indicated meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta) as amended, including the regulations promulgated thereunder;

"**Acquisition Proposal**" has the meaning set out in Section 3.4;

"**Agent**" means National Bank of Canada, in its capacity as agent under the Credit Agreement;

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this amalgamation agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

"**Amalco**" means the continuing corporation resulting from the Amalgamation;

"**Amalco Redeemable Preferred Shares**" means the redeemable preferred shares in the capital of Amalco, having the rights, privileges, restrictions and conditions set out in Schedule C;

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Amalgamating Corporations**" means Subco and Essential;

"**Amalgamation**" means the amalgamation of Essential and Subco under the provisions of Section 181 of the ABCA, on and subject to the terms and conditions set out herein;

"**Articles of Amalgamation**" means the articles of amalgamation in respect of the Amalgamation, substantially in the form set out in Schedule A hereto, required under subsection 185(1) of the ABCA to be filed with the Registrar to give effect to the Amalgamation;

"**Business Day**" means a day other than a Saturday, Sunday or a day when banks in the City of Calgary, Alberta are not generally open for business;

"**CARES Act**" means the United States *Coronavirus Aid, Relief, and Economic Security Act of 2020*, as amended;

"**CARES Funds**" has the meaning set out in Section 4.1(oo)(i);

"**Certificate**" means the certificate of amalgamation to be issued by the Registrar, pursuant to subsection 185(4) of the ABCA, in respect of the Amalgamation;

"**Claim**" means any claim, action, demand, lawsuit, proceeding, notice of non-compliance or violation, order or direction, arbitration or governmental investigation;

"**Closing**" means the closing of the Amalgamation contemplated by this Agreement in accordance with the terms and conditions of this Agreement;

"**Competition Act**" means the *Competition Act* (Canada);

"**Confidentiality Agreement**" means the confidentiality agreement dated August 8, 2023 between Element and Essential;

"**Consideration**" means $0.40 in cash for each Amalco Redeemable Preferred Share, payable on redemption of the Amalco Redeemable Preferred Shares to be issued to Essential Shareholders (other than Dissenting Shareholders) in connection with the Amalgamation;

"**Contract**" means contracts, licences, real property and equipment leases, instruments, agreements, obligations, arrangements, commitments, entitlements or engagements to which Essential is a party or by which it is bound;

"**Credit Agreement**" means the ninth amended and restated credit agreement dated as of June 26, 2018, as amended July 9, 2020 and November 25, 2021, among, *inter alios*, Essential, the Agent and the Lenders pursuant to which the Lenders granted the Credit Facilities;

"**Credit Facilities**" means, collectively, the credit facilities in the maximum amount of $25,000,000 granted under the Credit Agreement;

"**Depositary**" means Computershare Trust Company of Canada, appointed for the purpose of receiving the deposit of certificates formerly representing Essential Shares and for the delivery of the Consideration pursuant to the Amalgamation;

"**Derivative Contract**" means a financial risk management Contract, such as a currency, commodity, interest or equity related instrument, including but not limited to rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions;

"**Disclosed Personal Information**" has the meaning set out in Section 10.11(b);

"**Disclosure Letter**" means the disclosure letter of Essential dated the date hereof and delivered to Element by Essential;

"**Dissent Rights**" means the rights of dissent that will apply in relation to the Amalgamation as provided for in Section 191 of the ABCA;

"**Dissenting Shareholder**" means a registered Essential Shareholder that validly exercises Dissent Rights in relation to the Amalgamation;

"**Effective Date**" means the date shown on the Certificate;

"**Element**" means Element Technical Services Inc.;

"**Element Board**" means the board of directors of Element;

"**Element Damages Event**" has the meaning set out in Section 8.1;

"**Element Expense Reimbursement Event**" has the meaning set out in Section 8.1;

"**Element Information**" means the information provided by Element to Essential for inclusion in the Information Circular regarding Element and Subco, including their respective businesses, operations and affairs;

"**Element Shareholder Agreement**" means the unanimous shareholder agreement among Element and the Element Shareholders dated July 26, 2011, as amended from time to time;

"**Element Shareholders**" means the holders of common shares of Element;

"**Employee**" means an employee of Essential or any of its Subsidiaries;

"**Employee Information**" means a list of all Employees together with a list of the following information to the extent that it relates to each Employee: (i) positions or job titles, as applicable; (ii) current status of employment or service and, in particular, whether any such Employee is on a leave other than for vacation and whether such Employee is employed or provides services on a full or part time basis; and (iii) the Employee Obligations for such Employees in aggregate and individually for each Employee assuming the employment of such Employees cease (on a termination without cause basis) as of the Effective Date;

"**Employee Obligations**" means all obligations or liabilities of Essential, in each case under Contract, to pay: (i) any amount to Employees in respect of or arising out of the termination of employment of the Employees prior to Closing including salary, accrued bonuses, vacation pay, reimbursable expenses, and any other earned entitlement in the Ordinary Course; (ii) any obligations of Essential to Employees for pay in lieu of notice, severance, termination pay, change in control payments, or any similar type of entitlement that is owed to such Employees upon the termination of employment resulting from the completion of the Amalgamation or that would be owing to such Employees if terminated on or prior to Closing; and (iii) any amounts owed to the Independent Contractors as a result of the termination of their service with Essential or termination of the applicable service Contracts prior to Closing;

"**Encumbrances**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing), whether arising by Law, contract or otherwise, against title to any of such property or assets, or any part thereof or interest therein or capable of becoming any of the foregoing;

"**Environment**" means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components and "**Environmental**" means any matter pertaining to the Environment;

"**Environmental Law**" means, with respect to any Person or its business, activities, property, assets or undertaking, all federal, provincial, municipal or local Laws of any Governmental Entity, relating to the Environment or public health and safety matters in the jurisdictions applicable to

such Person or its business, activities, property, assets or undertaking, including legislation governing the use, storage, treatment and release of Hazardous Material;

"**Equipment**" has the meaning set out in Section 4.1(kk);

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

"**Essential Amalgamation Resolution**" means the special resolution of the Essential Shareholders approving the Amalgamation to be considered at the Essential Meeting, substantially in the form set out in Schedule B hereto;

"**Essential Benefit Plans**" has the meaning set out in Section 4.1(s)(vii);

"**Essential Board**" means the board of directors of Essential;

"**Essential Damages Event**" has the meaning set out in Section 8.2;

"**Essential DSU Plan**" means the amended and restated deferred share unit plan of Essential dated March 6, 2013, as amended and restated on June 30, 2016;

"**Essential DSUs**" means the outstanding deferred share units of Essential issued pursuant to the Essential DSU Plan;

"**Essential Filings**" means all documents and information required to be filed or furnished, as applicable, by Essential under applicable Securities Laws under its company profile (000029865) on SEDAR+, since September 1, 2020;

"**Essential Financial Statements**" means the audited consolidated financial statements of Essential for the years ended December 31, 2022 and 2021, together with the notes thereto and the report of the auditors thereon and the (unaudited) interim financial statements of Essential for the three and six months ended June 30, 2023 and 2022, together with the notes thereto;

"**Essential Information**" means the information to be included in the Information Circular regarding Essential, including its business, operations and affairs and the matters to be considered at the Essential Meeting;

"**Essential Meeting**" means the special meeting of Essential Shareholders (including any adjournment or postponement thereof permitted under this Agreement) that is to be convened to consider, and, if deemed advisable, to approve the Essential Amalgamation Resolution;

"**Essential Net Debt**" means Indebtedness under the Credit Facilities, including all accrued interest and fees owing to the Agent and Lenders under the Credit Agreement as of the date of Closing, less: (i) cash held in bank accounts listed in the Disclosure Letter; and (ii) Essential Transaction Expenses paid prior to the Effective Date in an amount of up to $1,000,000;

"**Essential Option Plan**" means the amended and restated share option plan of Essential dated April 28, 2010, as amended and restated on March 6, 2019;

"**Essential Option Termination Agreements**" means agreements entered into between Essential and each of the holders of Essential Options whereby each holder of Essential Options agrees to surrender for cancellation or exercise on a "cashless" basis all outstanding Essential

Options held by such holder of Essential Options immediately prior to Closing in accordance with the provisions of Section 2.5;

"**Essential Options**" means the outstanding share options issued pursuant to the Essential Option Plan, whether or not vested, to acquire Essential Shares;

"**Essential RSU Plan**" means the amended and restated restricted share unit plan of Essential as amended and restated on November 3, 2021;

"**Essential RSUs**" means the outstanding restricted share units of Essential issued pursuant to the Essential RSU Plan;

"**Essential Shareholder Approval**" means the requisite approval for the Essential Amalgamation Resolution, being: (A) 66⅔% of the votes cast on the Essential Amalgamation Resolution by the Essential Shareholders present in person or by proxy at the Essential Meeting, and (B) a majority of the votes cast by the Essential Shareholders present in person or by proxy at the Essential Meeting excluding for this purpose votes attached to the Essential Shares held by persons described in items (a) through (d) of section 8.1(2) of Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*, if required;

"**Essential Shareholders**" means the holders of Essential Shares;

"**Essential Shares**" means the common shares in the capital of Essential;

"**Essential Transaction Expenses**" means the costs and expenses listed in the Disclosure Letter that are expected to be incurred (whether paid or accrued) by Essential in connection with, or incidental to, the negotiation and settlement of this Agreement and the implementation and completion of the Amalgamation;

"**Financial Advisor**" means Peters & Co. Limited;

"**Forgiveness Information**" has the meaning set out in Section 4.1(oo)(iii);

"**Funding Documents**" means the Commitment Letter between ATB Financial and Element Technical Services Inc., Element Technical Services USA Holdings LLC and Element Technical Services LLC and the Summary of Indicative Terms and Conditions for Credit Agreement attached thereto;

"**Governmental Entity**" means: (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign; (b) any subdivision or authority of any of the above; (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (d) any government-controlled corporation or similar entity; or (e) any stock exchange, including the TSX;

"**GST/HST**" has the meaning set out in Section 4.1(v)(xiv);

"**Hazardous Material**" means petroleum, petroleum hydrocarbons, petroleum products or petroleum by-products, radioactive materials, asbestos or asbestos-containing materials, gasoline, diesel fuel, pesticides, radon, urea formaldehyde, mould, lead or lead-containing

materials, and polychlorinated biphenyls, and any other chemical, material, substance, element or waste, whether natural or artificial and whether consisting of gas, liquid, solid or vapor in any amount or concentration that is:

(a) on the date hereof, defined as or included in the definition of "hazardous substances", "hazardous materials", "hazardous wastes", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "pollutants", "deleterious substances", "dangerous goods", "corrosive substances", "regulated substances", "solid wastes", "naturally occurring radioactive material (NORMs)" or "contaminants" or words of similar import under any applicable Environmental Law, or

(b) otherwise regulated under or for which liability can be imposed under applicable Environmental Law;

"**IFRS**" means, at the relevant time, International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board, applied on a consistent basis;

"**Indebtedness**" means, with respect to any Person, without duplication:

(a) indebtedness of such Person for borrowed money, secured or unsecured;

(b) every obligation of such Person evidenced by bonds, debentures, notes, derived obligations or other similar instruments;

(c) every obligation of such Person under purchase money mortgages, conditional sale agreements or other similar instruments relating to purchased property or assets;

(d) every obligation of such Person under Derivative Contracts (valued at the termination value thereof); and

(e) every obligation of the type referred to above of any other Person, the payment of which such Person has guaranteed or for which such Person is otherwise responsible or liable, including all letters of credit issued by Essential;

"**Independent Contractor**" means a contractor or independent contractor that provides material services to Essential or any of its Subsidiaries;

"**Information Circular**" means the notice of the Essential Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to, among others, the Essential Shareholders in connection with the Essential Meeting, as amended, supplemented or otherwise modified from time to time;

"**Intellectual Property**" means all material (i) domestic and foreign patents, (ii) trademarks, service marks, trade dress, logos, trade names, corporate names, business names, brand names, industrial designs and other source identifiers, (iii) copyrights, (iv) confidential and proprietary information, including trade secrets and know-how and (v) all other industrial or intellectual property owned or used by Essential or any of its Subsidiaries in the conduct of Essential's business, and includes all applications and registrations pertaining thereto and all goodwill connected therewith;

"**Interim Period**" means the period from the date hereof until Closing;

"**Investment Canada Act**" means the *Investment Canada Act* (Canada);

"**Key Consents**" means those consents and approvals required from third parties to proceed with the transactions contemplated by this Agreement and the Amalgamation, as set out in the Disclosure Letter;

"**Law(s)**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law, orders, ordinances, judgments, decrees, guidelines, policies or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity and the term "applicable" with respect to such Laws and in a context that refers to a Person, means such Laws as are applicable to such Person or its business, undertaking, property or securities and that emanate from a Governmental Entity having jurisdiction over the Person or its business, undertaking, property or securities;

"**Lenders**" means the syndicate of lenders under the Credit Agreement comprised of National Bank of Canada, ATB Financial and Canadian Western Bank;

"**Loan Forgiveness Applications**" has the meaning set out in Section 4.1(oo)(iii);

"**Matching Period**" has the meaning set out in Section 3.4(d);

"**Material Adverse Change**" or "**Material Adverse Effect**" means any change, event, occurrence or effect that, individually or in the aggregate with other such changes, events, occurrences or effects is or could reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, financial condition or liabilities of Essential and its Subsidiaries, taken as a whole, except any such change, event, occurrence or effect resulting from or arising in connection with:

(a) any change affecting the oilfield services industry in general;

(b) any changes in currency exchange, interest or inflation rates or commodity, securities or general economic, financial, or credit market conditions in Canada, the United States or elsewhere;

(c) any changes in the market price of crude oil, natural gas or other hydrocarbons;

(d) any change in global, national or regional political conditions;

(e) any act of civil unrest, civil disobedience, war, terrorism, cyberterrorism, military activity or sabotage, including an outbreak or escalation of hostilities involving any Governmental Entity or the declaration by any Governmental Entity of a national emergency or war, or any worsening or escalation of any such conditions threatened or existing on the date of this Agreement;

(f) any change or proposed change in any Laws or the interpretation, application or non-application of any Laws by any Governmental Entity;

(g) any change in IFRS or Canadian generally accepted accounting principles;

(h) any hurricane, flood, tornado, earthquake or other natural disaster, man-made disaster or comparable event;

(i) the commencement or continuation of any epidemic, pandemic, disease outbreak (including COVID-19), other outbreak of illness, health crisis or public health event including the escalation or worsening thereof;

(j) any action taken (or omitted to be taken) by Essential or any of its Subsidiaries which is required to be taken (or omitted to be taken) pursuant to this Agreement or applicable Law;

(k) any matters or actions required, permitted, restricted or contemplated by this Agreement or consented to or approved in writing by Element or, in all such cases, occurring as a direct result thereof;

(l) the failure of Essential to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flows, utilization rates or other matters (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

(m) a change attributable to the execution, announcement, pendency or performance of the transactions contemplated hereby (including, without limitation: any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of Essential or any of its Subsidiaries with any of Essential's current or prospective shareholders; and any litigation relating to or resulting from this Agreement or the transactions contemplated hereby);

(n) any change in the market price or trading volume of any securities of Essential (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred); or

(o) any matter that has been expressly disclosed by Essential in writing to Element in the Disclosure Letter;

provided, however, that with respect to clauses (a) through to and including (i) such matter does not have a materially disproportionate effect on Essential and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industries in which Essential and its Subsidiaries operate and provided further that references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Material Adverse Change" or a "Material Adverse Effect" has occurred;

"**Material Contract**" means any Contract:

(a) whereby Essential or any of its Subsidiaries guarantees an obligation of any Person (other than Essential or any of its Subsidiaries) in excess of $250,000;

(b) other than a master services agreement, which, if terminated, would reasonably be expected to have a Material Adverse Effect;

(c) other than a master services agreement, which provides, or could reasonably be expected to provide, for obligations or entitlements of Essential or any of its Subsidiaries in excess of $250,000 in total per annum;

(d) which contains any material non-competition obligations or otherwise restricts in any material way the business of Essential or any of its Subsidiaries;

(e) which is an agreement, indenture or other instrument relating to the borrowing of money or Indebtedness by Essential or any of its Subsidiaries in excess of $250,000;

(f) which is a Derivative Contract;

(g) for the lease of office or field premises by Essential or any of its Subsidiaries;

(h) for the acquisition or disposition of assets or securities or other equity interests of another Person in respect of which the applicable transaction has not yet been consummated;

(i) which is a standstill or similar Contract currently restricting the ability of Essential or any of its Subsidiaries to offer to purchase or purchase the assets or equity securities of another Person;

(j) which entitles a party to rights of termination, the terms or conditions of which may or will be altered, or which entitles a party to any fee, payment, penalty or increased consideration, in each case as a result of the execution of this Agreement, the consummation of the transactions contemplated hereby or a "change in control" of Essential or any of its Subsidiaries, which Contract provides, or could reasonably be expected to provide, for obligations or entitlements in excess of $250,000; or

(k) which is an agency or other agreement which allows a third party to bind Essential or any of its Subsidiaries, other than powers of attorney granted in the Ordinary Course in respect of matters which individually or in the aggregate are not material to Essential, and which Contract has a value in excess of $250,000 in total per annum;

"**Misrepresentation**" has the meaning ascribed thereto under the *Securities Act* (Alberta);

"**Money Laundering Laws**" has the meaning set out in Section 4.1(ff);

"**OFAC**" has the meaning set out in Section 4.1(gg);

"**Ordinary Course**", or any similar reference, means, with respect to an action taken by Element or Essential, as the case may be, that such action is consistent with the past practices of Element or Essential, as the case may be, and is taken in the ordinary course of the normal day-to-day operation of the business of Element or Essential, as the case may be;

"**Outside Date**" means December 15, 2023;

"**Parties**" means, collectively, the parties to this Agreement, and "**Party**" shall be construed to mean Essential or both Element and Subco;

"**Permits**" means all franchises, grants, authorizations, licenses, certifications, permits, easements, variances, exceptions, consents, certificates, approvals and orders of any Governmental Entity necessary for a Person to own, lease or operate its properties or to carry on its business;

"**Permitted Encumbrances**" means: (a) with respect to Essential, Encumbrances disclosed in the Disclosure Letter; (b) easements, rights of way, servitudes or other similar rights, including, without limitation, rights of way for highways, railways, sewers, drains, gas or oil pipelines, gas or water mains, electric light, power, telephone or cable television towers, poles, wires and similar rights in real property or any interest therein, provided the same are registered on title and not of such nature as to materially adversely affect the use of the property subject thereto; (c) the regulations and any rights reserved to or vested in any Governmental Entity to levy Taxes or to control or regulate any Party's or any of its Subsidiaries' interests in any manner; (d) undetermined or inchoate mechanics' liens and similar liens for which payment for services rendered or goods supplied is not delinquent as of the Effective Date; (e) liens for Taxes, assessments and governmental charges that are not due and payable or delinquent; and (f) any encumbrances under a Party's or any of its Subsidiaries' existing credit facilities or other borrowing arrangements disclosed to the other Party;

"**Person**" includes any individual, partnership, association, body corporate, company, organization, trust, estate, trustee, executor, administrator, legal representative, government (including any Governmental Entity), syndicate or other entity, whether or not having legal status;

"**PPP**" means the Paycheck Protection Program created under Section 1102 of the CARES Act as implemented by the SBA;

"**PPP Loans**" means all Indebtedness of Element and its Subsidiaries under the PPP;

"**Pre-Closing Tax Period**" means a taxation year or period that ends on or before the Effective Date;

"**Pre-Closing Taxes**" means any Taxes of any of Essential or Essential's Subsidiaries arising in or relating to any Pre-Closing Tax Period;

"**Principal Customers**" means the 20 largest customers of Essential and its Subsidiaries by revenue during the seven month period ended July 31, 2023;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA;

"**Releases**" has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, blowing, injecting, escaping, leaching, migrating, depositing, spraying, burying, abandoning, seeping, dumping or disposing of a Hazardous Material, whether accidental or intentional, into the Environment;

"**Representatives**" means officers, directors, employees, legal and financial advisors, representatives and agents of Essential, Element or Subco, as the context requires;

"**SBA**" means the U.S. Small Business Administration;

"**Securities Authorities**" means the Alberta Securities Commission and other applicable securities commissions and securities regulatory authorities of the provinces and territories of Canada;

"**Securities Laws**" means the *Securities Act* (Alberta) and other applicable corporate and securities Laws in force in Canada, including the rules, regulations, notices, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;

"**SEDAR+**" means the system for the transmission of documents known as the System for Electronic Data Analysis and Retrieval +;

"**SEMA**" has the meaning set out in Section 4.1(gg);

"**Subco**" means 2544592 Alberta Ltd., a wholly-owned subsidiary of Element;

"**Subco Board**" means the board of directors of Subco;

"**Subco Shares**" means the common shares in the capital of Subco;

"**Subsidiary**" has the meaning ascribed thereto in the ABCA (and shall include any partnerships directly or indirectly owned by Element or Essential, as the case may be, unless the context otherwise requires);

"**Superior Proposal**" means any unsolicited, bona fide written Acquisition Proposal made after the date of this Agreement that:

(a) complies in all respects with applicable Laws;

(b) did not result from a breach of Section 3.4 of this Agreement;

(c) the Essential Board has determined, in its good faith judgment, after receiving the advice of its external legal counsel and professional financial advisors, is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person or group of Persons making such Acquisition Proposal;

(d) is not subject to a financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to the satisfaction of the Essential Board, in its good faith judgment, after receiving the advice of its external legal counsel and professional financial advisors, to have been secured in order to complete such Acquisition Proposal at the time and on the basis set out therein;

(e) the Essential Board has determined, in its good faith judgment, after receiving the advice of its external legal counsel and professional financial advisors, that such Acquisition Proposal would, if consummated in accordance with its terms, taking into account the risk of non-completion, result in a transaction that is more favourable, from a financial point of view, to Essential Shareholders than the Amalgamation; and

(f) the Essential Board has determined, in its good faith judgment, after receiving the advice of its external legal counsel and professional financial advisors, that the failure to accept, recommend, approve, or enter into a definitive agreement to implement such Acquisition Proposal would be inconsistent with the fiduciary duties of the Essential Board under applicable Laws,

except that for the purposes of this definition of "Superior Proposal", the references in the definition of "Acquisition Proposal" to "20% or more of the voting securities of Essential" shall be deemed to be references to "50% or more of the voting securities of Essential" and the references to "20% or more of the consolidated assets of Essential" shall be deemed to be references to "all or substantially all of the consolidated assets of Essential";

"**Support Agreement**" means a support agreement substantially in the form of those support agreements dated as of the date hereof between Element and each of the directors and executive officers of Essential;

"**Tax**" means all taxes whether United States, Canadian, federal, provincial, territorial, local, municipal or foreign (including but not limited to income, gross receipts, licence, fees, payroll, employment, excise, severance, premium, windfall profits, customs duties, capital, capital stock, capital gain, value added, franchise, business, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, occupation, goods and services, stamp, transfer, registration, alternative or minimum tax, municipal tax, employment insurance contributions and Canada Pension Plan contributions, and including any interest, penalty, or addition thereto, whether disputed or not, imposed, assessed or collected by, for or under the authority of the Tax Act or any Governmental Entity or payable pursuant to the Tax Act or a tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency or fee);

"**Tax Act**" means, collectively, the *Income Tax Act* (Canada) and the *Income Tax Application Rules* (Canada), as amended from time to time, and the regulations promulgated thereunder;

"**Tax Return**" means all returns, declarations, reports, elections, claims for refunds, forms, information returns, statements and other written information made, prepared or filed or required to be made, prepared or filed in respect of any Taxes with a Governmental Entity, including any schedule or attachment thereto, and including any amendment thereof;

"**Third Party Beneficiaries**" has the meaning set out in Section 10.10;

"**TSX**" means the Toronto Stock Exchange; and

"**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

### 1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections and the inclusion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

### 1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons, firms or corporations include Persons.

### 1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where such action is required to be taken, such action is required to be taken on the next succeeding day that is a Business Day in such place.

### 1.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the Disclosure Letter constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof.

### 1.6 Currency

All sums of money referred to in this Agreement are expressed in lawful money of Canada.

### 1.7 Knowledge

In this Agreement, references to "the knowledge of Essential" means the actual knowledge of Garnet Amundson, Jeff Newman and Karen Perasalo, in each case after reasonable enquiry within Essential and its Subsidiaries, and references to "the knowledge of Element" means the actual knowledge of Jason Nikish, Brendan Nelson and Brandon Swertz, in each case after reasonable enquiry within Element and its Subsidiaries.

### 1.8 Schedules

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

Schedule A - Articles of Amalgamation

Schedule B - Essential Amalgamation Resolution

Schedule C - Terms and Conditions of the Amalco Shares and Amalco Redeemable Preferred Shares

## ARTICLE 2
## THE AMALGAMATION AND THE ESSENTIAL MEETING

### 2.1 Agreement to Amalgamate

Element, Subco and Essential agree that the Amalgamating Corporations shall amalgamate pursuant to Section 181 of the ABCA as of the Effective Date and continue as one corporation on the terms and subject to the satisfaction or waiver of the conditions set out in this Agreement, including the following:

(a) Name. The name of Amalco shall be a designated number determined by the Registrar.

(b) Registered Office. The registered office of Amalco shall be located at Suite 4000, 421 – 7th Avenue S.W., Calgary, Alberta T2P 4K9.

(c) Authorized Capital. Amalco shall be authorized to issue an unlimited number of Amalco Shares and an unlimited number of Amalco Redeemable Preferred Shares, which shall have the rights, privileges, restrictions and conditions set out in Schedule C.

(d) Restrictions on Share Transfers. No shares of Amalco may be transferred except in compliance with the restrictions set out in the Articles of Amalgamation.

(e) Number of Directors. The minimum number of directors of Amalco shall be one and the maximum number of directors of Amalco shall be seven.

(f) Initial Directors. The number of first directors of Amalco shall be three. The first directors of Amalco shall be the individuals whose names and addresses are set out below:

| **Name** | **Address** |
|---|---|
| Brandon Swertz | Suite 810, 530 – 8th Avenue S.W.<br>Calgary, Alberta T2P 3S8 |
| Jason Nikish | Suite 810, 530 – 8th Avenue S.W.<br>Calgary, Alberta T2P 3S8 |
| Brendan Nelson | Suite 810, 530 – 8th Avenue S.W.<br>Calgary, Alberta T2P 3S8 |

Such directors shall hold office until the next annual meeting of shareholders of Amalco or until their successors are elected or appointed.

(g) Restrictions on Business. There shall be no restrictions on the business that Amalco may carry on.

(h) Amalgamation. On the Effective Date:

(i) subject to Section 2.1(h)(ii), each issued and outstanding Essential Share (other than any Essential Shares held by Dissenting Shareholders) shall be exchanged for one Amalco Redeemable Preferred Share;

(ii) each issued and outstanding Essential Share held by a Dissenting Shareholder will be cancelled and the Dissenting Shareholder will be entitled to be paid the fair value of such Essential Share by Essential (or its successor) in accordance with the ABCA; and

(iii) each issued and outstanding Subco Share shall be converted into one Amalco Share.

(i) Redemption. Each Amalco Redeemable Preferred Share will be redeemed by Amalco for the Consideration immediately following the issuance of the Certificate.

(j) Stated Capital. Subject to reduction to reflect the payments made to Dissenting Shareholders as set out in Section 2.1(h)(ii) and Section 28(4) of the ABCA, upon completion of the Amalgamation:

(i) there shall be added to the stated capital account in respect of the Amalco Redeemable Preferred Shares an amount equal to the Consideration, multiplied by the number of Amalco Redeemable Preferred Shares issued in accordance with Section 2.1(h)(i); and

(ii) there shall be added to the stated capital account in respect of the Amalco Shares an amount equal to the aggregate of the paid-up capital of the Subco Shares and the Essential Shares, less the amount added to the stated capital account in respect of the Amalco Redeemable Preferred Shares in accordance with Section 2.1(j)(i) (if any).

(k) Auditors. The auditors of Amalco shall be Deloitte LLP, Chartered Accountants.

(l) Manner of Payment. Upon the presentation and surrender by an Essential Shareholder (other than a Dissenting Shareholder) to the Depositary of the certificate or certificates which immediately prior to Closing represented Essential Shares held by such Essential Shareholder, together with such documents as the Depositary may reasonably require, the Depositary shall promptly deliver to such Essential Shareholder payment of the aggregate Consideration to which such Essential Shareholder is entitled as a result of the Amalgamation and the subsequent redemption of the Amalco Redeemable Preferred Shares. No certificates shall be issued in respect of the Amalco Redeemable Preferred Shares issued pursuant to the Amalgamation and such Amalco Redeemable Preferred Shares shall be evidenced by the certificates representing Essential Shares (for greater certainty, other than certificates representing Essential Shares held by Dissenting Shareholders). On the Effective Date, share certificates evidencing Essential Shares and Subco Shares shall cease to represent any claim upon or interest in Essential or Subco, as the case may be, other than the right of the holder to receive the Consideration and certificates representing Amalco Shares, as applicable, as provided for herein. If any Essential Shareholder fails for any reason to deliver to the Depositary for cancellation the certificates formerly representing Essential Shares (or an affidavit of loss and bond or other indemnity pursuant to Section 2.1(n)), together with such other documents or instruments required for such Essential Shareholder to receive the Consideration for the Amalco Redeemable Preferred Shares on or before the fifth anniversary of the Effective Date, such Essential Shareholder shall be deemed to have donated and forfeited to Amalco on such fifth anniversary any Consideration (together with any dividends and distributions with respect thereto, but net of any Consideration to be withheld pursuant to Section 2.9) held by the Depositary for such former Essential Shareholder.

(m) Dissenting Shareholders. On the Effective Date, a Dissenting Shareholder shall, subject to the ABCA and provided the Amalgamation is approved and effected in accordance with the ABCA, cease to have any rights as an Essential Shareholder other than the right to be paid the fair value of the Essential Shares by Essential (or its successors) as determined in accordance with the ABCA. However, in the event that an Essential Shareholder fails to perfect or effectively withdraws that

Essential Shareholder's claim under section 191 of the ABCA or forfeits that Essential Shareholder's right to make a claim under section 191 of the ABCA or that Essential Shareholder's rights as an Essential Shareholder are otherwise reinstated, each Essential Share held by that Essential Shareholder shall thereupon be deemed to have been exchanged as of the Effective Date for an Amalco Redeemable Preferred Share and cancelled.

(n) Lost Share Certificates. In the event any certificate which immediately prior to the Effective Date represented Essential Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, the Consideration to be issued to such Person in accordance with this Agreement. When authorizing such Consideration, the Person to whom such Consideration is to be issued shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to Element and the Depositary (each acting reasonably) in such sum as Element may direct, or otherwise indemnify Element in a manner satisfactory to Element, acting reasonably, against any claim that may be made against Element with respect to the certificate alleged to have been lost, stolen or destroyed.

(o) Effect of Amalgamation. On the Effective Date:

(i) the property (except amounts receivable from any Amalgamating Corporation or shares of any Amalgamating Corporation) of each Amalgamating Corporation will continue to be the property of Amalco;

(ii) Amalco will continue to be liable for the obligations (except amounts payable to any Amalgamating Corporation) of each Amalgamating Corporation;

(iii) any existing cause of action, claim or liability to prosecution pending by or against either of the Amalgamating Corporations will be unaffected;

(iv) any civil, criminal or administrative action or proceeding pending by or against either of the Amalgamating Corporations may be continued to be prosecuted by or against Amalco;

(v) any conviction against, or ruling, order or judgment in favour or against, either of the Amalgamating Corporations may be enforced by or against Amalco; and

(vi) the articles of amalgamation of Amalco shall be the Articles of Amalgamation. The by-laws of Amalco shall be the existing by-laws of Subco.

## 2.2 Information Circular and Meetings

At such times as agreed to by Element and Essential, acting reasonably, and in compliance with applicable Laws:

(a) Element shall prepare the Element Information for inclusion in the Information Circular and ensure that the Element Information is true and complete in all material respects as of the date of the Information Circular and does not contain any Misrepresentation;

(b) Essential shall:

(i) prepare the Information Circular, in consultation with Element, and cause the Information Circular and such other documentation as required by the Depositary to be mailed to the Essential Shareholders in all jurisdictions in accordance with applicable Laws;

(ii) convene the Essential Meeting no later than November 30, 2023 or such other date as Element and Essential may agree in writing;

(iii) ensure that the Information Circular includes the Essential Information and the determinations of the Essential Board pursuant to Section 2.6; and

(iv) ensure that the Essential Information is true and complete in all material respects as of the date of the Information Circular and does not contain any Misrepresentation; and

(c) Element and Essential shall cooperate in the preparation, filing and mailing of the Information Circular. Essential shall provide Element and its Representatives with a reasonable opportunity to review and comment on the Information Circular and any other relevant documentation and shall incorporate all reasonable comments made by Element and its counsel and the Information Circular shall be reasonably satisfactory to each of Element and Essential before it is filed or distributed to the Essential Shareholders.

**2.3 Effective Date**

The Amalgamation shall become effective on the Effective Date.

**2.4 Indemnities and Directors' and Officers' Insurance**

(a) Element agrees that Amalco and its successors shall not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of current and former officers and directors of Essential, pursuant to the provisions of the articles, by-laws or other constating documents of Essential, applicable corporate legislation and any written indemnity agreements which have been entered into between Essential and its current and former officers and directors effective on or prior to the date hereof.

(b) Prior to the Effective Date, Essential shall obtain and/or maintain directors' and officers' liability insurance for the current and former officers and directors of Essential, covering claims made prior to or within six years after the Effective Date which has a scope and coverage substantially similar in scope and coverage to that provided pursuant to its current directors' and officers' insurance policy and Element agrees to not take or permit any action to be taken to terminate or adversely affect such directors' and officers' insurance.

## 2.5 Essential Options, Essential DSUs and Essential RSUs

(a) The Parties acknowledge and agree that pursuant to the terms of each of the Essential Option Plan, Essential DSU Plan and Essential RSU Plan, the Amalgamation shall constitute a "Change of Control" (as defined in each of such plans) and the vesting dates for all outstanding Essential Options, Essential DSUs and Essential RSUs shall be accelerated to immediately prior to, and conditional on the occurrence of, Closing (in accordance with the terms of the Essential Option Plan, Essential DSU Plan and Essential RSU Plan, as applicable). With respect to payments to be made in respect of Essential DSUs and Essential RSUs for which the vesting date is so accelerated, Essential shall settle the outstanding Essential DSUs and Essential RSUs in cash immediately prior to Closing (and Essential shall withhold from such cash payment an amount equal to the amount of Taxes required to be remitted by Essential in connection with such settlement), which aggregate cash payment, including withholdings, is set forth in the Disclosure Letter.

(b) To the extent any Essential Options are exercised prior to the Closing, Essential shall use its commercially reasonable efforts to ensure that such holder of Essential Options exercises such Essential Options on a "cashless exercise" basis or delivers to Essential, prior to the Closing, a cash payment equal to the sum of the aggregate exercise price for the Essential Options so exercised and the amount of any Taxes required to be remitted by Essential in connection with the exercise of such Essential Options. The number of Essential Shares to be acquired for each Essential Option under such "cashless exercise" shall be equal to the number of Essential Shares equal in value to the in-the-money amount of such Essential Options (being the Consideration less the exercise price of such Essential Options) divided by the Consideration, and the number of Essential Shares which a holder of Essential Options shall be entitled to receive pursuant to all such "cashless exercises" of Essential Options, shall be aggregated and rounded down to the nearest whole number.

(c) Essential shall use its commercially reasonable efforts to obtain an Essential Option Termination Agreement from each holder of Essential Options, which Essential Option Termination Agreement shall provide that all such unexercised Essential Options will be either:

(i) conditionally exercised on a "cashless exercise" basis, with the number of Essential Shares to be acquired under each Essential Option under such "cashless exercise" determined in accordance with Section 2.5(b) and such holder shall deliver to Essential prior to the Effective Date a cash payment equal to the amount of any Taxes that Essential is required to remit to a tax authority in respect of such Essential Option exercise; or

(ii) surrendered for cancellation for nominal consideration.

(d) For greater certainty, Section 2.9 shall apply with respect to the settlement of all Essential Options, Essential DSUs and Essential RSUs.

### 2.6 Essential Board Recommendation

(a) Essential represents that the Essential Board has unanimously: (i) determined that the transactions contemplated by this Agreement are in the best interests of Essential; (ii) approved this Agreement and the transactions contemplated hereby; and (iii) determined to recommend that the Essential Shareholders vote in favour of the Essential Amalgamation Resolution.

(b) The Essential Board shall unanimously recommend that Essential Shareholders vote in favour of the Essential Amalgamation Resolution, which recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.

(c) Essential represents that all of its directors and executive officers have advised it that, as of the date hereof, they intend to vote or cause to be voted, all Essential Shares of which they are a beneficial owner in favour of the Essential Amalgamation Resolution and each such director and executive officer of Essential has delivered to Element a Support Agreement dated the date hereof and will so represent in the Information Circular.

### 2.7 Element Board and Shareholder Approval

(a) Element represents that the Element Board has unanimously: (i) determined that the transactions contemplated by this Agreement are in the best interests of Element; and (ii) approved this Agreement and the transactions contemplated hereby.

(b) Element represents that Element Shareholders holding at least 60% of the common shares of Element have irrevocably consented to this Agreement and the transactions contemplated hereby in accordance with the terms of the Element Shareholder Agreement.

### 2.8 Resignations and Releases

Essential shall cause the directors and officers of Essential and each of its Subsidiaries to resign as directors and/or officers of Essential and/or its Subsidiaries, as applicable, effective as of the Effective Date, and obtain mutual releases in a form acceptable to Element, acting reasonably, from each of the directors and officers of Essential and its Subsidiaries, as directors and/or officers of Essential and/or its Subsidiaries, effective as of the Effective Date.

### 2.9 Withholdings

Any of the Parties or the Depositary, as trustee, shall be entitled to deduct and withhold from any consideration otherwise payable to Essential Shareholders or holders of Essential Options, Essential DSUs or Essential RSUs, as applicable, such amounts as the applicable Party is required to deduct and withhold from such consideration in accordance with applicable Tax Laws. Any such amounts will be deducted and withheld from such consideration payable pursuant to the Amalgamation or any agreement governing the exercise or other disposition of the Essential Options, Essential DSUs or Essential RSUs in accordance with this Agreement and shall be treated for all purposes as having been paid to the Essential Shareholder or holder of Essential Options, Essential DSUs or Essential RSUs, as the case may be, in respect of which such

deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

### 2.10 Fairness Opinion

Essential represents that the Essential Board has received the verbal opinion of the Financial Advisor to the effect that, as at the date of such opinion and based upon and subject to the assumptions, limitations and qualifications to be set forth in the written opinion, the Consideration to be received by the Essential Shareholders in connection with the Amalgamation is fair, from a financial point of view, to such Essential Shareholders, and a final copy of the written opinion of the Financial Advisor, promptly upon receipt thereof, will be delivered to Element and will be included in the Information Circular.

### 2.11 Filing of Articles of Amalgamation

On or prior to the third Business Day after the last of the conditions set forth in Sections 5.1, 5.2 and 5.3, other than those conditions which, by their nature, cannot be satisfied prior to the Effective Date, has been satisfied or, where not prohibited, waived by the applicable Party or Parties in whose favour the condition is provided, unless another date is agreed to in writing by the Parties, the Parties (as applicable) shall file the Articles of Amalgamation with the Registrar, and the Amalgamation will have all the effects provided for by applicable Law. The Parties shall use their commercially reasonable efforts to cause the Effective Date to occur by no later than the Outside Date.

### 2.12 Element Guarantee

Element hereby unconditionally and irrevocably guarantees in favour of Essential, the due and punctual performance by Subco of each and every covenant and obligation of Subco set out in this Agreement or any agreements entered into by Subco in connection with or ancillary to this Agreement. Element agrees that Essential will not have to proceed first against Subco before exercising its rights under this guarantee against Element.

## ARTICLE 3
## COVENANTS

### 3.1 Covenants of Element and Subco

Element hereby agrees that, during the Interim Period, unless this Agreement is terminated in accordance with its terms, except with the prior written consent of Essential (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement:

(a) neither Element nor Subco shall take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;

(b) Element shall promptly notify Essential in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Element threatened, financial or otherwise) in its or Subco's business, operations, affairs, assets, liabilities (contingent or otherwise), financial condition, capitalization, results of operations, properties, licenses, prospects or cash flows, whether contractual or otherwise, or

of any change in any representation or warranty provided by Element or Subco in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Element shall in good faith discuss with Essential any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Element, threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to Essential pursuant to this provision;

(c) each of Element and Subco shall use its commercially reasonable efforts to satisfy or cause satisfaction of the conditions set out in Sections 5.1 and 5.2 as soon as reasonably practicable to the extent that the satisfaction of the same is within the control of Element;

(d) Element and Subco will assist Essential in the preparation of the Information Circular and provide to Essential, in a timely and expeditious manner, all information as Essential may reasonably request with respect to Element and Subco for inclusion in the Information Circular and any amendments or supplements thereto, in each case complying in all material respects with applicable Securities Laws on the date of issue thereof and to enable Essential to meet the standard referred to in Section 3.2(l) with respect to Element, Subco, Amalco, the Amalgamation and the transactions to be considered at the Essential Meeting;

(e) Element shall indemnify and save harmless Essential and its directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Essential, or any director, officer or agent thereof, may be subject or which Essential, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any Misrepresentation in the Element Information or in any material filed by Element or Subco in relation to the Amalgamation in compliance or intended compliance with any applicable Law;

(ii) Element or Subco not complying with any requirement of applicable Laws in connection with the Amalgamation; except that Element shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages or expenses arise out of or are based upon any Misrepresentation solely based on or relating to the Essential Information included in the Information Circular; or

(iii) Element or Subco not complying with Section 10.4(b);

(f) each of Element and Subco will make all necessary filings and applications under applicable Laws required to be made on the part of Element or Subco in connection with the Amalgamation and shall take all reasonable action necessary to be in compliance with such applicable Laws;

(g) Element will cause to be taken all necessary corporate action to permit the issuance of the Amalco Redeemable Preferred Shares to Essential Shareholders

(other than any Dissenting Shareholders) in connection with the Amalgamation and deposit sufficient funds to pay the aggregate Consideration with the Depositary prior to the Effective Date;

(h) Element shall, on the Effective Date, execute and deliver to the Depositary an irrevocable direction authorizing and directing the Depositary, subject to the receipt of such documentation reasonably required by the Depositary from the applicable Essential Shareholders (other than Dissenting Shareholders), to issue in book-based position the Amalco Redeemable Preferred Shares issuable under the Amalgamation to such holders in accordance with the terms of the Amalgamation;

(i) Element shall, on the Effective Date, execute and deliver to the Depositary an irrevocable direction authorizing and directing the Depositary, subject to the receipt of such documentation reasonably required by the Depositary from Essential Shareholders (other than Dissenting Shareholders), to redeem the Amalco Redeemable Preferred Shares and to deliver the Consideration to former holders of Essential Shares in accordance with the terms of the Amalgamation;

(j) On or prior to the Effective Date, Element will make, or direct to be made, payment:

(i) of a deposit with the Depositary of sufficient funds to pay the aggregate Consideration;

(ii) for and on behalf of Essential, for all Indebtedness, including fees, interest and expenses payable to the Lenders under or pursuant to the terms of the Credit Agreement (which amount shall be the amount set forth in the payout statement described in Section 5.3(g)) together with the applicable *per diem* in immediately available funds in such manner as directed by the Agent; and

(iii) of all unpaid Essential Transaction Expenses in immediately available funds in such manner as directed by Essential, acting reasonably;

(k) Element shall use its commercially reasonable efforts to obtain the consent of third parties, to the extent required, to the Amalgamation and provide evidence of the same to Essential on or prior to the Effective Date other than where the failure to obtain such consent would not materially impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Amalgamation; and

(l) each of Element and Subco shall use commercially reasonable efforts to take all necessary actions to give effect to the Amalgamation.

### 3.2 Covenants of Essential

Essential hereby agrees that, during the Interim Period, unless this Agreement is terminated in accordance with its terms, except with the prior written consent of Element (such consent not to be unreasonably withheld or delayed), Essential shall operate its business in material compliance with applicable Law, the terms of this Agreement, and generally accepted good oilfield service industry practices. Without limiting the generality of the foregoing:

(a) Essential's business shall be conducted, in all material respects, only in the Ordinary Course, and Essential shall consult with Element in respect of the ongoing business and affairs of Essential and keep Element apprised of all material developments relating thereto;

(b) Essential shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;

(c) Essential shall promptly notify Element in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Essential threatened, financial or otherwise) in its business, operations, affairs, assets, liabilities (contingent or otherwise), financial condition, capitalization, results of operations, properties, licenses, prospects or cash flows, whether contractual or otherwise, or of any change in any representation or warranty provided by Essential in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Essential shall in good faith discuss with Element any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Essential, threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to Element pursuant to this provision;

(d) Essential and its Subsidiaries shall not, unless otherwise disclosed in the Disclosure Letter or as otherwise contemplated by this Agreement:

(i) change, amend or modify the articles of incorporation or by-laws of Essential or any of its Subsidiaries;

(ii) split, combine or reclassify any of its securities;

(iii) undertake any capital reorganization;

(iv) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation, reorganization or winding-up or reorganize, amalgamate or merge with any third party;

(v) take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with the terms of this Agreement, which would reasonably be expected to, directly or indirectly, materially interfere with, or prohibit the consummation of the Amalgamation;

(vi) other than for Essential Transaction Expenses, make or commit to any capital or extraordinary expenditure in excess of $250,000 individually or in the aggregate;

(vii) sell, lease, assign, encumber (other than with respect to a Permitted Encumbrance), pledge, license, surrender, abandon or otherwise transfer, in one transaction or in a series of related transactions, any assets, securities, properties, interests or businesses other than in the Ordinary Course;

(viii) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, any Person or any equity or other interests in, or real property or businesses of, any Person;

(ix) acquire any assets in a single transaction, or series of transactions other than in the Ordinary Course;

(x) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing licence, lease, Material Contract, or other material document;

(xi) incur any Indebtedness other than Indebtedness incurred: (i) in connection with operating Essential's business in the Ordinary Course; or (ii) on account of Essential's Transaction Expenses;

(xii) deliver or sell or propose the issuance, delivery or sale of any securities (other than issuances upon the exercise of or pursuant to currently outstanding convertible securities), options, warrants, calls, conversion rights or commitments relating to its securities of any kind or issue or authorize issuance of any debt securities;

(xiii) assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person (other than Essential or any of its Subsidiaries);

(xiv) declare, set aside or pay any dividend, reduction of capital, or other distribution in stock or property or any combination thereof other than pursuant to the settlement of intercompany amounts;

(xv) waive, release, assign, settle or compromise any Claim, whether asserted, threatened, pending or existing, individually in excess of $250,000, other than any waiver, release, assignment, settlement or compromise in connection with the Essential Options, Essential RSUs and Essential DSUs;

(xvi) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any of its securities;

(xvii) make changes to the terms of any Employee compensation, benefits plans or termination rights or hire any new Employees;

(xviii) make any payments to Employees or Independent Contractors outside of the Ordinary Course, except any amounts payable on account of Employee Obligations;

(xix) be in material breach of any applicable Law;

(xx) pay bonuses, additional compensation or any severance or termination amounts to its directors, officers, Employees or Independent Contractors;

(xxi) amend the terms of its existing share or debt capital, the terms of its constating documents or the terms of any convertible securities or make any changes to its existing, or adopt any new, compensation structure, employee severance or change of control termination provisions or similar compensation or benefit arrangements of any kind;

(xxii) enter into or terminate any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;

(xxiii) enter into, terminate or amend any Material Contract;

(xxiv) agree, resolve, commit or announce any intention to do any of the foregoing;

(e) Essential shall use its commercially reasonable efforts to obtain the Key Consents;

(f) Essential shall use its commercially reasonable efforts to satisfy or to cause satisfaction of the conditions set out in Sections 5.1 and 5.3 as soon as reasonably practicable to the extent that the satisfaction of the same is within the control of Essential;

(g) Essential shall allow Element's Representatives to attend the Essential Meeting;

(h) Essential will ensure that the Information Circular provides Essential Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matter before them, and will set out the Element Information in the Information Circular (to the extent required by applicable Law) in the form approved by Element;

(i) Essential shall indemnify and save harmless Element and its directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Element, or any director, officer or agent thereof, may be subject or which Element, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any Misrepresentation in the Essential Information or in any material filed by Essential in relation to the Amalgamation in compliance or intended compliance with any applicable Laws;

(ii) any order made or any inquiry, investigation or proceeding by any Securities Authority or other competent authority based upon any Misrepresentation in the Essential Information or in any material filed by or on behalf of Essential, in relation to the Amalgamation, in compliance or intended compliance with applicable Securities Laws, which prevents or restricts the trading in the Essential Shares; or

(iii) Essential not complying with any requirement of applicable Laws in connection with the Amalgamation;

except that Essential shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any Misrepresentation solely based on or relating to the Element Information included in the Information Circular;

(j) except for proxies and other non-substantive communications with Essential Shareholders, Essential will furnish promptly to Element or Element's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Essential in connection with: (i) the Amalgamation; (ii) the Essential Meeting; (iii) any filings under applicable Laws; and (iv) any dealings with Securities Authorities in connection with the Amalgamation;

(k) Essential shall conduct the Essential Meeting in accordance with applicable Laws;

(l) Essential will make all necessary filings and applications under applicable Laws required to be made on the part of Essential in connection with the Amalgamation and shall take all reasonable action necessary to be in compliance with such applicable Laws;

(m) Essential shall promptly advise Element of the number of Essential Shares for which Essential receives notices of dissent in relation to the Amalgamation and provide Element with copies of such notices;

(n) Essential shall use its commercially reasonable efforts to cause certain Essential Shareholders, as determined by Essential, or as requested by Element, acting reasonably, to enter into Support Agreements; and

(o) Essential shall use commercially reasonable efforts to take all necessary actions to give effect to the Amalgamation,

except, in each case, as a result of or in response to natural disasters, calamities, emergencies, crises or other circumstances reasonably expected to endanger life, health, the Environment or property.

### 3.3 Mutual Covenants

Each of the Parties hereby agrees that, during the Interim Period, unless this Agreement is terminated in accordance with its terms, it will use its commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions to the Amalgamation hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under applicable Laws to complete the Amalgamation, including using commercially reasonable efforts to:

(a) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Amalgamation;

(b) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop or otherwise adversely affecting its ability to complete the Amalgamation; and

(c) co-operate with the other Party in connection with the performance by such other Party and its Subsidiaries of their obligations hereunder, and

it shall not take any action, refrain from taking any commercially reasonable action or permit any action to be taken or not taken which is inconsistent with this Agreement or which would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated hereby, except as permitted by this Agreement.

### 3.4 Exclusive Dealing

(a) Essential shall not, and shall not authorize or permit any of its Representatives to, directly or indirectly: (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Essential shall immediately cease and cause to be terminated, and shall cause its Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Person conducted heretofore with respect to, or that could reasonably be expected to lead to, an Acquisition Proposal and shall (to the extent Essential is entitled to do so) immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with Essential relating to an Acquisition Proposal. For purposes hereof, "**Acquisition Proposal**" means any inquiry or the making of any proposal, whether or not in writing, to Essential from any Person or group of Persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*), other than the transactions contemplated by this Agreement, relating to:

(i) any direct or indirect sale, issuance or acquisition of shares or other securities (or securities convertible or exercisable for such shares or interests) in Essential that, when taken together with the securities of Essential held by the proposed acquiror and any Person acting jointly or in concert with such acquiror, represent 20% or more of the voting securities of Essential, or rights or interests therein and thereto;

(ii) any direct or indirect acquisition of assets (or any lease, joint venture or other arrangement having the same economic effect as a purchase or sale of assets) of Essential (including, for greater certainty, securities of any Subsidiary thereof) representing 20% or more of the consolidated assets of Essential and its Subsidiaries, taken as a whole;

(iii) an amalgamation, arrangement, merger, business combination, or consolidation involving Essential to which all or substantially all of Essential's revenues or earnings are attributable; or

(iv) any take-over bid, issuer bid, exchange offer, liquidation, dissolution, reorganization or similar transaction involving Essential that, if consummated, would result in such Person or group of Persons beneficially owning all of the voting or equity securities of Essential or assets to which all or substantially all of Essential's revenues or earnings on a consolidated basis are attributable.

(b) Notwithstanding any other provision hereof, Essential and its Representatives may:

(i) enter into, or participate in, any discussions or negotiations with an arm's length third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by Essential or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of an agreement substantially similar to the Confidentiality Agreement (provided that such agreement shall provide for the disclosure thereof, along with the information provided thereunder, to Element), may furnish to such third party information concerning Essential and its business, affairs, properties and assets, in each case if, and only to the extent that:

(A) the third party has first made a written *bona fide* Acquisition Proposal, which did not result from a breach of this Section 3.4, and in respect of which the Essential Board determines in good faith, after consultation with its legal and financial advisors, constitutes, or would reasonably be expected to constitute or lead to, a Superior Proposal; and

(B) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, Essential promptly provides written notice to Element to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person or entity and provides to Element the information required to be provided under Section 3.4(c)(i); or

(ii) comply with Division 3 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(iii) withdraw any approval or recommendation contemplated by Section 2.6 and accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal, but only if such Acquisition Proposal did not result from a breach of this Section 3.4 and only if prior to such acceptance, recommendation, approval or implementation, (A) the Essential Board has concluded in good faith that such Acquisition Proposal constitutes a Superior Proposal, (B) Essential has complied with its obligations set out in Section 3.4(d), and (C) Essential terminates this Agreement in accordance with Section 9.2.

(c) If Essential is in receipt of an Acquisition Proposal, it shall:

(i) promptly (and in any event within 24 hours of receipt by Essential) notify Element (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Essential, its assets, or any amendments to the foregoing received by Essential. Such notice shall include a copy of any written Acquisition

Proposal (and any amendment thereto) or any such request (which request may be reasonably considered to be in furtherance of, or in relation to, an Acquisition Proposal) for non-public information relating to Essential or its assets received by Essential or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request (to the extent then known by Essential);

(ii) provide such further and other details of the Acquisition Proposal, request or any amendment thereto as Element may reasonably request (to the extent then known by Essential); and

(iii) keep Element fully informed of the status, including any change to material terms, of any Acquisition Proposal, request or any amendment thereto, shall respond promptly to all reasonable inquiries by Element with respect thereto, and shall provide to Element copies of all material correspondence and other written material sent to or provided to Essential by any Person in connection with such inquiry, proposal, offer or request or sent or provided by Essential to any Person in connection with such inquiry, proposal, offer or request.

(d) Essential agrees that it will not withdraw any approval or recommendation contemplated by Section 2.6 or accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal (other than a confidentiality agreement permitted by Section 3.4(b)(i)) unless a period (the "**Matching Period**") of three Business Days has elapsed from the date on which Element receives written notice from Essential that the Essential Board has determined that such Acquisition Proposal constitutes a Superior Proposal and that it has determined, subject only to compliance with this Section 3.4(d), to accept, recommend, approve or enter into an agreement to proceed with such Superior Proposal. During the Matching Period, Element shall have the opportunity (but not the obligation), to offer to amend this Agreement in order for such Acquisition Proposal to cease to be a Superior Proposal. In addition, during such Matching Period or such longer period as may be approved by Essential in writing for such purpose: (i) the Essential Board shall review any offer made by Element to amend this Agreement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (ii) Essential shall, and shall cause its financial advisors and legal counsel to, negotiate in good faith with Element and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement as would enable Essential to proceed with the Amalgamation under this Agreement, as amended, rather than the Acquisition Proposal previously constituting a Superior Proposal. If the Essential Board determines that such Acquisition Proposal would cease to be a Superior Proposal: (x) Essential shall promptly so advise Element and the Parties shall amend this Agreement to reflect such offer made by Element, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing; and (y) the Essential Board shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not withdraw or modify the recommendation of the Essential Board made in accordance with Section 2.6. Notwithstanding the foregoing, and for greater certainty, Element shall

have no obligation to make or negotiate any changes to this Agreement in the event that Essential is in receipt of a Superior Proposal. Essential acknowledges that each successive material modification of any Superior Proposal that results in an increase in the consideration (or the value thereof) to be received by the Essential Shareholders or other material terms or conditions shall constitute a new Superior Proposal for purposes of the requirement under this Section 3.4(d) to initiate a new Matching Period.

(e) Upon entering into an amendment to this Agreement pursuant to Section 3.4(d), the Essential Board shall reaffirm its recommendation made in accordance with Section 2.6 by news release promptly, and in any event within 48 hours of being requested to do so by Element (or in the event that the Essential Meeting to approve the Amalgamation is scheduled to occur within such 48 hour period, prior to the scheduled date of the Essential Meeting).

(f) The Essential Board shall reaffirm its recommendation of the Amalgamation within five Business Days (and in any case at least two Business Days prior to the Essential Meeting) after having been requested in writing by Element to do so at least five Business Days prior to the Essential Meeting.

(g) Each Party shall ensure that its Representatives are aware of the provisions of this Section 3.4. Each Party shall be responsible for any breach of this Section 3.4 by its Representatives.

## ARTICLE 4
## REPRESENTATIONS AND WARRANTIES

### 4.1 Representations and Warranties of Essential

Essential represents and warrants to and in favour of Element as follows, except to the extent that such representations and warranties are qualified by the Disclosure Letter (with any disclosure therein applying against any representations and warranties to which it is reasonably apparent it should relate), and acknowledges that Element is relying upon such representations and warranties in connection with the matters contemplated by this Agreement, provided that, for the purposes of this Article 4, references to Essential mean and shall be interpreted to include Essential and its Subsidiaries, individually and collectively, unless the context otherwise requires:

(a) Organization and Qualification. Each of Essential and its Subsidiaries has been duly incorporated, amalgamated or created, as the case may be, and is validly subsisting under the Laws of its jurisdiction of formation and has the requisite power and capacity to own its assets and properties as now owned and to carry on its business as now conducted. Each of Essential and its Subsidiaries is duly registered or authorized to conduct its affairs or do business, as applicable, and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to be so registered or authorized would not, individually or in the aggregate, materially impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Amalgamation.

(b) Authority Relative to this Agreement. Essential has the requisite corporate power and capacity to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Essential of the Amalgamation have been duly authorized by the Essential Board and, subject to the requisite approval of the Essential Shareholders, no other proceedings on the part of Essential are necessary to authorize this Agreement or the Amalgamation, other than the approval of the Information Circular by the Essential Board and matters ancillary thereto and approval by the Essential Shareholders of the Essential Amalgamation Resolution. This Agreement has been duly executed and delivered by Essential and constitutes a legal, valid and binding obligation of Essential enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) Subsidiaries, Joint Ventures and Partnerships. The Disclosure Letter sets forth a true and complete list of all of Essential's Subsidiaries, joint ventures and partnerships. Essential owns, directly or indirectly, all of the outstanding voting and equity securities of each of its Subsidiaries and the Disclosure Letter sets forth a true and complete list of Essential's and its Subsidiaries' ownership interest in each of its joint ventures and partnerships. All of the outstanding shares in the Subsidiaries of Essential and all other ownership interests in the joint ventures or partnerships of Essential, are duly authorized, validly issued and fully paid and non-assessable, and all such shares and other ownership interests, held directly or indirectly by Essential, are owned by Essential free and clear of all Encumbrances (other than Permitted Encumbrances), except pursuant to restrictions on transfer contained in the constating documents of such Subsidiary, joint venture or partnership. There are no rights of first refusal or similar rights restricting the transfer of Essential Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements.

(d) Reporting Issuer Status and Public Record. Essential is a "reporting issuer" in each of the provinces of Canada and is in material compliance with all applicable Securities Laws therein and the Essential Shares are listed and posted for trading on the TSX. Essential is in material compliance with the requirements of applicable Securities Laws in such jurisdictions and the rules and regulations of, and any agreement with, the TSX. No delisting, suspension of trading in or cease trade order with respect to Essential Shares is pending or, to the knowledge of Essential, threatened or is expected to be implemented or undertaken (other than following the Amalgamation) and, to the knowledge of Essential, Essential is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. The documents and information comprising Essential Filings did not at the respective times they were filed with the relevant Securities Authorities, contain any Misrepresentation, unless such document or information was subsequently corrected or superseded in Essential Filings prior to the date hereof. Essential has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Essential with the Securities Authorities under Securities Laws since September

1, 2020. Essential has not filed any confidential material change report that, at the date hereof, remains confidential.

(e) Capitalization. As of the date hereof, the authorized capital of Essential consists of an unlimited number of Essential Shares and an unlimited number of preferred shares. As of the date hereof, there are issued and outstanding 125,365,597 Essential Shares and no other shares are issued and outstanding. As of the date hereof, there are 449,000 Essential Shares issuable upon the exercise of outstanding Essential Options, 11,876,610 Essential DSUs outstanding, and 12,260,161 Essential RSUs outstanding. Except for the Essential Options, there are no options, warrants or other rights, plans, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Essential of any securities of Essential (including Essential Shares), any securities of Essential's Subsidiaries or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Essential (including Essential Shares) or any securities of Essential's Subsidiaries. All outstanding Essential Shares and shares of Essential's Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Essential Shares issuable upon the exercise of Essential Options in accordance with the terms of such securities will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the Essential Shares, there are no securities of Essential outstanding which have the right to vote generally (or, except for Essential Options, are exercisable or convertible into or exchangeable for securities having the right to vote generally) with Essential Shareholders on any matter.

(f) Dilutives and Equity Compensation. The Disclosure Letter sets forth a true and complete list of the particulars of the Essential Options, Essential DSUs and Essential RSUs, including: (i) the names of each holder of Essential Options, Essential DSUs and Essential RSUs and the number of Essential Options, Essential DSUs and Essential RSUs held by each such holder; (ii) the date of grant of each Essential Option, Essential DSU and Essential RSU; (iii) the date of expiry of each Essential Option, Essential DSU and Essential RSU; (iv) the exercise price and vesting terms of each Essential Option, Essential DSU and Essential RSU; and (v) the number of Essential Shares issuable on the exercise of each Essential Option, Essential DSU and Essential RSU.

(g) Absence of Certain Changes or Events. Except for the Amalgamation or any action taken in accordance with this Agreement, since June 30, 2023:

(i) Essential and each of its Subsidiaries has conducted its business only in the Ordinary Course, other than as disclosed in Essential Filings;

(ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Essential has been incurred other than in the Ordinary Course or as disclosed in Essential Filings; and

(iii) there has been no Material Adverse Change other than as disclosed in the Essential Filings.

(h) Whistleblower Reporting. Essential has not, and to the knowledge of Essential, no director, officer, Employee or auditor of any of Essential's Subsidiaries, has received or otherwise had or obtained knowledge of any fraud, material complaint, allegation, assertion or claim, whether written or oral, regarding fraud, material violation of Securities Laws, breach of fiduciary duty or the accounting or auditing practices, procedures, methodologies or methods of Essential or any of its Subsidiaries or their respective internal accounting controls.

(i) No Conflict; Required Filings and Consent.

(i) The execution and delivery of this Agreement by Essential do not, and the performance of this Agreement by it will not, (i) result in a breach of or conflict with or violate any provision of the constating documents of Essential, (ii) result in a breach of, constitute a default under, violate or conflict with any material term or provision of any order of any court, Governmental Entity or any Law applicable to Essential or by which any property or asset of Essential or any of its Subsidiaries is bound or affected, (iii) result in any material breach of or constitute a material default (or an event which, with notice or lapse of time or both, would become a material default) under, or, to the knowledge of Essential, give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of an Encumbrance on any property or asset of Essential or any of its Subsidiaries pursuant to, or result in any payment under, any Material Contract or Permit that would reasonably be expected to constitute a Material Adverse Change, or (iv) other than the Key Consents, require Essential or any of its Subsidiaries, under the terms of any Material Contract, to obtain the consent or approval of, or provide notice to, any other party to such Contract except where the failure to obtain such consent or approval or to provide such notice would not reasonably be expected to constitute a Material Adverse Change.

(ii) The constating documents of Essential and its Subsidiaries do not contain, and Essential and its Subsidiaries are not subject to any Contract or Law providing for, any anti-takeover provision, shareholder rights or similar plan or arrangement which is applicable to Essential, the Amalgamation or any transaction or payment contemplated by this Agreement.

(j) Essential Financial Statements.

(i) Each of the consolidated financial statements contained in the Essential Financial Statements was prepared in accordance with IFRS applied on a consistent basis throughout the periods indicated and each fairly presents, in all material respects, the consolidated financial position, results of operations and cash flows of Essential and its Subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal and recurring year-end adjustments or other adjustments resulting from events that are not Material Adverse Changes) and reflects appropriate and adequate reserves for contingent liabilities in accordance with IFRS.

(ii) Essential and its Subsidiaries have devised and maintain a system of internal accounting controls and information systems sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization, and (B) transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with IFRS and (2) to maintain accountability for assets.

(iii) There has been no change in the internal control over financial reporting of Essential that has affected, or is reasonably likely to affect, the internal control of Essential and its Subsidiaries over financial reporting in the three previous fiscal years of Essential.

(k) Tax Pools. Essential's Tax pools as at December 31, 2022 are as set forth in the Disclosure Letter and, since December 31, 2022, Essential has not taken any action or entered into any transaction that would have the effect of materially reducing any amount set out therein.

(l) Business of Essential.

(i) Essential has all requisite power and authority to carry on its businesses as presently conducted.

(ii) Essential is not a party to or bound or affected by any commitment, agreement, judgment, injunction, order, decree or document binding upon Essential, containing any covenant expressly prohibiting, restricting or limiting its freedom or ability to: (A) compete in any line of business or geographic region; (B) transfer or move any of its assets or operations; (C) conduct any business practice of Essential, as now conducted; or (D) effect any acquisition of property by Essential (including following the Amalgamation).

(m) Corporate Records. The corporate records and minute books, and books of account of Essential have been maintained in accordance with prudent business practice and are complete and accurate in all material respects.

(n) Conduct of Business. Since incorporation, Essential has conducted its business in accordance with good oilfield services practices and material requirements of Law.

(o) Absence of Further Requirements. Other than pursuant to applicable requirements of Securities Laws and the TSX and the filing of appropriate documents as required by the ABCA, there are no authorizations, consents or other orders of, and filings, registrations or recordings with, any Governmental Entity required to be obtained or made by Essential in connection with the execution and delivery of this Agreement or the performance by Essential of its obligations hereunder or with the consummation of the Amalgamation except where the absence of the foregoing would not reasonably be expected to result in a Material Adverse Effect.

(p) Litigation. There are no Claims outstanding or, to the knowledge of Essential, pending or threatened against or relating to Essential before any Governmental Entity. There is not, to the knowledge of Essential, any factual or legal basis on

which any such proceeding may be commenced with any reasonable likelihood of success.

(q) No Fees. Essential does not have any obligations or liabilities, contingent or otherwise, for brokerage fees, finder's fees, agent's commission, legal fees, advisory fees or other similar forms of compensation, and has not incurred and does not expect to incur any costs or expenses (whether paid or accrued) with respect to, in connection with, or incidental to the negotiation and settlement of this Agreement and the implementation and completion of the Amalgamation for which Essential shall have any obligation or liability, other than Essential Transaction Expenses.

(r) Guarantees. Other than the indemnification of directors and officers of Essential pursuant to applicable Laws, the corporate by-laws, indemnity agreements of Essential, and customary indemnities in favour of Essential's bankers and financial advisors, Essential has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for any Indebtedness or the performance of any obligation of any other Person.

(s) Employee Matters.

(i) The Employee Information set forth in the Disclosure Letter is true and accurate as of the date hereof.

(ii) Essential is in compliance with all applicable Laws respecting Employees, including with respect to employment standards, occupational health and safety, human rights, labour relations and workers' compensation, and there are no outstanding or, to the knowledge of Essential, threatened Claims against Essential by or on behalf of any former Employee, former Independent Contractor, Employee or Independent Contractor of Essential.

(iii) There are no Claims outstanding or, to the knowledge of Essential, pending or threatened against Essential by or with any Governmental Entity or pursuant to any applicable Law relating to the Employees or former Employees of Essential, Independent Contractors or former Independent Contractors of Essential, including pursuant to applicable Laws regarding employment standards, human rights, labour relations, occupational health and safety, workers' compensation, accessibility, privacy, or pay equity. To the knowledge of Essential, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation relating to the Employees, or any former Employees, and all workers' compensation premiums in respect of the Employees have been paid.

(iv) There is no collective agreement, letter of understanding or, to the knowledge of Essential, any other legally binding commitment with or to any labour union, trade union or employee organization or group which might qualify as a trade union with respect to the Employees.

(v) As of the date hereof, there is no strike, labour dispute, work slowdown or work stoppage ongoing or, to the knowledge of Essential, threatened

against Essential by its Employees, nor has there been any such strike, labour dispute, work slowdown or work stoppage within the last three years. Essential is not currently engaged in any labour negotiation that may reasonably be expected to have a Material Adverse Effect.

(vi) With respect to any former Employee or former Independent Contractor of Essential whose employment or relationship has been terminated within two years prior to the date hereof, all amounts owing have been paid and, to the knowledge of Essential, no such former Employee or former Independent Contractor has any legal basis to make any Claim for further payment, whether in respect of salary, benefits, severance or termination payment or otherwise.

(vii) The Disclosure Letter lists all material written and oral benefit plans for the benefit of Employees, former Employees, officers or directors of Essential that are currently maintained, sponsored or funded by Essential and/or any of its Subsidiaries for the benefit of such Persons whether funded or unfunded, insured or self-insured, registered or unregistered, other than plans established pursuant to statute (collectively, the "**Essential Benefit Plans**").

(viii) All Independent Contractors are (and, during their engagement as Independent Contractors, former Independent Contractors were) correctly classified under all applicable Laws by Essential as "independent contractors", and Essential has not received any notice from any Governmental Entity disputing such classification.

(ix) Essential has furnished to Element summaries of all Essential Benefit Plans, together with, where applicable, copies of related trust or other funding agreements and actuarial reports most recently filed with the applicable Governmental Entity.

(x) Each Essential Benefit Plan has been administered and funded in accordance with all applicable Laws and the terms of the applicable Essential Benefit Plan.

(xi) Except as required by applicable Law or as may occur in the Ordinary Course: (i) no amendments or improvements to any Essential Benefit Plan have been promised by Essential or any of its Subsidiaries to any Employees that are still outstanding; and (ii) no amendments or improvements to any Essential Benefit Plan will be made or promised by Essential or any of its Subsidiaries to any Employees prior to Closing.

(xii) No Independent Contractor is, or has been at any time, an Employee or treated or classified as an Employee under all applicable Laws.

(xiii) All Independent Contractors are a party to a written consulting agreement or similar agreement in writing with Essential.

(xiv) To Essential's knowledge, none of the Employees or Independent Contractors is a party to any non-competition agreement or other restrictive

covenant that prohibits or limits the ability of such Person to perform his or her duties and responsibilities for Essential and/or its applicable Subsidiaries or could reasonably be expected to impose any such prohibition or limitation on such Person following the Effective Date.

(t) Insurance. Until the Effective Date, Essential is insured against all such losses and risks and in such amounts as are prudent and customary in the oilfield services business in the jurisdictions in which it operates; all policies of insurance insuring Essential or its businesses, assets, Employees, officers and directors are in full force and effect. Essential is not in default with respect to any of the provisions contained in any such insurance policy and has not failed to give any notice or present any material claim under any such insurance policy in due and timely fashion. Essential has not received any refusal of insurance coverage or any notice that a defense will be afforded with reservation of rights. There has not been any Material Adverse Change in the relationship of Essential with its insurers, the availability of coverage or the premiums payable pursuant to the policies since incorporation of Essential.

(u) Bank Accounts. The Disclosure Letter sets forth a true and accurate list of all bank accounts, term deposits or safety deposit boxes as of the date hereof.

(v) Taxes.

(i) Essential and its Subsidiaries have filed all Tax Returns required to be filed by them on or before the date of this Agreement, and those Tax Returns were complete and correct in all material respects.

(ii) Essential and its Subsidiaries have duly and timely paid all Taxes which are due and payable by them on or before the date of this Agreement and have provided adequate accruals in accordance with IFRS in the Essential Financial Statements for any Taxes for the period covered by the Essential Financial Statements that have not been paid whether or not shown as being due on any Tax Returns.

(iii) No liability in respect of Taxes not reflected in the Essential Financial Statements provided for has been assessed, proposed to be assessed, incurred or accrued by Essential and its Subsidiaries other than in the Ordinary Course consistent with past practice.

(iv) Each of Essential and its Subsidiaries has duly and timely withheld, deducted and collected the amount of all Taxes and other amounts required under applicable Laws to be withheld, deducted or collected and has duly and timely remitted such amounts to the appropriate Governmental Entity.

(v) None of Essential or any of Essential's Subsidiaries has received any requirement, demand or request from any Governmental Entity pursuant to section 224 of the Tax Act or any similar provision of any applicable Law of any province or territory of Canada that remains unsatisfied in any respect.

(vi) There are no liens, charges or encumbrances on, or any rights of others affecting, any of the assets of Essential or any of Essential's Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax when due.

(vii) None of Essential or any of Essential's Subsidiaries has any outstanding assessments or reassessments for Taxes, and Essential has no knowledge of any threatened or potential assessments, reassessments or other actions, suits, proceedings, claims, negotiations or investigations in respect of Taxes, against Essential or any of Essential's Subsidiaries, nor is there any matter under discussion, audit or appeal with any Governmental Entity relating to Taxes. Essential is not aware of any contingent liability of Essential or any of Essential's Subsidiaries for Taxes or any grounds that exist that could prompt an assessment or reassessment for Taxes, and none of Essential or any of Essential's Subsidiaries has received any indication in writing from any Governmental Entity that any assessment or reassessment is proposed in respect of any Taxes.

(viii) None of Essential or any of Essential's Subsidiaries is subject to liability for Taxes of any other Person (including, for greater certainty, under sections 159 and 160 of the Tax Act). None of Essential or any of Essential's Subsidiaries has entered into any Tax indemnity, Tax sharing, Tax allocation or other agreement with, or provided any undertaking to, any Person pursuant to which it has assumed liability for the payment of income Taxes owing by such Person.

(ix) None of Essential or any of Essential's Subsidiaries has any unpaid amounts that may be required to be included in Essential's or the applicable Subsidiary's income for Canadian income Tax purposes for any period ending after the Effective Date, including under section 78 of the Tax Act or any similar provision of any applicable Law of any province or territory of Canada.

(x) No facts, circumstances or events exist or have existed that have resulted in, or may result in, the application of any of sections 15, 17, 79 to 80.04 of the Tax Act (or any similar provision of any applicable Law of any province or territory of Canada) to Essential or any of Essential's Subsidiaries.

(xi) Neither Essential nor any of its Subsidiaries has requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which any Governmental Entity may assess or collect Taxes for which Essential or any of its Subsidiaries is or may be liable.

(xii) None of the Essential Shares or any of the shares of Essential's Subsidiaries constitute "taxable Canadian property" for the purposes of the Tax Act.

(xiii) Essential and each of Essential's Subsidiaries has complied in all material respects with all information reporting and record keeping requirements

under applicable Laws, including retention and maintenance of required records with respect thereto.

(xiv) Essential and each of Essential's Subsidiaries (as applicable) is duly registered with the Canada Revenue Agency under Subdivision D of Division V of Part IX of the *Excise Tax Act* (Canada) for the purposes of goods and services sales tax and the harmonized sales tax ("**GST/HST**") and their respective GST/HST registration numbers are as set forth in the Disclosure Letter. All input Tax credits, rebates and similar refunds claimed by Essential and each of Essential's Subsidiaries (as applicable) for GST/HST and provincial or other sales or value-added Tax purposes were calculated in accordance with applicable Laws. Essential and each of Essential's Subsidiaries (as applicable) has complied with all registration, reporting, payment, collection and remittance requirements in respect of GST/HST and provincial or other sales or value-added Tax in accordance with applicable Laws.

(xv) Neither Essential nor any of its Subsidiaries has engaged in any "reportable transaction", as defined in subsection 237.3(1) of the Tax Act, or any "notifiable transaction", as defined in subsection 237.4(1) of the Tax Act.

(xvi) The Essential Financial Statements include an adequate reserve for all Pre-Closing Taxes.

(w) Material Contracts. The Disclosure Letter contains a list of all of the Material Contracts. All Material Contracts are in full force and effect and are unamended, true and accurate copies of which have been provided or made available to Element, and to the knowledge of Essential, no other party thereto is in default in the observance or performance of any term or obligation to be performed by it under any such Material Contract and, to the knowledge of Essential, no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default. Other than the Key Consents, there is no requirement to obtain any consent, approval or waiver of a party under any Material Contract, in connection with, or as a condition to, the lawful completion of any of the transactions contemplated by this Agreement other than where the failure to obtain such consent, approval or waiver would not reasonably be expected to have a Material Adverse Effect.

(x) Certain Contracts and Agreements. Essential is not a party to any Contract or agreement to merge or consolidate with any other Person, to acquire substantially all of the assets or shares of any other Person or to sell all or any material part of its assets.

(y) Compliance and Default.

(i) Essential has complied with, performed, observed and satisfied in all material respects, all terms, conditions, obligations and liabilities which have heretofore arisen and were the obligations of it under any of the provisions of the Material Contracts.

(ii) Essential has not received any notice of any material default under any Material Contract or applicable Law relating to its assets.

(iii) Essential is not in default under any judgment, order or injunction of any court, arbitrator or Governmental Entity related to its assets or any applicable Law relating to its assets in existence at the time of this Agreement.

(iv) There exists no state of facts which after notice or lapse of time or both would constitute a default or breach of any Material Contract that would entitle any party to terminate, accelerate, modify or cause a default under, or trigger any pre-emptive rights or rights of first refusal under, such Material Contract. Essential has not received or given any notice of default under any Material Contract which remains uncured, and there is no reasonable basis for receiving or giving such notice.

(z) Indebtedness. Other than as disclosed in the Disclosure Letter and accounts payable in the Ordinary Course, Essential does not have any loans, credit agreements, notes, bonds, mortgages, indentures and other binding commitments relating to Indebtedness.

(aa) Off-Balance Sheet Arrangements. Essential is not a party to any off-balance sheet arrangements, as that term is understood under IFRS.

(bb) Financial Commitments. Except: (i) as disclosed in the Disclosure Letter; (ii) as expressly contemplated by this Agreement including, without limitation, the Essential Transaction Expenses; and (iii) expenses which may become due by virtue of matters occurring or arising after the date hereof, other than usual operating expenses incurred in the Ordinary Course; there are no financial commitments of Essential which are due or outstanding which individually are in excess of $250,000.

(cc) Environmental. As at the date of this Agreement:

(i) Essential is not in violation of any applicable Environmental Laws in any material respect;

(ii) Essential has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Materials in material compliance with Environmental Laws;

(iii) there have been no reportable spills, as defined in applicable Environmental Laws, Releases, deposits or discharges of Hazardous Materials, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems by Essential, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by Essential, that have not been fully remediated in all material respects;

(iv) Essential has not received any demands or notices from any Governmental Entity issued under any Environmental Law with respect to the breach of

any Environmental Law applicable to Essential or assets operated by Essential including in respect of a Release, the use, storage, treatment, transportation, handling or disposition of Hazardous Materials, or the protection of the Environment, which demand or notice remains outstanding; and

(v) To the knowledge of Essential, Essential has not failed to report to the proper Governmental Entity the occurrence of any event which is required to be so reported by any Environmental Law.

(dd) Possession of Necessary License and Permits. Essential has obtained and is in compliance with all material licences, Permits, approvals, certificates, consents, orders, grants, procedures, standards and other authorizations of or from any Governmental Entity that are applicable to or held by Essential, or are necessary to conduct its business as it is now being conducted, and all such licences, Permits, approvals, certificates, consents, orders, grants, procedures, standards and other authorizations are valid and subsisting.

(ee) Compliance with Anti-Corruption Legislation. Essential has not directly or, to the knowledge of Essential, indirectly, (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any Governmental Entity, authority or instrumentality of any jurisdiction or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the United States *Foreign Corrupt Practices Act of 1977,* as amended, or the *Corruption of Foreign Public Officials Act* (Canada), or the rules and regulations promulgated thereunder.

(ff) Compliance with Anti-Money Laundering Laws. Essential's operations are and, to the knowledge of Essential, have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court, Governmental Entity or arbitrator involving it with respect to the Money Laundering Laws is pending or, to the knowledge of Essential, threatened.

(gg) No Sanctions. Neither Essential nor, to the knowledge of Essential, any director or officer of Essential or Employee, in their capacity as such, is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**") or the *Special Economic Measures Act* (Canada) ("**SEMA**"), and Essential has not and will not, directly or indirectly, lend, contribute or otherwise make available any proceeds to any joint venture partner or other Person or entity, for the purpose of financing the activities of any Person currently subject to any United States sanctions administered by OFAC or SEMA.

(hh) Customers. Since December 31, 2022, none of Essential or any of its Subsidiaries or any officer or director of Essential or any of its Subsidiaries has received any written notice, or any other communication, from any Principal Customer to the

effect that any such Principal Customer intends to terminate its relationship with Essential or any of its Subsidiaries or materially reduce the amount of services requested, or size of orders placed, or otherwise materially reduce the amount of business conducted, with Essential or any of its Subsidiaries.

(ii) Property and Assets.

(i) Neither Essential nor any of its Subsidiaries owns any real property.

(ii) Essential or one of its Subsidiaries is, and will continue to be on the Effective Date, the true and lawful owner or lessee of and has good and valid title to, or a valid leasehold interest in, all material personal or moveable property (tangible or intangible) reflected on the balance sheet contained in the Essential Financial Statements or thereafter acquired, in each case free and clear of all Encumbrances other than Permitted Encumbrances.

(iii) Essential and its Subsidiaries is the owner of all of their respective material personal property and assets with good and marketable title thereto and free and clear of all Encumbrances except Permitted Encumbrances.

(iv) The properties and assets owned or leased by Essential and its Subsidiaries, taken in the aggregate, are sufficient and constitute all of the property and rights necessary for the conduct and continuation of the conduct of Essential's business as currently conducted in the Ordinary Course and consistent with past practice.

(jj) Intellectual Property.

(i) The Disclosure Letter sets forth a true and complete list of all Intellectual Property owned or used by Essential and its Subsidiaries in the Ordinary Course. The Intellectual Property comprises all material trademarks, trade names, business names, patents, inventions, know-how, copyrights, service marks, brand marks, industrial designs, and all other material industrial or intellectual property necessary to conduct Essential's business as currently conducted in the Ordinary Course and consistent with past practice.

(ii) Essential and its Subsidiaries are the beneficial owners of the Intellectual Property, free and clear of all Encumbrances except for Permitted Encumbrances, and is not a party to or bound by any Contract or other obligation whatsoever that limits or impairs its ability to sell, transfer, assign or convey, or that otherwise affects, the Intellectual Property, and no other Person has been granted any license or interest in or right to use all or any portion of the Intellectual Property. Essential or one of its Subsidiaries has valid and enforceable rights to use the Intellectual Property pursuant to licenses or other Contracts.

(iii) To the knowledge of Essential, the use by Essential and its Subsidiaries of the Intellectual Property in the conduct of Essential's business does not infringe or breach any material industrial or intellectual property rights,

domestic or foreign, of any other Person, and Essential has no knowledge of any infringement or violation of any of the rights of Essential or its Subsidiaries therein described in the Intellectual Property by any other Person. Essential is not aware of any state of facts that casts doubt on the validity or enforceability of any of the Intellectual Property.

(iv) Essential and its Subsidiaries have used commercially reasonable efforts to maintain the confidentiality of its trade secrets and its other confidential Intellectual Property and, to the knowledge of Essential, there has been no misappropriation of any Intellectual Property by any Person.

(v) To the knowledge of Essential, Essential and its Subsidiaries are in compliance with all of their obligations relating to any Intellectual Property licensed to them by other Persons.

(vi) To the knowledge of Essential, none of the rights of Essential or any of its Subsidiaries in and to the current Intellectual Property owned or used by it in the conduct of Essential's business will terminate as a result of the Amalgamation.

(vii) Essential has provided to Element a true and complete copy of all Contracts and amendments thereto that comprise or relate to the Intellectual Property.

(kk) Equipment. All material personal and moveable property, equipment and machinery actively used by Essential and its Subsidiaries as at the date hereof (collectively, the "**Equipment**"): (i) is in all material respects in good operating condition and in a state of good maintenance and repair, reasonable wear and tear excepted, with no material defects (excepting only miscellaneous items of immaterial value) having, in each case, regard to (A) the purpose for which such Equipment is used and (B) Equipment that may be out of service for usual maintenance or accident repair; (ii) is suitable for the purposes for which it is currently being used; (iii) is in compliance with all necessary and material approvals; and (iv) to the knowledge of Essential, conforms in all material respects with applicable Laws relating to its use.

(ll) Equity Compensation Plans. The Essential Option Plan, Essential RSU Plan and Essential DSU Plan have been duly adopted and approved by the Essential Board and the Essential Shareholders, as required pursuant to Securities Laws, and each of such plans have been maintained in all material respects with applicable Laws, including Securities Laws.

(mm) Competition Act. Essential, together with its affiliates within the meaning of the Competition Act, neither has assets in Canada in excess of $200 million in aggregate value nor gross revenues in, from or into Canada in excess of $140 million in aggregate value, as determined pursuant to subsection 109(1) of the Competition Act.

(nn) Hart-Scott-Rodino Act. Each of the aggregate value of Essential's assets within the United States as of December 31, 2022, and the aggregate amount of Essential's sales into the United States for the year ended December 31, 2022, in

each case determined on a consolidated basis, does not exceed the applicable threshold set forth in 16 C.F.R. § 802.51(b)(1).

(oo) Stimulus Funds.

(i) The Disclosure Letter sets forth all CARES Act stimulus fund programs in which Essential or any of its Subsidiaries is participating or has participated, including, without limitation, any employee retention Tax credits set forth in Section 2301 of the CARES Act, and the amount of funds received and requested (as applicable) by Essential and each of its Subsidiaries for each such program as of the date hereof (together with any additional CARES Act stimulus funds hereafter received by Essential and its Subsidiaries, the "**CARES Funds**"). Essential and its Subsidiaries have maintained accounting records associated with the CARES Funds in compliance in all material respects with all of the terms and conditions of such programs. Essential and its Subsidiaries have used all such CARES Funds received by them in compliance in all material respects with all applicable Laws and the applicable terms and conditions of the CARES Act program under which such CARES Funds were granted or made available.

(ii) True, accurate and complete copies of all documents evidencing the PPP Loans, have been provided to Element. Essential or its applicable Subsidiary was eligible for the PPP Loans. The PPP Loans constitute the entirety of Indebtedness incurred by Essential and its Subsidiaries under the PPP or any similar governmental program in response to the coronavirus (COVID-19) disease or the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) pandemic. All information, certifications, authorizations and question responses provided by Essential and its Subsidiaries pursuant to that certain PPP "Borrower Application Form" (SBA Form 2483), and any and all other information provided in all supporting documents and forms, were true and correct in all material respects when made, were in compliance in all material respects with the PPP and were provided in good faith. All of Essential's and its Subsidiaries' borrowings under the PPP were, as evidenced by the records of Essential and its Subsidiaries, expended and the use and management of such funds complied in all material respects with the PPP's requirements and specifically were expended for uses and purposes that are eligible for forgiveness under Section 1106 of the CARES Act.

(iii) Essential and/or its applicable Subsidiaries have prepared and completed a copy of the Paycheck Protection Program PPP Loan Forgiveness Application Form 3508EZ pursuant to the PPP for each PPP Loan, a true, complete, and correct copy of which has been provided to Element (collectively, the "**Loan Forgiveness Applications**"). All information, certifications, authorizations and question responses provided in the Loan Forgiveness Applications and any and all other information provided in all supporting documents and forms were true and correct in all material respects when made or provided (collectively, the "**Forgiveness Information**"). The Forgiveness Information remains true and correct in all material respects as of the date hereof. If received by Element and/or its applicable Subsidiary on or before the date of this Agreement, Essential

has provided to Element copies of any written communication from the SBA or the lender under any PPP Loan with respect to the approval, denial, or denial in part of any Loan Forgiveness Application. Each PPP Loan received by Essential or any of its Subsidiaries has been forgiven in full with no further liability on the part of Essential or any of its Subsidiaries.

### 4.2 Survival of Representations and Warranties of Essential

The representations and warranties of Essential contained in this Agreement shall not survive the completion of the Amalgamation and shall expire and be terminated on the earlier of Closing and the date on which this Agreement is terminated in accordance with its terms.

### 4.3 Representations and Warranties of Element

Each of Element and Subco represents and warrants to and in favour of Essential as follows and acknowledges that Essential is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) Organization and Qualification. Each of Element and Subco has been duly incorporated, amalgamated or created, as the case may be, and is validly subsisting under the Laws of its jurisdiction of formation and has the requisite power and capacity to own its assets and properties as now owned and to carry on its business as now conducted. Each of Element and Subco is duly registered or authorized to conduct its affairs or do business, as applicable, and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to be so registered or authorized would not, individually or in the aggregate, materially impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Amalgamation.

(b) Authority Relative to this Agreement. Each of Element and Subco has the requisite corporate power and capacity to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by each of Element and Subco of the Amalgamation have been duly authorized by the Element Board and the Subco Board, respectively, and irrevocably consented to by at least 60% of the Element Shareholders and by Element, as the sole shareholder of Subco, and no other proceedings on the part of Element or Subco are necessary to authorize this Agreement, the transactions contemplated hereby or the Amalgamation. This Agreement has been duly executed and delivered by Element and Subco and constitutes a legal, valid and binding obligation of Element and Subco enforceable against each of them, respectively, in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) Capitalization of Subco. As of the date hereof, the authorized capital of Subco consists of an unlimited number of Subco Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and

outstanding 100 Subco Shares and no other shares are issued and outstanding. There are no options, warrants or other rights, plans, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Subco of any securities of Subco (including Subco Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Subco (including Subco Shares). All outstanding Subco Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights. Other than the Subco Shares, there are no securities of Subco outstanding which have the right to vote generally (or are exercisable or convertible into or exchangeable for securities having the right to vote generally) with the holders of Subco Shares on any matter.

(d) Element Board Approval. The Element Board has unanimously approved the Amalgamation and this Agreement.

(e) Subco Board Approval. The Subco Board has unanimously approved the Amalgamation and this Agreement.

(f) Element Shareholder Consent. Element Shareholders holding at least 60% of the common shares of Element have irrevocably consented to the Amalgamation and this Agreement in accordance with the terms of the Element Shareholder Agreement and no other proceedings on the part of Element or Subco are necessary to authorize this Agreement, the transactions contemplated hereby or the Amalgamation.

(g) Subco Shareholder Approval. Element, as the sole shareholder of Subco, has approved the Amalgamation and this Agreement.

(h) Subco Business. Subco has no assets (other than cash or cash equivalents) and has not commenced any commercial operations.

(i) No Conflict; Required Filings and Consent.

(i) The execution and delivery of this Agreement by each of Element and Subco do not, and the performance of this Agreement by each of Element and Subco will not, (i) result in a breach of or conflict with or violate any provision of the Element Shareholder Agreement or the constating documents of Element or Subco, (ii) result in a breach of, constitute a default under, violate or conflict with any material term or provision of any order of any court, Governmental Entity or any Law applicable to Element or Subco or by which any property or asset of Element, Subco or any of their respective Subsidiaries is bound or affected, (iii) result in any material breach of or constitute a material default (or an event which, with notice or lapse of time or both, would become a material default) under any contract or Permit except where such breaches or defaults would not, individually or in the aggregate, materially impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Amalgamation, or (iv) require Element, Subco or any of their respective Subsidiaries, under the terms of any contract, to obtain the consent or approval of, or provide notice to, any other party to such contract except where such failures to obtain

such consent or approval or provide such notice would not, individually or in the aggregate, materially impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Amalgamation.

(ii) The execution and delivery of this Agreement by each of Element and Subco does not, and the performance of this Agreement by them will not, require any material consent, approval, authorization or permit of, or filing with or notification to any Governmental Entity, except for applicable requirements, if any, of Securities Laws and the filing of appropriate documents as required by the ABCA.

(j) Funding. Element has ensured that the required funds are available to make full payment of the amounts contemplated by Section 3.1(j). Element has provided Essential with true and complete copies of the Funding Documents and has no knowledge of (i) any impediment to the completion of the funding described in the Funding Documents, or (ii) any fact or matter that could cause any funds described therein not to be available for delivery as contemplated by Section 3.1(j).

(k) Redemption of Shares. There are no reasonable grounds for believing that:

(i) Amalco would, before or after the payment of the Consideration, be unable to pay its liabilities as they become due; or

(ii) the realizable value of Amalco's assets would, after the payment of the Consideration, be less than the aggregate of (A) its liabilities, and (B) the amount that would be required to pay the former Essential Shareholders that will have a right to be paid on the redemption of the Amalco Redeemable Preferred Shares pursuant to Section 2.1(i).

(l) Essential Securities. Element does not beneficially own or exercise control or direction over, directly or indirectly, any Essential Shares or other securities of Essential.

(m) Investment Canada Act. Each of Element and Subco is not a "non-Canadian" within the meaning of the Investment Canada Act.

(n) Competition Act. Subco, together with its affiliates within the meaning of the Competition Act, which includes Element, neither has assets in Canada in excess of $200 million in aggregate value nor gross revenues in, from or into Canada in excess of $255 million in aggregate value, as determined pursuant to subsection 109(1) of the Competition Act.

### 4.4 Survival of Representations and Warranties of Element

The representations and warranties of Element contained in this Agreement shall not survive the completion of the Amalgamation and shall expire and be terminated on the earlier of Closing and the date on which this Agreement is terminated in accordance with its terms.

## ARTICLE 5
## CONDITIONS PRECEDENT

### 5.1 Mutual Conditions Precedent

The respective obligations of the Parties hereto to consummate the Amalgamation are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual consent of the Parties without prejudice to their right to rely on any other of such conditions:

(a) the Essential Shareholder Approval shall have been obtained at the Essential Meeting;

(b) the TSX shall have conditionally approved the Amalgamation, subject only to customary conditions reasonably expected to be satisfied;

(c) there shall be no action taken under any existing applicable Law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Entity, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation; or

(ii) results in a judgment or assessment of material damages directly or indirectly relating to the Amalgamation; and

(d) all other required domestic and foreign regulatory and governmental approvals and consents in respect of the completion of the Amalgamation and the Key Consents shall have been obtained on terms and conditions satisfactory to Element and Essential, each acting reasonably, and all applicable domestic and foreign statutory and regulatory waiting periods shall have expired or have been terminated and no unresolved material objection or opposition shall have been filed, initiated or made during any applicable statutory regulatory period.

The conditions set out in this Section 5.1 are for the mutual benefit of the Parties and may be asserted by Element (on behalf of itself and on behalf of Subco) or Essential regardless of the circumstances and may only be waived by the mutual consent of Element (on behalf of itself and on behalf of Subco) and Essential, in whole or in part, at any time and from time to time without prejudice to any other rights which the Parties may have.

### 5.2 Conditions to Obligations of Essential

The obligation of Essential to consummate the Amalgamation is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) each of the material covenants, acts and undertakings of Element and Subco to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Element and Subco, as applicable;

(b) Element shall have furnished Essential with certified copies of:

(i) the constating documents of Element and the Element Shareholder Agreement;

(ii) the resolutions duly passed by the Element Board approving this Agreement and the Amalgamation; and

(iii) the irrevocable consent of the Element Shareholders holding at least 60% of the common shares of Element consenting to this Agreement and the Amalgamation in accordance with the Element Shareholder Agreement;

(c) Subco shall have furnished Essential with certified copies of:

(i) the constating documents of Subco;

(ii) the resolutions duly passed by the Subco Board approving this Agreement and the Amalgamation; and

(iii) the resolution of the sole shareholder of Subco approving the Amalgamation;

(d) the representations and warranties of Element and Subco contained in Section 4.3 shall be true as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak of an earlier date or except as affected by transactions contemplated or permitted by this Agreement) and Element and Subco shall have complied with their covenants in this Agreement, except where the failure or failures of such representations and warranties to be so true and correct or the failure to perform such covenants would not materially impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Amalgamation, and Essential shall have received a certificate to that effect dated as of the Effective Date from an executive officer of each of Element and Subco acting solely on behalf of Element or Subco, as applicable, and not in their personal capacity and without personal liability, to the best of their information and belief having made reasonable inquiry, and Essential will have no knowledge to the contrary.

The conditions described in this Section 5.2 are for the exclusive benefit of Essential and may be asserted by Essential regardless of the circumstances or may be waived by Essential in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Essential may have.

### 5.3 Conditions to Obligations of Element and Subco

The obligations of Element and Subco to consummate the Amalgamation is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) each of the material covenants, acts and undertakings of Essential to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Essential;

(b) Essential shall have furnished Element with certified copies of:

(i) the constating documents of Essential;

(ii) the resolutions duly passed by the Essential Board approving this Agreement and the Amalgamation and directing the submission of the Essential Amalgamation Resolution for approval at the Essential Meeting and recommending that Essential Shareholders vote in favour of the Essential Amalgamation Resolution; and

(iii) the Essential Amalgamation Resolution, duly passed at the Essential Meeting;

(c) the representations and warranties of Essential contained in Section 4.1 shall be true as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak of an earlier date or except as affected by transactions contemplated or permitted by this Agreement) and Essential shall have complied with its covenants in this Agreement, except where the failure or failures of such representations and warranties to be so true and correct or the failure to perform such covenants would not, or would not reasonably be expected to have a Material Adverse Effect on Essential or to materially impede or reasonably be expected to materially impede the completion of the Amalgamation, and Element shall have received a certificate to that effect dated as of the Effective Date from an executive officer of Essential acting solely on behalf of Essential and not in their personal capacity and without personal liability, to the best of their information and belief having made reasonable inquiry, and Element will have no knowledge to the contrary;

(d) Element shall have received copies of the "tail" or "run-off" directors and officers liability insurance policy obtained and/or maintained in accordance with Section 2.4(b);

(e) Element shall have received the resignations and mutual releases of each director and officer of Essential, as set forth in Section 2.8;

(f) the Essential Transaction Expenses will not be greater than as set forth in the Disclosure Letter and Essential will have delivered to Element an estimate of the Essential Transaction Expenses as at Closing along with sufficiently detailed support for such calculations no later than five Business Days prior to the Effective Date;

(g) Element shall have received a payout statement on or before the Effective Date from the Agent in respect of all Indebtedness under the Credit Facilities, including all accrued interest and fees owing to the Agent and Lenders under the Credit Agreement as of the date of Closing, along with a *per diem* to account for any delays in Closing, together with a general release and discharge from the Agent and Lenders to be effective upon receipt by the Agent of the total payout amount, which release and discharge will include the release and discharge of all Encumbrances in connection with the Credit Agreement and any security granted in connection therewith;

(h) the Essential Net Debt will not be greater than as set forth in the Disclosure Letter and Essential will have delivered to Element an estimate of Essential Net Debt along with sufficiently detailed support for such calculations no later than five Business Days prior to the Effective Date;

(i) Essential Shareholders holding not more than 10% of the Essential Shares, if any, then outstanding shall have validly exercised, and not withdrawn, any Dissent Rights granted in favour of registered Essential Shareholders in respect of the Amalgamation;

(j) all outstanding Essential RSUs and Essential DSUs will have automatically vested and been settled in accordance with the terms of the Essential RSU Plan and Essential DSU Plan, respectively, as set forth in Section 2.5(a);

(k) all outstanding Essential Options will have been cancelled for nominal consideration or exercised on a "cashless" basis pursuant to the Essential Option Termination Agreements and in accordance with the Essential Option Plan, as set forth in Section 2.5(b);

(l) there shall not be any action or proceeding (whether, for greater certainty, by a Governmental Entity or any other Person) pending or threatened in any jurisdiction to:

(i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, Element's ability to acquire, hold, or exercise full rights of ownership over, any Essential Shares (other than Essential Shares held by Dissenting Shareholders); or

(ii) prevent or materially delay the consummation of the Amalgamation or, if the Amalgamation is consummated, reasonably be expected to have a Material Adverse Effect; and

(m) there shall not have occurred any Material Adverse Change in respect of Essential since the date hereof.

The conditions described in this Section 5.3 are for the exclusive benefit of Element and Subco and may be asserted by Element (on behalf of itself and on behalf of Subco) regardless of the circumstances or may be waived by Element (on behalf of itself and on behalf of Subco) in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Element and Subco may have.

### 5.4 Notice and Cure Provisions

Each of the Parties will give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and Closing, of any event or state of facts which occurrence or failure would, or would reasonably be likely to:

(a) cause any of its representations or warranties to be untrue or incorrect in any material respect on the Effective Date; or

(b) result in the failure to comply with or satisfy any covenant to be complied with or satisfied by it hereunder prior to the Effective Date.

Element may not exercise its rights to terminate this Agreement pursuant to Section 9.2(b), Section 9.2(d) or Section 9.2(e) and Essential may not exercise its right to terminate this Agreement pursuant to Section 9.2(c), Section 9.2(d), Section 9.2(e) or Section 9.2(g) unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of representations, warranties and covenants which the Party delivering such notice is asserting as the basis for the non-fulfilment or the applicable condition or availability of the applicable termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the expiration of a period of five Business Days from such notice, and then only if such matter has not been cured by such date.

### 5.5 Satisfaction of Conditions

The conditions set out in Sections 5.1, 5.2 and 5.3 are conclusively deemed to have been satisfied, waived or released when, with the agreement of Element and Essential, Articles of Amalgamation are filed under the ABCA and the Certificate has been issued by the Registrar.

## ARTICLE 6
## NOTICES

### 6.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by email and in the case of:

(a) Element and Subco, addressed to:

Suite 810, 530 – 8th Avenue S.W.
Calgary, Alberta T2P 3S8

Attention: Jason Nikish
Email: [*Redacted - Personal Information*]

with a copy to:

McCarthy Tétrault LLP
Suite 4000, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Brian Bidyk
Email: bbidyk@mccarthy.ca

(b) Essential, addressed to:

Suite 1100, 250 – 2nd Street S.W.
Calgary, Alberta T2P 0C1

Attention: Garnet K. Amundson
Email: [*Redacted - Personal Information*]

with a copy to:

Fasken Martineau DuMoulin LLP
Suite 3400, 350 – 7th Avenue S.W.
Calgary, Alberta T2P 3N9

Attention: Sarah Gingrich
Email: sgingrich@fasken.com

or such other address as the Parties may, from time to time, advise the other Parties hereto by notice in writing.

The date or time of receipt of any such notice will be deemed to be the date of delivery.

## ARTICLE 7
## AMENDMENT

### 7.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Essential Meeting but not later than the Effective Date, be amended by mutual written agreement of the Parties, subject to applicable Laws.

Any Party may:

(a) change the time for performance of any of the obligations or acts of the other Party with consent of the other Party;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the other Party; or

(d) waive compliance with or modify any conditions precedent herein contained,

provided however that any such extension or waiver shall be valid only if set out in an instrument in writing signed on behalf of such Party and such waiver shall apply only to the specific matters identified in such instrument.

## ARTICLE 8
## AGREEMENT AS TO DAMAGES

### 8.1 Element Damages and Expense Reimbursement

"**Element Damages Event**" means:

(a) the Essential Board: (A) fails to make any of the recommendations or determinations referred to in Section 2.6; (B) withdraws, modifies, qualifies or

changes any of the recommendations or determinations referred to in Section 2.6 in a manner adverse to Element; or (C) resolves to do any of the foregoing;

(b) a bona fide Acquisition Proposal (or a bona fide intention to make an Acquisition Proposal) is proposed, offered or made to Essential or Essential Shareholders prior to the date of the Essential Meeting and remains outstanding at the time of the Essential Meeting and Essential Shareholders do not approve the Amalgamation in accordance with the terms of this Agreement, or the Amalgamation is not submitted for their approval, and such Acquisition Proposal, as originally proposed or amended (or any other Acquisition Proposal that is announced, proposed, offered or made to Essential or the Essential Shareholders prior to the expiry of the first Acquisition Proposal) is completed within twelve months of the date this Agreement is terminated; provided that, for the purposes of this Section 8.1(b), all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%";

(c) the Essential Board or Essential, as applicable, accepts, recommends, approves, enters into, or publicly announces an agreement or proposal to implement an Acquisition Proposal;

(d) the Essential Board accepts, recommends, approves or enters into a definitive agreement to implement a Superior Proposal or proposes publicly to accept, recommend, approve or enter into an agreement to implement a Superior Proposal; or

(e) Essential breaches Section 3.4, other than an immaterial breach of Essential's obligations to provide a notice within a prescribed time.

In the event of the termination of this Agreement pursuant to Section 9.2(e) upon the occurrence of an Element Damages Event, and provided that no Essential Damages Event has occurred and is continuing, Essential shall pay to Element $5,500,000 as liquidated damages in immediately available funds to an account designated by Element within three Business Days after the first to occur of the events described above, and after such event, but prior to payment of such amount, Essential shall be deemed to hold such funds in trust for Element.

If, at any time after the execution of this Agreement, Essential breaches any of its representations, warranties or covenants made in this Agreement, which breaches, individually or in the aggregate, cause a Material Adverse Change or materially impede the completion of the transactions contemplated hereby (including, without limitation, the Amalgamation) on and subject to the terms hereof (an "**Element Expense Reimbursement Event**") then, in the event of the termination of this Agreement pursuant to Section 9.2(f) upon the occurrence of an Element Expense Reimbursement Event, and provided that no Essential Damages Event has occurred and is continuing, Essential shall pay to Element $2,750,000 as liquidated damages in immediately available funds to an account designated by Element. Such payment shall be made within three Business Days of the occurrence of an Element Expense Reimbursement Event and after such event, but prior to payment of such amount, Essential shall be deemed to hold such funds in trust for Element.

In no event shall Essential be obligated to pay Element an amount in respect of the termination of this Agreement that is, in the aggregate, in excess of $5,500,000 and payment under this Section 8.1 shall, in any case, only be made once by Essential.

### 8.2 Essential Damages

"**Essential Damages Event**" means Element or Subco, as applicable, breaches any of its representations, warranties or covenants made in this Agreement, which breaches, individually or in the aggregate, materially impede the completion of the transactions contemplated hereby (including, without limitation, the Amalgamation) on and subject to the terms hereof.

In the event of the termination of this Agreement pursuant to Section 9.2(g) upon the occurrence of an Essential Damages Event, and provided that no Element Damages Event or Element Expense Reimbursement Event has occurred and is continuing, Element shall pay to Essential $2,750,000 as liquidated damages in immediately available funds to an account designated by Essential. Such payment shall be made within three Business Days of the occurrence of an Essential Damages Event and after such event, but prior to payment of such amount, Element shall be deemed to hold such funds in trust for Essential.

In no event shall Element be obligated to pay Essential an amount in respect of the termination of this Agreement that is, in the aggregate, in excess of $2,750,000 and payment under this Section 8.2 shall, in any case, only be made once by Element.

### 8.3 Liquidated Damages

Each of Element and Essential acknowledges that the payment of the amounts set out in Sections 8.1 or 8.2, as applicable, is a payment of liquidated damages which are a genuine pre-estimate of the damages which Element or Essential, as applicable, shall suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and is not a penalty. Essential and Element each irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, each Party agrees that, upon any termination of this Agreement under circumstances where Element or Essential is entitled to a payment under Section 8.1 or 8.2, as the case may be, and such amount is paid in full, Essential and Element, as the case may be, shall be precluded from any other remedy against the other Party at Law or in equity or otherwise (including without limitation an order for specific performance, notwithstanding Section 10.3), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Party or its Representatives in connection with this Agreement or the transactions contemplated hereby. Nothing in this Section 8.3 shall relieve or have the effect of relieving a Party in any way from liability for damages incurred or suffered by any other Party as a result of an intentional or wilful breach of this Agreement or fraud.

## ARTICLE 9
## TERMINATION

### 9.1 Term

This Agreement shall be effective from the date hereof until the earlier of Closing and the termination of this Agreement in accordance with its terms.

### 9.2 Termination

Subject to Section 5.4, upon prompt written notice:

(a) This Agreement may be terminated, prior to the filing of the Articles of Amalgamation, by mutual written consent of the Parties without further action on the part of the Essential Shareholders or the shareholders of Subco.

(b) Element may terminate this Agreement provided that Element and Subco are not then in breach of this Agreement so as to cause any of the conditions set out in Sections 5.1 or 5.2 not to be satisfied.

(c) Essential may terminate this Agreement provided that Essential is not then in breach of this Agreement so as to cause any of the conditions set out in Sections 5.1 or 5.3 not to be satisfied.

(d) Either Essential or Element may terminate this Agreement on or following the Outside Date if Closing has not occurred, except that the right to terminate this Agreement under this Section 9.2(d) shall not be available to any Party whose breach of any of its representations, warranties or covenants under this Agreement has been the cause of, or directly resulted in, the failure of Closing to occur on or before the Outside Date.

(e) This Agreement may be terminated by either Party upon the occurrence of an Element Damages Event.

(f) This Agreement may be terminated by Element upon the occurrence of an Element Expense Reimbursement Event.

(g) This Agreement may be terminated by Essential upon the occurrence of an Essential Damages Event.

Nothing in this Section 9.2 shall relieve or have the effect of relieving a Party in any way from liability for damages incurred or suffered by any other Party as a result of an intentional or wilful breach of this Agreement or fraud.

### 9.3 Effect of Termination

If this Agreement is terminated pursuant to Section 9.2, this Agreement shall become void and of no effect without liability of any Party (or any Representative of such Party) to the other Party hereto, provided that the provisions of this Section 9.3, Sections 1.5, 8.1, 8.2, 10.1, 10.2, 10.6, 10.10, 10.11 and 10.12 and the provisions of the Confidentiality Agreement (including any standstill provisions therein) shall survive any termination hereof pursuant to Section 9.2; provided further that neither the termination of this Agreement nor anything contained in this Section 9.3 shall relieve a Party from any liability arising prior to such termination. If this Agreement is terminated pursuant to Section 9.1 because of the occurrence of Closing, the provisions of Section 2.4 shall survive such termination for a period of six years.

## ARTICLE 10
## GENERAL

### 10.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto.

### 10.2 Assignment

No Party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party.

### 10.3 Announcement and Shareholder Communications

(a) Essential shall issue a press release with respect to this Agreement and the Amalgamation as soon as practicable following the execution of this Agreement, the text of such announcement to be in the form approved by Element in advance, acting reasonably and without delay. Element consents to this Agreement being filed on SEDAR+, subject to any redactions by Essential, acting reasonably and as permitted under Securities Laws.

(b) Element agrees to cooperate with Essential and participate: (i) in issuing any press releases or otherwise making public statements or public disclosures with respect to this Agreement or the Amalgamation; and (ii) in making any filing with any Governmental Entity with respect to this Agreement, the Amalgamation or the transactions contemplated hereby and thereby. Essential shall use commercially reasonable efforts to enable Element and its Representatives to review and comment on all such press releases, public statements and filings prior to the release or filing, respectively, thereof and reasonable consideration shall be given to any comments made by Element and its Representatives.

(c) Neither Essential nor Element shall: (i) issue any press release or otherwise make public announcements with respect to this Agreement or the Amalgamation without the consent of the other Party (which consent shall not be unreasonably withheld, delayed or conditioned); or (ii) make any filing with any Governmental Entity with respect thereto without prior consultation with the other Party, in each case, except as set out in this Agreement.

(d) The obligations of Essential set out in Sections 10.3(b) and 10.3(c) shall be subject to: (i) Essential's overriding obligation to make any disclosure or filing required under applicable Law; and (ii) Essential making any disclosure using commercially reasonable efforts to give prior written notice to Element, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

(e) Nothing in this Section 10.3 shall prevent Essential from making internal announcements to Employees and Independent Contractors, having discussions with Essential Shareholders, financial analysts and other stakeholders, or from including disclosures in subsequent filings required under Securities Laws.

(f) The restrictions set forth in this Section 10.3 shall not apply to any release or public statement made or proposed to be made by Essential in connection with: (i) any dispute regarding this Agreement or the transactions contemplated hereby; or (ii) a withdrawal or modification of the recommendation of the Essential Board made in accordance with the terms of this Agreement, or any action taken pursuant thereto.

### 10.4 Site Visits

(a) Subject to Section 10.4(b), during the Interim Period Essential shall provide Element and its Representatives reasonable access, during normal business hours and at such other time or times as Element may reasonably request, to its premises (including field offices and sites), books, Contracts, records, data extracts, properties, employees and management personnel and shall furnish promptly to Element all information concerning its business, properties and personnel as Element may reasonably request, which information shall remain subject to the Confidentiality Agreement, in order to permit Element to be in a position to expeditiously and efficiently integrate the business and operations of Essential with those of Element immediately upon but not prior to the Effective Date.

(b) Notwithstanding Section 10.4(a):

(i) if Element desires to visit Essential's premises (including field offices and sites), the Parties shall discuss the arrangements for such a visit. With the prior written consent of Essential (such consent not to be unreasonably withheld or delayed), Representatives of Element may enter upon Essential's premises, provided that:

(A) such Representatives do so at Element's risk and expense;

(B) that such Representatives comply with all safety regulations and related policies of Essential; and

(C) such Representatives are accompanied on Essential's premises by an executive officer of Essential (which executive officer's good faith availability shall not, for greater certainty, be an unreasonable delay of consent under this Section 10.4(b)); and

(ii) Element agrees not to visit Essential's premises without the prior written consent of Essential (such consent not to be unreasonably withheld or delayed).

### 10.5 Costs

Except as contemplated herein, each Party hereto covenants and agrees to bear its own costs and expenses in connection with this Agreement and the Amalgamation.

### 10.6 Severability

If any one or more of the provisions contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions contained herein shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions hereof shall not in any way be affected or impaired by the severance of the provisions severed; and

(b) the invalidity, illegality or unenforceability of any provision contained in this Agreement in any jurisdiction shall not affect or impair such provision or any other provisions of this Agreement in any other jurisdiction.

### 10.7 Further Assurances

Each Party hereto shall, from time to time, without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as the other Party may reasonably request in order to fully perform and carry out the terms and intent hereof.

### 10.8 Time of Essence

Time shall be of the essence of this Agreement.

### 10.9 Specific Performance

Subject to Section 8.3:

(a) the Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed by the other Party in accordance with their specific terms or were otherwise breached; and

(b) it is accordingly agreed that each Party shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or to otherwise obtain specific performance of any such provisions, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

### 10.10 Third Party Beneficiaries

The provisions of Sections 2.4(a), 2.4(b), 3.1(e) and 3.2(i) are: (a) intended for the benefit of all current and former directors and officers of Essential and Element, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and each of Essential and Element, as the case may be, shall hold the rights and benefits of Sections 2.4(a), 2.4(b), 3.1(e) and 3.2(i) in trust for and on behalf of the Third Party Beneficiaries and each of Essential and Element hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries; and (b) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

Except as provided in this Section 10.10, this Agreement shall not: (i) confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns; (ii) constitute or create an employment agreement with any employee, create any right to employment or continued employment or service, or to a particular term or condition of employment; or (iii) other than as may be provided for herein, be construed to establish, amend, or modify any benefit or compensation plan, program, agreement or arrangement.

## 10.11 Privacy

(a) For the purposes of this Section 10.11 the following definitions shall apply:

(i) "**applicable law**" means, in relation to any Person, transaction or event, all applicable provisions of applicable Laws by which such Person is bound or having application to the transaction or event in question, including applicable privacy laws;

(ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial Law including the *Personal Information Protection Act* (Alberta);

(iii) "**authorized authority**" means, in relation to any Person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and

(iv) "**Personal Information**" means information about an individual transferred to a Party by another Party in accordance with this Agreement and/or as a condition of the Amalgamation.

(b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) No Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Amalgamation.

(d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Amalgamation, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Amalgamation.

(e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying,

alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a *bona fide* need to access such information in order to complete the Amalgamation.

(g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully co-operate with one another, with the Persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.

(h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and will return to the Party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

### 10.12 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta in respect of all matters or disputes arising under or in relation to this Agreement.

### 10.13 Counterparts

This Agreement may be executed by facsimile or other electronic signature and in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

**[*Remainder of page intentionally left blank*.]**

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**ELEMENT TECHNICAL SERVICES INC.**

Per: (signed) "*Jason Nikish*"

Jason Nikish
President

**2544592 ALBERTA LTD.**

Per: (signed) "*Brendan Nelson*"

Brendan Nelson
Chief Financial Officer

**ESSENTIAL ENERGY SERVICES LTD.**

Per: (signed) "*Garnet Amundson*"

Garnet Amundson
President & CEO

## SCHEDULE A
## ARTICLES OF AMALGAMATION

*Please see attached.*

Alberta Government

# Articles of Amalgamation

*Business Corporations Act*

Sections 181 and 187

This information is collected in accordance with the *Business Corporations Act.* It is required to collect an amalgamated Alberta corporation's articles for the purpose of issuing a certificate of amalgamation. Collection is authorized under s. 33(a) of the *Freedom of Information and Protection of Privacy Act*. Questions about the collection can be directed to Service Alberta Contact Centre staff at cr@gov.ab.ca or 780-427-7013 (toll-free 310-0000 within Alberta).

1. **Name of Amalgamated Corporation**

**_____ ALBERTA LTD.**

2. **The classes of shares, and any maximum number of shares that the corporation is authorized to issue:**

SEE SCHEDULE RE AUTHORIZED SHARES

3. **Restrictions on share transfers *(if any)*:**

SEE SCHEDULE RE SHARE TRANSFER RESTRICTIONS

4. **Number, or minimum and maximum number of directors that the corporation may have:**

Minimum 1 - Maximum 7

5. **If the corporation is restricted FROM carrying on a certain business or restricted TO carrying on a certain business, specify the restrictions**

None

6. **Other rules or provisions *(if any)*:**

SEE SCHEDULE RE OTHER PROVISIONS

7. **Amalgamating Corporations**

| Name | **Corporate Access Number** |
|---|---|
| Essential Energy Services Ltd. | **2020892937** |
| 2544592 Alberta Ltd. | |

8. **Authorized Representative/Authorized Signing Authority for the Corporation**

Last Name, First Name, Middle Name *(optional)*

Relationship to Corporation

Telephone Number*(optional)*

Email Address *(optional)*

Date of submission *(yyyy-mm-dd)*

Signature

## SCHEDULE B
## ESSENTIAL AMALGAMATION RESOLUTION

*Please see attached.*

## SCHEDULE B

## ESSENTIAL AMALGAMATION RESOLUTION

## RESOLUTION OF THE SHAREHOLDERS OF ESSENTIAL ENERGY SERVICES LTD. (the "Corporation")

**NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the amalgamation (the "**Amalgamation**") of the Corporation and 2544592 Alberta Ltd. ("**Subco**") be approved and authorized in accordance with the terms and conditions of the amalgamation agreement dated September 15, 2023, between the Corporation, Element T echnical Services Ltd., and Subco (including the appendices attached thereto) as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof (the "**Amalgamation Agreement**");

2. the Amalgamation Agreement, the actions of the directors of the Corporation in approving the Amalgamation and the Amalgamation Agreement and the actions of the directors and officers of the Corporation in executing and delivering the Amalgamation Agreement and causing the performance by the Corporation of its obligations thereunder are hereby confirmed, ratified, authorized and approved;

3. notwithstanding the passing of this special resolution by the shareholders of the Corporation (the "**Shareholders**"), the directors of the Corporation are hereby authorized and empowered, without further approval by the Shareholders: (i) to amend the Amalgamation Agreement to the extent permitted therein; or (ii) not to proceed with the Amalgamation at any time prior to the Effective Date (as defined in the Amalgamation Agreement); and

4. any one director or officer of the Corporation (an "**Authorized Officer**") is hereby authorized, empowered and instructed to, for and on behalf of the Corporation, do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or desirable by such Authorized Officer in order to carry out the intent of the foregoing resolutions and the matters authorized thereby and to give full force and effect to the foregoing, such determination to be conclusively evidence by the execution and delivery of such document or the doing of such act or thing.

## SCHEDULE C
## TERMS AND CONDITIONS OF THE AMALCO SHARES AND AMALCO REDEEMABLE PREFERRED SHARES

*Please see attached.*

## SCHEDULE RE AUTHORIZED SHARES
## DESCRIPTION OF SHARE CAPITAL

The Corporation shall be authorized to issue an unlimited number of common shares ("**Common Shares**") and redeemable preferred shares ("**Redeemable Preferred Shares**"), as follows:

**1.** **Common Shares**. An unlimited number of Common Shares, without nominal or par value, which have attached thereto the following rights, privileges, restrictions and conditions:

Voting

The holders of the Common Shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Corporation and shall be entitled to one vote in respect of each Common Share held at such meeting, except a meeting of holders of a particular class or series of shares other than the Common Shares who are entitled to vote separately as a class or series at such meeting.

Dividends

Subject to the rights of the holders of any class of shares of the Corporation entitled to receive dividends in priority to or rateably with the holders of Common Shares, the holders of the Common Shares shall be entitled to receive dividends if, as and when declared by the directors of the Corporation out of the assets of the Corporation properly available for the payment of dividends of such amounts and payable in such manner as the directors may from time to time determine.

Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distributions of the property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall, subject always to the rights of the holders of any other class of shares of the Corporation entitled to receive the property or assets of the Corporation upon such distribution in priority to or rateably with the holders of the Common Shares, be entitled to receive the remaining property and assets of the Corporation as are available for distribution.

**2.** **Redeemable Preferred Shares**. An unlimited number of Redeemable Preferred Shares, without nominal or par value, that have attached thereto the following rights, privileges, restrictions and conditions:

Issuance

The Redeemable Preferred Shares shall only be issued to Essential Shareholders (as defined in the Amalgamation Agreement (as defined below)) in exchange for their common shares in the capital of the Corporation's predecessor, Essential Energy Services Ltd. ("**Essential**", and such common shares, the "**Essential Shares**") pursuant to and in accordance with the terms of an amalgamation

agreement dated September 15, 2023 (the "**Amalgamation Agreement**") between Essential, Element Technical Services Inc. ("**Element**") and 2544592 Alberta Ltd. ("**Subco**").

Redemption

(a) The Corporation shall redeem all of the Redeemable Preferred Shares at the time (in this Section 2, the "**Time of Redemption**") that is immediately following the Amalgamation (as defined in the Amalgamation Agreement), without any further act or formality on the part of the Corporation or any holder of Redeemable Preferred Shares, in accordance with the following provisions of this Section 2. Except as hereinafter provided, no notice of redemption or other act or formality on the part of the Corporation shall be required to call the Redeemable Preferred Shares for redemption.

(b) From and after the Time of Redemption:

(i) upon the presentation and surrender by a holder of Essential Shares who received Redeemable Preferred Shares in exchange for such Essential Shares to the Depositary of the certificate or certificates which immediately prior to the Amalgamation represented such Essential Shares, together with such documents as the Depositary may reasonably require, the Depositary shall promptly deliver to such holder payment of the aggregate Consideration (as defined in the Amalgamation Agreement) to which such holder is entitled as a result of the Amalgamation and the subsequent redemption of the Redeemable Preferred Shares at the Time of Redemption;

(ii) notwithstanding Section 2(b)(i): any of the Corporation or the Depositary, as trustee, shall be entitled to deduct and withhold from any consideration otherwise payable to a holder of Essential Shares who received Redeemable Preferred Shares in exchange for such Essential Shares such amounts as the Corporation or the Depositary, as trustee, is required to deduct and withhold from such consideration in accordance with applicable Tax Laws (as defined in the Amalgamation Agreement); and any such amounts shall be treated for all purposes as having been paid to such holder of Essential Shares who received Redeemable Preferred Shares in exchange for such Essential Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and

(iii) the holders of Redeemable Preferred Shares shall not be entitled to exercise any of the rights of shareholders in respect thereof except to receive the Consideration therefor, without interest.

(c) At or before the Time of Redemption, the Corporation shall deliver, or cause to be delivered, to the Depositary cash in an aggregate amount sufficient to pay the aggregate Consideration of all of the Redeemable Preferred Shares to be issued in accordance with the Amalgamation Agreement. Delivery of the aggregate Consideration in such a manner shall be a full and complete discharge of the

Corporation's obligation to deliver to the holders of the Redeemable Preferred Shares the Consideration in respect of each Redeemable Preferred Share being redeemed. Any interest earned on the deposit of the aggregate Consideration with the Depositary shall belong to the Corporation.

(d) At and from the Time of Redemption, the Redeemable Preferred Shares in respect of which deposit of the aggregate Consideration is made with the Depositary pursuant to Section 2(c): shall be deemed to be redeemed and cancelled; and the Corporation shall be fully and completely discharged from its obligations with respect to the payment of the Consideration to such holders of Redeemable Preferred Shares.

(e) Redeemable Preferred Shares, and the rights of such holders shall be limited to receiving the Consideration payable to them upon the surrender of the Essential Share certificate(s), and other documents described in Section (c), held by them. Subject to the requirements of applicable law with respect to unclaimed property, any Consideration held by the Depositary that has not been claimed in accordance with the provisions described above prior to the fifth anniversary of the date on which the Time of Redemption occurs shall be forfeited to the Corporation or its successor and shall cease to represent a right or claim by or interest of any kind or nature, and the right of a former holder of Redeemable Preferred Shares to receive such Consideration shall terminate and be deemed to be surrendered and forfeited for no consideration, and any person who surrenders certificate(s), and the other documents described in Section 2(b)(i), on or after the fifth anniversary of the date on which the Time of Redemption occurs will not be entitled to such Consideration or other compensation.

(f) Any monies represented by a cheque that has not been deposited or has been returned to the Depositary or the Corporation shall, on the fifth anniversary of the date on which the Time of Redemption occurs, be forfeited to the Corporation or its successor and shall cease to represent a right or claim by or interest of any kind or nature, and the right of a former holder of Redeemable Preferred Shares to receive such payment shall terminate and be deemed to be surrendered and forfeited for no consideration.

Priority

The Common Shares shall rank junior to the Redeemable Preferred Shares and shall be subject in all respects to the rights, privileges, restrictions and conditions attaching to the Redeemable Preferred Shares.

Dividends

The holders of the Redeemable Preferred Shares shall not be entitled to receive any dividends thereon.

Voting Rights

Except as otherwise provided in the *Business Corporations Act* (Alberta), the holders of the Redeemable Preferred Shares shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation.

Liquidation, Dissolution or Winding-Up

In the event of the liquidation or winding-up of the Corporation or any other distribution of the property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and subject to the extinguishment of the rights of holders of Redeemable Preferred Shares upon satisfaction of the Consideration in respect of the Redeemable Preferred Shares, the holders of Redeemable Preferred Shares shall be entitled to receive and the Corporation shall pay to such holders, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of any class of shares ranking junior to the Redeemable Preferred Shares as to such entitlement, an amount equal to the Consideration for each Redeemable Preferred Share held by them and no more. After payment to the holders of the Redeemable Preferred Shares of the amounts so payable to them as hereinbefore provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

## SCHEDULE RE SHARE TRANSFER RESTRICTIONS

No share of the Corporation may be transferred unless its transfer complies with the restriction on the transfer of securities set out in the Schedule re Other Provisions to these Articles.

## SCHEDULE RE OTHER PROVISIONS

1. The directors may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the next annual general meeting but the number of additional directors shall not at any time exceed one-third (1/3) of the number of directors who held office at the expiration of the last annual meeting.

2. No security of the Corporation, other than a non-convertible debt security, may be transferred without the consent of:

   (a) the board of directors of the Corporation, expressed by a resolution duly passed at a meeting of the directors;

   (b) a majority of the directors of the Corporation, expressed by an instrument or instruments in writing signed by such directors;

   (c) the holders of the voting shares of the Corporation, expressed by a resolution duly passed at a meeting of the holders of voting shares; or

   (d) the holders of the voting shares of the Corporation representing a majority of the votes attached to all the voting shares, expressed by an instrument or instruments in writing signed by such holders.

3. Meetings of shareholders may be held outside of Alberta.

## APPENDIX C
## SECTION 191 OF THE ABCA

**Shareholder's right to dissent**

**191 (1)** Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

**(b.1)** amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

**(2)** A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

**(3)** In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

**(4)** A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

**(5)** A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

**(6)** An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

**(7)** If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

**(8)** Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

**(9)** Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

**(10)** A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

**(11)** A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

**(12)** In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the Alberta Rules of Court,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

**(13)** On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

**(14)** On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

**(15)** Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

**(16)** Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

**(17)** The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

**(18)** If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

**(19)** Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

**(20)** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

**APPENDIX D**
**FAIRNESS OPINION**

(*See attached*)

PETERS & CO. LIMITED

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Calgary, AB T2P 0H7
Tel: (403) 261 - 4850
www.petersco.com

September 14, 2023

Essential Energy Services Ltd.
Livingston Place West
Suite 1100, 250 - 2nd Street SW
Calgary, AB T2P 0C1

**Attention: The Board of Directors of Essential Energy Services Ltd. (the "Board")**

Dear Sirs/Mesdames:

Peters & Co. Limited ("**Peters & Co.**", "**we**", "**our**" or "**us**") understands that Essential Energy Services Inc. ("**Essential**") and Element Technical Services Inc. ("**Element**") propose to enter into an agreement to be dated on or about September 15, 2023 (the "**Amalgamation Agreement**"). The Amalgamation Agreement contemplates that 2544592 Alberta Ltd., a wholly-owned subsidiary of Element ("**Subco**"), will acquire all of the issued and outstanding common shares of Essential (each, an "**Essential Share**") through a statutory amalgamation pursuant to the *Business Corporations Act* (Alberta) (the "**Amalgamation**"), resulting in each holder of Essential Shares (the "**Essential Shareholders**") receiving cash consideration of $0.40 (the "**Consideration**") in exchange for each one (1) Essential Share.

Pursuant to the terms of the Amalgamation Agreement, Essential will amalgamate with Subco, with the amalgamated entity becoming a wholly-owned subsidiary of Element. The Amalgamation is subject to the terms and conditions of the Amalgamation Agreement, including receipt of all applicable approvals. The terms and conditions of the Amalgamation will be more fully described and summarized in the management information circular of Essential to which this Fairness Opinion (defined below) will be appended. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Amalgamation Agreement.

Peters & Co. understands that all directors and executive officers of Essential have agreed to enter into support agreements (the "**Support Agreements**") pursuant to which they will agree to vote all of their Essential Shares in favour of the Amalgamation, subject to the provisions of such Support Agreements.

**Engagement of Peters & Co.**

Peters & Co. was formally engaged by Essential pursuant to an engagement agreement dated August 14, 2023 (the "**Engagement Agreement**") to provide certain financial advisory services, including, but not limited to, the potential preparation and provision of a fairness opinion to the board of directors of Essential concerning the possible transaction between Essential and Element. This opinion (the "**Fairness Opinion**") as to the fairness, from a financial point of view, of the Consideration to be received by the Essential Shareholders pursuant to the Amalgamation is provided pursuant to the Engagement Agreement.

Pursuant to the terms of the Engagement Agreement, Peters & Co. has not been engaged to prepare a formal valuation of any of the shares, options, restricted share units, deferred share units, director awards, securities, assets, liabilities, business divisions or other securities involved in the Amalgamation and this Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which we considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in this Fairness Opinion. The terms of the Engagement Agreement provide that Peters

& Co. is to be paid fees for its services as financial advisor, including: (i) a fixed fee which is payable for the Fairness Opinion that is not conditional on completion of the Amalgamation and is independent of the fee that is; (ii) a financial advisory fee that is payable upon the successful completion of the Amalgamation; and (iii) a retainer fee, which will be credited against the financial advisory fee noted in (ii), which is not conditional on completion of the Amalgamation. Essential has also agreed to reimburse Peters & Co. for certain out-of-pocket expenses and to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use of the Fairness Opinion by Essential and the Board.

**Qualifications of Peters & Co.**

Peters & Co. is an independent, fully-integrated investment dealer headquartered in Calgary, Alberta, Canada. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a participating member of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Industry Association of Canada and the Canadian Investor Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of Peters & Co., is a member of the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation and the Securities Industry and Financial Markets Association in the United States.

Peters & Co. provides investment services to institutional investors and individual private clients; employs its own sales and trading group; conducts specialized and comprehensive investment research on the energy industry; and is an active underwriter for, and financial advisor to, companies active in the Canadian and international energy industry. Peters & Co. and its principals have participated in a significant number of transactions involving energy companies in Canada and internationally and have acted as a financial advisor in a significant number of transactions involving evaluations of, and opinions for, private and publicly-traded companies.

The opinion expressed herein is the opinion of Peters & Co. as a firm. This Fairness Opinion has been reviewed and approved for release by certain senior corporate finance principals of Peters & Co., all of whom are experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

**Relationship of Peters & Co. with Interested Parties**

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Essential, Element or Subco. Neither Peters & Co. nor any of its affiliates is acting as an advisor to Essential, Element or Subco in connection with any matter, other than acting as a financial advisor to Essential pursuant to the Engagement Agreement as outlined above.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of Essential and/or Element from time to time and has executed, or may execute, transactions in the securities of Essential and/or Element for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its clients on investment matters, including in respect of the Essential Shares, the common shares of Element and/or the Amalgamation. There are no understandings or agreements between Peters & Co., Essential and/or Element with respect to any future business dealings. However, in the course of the past two years prior to delivery of this Fairness Opinion, Peters & Co. has, with respect to Essential:

a) been engaged as a financial advisor to Essential pursuant to an engagement agreement dated August 20, 2021 in respect of a confidential advisory mandate; and

b) been engaged to provide trading services from time to time in connection with Essential's normal course issuer bid and automatic share purchase plan.

**Scope of Review**

In connection with rendering this Fairness Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

(i) the most recent draft of the Amalgamation Agreement;

(ii) the most recent draft of the Support Agreement;

(iii) historical audited financial statements of Essential and accompanying management's discussion and analysis for the years ended December 31, 2022, 2021 and 2020;

(iv) unaudited interim financial statements of Essential and accompanying management's discussion and analysis for the three and six month periods ended June 30, 2023;

(v) historical annual reports and annual information forms of Essential for the years ended December 31, 2022, 2021, and 2020;

(vi) historical management information circulars of Essential for the years ended December 31, 2022, 2021, and 2020;

(vii) the internal monthly financial forecast of Essential prepared by management, for the year ending December 31, 2023;

(viii) Essential's ninth amended and restated credit agreement dated as of June 26, 2018, as amended July 9, 2020 and November 25, 2021;

(ix) certain public disclosure by Essential as filed on the System for Electronic Document Analysis and Retrieval + to the date hereof;

(x) energy services equity research analyst estimates for Essential;

(xi) discussions with senior management and directors of Essential relating to Essential's current business, plans, financial condition and prospects;

(xii) information obtained in various due diligence discussions with the senior management and certain other employees of Essential and Essential's legal counsel; and

(xiii) certain confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of Essential that was requested by Peters & Co. and/or Element (including Element's legal and financial advisors).

In addition to the information detailed above, Peters & Co. has:

(xiv) reviewed certain publicly-available information pertaining to current and expected future oil and natural gas prices, energy services activity levels and other economic factors;

(xv) reviewed and considered capital market conditions, both current and expected, for the energy industry in general, for selected energy and energy services companies operating in similar jurisdictions, and for Essential specifically;

(xvi) reviewed public information with respect to other transactions of a comparable nature considered by Peters & Co. to be relevant;

(xvii) reviewed the operating and financial performance and business characteristics of Essential relative to the performance and characteristics of select relevant energy services companies operating in similar jurisdictions;

(xviii) received representations contained in certificates addressed to us from certain senior officers of Essential as to the completeness and accuracy of the information upon which this Fairness Opinion is based; and

(xix) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered necessary and appropriate in the circumstances.

Peters & Co. was granted access by Element to its senior management, and by Essential to its senior management, the Board and its legal advisors and was, to the best of our knowledge, provided with all material information.

**Assumptions and Limitations**

This Fairness Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Essential as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of Essential. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the "**Disclosure**") obtained by us from public sources or received from Essential or its consultants or advisors or otherwise pursuant to our engagement, and this Fairness Opinion is conditional upon such completeness, accuracy and fairness. Peters & Co. has not attempted to verify independently the completeness, accuracy or fair presentation of any such Disclosure.

The Amalgamation is subject to a number of conditions outside the control of Essential and Element and we have assumed that all conditions precedent to the completion of the Amalgamation can be satisfied in due course and in a reasonable amount of time and all consents, permissions, exemptions or orders of regulatory authorities will be obtained, without adverse conditions or qualifications. In rendering this Fairness Opinion, we express no views as to the likelihood that the conditions with respect to the Amalgamation will be satisfied or waived or that the Amalgamation will be implemented within the timeframe indicated in the Amalgamation Agreement. This Fairness Opinion does not constitute a recommendation as to whether any Essential Shareholders should vote in favour of the Amalgamation.

Certain senior officers and directors of Essential have represented to us in certificates dated the date hereof that, among other things, the information, data, budgets, company generated reports, evaluations, representations and other material, financial or otherwise (other than forecasts and projections) (collectively, the "**Information**") provided to us on behalf of Essential relating to Essential, any of its subsidiaries or the Amalgamation Agreement, was, on the applicable dates of the Information, true and correct in all material respects when taken together, did not contain any untrue statement of a material fact in respect of Essential, its subsidiaries or the Amalgamation Agreement, and to the best of their knowledge, information and belief, since the applicable dates of the Information, except as disclosed to Peters & Co., there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business or operations of Essential or any of its subsidiaries, and there has been no change of any material facts which is of a nature so as to render the Information, taken as a whole, untrue or misleading in any material respect. With respect to any forecasts and projections included in the Information provided to Peters

& Co. and used in our analyses, we have assumed that they have been, as at the date they were prepared, reasonably prepared on the basis of reasonable estimates and judgment of the senior management and directors of Essential as to the matters covered thereby and using the identified assumptions, and in rendering the Fairness Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

**Fairness Opinion and Reliance**

Based upon our analyses and subject to all of the foregoing, Peters & Co. is of the opinion that, as of the date hereof, and subject to the assumptions, qualifications and limitations contained herein, the Consideration to be received by the Essential Shareholders pursuant to the Amalgamation is fair, from a financial point of view, to the Essential Shareholders.

This Fairness Opinion may be relied upon by the Board solely for the purposes of considering the Amalgamation and the Board's recommendation to Essential Shareholders with respect to the Amalgamation and may not be published, reproduced, disseminated, quoted from, or referred to, in whole or in part, or be used or relied upon by any person, or for any other purpose, without our express prior written consent, except that a copy of this letter, in its entirety, together with a summary of the opinion in a form acceptable to Peters & Co., may be included in the documents prepared and delivered to the Essential Shareholders in connection with the Amalgamation.

Yours truly,

Peters & Co. Limited

**PETERS & CO. LIMITED**

For more information, please contact our Proxy Solicitation and Information Agent:

Odyssey Trust Company


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