NOTICE OF ANNUAL GENERAL MEETING OF

ESSENTIAL ENERGY SERVICES LTD. SHAREHOLDERS

to be held May 17, 2021

and

INFORMATION CIRCULAR

March 22, 2021

The deadline for the receipt of proxies for the Meeting is 10:00 a.m. (Calgary time) on May 13, 2021

ESSENTIAL ENERGY SERVICES LTD.

NOTICE OF ANNUAL GENERAL VIRTUAL-ONLY MEETING OF SHAREHOLDERS

You are invited to the Essential Energy Services Ltd. ("Essential") 2021 annual general virtual-only meeting (the "Meeting") of holders of common shares ("Shares") of Essential ("Shareholders")

When: Monday, May 17, 2021
10:00 a.m. (Calgary time)

Where: Virtual-only meeting conducted via live audio online webcast at https://web.lumiagm.com/241962499

Why is Essential having a Virtual-only Meeting?

Essential is having a virtual-only meeting again this year as a result of the continued physical distancing requirements put in place by the Government of Alberta to protect the health and well-being of our communities during the COVID-19 global health pandemic. The board of directors of Essential determined that a virtual-only meeting was the only responsible way to hold an annual meeting this year. The Meeting will be conducted via live audio online webcast and allows Essential's Shareholders to participate in the Meeting regardless of their geographic location. Shareholders will not be able to attend the Meeting in person.

At the Meeting we will Cover Four Items of Business:

1. Receive Essential's 2020 consolidated financial statements and the auditors' report;
2. Elect the directors;
3. Appoint the auditors; and
4. Other business.

Your Vote and Participation is Important

If you are a Shareholder of record of Essential at the close of business on April 6, 2021, you are entitled to receive notice of, participate in, and vote at the Meeting. We encourage you to vote your Shares and participate in the Meeting.

Participation in the Meeting will be via the following website: https://web.lumiagm.com/241962499.

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

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

Dated at the City of Calgary, in the Province of Alberta, this 22nd day of March 2021.

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

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

INFORMATION CIRCULAR FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 17, 2021

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by and on behalf of the management of Essential Energy Services Ltd. ("Essential" or the "Company" or the "Corporation") for use at the annual general meeting (the "Meeting") of the holders of common shares ("Shareholders") of Essential to be conducted in a virtual-only format via live audio webcast at https://web.lumiagm.com/241962499 **at 10:00 a.m. (Calgary time) on May 17, 2021, and at any adjournment(s) thereof, for the purposes set forth in the accompanying notice of annual general meeting of Shareholders ("Notice of Meeting").** No person has been authorized to give any information or make any representation in connection with any matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Information contained in this Circular is given as at March 22, 2021, unless otherwise stated and all dollar amounts are expressed in Canadian dollars.

DETAILS ABOUT THE MEETING

Shareholder participation at the Meeting is important to Essential.

Virtual-only Meeting

Essential is having a virtual-only Meeting this year as a result of the continued physical distancing requirements put in place by the Government of Alberta to protect the health and well-being of our communities during the COVID-19 global health pandemic. The board of directors of Essential ("**Board of Directors**" or "**Board**") determined that a virtual-only meeting was the only responsible way to hold an annual meeting this year. The Meeting will be conducted via live audio online webcast and allows Essential's Shareholders to participate in the Meeting regardless of their geographic location. Shareholders will not be able to attend the Meeting in person.

Despite holding the Meeting in a virtual-only format, Essential's intention is to return to an in-person meeting format for its 2022 annual meeting of Shareholders.

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

Meeting Date, Time and Location

The Meeting will be held on May 17, 2021 at 10:00 a.m. (Calgary time). The Meeting will be conducted in a virtual-only format via live audio online webcast at https://web.lumiagm.com/241962499.

Participation at the Meeting

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

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

Shareholders that wish to appoint a third-party proxyholder to represent them at the virtual Meeting must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering a proxyholder is an additional step once a Shareholder has submitted their proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. To register a proxyholder, Shareholders MUST visit https://www.computershare.com/EssentialEnergy by 10:00 a.m. (Calgary time) May 13, 2021 and provide the transfer agent, Computershare Trust Company of Canada ("**Computershare**") with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email.

Shareholders can attend the Meeting as follows:

- Log in online at https://web.lumiagm.com/241962499. We recommend visiting the website in advance of the Meeting to ensure it works on the Shareholder's computer or device;

- Password: ees2021 (case sensitive);

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

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

Voting and Proxies

Who is Seeking my Vote?

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

Who can Vote?

Shareholders at the close of business on April 6, 2021 (the "**Record Date**") are entitled to receive notice of, and to vote at the Meeting. To the extent a Shareholder transfers the ownership of any of their Shares after the Record Date and the transferee of those Shares establishes that they own such Shares and request, at least 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting.

How to Vote

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

Registered Shareholders

Registered Shareholders may vote virtually at the Meeting or by proxy or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend virtually and vote in their place. The persons named in the enclosed form of proxy are directors and/or officers of Essential.

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

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

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

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

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

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

Computershare must receive completed proxy forms not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, before the time set for the holding of the Meeting or any adjournment(s) thereof.

Exercise of Discretion by Proxyholders

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

Beneficial Shareholders

The majority of Essential's Shares are held by Beneficial Shareholders. Most nominees (i.e. the bank, trust company, securities broker or other intermediary) delegate responsibility for obtaining voting instructions from their clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form (the "**Voting Instruction Form**") in lieu of the form of proxy provided by Essential.

Beneficial Shareholders can vote by proxy in the following ways:

- Complete and return the Voting Instruction Form to Broadridge;

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

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

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

If the Beneficial Shareholder wishes to vote their Shares at the virtual Meeting, they must do so as proxyholder for the Registered Shareholder. To do this, the Beneficial Shareholder should enter their name in the blank space on the Voting Instruction Form provided and return the same to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

Notice and Access Regime

Essential is using "notice and access" to deliver Meeting materials to Beneficial Shareholders ("**Notice and Access**"). Notice and Access is a set of rules developed by the Canadian Securities Administrators that allows companies to post meeting materials online, reducing paper and mailing costs. Essential will post the Notice of Meeting, Circular, audited consolidated annual financial statements for the year-ended December 31, 2020 and related Management's Discussion and Analysis (collectively, the "**Meeting Materials**") for Beneficial Shareholders to access electronically.

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

Essential will not be using Notice and Access for Registered Shareholders. Essential will mail paper copies of the Circular and Meeting Materials to Registered Shareholders that have not consented to electronic delivery together with a solicitation for consent from Registered Shareholders to electronic delivery in future years. Registered Shareholders that consented to electronic delivery will receive instructions via email on where to access the Circular and Meeting Materials on Essential's website at www.essentialenergy.ca.

A paper copy of Essential's annual financial statements and related management's discussion and analysis for the most recently completed financial year has been mailed to Registered Shareholders who have not informed Essential in writing that they do not want to receive a copy of such items or who have not consented to electronic delivery. Registered Shareholders that consented to electronic delivery received instructions via email on where to access Essential's annual financial statements and related management's discussion and analysis for the most recently completed financial year on Essential's website.

Essential will not send its proxy-related meeting materials directly to non-objecting beneficial owners under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"). Essential intends to pay for proximate intermediaries to forward the proxy-related materials and Voting Instruction Form to objecting beneficial owners under NI 54-101.

Changing Your Vote

Registered Shareholders can revoke their previously submitted proxy form by voting at the Meeting. That will automatically revoke their previous proxy. In addition, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or their attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal and by a director, officer or attorney thereof duly authorized, and deposited either: (i) at the offices of Essential's transfer agent, Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department) not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Alberta, before the time set for the holding of the Meeting or any adjournment(s) thereof; or (ii) at the head office of Essential at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used.

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

Advance Notice Requirement

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

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

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

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

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

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

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Essential is authorized to issue an unlimited number of Shares. As at March 22, 2021, an aggregate of 141,856,813 Shares were issued and outstanding. Each Shareholder is entitled to one vote for each Share held.

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

APPROVAL REQUIREMENTS

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

MATTERS TO BE ACTED UPON AT THE MEETING

Item 1 - Presentation of Financial Statements

Essential will present to Shareholders the consolidated audited financial statements of Essential for the year ended December 31, 2020 and the auditors' report thereon. The financial statements for the year ended December 31, 2020 have been approved by the Board of Directors and no formal action will be taken at the Meeting to approve the financial statements.

Item 2 - Election of Directors

Shareholders will be asked to elect the proposed directors set forth below to hold office until the next annual meeting of Shareholders or until their successors are elected or appointed. There are presently five directors of Essential. Each of the directors have been nominated to stand for re-election to the Board until the Company's 2022 annual meeting or until their successors are elected or appointed.

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

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

The name of each nominee and their relevant information is set out below. Also included is Share ownership, Share-based awards and Share option-based awards outstanding at March 22, 2021 for the nominee directors. Share-based awards include awards under the Deferred Share Unit ("**DSU**") Plan ("**DSU Plan**") and the Restricted Share Unit ("**RSU**") Plan ("**RSU Plan**"). Share option-based awards include the option to purchase Shares ("**Share Options**") under the Company's share option plan (the "**Share Option Plan**"). Non-employee directors are excluded from participation in the Share Option Plan and as such, Share Options may not be granted to non-employee directors.

<table>
<tr><td rowspan="6">Garnet K. Amundson
Age: 59
Calgary, Alberta, Canada
Director since April 2008[1]</td><td colspan="3">Mr. Amundson is the President, Chief Executive Officer and a Director of Essential, and has been, since 2008. He was one of the founders of Builders Energy Services Trust ("Builders") in 2004. Mr. Amundson led Essential and its predecessors through the initial public offering of Builders, two public company merger transactions with the acquisitions of Builders in 2008 and Technicoil Corporation in 2011, the acquisition and integration of numerous private oilfield service companies and multiple oilfield service-line business dispositions. Prior to his role at Essential, Mr. Amundson's business experience included managerial and officer roles at various levels of seniority with multi-national oil and gas producers, an international fertilizer company and a national accounting firm. He holds the Chartered Professional Accountant (CPA, CA) designation.</td></tr>
<tr><td>Board/Committee Memberships</td><td colspan="2">Attendance at Meetings during 2020</td></tr>
<tr><td>Board of Directors</td><td>6 of 6</td><td>100%</td></tr>
<tr><td>Health, Safety and Environment ("HSE") Committee</td><td>4 of 4</td><td>100%</td></tr>
<tr><td colspan="3">Other Public Company Board Memberships</td></tr>
<tr><td colspan="3">None</td></tr>
</table>

Securities Held					
Shares	**DSUs**	**RSUs**	**Total Value [2]**	**Share Options**	**Meets Share Ownership Requirements [3]**
1,247,485	5,913,951	3,910,576	$3,543,044	905,000	n/a

<table>
<tr><td rowspan="6">James A. Banister
Age: 76
Calgary, Alberta, Canada
Director since April 2008[1]</td><td colspan="3">Mr. Banister is an independent businessman. He is the President and Chief Executive Officer of BanCor Inc., a private investment company since 1997. Mr. Banister has been an independent businessman since 1985 and has served as a director on the boards of a variety of public and private companies. Mr. Banister has a Diploma in Business Administration.</td></tr>
<tr><td>Board/Committee Memberships</td><td colspan="2">Attendance at Meetings during 2020</td></tr>
<tr><td>Board of Directors</td><td>6 of 6</td><td>100%</td></tr>
<tr><td>C&G Committee</td><td>4 of 4</td><td>100%</td></tr>
<tr><td colspan="3">Other Public Company Board Memberships</td></tr>
<tr><td colspan="3">None</td></tr>
</table>

Securities Held					
Shares	**DSUs**	**RSUs**	**Total Value [2]**	**Share Options [4]**	**Meets Share Ownership Requirements [3]**
1,071,230	1,022,842	nil	$670,103	nil	Yes

<table>
<tr><td rowspan="3">Robert T. German
Age: 61
Calgary, Alberta, Canada
Director since May 2011</td><td colspan="5">Mr. German is the Vice President, Finance at Oculus Transport Ltd., a private oilfield hauling company, since 2015. Prior thereto, Mr. German was with Horizon North Logistics as the President and Chief Executive Officer and Director (2010 to 2014). Mr. German has over 30 years of experience and holds the Chartered Professional Accountant (CPA, CA) designation.</td></tr>
<tr><td colspan="5"><table><tr><th>Board/Committee Memberships</th><th colspan="2">Attendance at Meetings during 2020</th></tr><tr><td>Board of Directors
Audit Committee
HSE Committee</td><td>6 of 6
4 of 4
4 of 4</td><td>100%
100%
100%</td></tr></table></td></tr>
<tr><td colspan="5">Other Public Company Board Memberships
None</td></tr>
<tr><td colspan="6">Securities Held</td></tr>
<tr><th>Shares</th><th>DSUs</th><th>RSUs</th><th>Total Value (2)</th><th>Share Options (4)</th><th>Meets Share Ownership Requirements (3)</th></tr>
<tr><td>42,000</td><td>742,878</td><td>nil</td><td>$251,161</td><td>nil</td><td>Yes</td></tr>
</table>

<table>
<tr><td rowspan="3">Nicholas G. Kirton
Age: 76
Calgary, Alberta, Canada
Director since May 2009(1)</td><td colspan="5">Mr. Kirton is an independent businessman and formerly a partner with KPMG LLP, until 2004. Mr. Kirton has been a director of a number of publicly traded companies. He holds the Chartered Professional Accountant (CPA, CA) designation and is a Fellow of the Chartered Professional Accountants. Mr. Kirton holds the ICD.D designation from the Institute of Corporate Directors.</td></tr>
<tr><td colspan="5"><table><tr><th>Board/Committee Memberships</th><th colspan="2">Attendance at Meetings during 2020</th></tr><tr><td>Board of Directors
Audit Committee
C&G Committee</td><td>6 of 6
4 of 4
4 of 4</td><td>100%
100%
100%</td></tr></table></td></tr>
<tr><td colspan="5">Other Public Company Board Memberships
The Green Organic Dutchman Holdings Ltd. (TSX: TGOD)</td></tr>
<tr><td colspan="6">Securities Held</td></tr>
<tr><th>Shares</th><th>DSUs</th><th>RSUs</th><th>Total Value (2)</th><th>Share Options (4)</th><th>Meets Share Ownership Requirements (3)</th></tr>
<tr><td>235,500</td><td>731,228</td><td>nil</td><td>$309,353</td><td>nil</td><td>Yes</td></tr>
</table>

<table>
<tr><td rowspan="3">Robert B. Michaleski
Age: 68
Calgary, Alberta, Canada
Director since June 2013</td><td colspan="3">Mr. Michaleski is an independent businessman. He is a retired senior executive after spending the majority of his career at Pembina Pipeline Corporation. He was the Chief Executive Officer (2000 to 2013) and President (2000 to 2012). Mr. Michaleski holds the Chartered Professional Accountant (CPA, CA) designation.</td></tr>
<tr><td colspan="3"><table>
<tr><th>Board/Committee Memberships</th><th colspan="2">Attendance at Meetings during 2020</th></tr>
<tr><td>Board of Directors
Audit Committee
C&G Committee
HSE Committee (5)</td><td>5 of 6
3 of 4
4 of 4
3 of 3</td><td>83%
75%
100%
100%</td></tr>
</table></td></tr>
<tr><td colspan="3">Other Public Company Board Memberships
Vermillion Energy Inc. (TSX:VET)</td></tr>
</table>

Securities Held					
Shares	**DSUs**	**RSUs**	**Total Value (2)**	**Share Options (4)**	**Meets Share Ownership Requirements (3)**
160,000	759,761	nil	$294,324	nil	Yes

Notes:

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

(2) *Based on the March 22, 2021, Share price of $0.32 and includes the number of Shares, DSUs and if applicable, the number of RSUs.*

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

(4) *Non-employee directors are excluded from the Share Option Plan and as such, Share Options may not be granted to non-employee directors.*

(5) *Mr. Michaleski joined the HSE Committee effective June 15, 2020. He had perfect attendance for the period he was on the HSE Committee.*

Board Skill Set Matrix
The following table reflects the diverse and broad skill set of the nominee directors.

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

Share Ownership Guidelines

The Board of Directors has guidelines for minimum share ownership requirements for non-employee directors. Within a three year time frame, starting from the latter of March 2012 or appointment to the Board of Directors, each non-employee director is expected to own a minimum of three times the annual retainer received, calculated as: (i) the greater of the cost of the Shares when purchased and the market value of the Shares at time of measure; plus (ii) the greater of the grant date value of DSUs and the market value of DSUs at the time of measure. Upon assessment in the fourth quarter of 2020, each existing director met the minimum ownership requirement.

Voting Recommendation

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

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed director is, or was within the last 10 years prior to March 22, 2021 a director, chief executive officer ("**CEO**") or chief financial officer of any company (including Essential) that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under Canadian securities legislation that lasted for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under Canadian securities legislation that lasted for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director: (i) is, or was within the last 10 years prior to March 22, 2021 a director or executive officer of any company (including Essential) that, while that person was acting in that capacity, or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has within the last 10 years prior to March 22, 2021 become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

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

Shareholder Engagement

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

Governance Scorecard

Board Composition and Policies		Page Reference
Number of independent directors (1)	4 of 5 (80%)	39
Every meeting has an *in camera* session without the employee director	Yes	39
Share ownership policy for directors	Yes	11
Formal Board assessment process	Yes	48
Director attendance at 100% of the Board / committee meetings (2)	No	40
Directors that are on an excessive number of other public company boards	None	39
Governance		
Fully independent chair of the Board	Yes	40
Fully independent Audit and C&G Committees	Yes	39
Separate Board Chair and Chief Executive Officer	Yes	
Anti-hedging policy	Yes	21
Directors elected individually (not by slate)	Yes	7
Majority voting policy	Yes	8
Board succession planning	Yes	45
Regular engagement with Shareholders	Yes	12
Board oversight of Environment, Social and Governance ("**ESG**") matters	Yes	47
Audit		
Percentage of Audit Committee members that are financial experts (3)	100%	41

Notes:

(1) Mr. Amundson, by virtue of his role as President & Chief Executive Officer of Essential is considered non-independent.

(2) Other than Mr. Michaleski, each of the Board members had 100% attendance at all Board and committee meetings in 2020 (for the committees they are a member of).

(3) All of the Board members are financially literate, four of the five Board nominees are financial experts (CPA, CA designated) and each of the Audit Committee members are financial experts (CPA, CA designated).

Item 3 - Appointment of Auditors

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

Certain information regarding the Audit Committee, including the fees paid to Essential's auditors in the last fiscal year, that is required to be disclosed in accordance with National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") of the Canadian Securities Administrators is contained in the current Annual Information Form ("**AIF**") dated March 3, 2021 and is incorporated by reference herein. The current AIF is available on Essential's SEDAR profile at www.sedar.com. The AIF is also available to Shareholders, free of charge, upon request at Essential Energy Services Ltd., Livingston Place West, 1100, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1, attention: Corporate Secretary, by telephone at (403) 513-7272 or by email at service@essentialenergy.ca.

The Audit Committee formally reviews and evaluates the performance of the external auditors annually. Every five years, a comprehensive review is completed and in the interim years an auditor evaluation questionnaire is used. When completed, the comprehensive review evaluates the external auditor's performance and independence and has been carried out under guidance published by Chartered Professional Accountants of Canada, the Institute of Corporate Directors and the Canadian Public Accountability Board. The review focuses on the following key factors affecting audit quality: independence, objectivity and professional skepticism of the external auditor; quality of the external auditor's engagement team; and quality of the communications and interactions between the Audit Committee and the external auditor. In the interim years, the auditor evaluation questionnaire that is used is a formal, but not comprehensive, assessment.

In December 2020, the Audit Committee conducted a review of KPMG using an auditor evaluation questionnaire. The questionnaire evaluated KPMG in terms of the quality of services provided, independence and various other aspects of the services they provided. The Audit Committee concluded to recommend the re-appointment of KPMG as auditors until the next annual meeting.

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

Item 4 – Other Business

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

EQUITY COMPENSATION PLANS

Share Option Plan

Essential's Share Option Plan is designed to provide officers and employees of, and consultants to, the Company and its subsidiaries (collectively, the "**Optionees**") with a long-term equity-based performance incentive. Under the Share Option Plan, the Board of Directors or a committee of the Board of Directors appointed from time to time (if appointed, such committee is referred to as the "**Committee**") may grant Share Options to Optionees. Non-employee members of the Board of Directors are not allowed to participate in the Share Option Plan.

On May 9, 2019, the Shareholders approved the unallocated Share Options under the Share Option Plan and provided authorization for Essential to grant any unallocated options under the Share Option Plan until May 9, 2022.

The Share Option Plan is the only security-based compensation arrangement that Essential has. A copy of the Share Option Plan can be found at Essential's SEDAR profile at www.sedar.com. The terms of the Share Option Plan are summarized as follows:

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

Limitations: The maximum number of Shares issuable on exercise of the Share Options and pursuant to all other security-based compensation arrangements of the Company shall be limited, in the aggregate, to 6% of the issued and outstanding Shares. The number of Shares issuable pursuant to the Share Options granted under the Share Option Plan or any other security-based compensation arrangements of the Company: (i) issuable to insiders at any time may not exceed 6% of the issued and outstanding Shares; and (ii) issued to insiders within any one-year period may not exceed 6% of the issued and outstanding Shares. The Share Options granted under the Share Option Plan are personal to the Optionee and are not assignable, except in the case of death of an Optionee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Restricted Share Unit Plan

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

The terms of the RSU Plan are summarized as follows:

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

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

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

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

Settlement of RSUs: RSUs will be settled by cash payment to the Participant. The value of each RSU will be equal to the volume weighted average trading price of the Shares on the TSX (or such other stock exchange on which the Shares may be listed and if the Shares are listed on more than one stock exchange, such stock exchange as may be designated by the Board of Directors) for the five trading days immediately preceding the vesting date, less any applicable withholding taxes.

Termination of RSUs: If a Participant is terminated "For Cause" (as such term is defined in the RSU Plan) or resigns, all unvested RSUs and any vested RSUs that have not been paid shall be cancelled. If a Participant ceases to be an officer or employee of, or consultant to the Company or its subsidiaries for any other reason, except in the case of death of the Participant, subject to any resolution passed by the Committee, any RSUs which have not become vested

RSUs within a period of 90 days succeeding such Participant ceasing to be an officer or employee of, or consultant to the Company shall be cancelled and of no further effect. In the case of the death of a Participant, all unvested RSUs shall immediately vest and be paid to the Participant's designated beneficiary as soon as possible following 90 days from the date of the Participant's death, or such earlier or later date as may be agreed to with the beneficiary.

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

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

Shares Authorized for Issuance Under Equity Compensation Plans

The following tables that set forth information with respect to Essential's long-term incentive plans ("**LTIP**") solely relate to Essential's Share Option Plan at December 31, 2020:

Plan Category	Number of Shares to be issued upon exercise of outstanding Share Options at December 31, 2020	Weighted-average exercise price of outstanding Share Options	Number of Shares remaining available for future issuance under equity compensation plans (1)
Equity compensation plans approved by Shareholders:			
Share Option Plan	3,263,583	$0.62	5,247,826
Equity compensation plans not approved by Shareholders	n/a	n/a	n/a
Total	3,263,583	$0.62	5,247,826

Note:
(1) The maximum number of Shares that could be issued by the Company on the exercise of Share Options at December 31, 2020 was 6% of issued and outstanding Shares.

Share Option Burn Rate

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

	2020	2019	2018
Equity compensation plans approved by Shareholders:			
Share Option Plan grants	Nil	532,000	Nil
Weighted average shares outstanding	141,856,813	141,856,813	141,856,813
Burn rate	0.0%	0.4%	0.0%

EXECUTIVE COMPENSATION

In this section, the term EBITDAS is used. This term does not have a standardized meaning prescribed by International Financial Reporting Standards ("**IFRS**") and may not be comparable to similar measures presented by other companies. Refer to the "Non-IFRS Measure" section for definition of this term.

Mandate and Composition of the C&G Committee

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

Effective January 26, 2021, the C&G Committee is composed of three directors. As set out in the mandate of the C&G Committee, a majority of the members must be independent. The Board of Directors appoints the Chair of the C&G Committee. A fourth member of the C&G Committee, Steven Sharpe, resigned from the Board on January 26, 2021.

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

The members of the C&G Committee are:

	Independent [(1)]	Experience Relevant for Executive Compensation
Robert Michaleski, Chair	Yes	14 years as the Chief Executive Officer of a publicly traded entity representing management on executive compensation matters.
James Banister	Yes	Over 25 years of experience managing executive compensation in oilfield service companies; specifically, with small market capitalization companies.
Nicholas Kirton	Yes	In the past 16 years has served on the compensation committee of four public companies, including Essential. Holds the ICD.D (Institute of Corporate Directors) certification which includes education regarding executive compensation.

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

Compensation Discussion and Analysis

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

The NEOs of the Company for the year ended December 31, 2020 were:

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

Throughout the Executive Compensation section, when used, the term Executive NEO refers to Mr. Amundson, Mr. Heck, Mr. Newman and Ms. Perasalo.

Compensation Philosophy, Strategy, Objectives and Components

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

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

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

In the period 2012 to 2015, Essential utilized third party compensation consultants to provide a strategy for Essential's compensation structure for the executives and the Board of Directors. This included consideration of the various pay elements to align them with market practices, Essential's compensation philosophy, and to develop a strategy regarding compensation against the peer group, including making compensation decisions based on market data.

Commencing in 2015 and continuing through 2020 (the "**Downturn**"), the significant decline in commodity prices and customer spending resulted in reduced and volatile business activity. As a result, NEO compensation decisions during the Downturn placed less consideration on direct peer group comparison and instead focused on Essential's financial health and performance, ability to pay, and individual performance and relativity. The C&G Committee has not engaged a compensation consultant since 2015.

Essential's NEO compensation program typically includes four components: salary, annual bonus plan ("**ABP**"), LTIP and benefits. LTIP includes Share Options, RSUs and DSUs. Essential does not have a target ratio for each of the four individual components but the C&G Committee does consider the relative ratio of each element of pay. These elements also vary in size and proportion each year depending on cash availability of the Company and the individual's performance.

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

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

Compensation Overview Table

Type of Compensation	Component	Objective	Form	Performance Period
Fixed Compensation	Salary (1)	Compensates NEOs for performing day-to-day responsibilities	Cash	Ongoing
Variable Compensation	Short-term incentive (ABP)	Rewards accomplishment of annual business, safety and individual goals	Cash	One year
	Medium-term incentive (LTIP)	Aligns compensation with medium-term corporate performance and the interests of Shareholders	RSUs (time and/or performance-vested)	One to three years
	Long-term incentive (LTIP)	Aligns compensation with long-term corporate performance and the interests of Shareholders	DSUs (time-vested) Share Options	Indefinite (2) One to five years
Other Compensation (3)	Savings plan	Assist with saving including investment in Essential's Shares	Match/supplement NEO savings plan contributions (4)	Ongoing
	Benefits	Provide market competitive benefits	Life and accidental death and dismemberment insurance, disability insurance, health, vision and dental coverage	Ongoing
	Perquisites	Market competitive perquisites that vary based on seniority	Taxable allowances or perquisites	Ongoing

Notes:
(1) While salary is considered a "fixed" component, NEOs are subject to downside risk. From 2015 to 2020, NEO salaries have been rolled-back, to varying degrees, below their base salaries.
(2) Cash payment is not received until the NEO departs the organization.
(3) Essential does not have a pension plan.
(4) The matching program was suspended in May 2020.

Compensation Approval Process

The C&G Committee reviews the various compensation components both individually and in total, to ensure they align with the program objectives. The C&G Committee then recommends all Executive NEO compensation components to the Board of Directors for their approval. Typically, this process begins in the fall with any LTIP grants occurring in January and ABP payments typically occurring in March, based on performance from the previous year. Salaries are typically reviewed in June after peer information circular documents are available. There was a departure from some of the typical processes in 2020. See "2020 Macroeconomic and Health Pandemic Challenges for Oilfield Services".

Peer Group / Benchmark Review

The peer group is considered by the C&G Committee annually based on the following criteria: market capitalization, revenue, earnings, number of employees and the requirement that the peer company is a drilling or oilfield services company that is publicly traded in Canada and headquartered in Canada. The peer group for 2020 data analysis (analysis of 2019 data in 2020) included:

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

The peer group is typically analyzed for the following compensation elements: salary, bonus and the estimated value of equity-based incentives. The C&G Committee acknowledges that during the Downturn, business performance, debt levels and financial conditions faced by some peers could have dictated decisions and outcomes that may not be relevant to Essential's compensation practices. Generally, due to the static or reduced nature of NEO cash compensation during the Downturn, peer data has generally not been used to set compensation but has nonetheless been considered to understand where NEO compensation fits relative to the peer group. However, as the Downturn has continued at length, Executive NEO 'normal', unreduced base salaries have generally been unchanged for more than six years. In 2020, peer data and other market information was reviewed and considered to set select NEO base salaries, from which rollbacks were applied.

Risk and Compensation

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

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

- Total compensation for NEOs consists of: salary, ABP, LTIP and benefits. At the NEO level, a significant percentage of total compensation is tied to LTIP. Share Options are vested over three years and exercisable up to five years from the date of grant. RSUs typically vest over a three-year period and expire at the end of three years. DSUs typically vest after one year, unless otherwise determined by the C&G Committee, however, they cannot be exercised until the NEO leaves the organization.

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

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

2020 Macroeconomic and Health Pandemic Challenges for Oilfield Services

In early March 2020, the Saudi Arabia/Russia oil price war resulted in sudden oil price destruction. This, coupled with the world-wide COVID-19 health pandemic that decimated global demand for hydrocarbons, resulted in unprecedented low oil prices. For exploration & production ("**E&P**") companies, which includes Essential's customers, these macroeconomic factors resulted in significantly lower cash flow and lower capital spending, which translated into reduced drilling and completion activity and reduced demand for oilfield services.

Government Health Pandemic Programs

Essential took decisive action on compensation reductions, bonus and incentive program suspensions, and other operations-related cost reductions so Essential could endure the anticipated significant industry activity reductions and maintain a strong balance sheet. Essential's potential eligibility and magnitude of government support programs including, but not limited to, the Canadian Emergency Wage Subsidy ("**CEWS**") and the US Paycheck Protection Plan ("**PPP**"), were not known at the time of Essential's rollout of compensation and workforce reductions discussed below. The subsequent benefits of the programs contributed to Essential finishing 2020 with EBITDAS of $13.5 million and cash, in excess of long-term debt of $6 million.

2020 Initial Compensation Reductions

Due to the unforeseen, sudden, and further industry downturn in 2020 and given the future demand uncertainty for oil because of the health pandemic, steps were taken in the second quarter of 2020 that significantly impacted NEO, employee and Board of Director compensation. Prior to knowing Essential's eligibility and the magnitude of government pandemic support programs, these steps were taken, among other cost-reduction measures throughout the organization, to decrease costs, preserve cash flow and maintain the strength of the balance sheet. The compensation-related steps, effective as of May 2020 included:

- Salary: Salaried employees were subject to a salary rollback. The Executive NEOs agreed to voluntary salary rollbacks up to 50% from base salaries. For employees below the Executive NEO level, salaries and wages were generally rolled back 5 – 25%.
- ABP: Essential suspended the 2020 ABP program for NEOs and staff.
- LTIP: Incremental LTIP awards were provided to the NEOs and certain employees to partially compensate for the salary rollbacks and suspended ABP. The number of RSUs and DSUs granted were determined as a percentage of foregone salary and ABP. This transferred incremental weight to at-risk pay. The RSUs granted in May 2020 have a performance-vesting component, based on Essential's "ability to pay" at the time of vesting. The performance-vesting criteria and compensation deferral provides significant alignment with Shareholder value. The concept of "ability to pay" and further detail about this grant is described under "Compensation Components – Details – Long-Term Incentive Plans – RSU Plan". The DSUs were only granted to Executive NEOs and Board members and are not realizable until an individual leaves the Company.
- Benefits: Essential suspended matching under the Employee Savings Plan (as defined below). Essential also adjusted NEO and employee benefits coverage and introduced incremental employee usage fees and benefits premiums for all staff.
- Board Compensation: Essential's Board of Directors volunteered a 50% reduction in Board retainers and meeting fees from January 2020 levels. Incremental LTIP awards were provided to the Board members to partially offset this reduction in cash compensation.

In addition, Essential reduced its employee workforce by 36%. The headcount fell from 382 at December 31, 2019 to 244 employees at May 31, 2020.

These steps resulted in a significant decrease in cash compensation for the NEOs, Board of Directors and all employees in 2020. The NEOs and the Board of Directors led by example by accepting voluntary compensation reductions prior to the implementation of company-wide compensation reductions and employee workforce reductions. The NEO compensation reductions were made in the second quarter of 2020, without the benefit of having access to peer data or clarity about the magnitude of government support. Further, during such a dramatic economic downturn as experienced in the industry in early 2020, the compensation response by each peer company was expected to be unique and unpredictable. It is not until the peer 2020 annual public disclosures are available in spring 2021 that the C&G Committee will completely understand how the steps taken by Essential compared to Essential's peer group.

Mid-Year Compensation Adjustments

As 2020 progressed, better than forecasted activity, the impact of Essential's cost management initiatives and higher than anticipated benefits from government pandemic business support programs resulted in better financial performance than initially anticipated. Uncertainty was still high in mid-2020. At this time, management amended Essential's Credit Facility on July 9, 2020, which provided covenant relief to the end of 2021. However, as the summer progressed, there were signs of the beginning of an improved outlook for business activity. On August 10, 2020, Essential publicly reported cash in excess of long-term debt. With this improvement in activity and outlook, and a strong financial position, the C&G Committee took preliminary steps to reconsider the significant cash-compensation reductions implemented in May 2020.

In September 2020, salaries for two Executive NEOs were partially reinstated to 20% rollbacks. The significant salary reductions that the Executive NEOs volunteered in May 2020 appeared to far exceed peer company rollbacks. The salaries for the remaining two Executive NEOs remained reduced by 50% from their base salaries.

Later in 2020, given the factors discussed above (improved activity, outlook and strong financial position), the C&G Committee also reconsidered the impact of the suspended ABP. The NEOs and eligible staff received discretionary bonuses for financial, safety and personal performance, based on Essential's "ability to pay" for the latter part of 2020. Final decisions on discretionary NEO bonuses for 2020 were not made until financial results for the year were known. Notwithstanding relatively strong business and HSE performance, these discretionary NEO bonuses were well below rewards that would have been paid under the structured ABP parameters (see "Compensation Components – Details Annual Bonus Plan – Framework") and well below target and 2019 ABP payments.

Compensation Components - Details

Salary

Framework

Prior to the Downturn, salary was based on relevant market information and an NEO's experience, performance and scope of responsibility. For a fully competent NEO in a given position, Essential targeted salary at the median of the peer group. A high performing, long-serving NEO with a broader than typical role scope could have salary exceeding the peer group median. Since 2015, NEO salaries have been rolled-back to varying degrees.

2019 and 2020

In 2019, Executive NEO salaries were reduced 15-20%. In January 2020, salaries were fully re-instated for the first time since 2014. However, due to the issues discussed under "2020 Macroeconomic and Health Pandemic Challenges for Oilfield Services", NEO salaries were once again reduced effective May 2020 by up to 50%. In hindsight, Essential believes the reductions taken were higher than those taken by Essential's peer group.

As 2020 progressed, better than forecasted activity, the impact of Essential's cost management initiatives and higher than anticipated benefits from the CEWS and the PPP resulted in better financial performance than initially expected. On August 10, 2020, Essential publicly reported cash in excess of long-term debt. In addition, there was an improved outlook for business activity, the Credit Facility was amended with covenant relief to the end of 2021, and peer compensation data for 2019 was available. With consideration of these factors, the C&G Committee closely monitored economic conditions, business performance and NEO cash compensation between May and December 2020, with a view to making adjustments as appropriate. For the period May 2020 to December 2020, the NEO Salaries were rolled back 21% to 50% from their base salaries.

Annual Bonus Plan

Framework

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

(a) Assessment of the execution of an effective HSE program, fostering a safety conscious culture and strong statistical safety performance. This includes the measure of total recordable incident frequency ("**TRIF**") against targets that are typically set late in the previous year. TRIF measures the number of total recordable injuries in the exposure period as a percentage of workforce hours;

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

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

For each of the three categories, actual performance results are compared against predetermined criteria to determine if performance warrants a minimum (nil), threshold, target or maximum award, or somewhere in between. In the case of significant underperformance, any category can be assigned a zero. The categories are weighted relative to one another and a performance factor is then applied to the sum to determine an individual's ABP payment.

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

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

The Board of Directors approves the total Company ABP pool and individual Executive NEO ABP awards each year. The Board of Directors can exercise discretion when determining an Executive NEO's ABP award. Executive NEO ABP awards are specified in contractual agreements. Through the Downturn, the Executive NEOs often volunteered to accept reduced cash ABP, below contractual levels, despite strong personal performance. In some years, a portion of that voluntary cash compensation reduction was replaced with higher risk RSU or DSU compensation.

The oilfield service sector is very cyclical in nature. As a result, the annual payout of ABP awards fluctuate in relation to Company performance and the condition of the oil and gas industry in the Western Canadian Sedimentary Basin. The ABP does not constitute a promise to pay. The ABP may, from time to time, be changed, altered, modified, suspended or revoked at the discretion of the Board of Directors. Since 2014, the ABP was suspended in two separate years, with nil payments.

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

2019 and 2020

In 2019, based on evaluation of results compared to specified benchmarks, HSE was ranked as "maximum" due to the strong safety results in 2019. The performance factor was ranked "below target" by the Board of Directors, resulting in lower than target ABP payments for the NEOs. The "below target" assessment was driven by reduced industry activity and resultant lower EBITDAS generation in 2019. Achievement of individual goals and individual performance was factored into each NEO's ABP determination. Generally, individual NEO performance was assessed "above target" in most categories.

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

Executive NEO 2020 discretionary bonuses were approximately 28% to 38% of their calculated 2020 'target' ABP eligibility, which does not correlate with the relatively strong 2020 performance in HSE, EBITDAS generation, adjustment of business strategy to the challenges of the health pandemic and economic downturn and achievement of personal goals. The 2020 Executive NEO discretionary bonuses were also significantly lower than their 2019 ABP awards.

Long Term Incentive Plans

Prior to the Downturn, the number of Share Options, RSUs and/or DSUs granted annually to each NEO targeted the median of the peer group such that, when combined with other elements of compensation, Total Compensation (salary plus target ABP plus LTIP) could achieve the 75th percentile of the peer group when Share price performance warrants, or above in the case of superior Share price performance. During the Downturn, LTIP grants have been based largely on historical grants. In 2020, regular LTIP grants were largely based on similar value to 2018 and 2019 regular grants.

Superior or inferior Share price performance cannot be predicted at the time of grant and is only known at the time of exercise of Share Options, RSUs or DSUs. For this reason, LTIP compensation is considered "at-risk" compensation. RSUs may have time-vested and/or performance-vested criteria. Executive NEOs also have the option to receive a portion or all of their ABP payment in DSUs, solely at the option of the Executive NEO.

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

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

In 2020, the NEOs received Shortfall LTIP grants in RSUs and DSUs as discussed below. Note that Mr. Iluk is not eligible for DSUs so his 2020 Shortfall LTIP was 100% RSUs. The number of incremental RSUs and DSUs granted were determined as a percentage of foregone salary and ABP.

Share Option Plan

The Company's Share Option Plan provides Optionees with a long-term equity-based incentive to align the interests of management with the interests of Shareholders. As Essential's Share price rises, Share Options increase in value. Share Options have recently only been granted to Executive NEOs. There were no Share Options granted in 2020.

The Share Option Plan is described in detail under the heading "Equity Compensation Plans – Share Option Plan". More information regarding Share Options granted to NEOs is available in the table under the heading "Outstanding Option-Based Awards and Share-Based Awards".

RSU Plan

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

The time and performance vesting provisions of the RSU Plan are subject to the discretion of the C&G Committee and may be based on (i) a Participant's continued employment with the Company, or (ii) any criteria established by the C&G Committee in order to measure the Company's performance over time. Historical RSU grants have ranged from 100% performance-vested to 100% time-vested with varying proportions in between. In setting the vesting-criteria for a particular grant, the C&G Committee considers other elements of compensation, seniority in the organization and objectives of the grant. As at December 31, 2020, all outstanding RSUs except the 2020 Shortfall RSUs (defined below) were 100% time vested.

In addition to the regular 2020 RSU grant, in May 2020, an incremental RSU ("**Shortfall RSU**") grant was awarded to NEOs and certain employees to partially compensate for rolled-back salaries and the suspended/reduced ABP. The vesting criteria for the Shortfall RSUs were 100% performance vesting in either of 2021 and 2022, based on Essential's "ability to pay" at time of vesting, or 100% time vesting for 2023 in the event the Shortfall RSUs did not vest in 2021 or 2022. This transferred more risk to the NEOs compensation plan. Both the performance-vesting criteria and the deferral of compensation for up to three years, provides significant alignment with Shareholder value. The ability to pay is based on financial performance relative to a pre-determined EBITDAS benchmark. Since Essential does not provide earnings guidance, it is unable to disclose the specific benchmark. The Shortfall RSUs have unique vesting terms whereby if a tranche does not vest in a particular year, that tranche does not expire but is held to be re-tested in the subsequent year. At the end of three years, if the vesting criteria is not met, the Shortfall RSUs time-vest. Accelerated vesting may also occur whereby if the benchmark is achieved in a particular year, future tranches will accelerate and vest early. These unique vesting features are only attributed to these Shortfall RSUs. Special vesting criteria was warranted since the Shortfall RSUs were granted to compensate for significantly reduced salary and ABP.

More information regarding RSUs granted to NEOs is available in the table under the heading "Outstanding Option-Based Awards and Share-Based Awards". The values presented in the table are theoretical values for RSUs at December 31, 2020, not the value that may ultimately be realized by the NEO.

Deferred Share Unit Plan

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

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

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

- Automatic DSU Retainer - the C&G Committee may determine that a certain percentage of the annual retainer payable to Eligible Directors will automatically be satisfied in the form of DSUs.

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

- Discretionary DSU - the C&G Committee may grant discretionary DSUs to an Eligible Director in respect of the services the Eligible Director renders to the Company as a member of the Board of Directors.

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

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

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

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

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

In May 2020, Executive NEOs received an incremental DSU ("**Shortfall DSU**") grant to partially recognize reduced salaries and suspended/reduced ABP. The use of DSUs in lieu of cash compensation transferred more weight of the Executive NEOs compensation plan to at-risk pay.

Board members also received a Shortfall DSU grant in May 2020 in partial consideration for the 50% reduction in their retainers and meeting fees effective May 2020.

More information regarding DSUs granted to Executive NEOs is available in the table under the heading "Outstanding Option-Based Awards and Share-Based Awards". The values presented in the table are theoretical values for DSUs at December 31, 2020, not the value that may ultimately be realized by the Executive NEO.

More information regarding DSUs granted to Eligible Directors is available in the table under the heading "Directors' Outstanding Option-Based Awards and Share-Based Awards". The values presented in the table are theoretical values for DSUs at December 31, 2020, not the value that may ultimately be realized by the Eligible Director.

Employee Benefits

Essential's employee group health benefits and savings plans support the health and well-being of its employees and NEOs. Essential does not have a pension plan or provide any pension benefits to its employees or NEOs. The plans are reviewed periodically to ensure they remain market competitive and continue to meet these objectives.

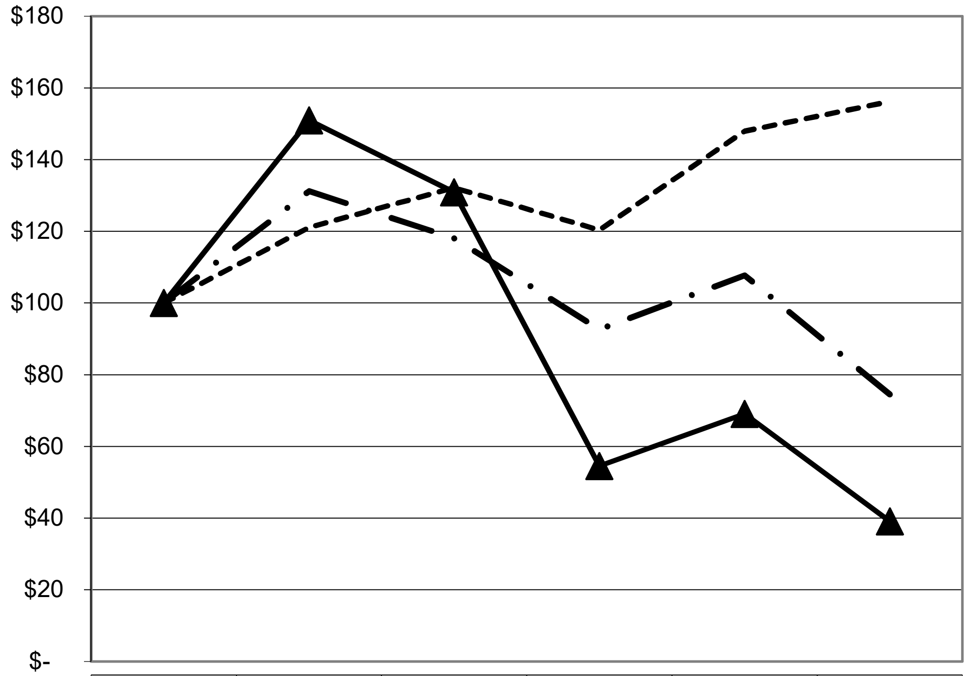
Group Health Benefits Plan
Essential's group health benefits plan is designed to protect the health of its employees and NEOs and that of their dependents and provide certain coverage in the event of disability or death. The Company believes that, relative to industry peers, the group plan is an industry-competitive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

Employee Savings Plan
All employees and NEOs may contribute to Essential's employee savings plan ("**Employee Savings Plan**"), through payroll deduction, up to a pre-determined percentage of their base salary, to purchase either Shares or contribute to a group investment account, or a combination of both. The contributions may be to a registered or a non-registered account, or a combination of both.

In May 2020, Essential suspended company-matching contributions of NEOs' and employees' personal contributions to the Employee Savings Plan.

Performance Graph

The following graph illustrates the cumulative total shareholder return for $100 invested in Essential, effective December 31, 2015 compared to the S&P TSX Composite Total Return Index (the "**Index**") for the applicable period, assuming all distributions and dividends are reinvested, and compared to the S&P TSX Energy Index (the "**Energy Index**"). The Energy Index is comprised of large capitalization Canadian E&P companies. While this is not a pure comparative due to Essential being a microcap oilfield services company, it reflects industry trends that Essential experienced.



	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
ESN	$100	$151	$131	$55	$69	$39
S&P TSX Index	$100	$121	$132	$120	$148	$156
S&P TSX Energy Index	$100	$131	$118	$93	$108	$74

The five year period displayed above portrays Essential's Share price through the extended industry Downturn. The initial increase in 2016 is a partial recovery after a dramatic Share price decrease in 2015. Over the five year period, Essential's Share price generally followed the trend of the Energy Index, with a much sharper decline in 2018. This decline may be attributed to Essential's relatively small market capitalization and low trading liquidity.

Compensation Granted Versus Compensation Realized

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

Using the CEO as a representative example for the compensation impact on all NEOs, in the following table, in the line titled "CEO Realized Compensation", the granted values for Share-based awards and Share Option-based awards as presented in the Summary Compensation Table have been replaced with the value that was actually *realized* (i.e. received) on the exercise of Share-based awards and Share Option-based awards in each year. The actual compensation realized by the CEO in 2020 was $0.7 million compared to the $1.2 million value granted, as presented in the Summary Compensation Table. Over the five-year period, the granted value was $2.5 million higher than the realized value. Given the general downward trajectory of Essential's Share price through the Downturn, the NEOs' acceptance of decreased cash compensation and increased equity-based non-cash compensation has significantly reduced the compensation realized by NEOs. The trend in CEO total compensation is generally representative of the trend in NEO total compensation.

(millions)	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
CEO Granted Compensation (1)	$1.4	$1.9	$1.3	$1.2	$1.2	$7.0
CEO Realized Compensation (2)	$0.6	$1.0	$1.2	$1.0	$0.7	$4.5

Notes:

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

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

Summary Compensation Table for Named Executive Officers

The following is the Summary Compensation Table and sets forth for each of Essential's three most recently completed financial years information concerning the total compensation granted to the NEOs.

Name and Principal Position	Year	Salary [(1)] ($)	Share-based awards [(2)] ($)	Option-based awards [(3)] ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation [(5)] ($)	Total compensation ($)
					Annual incentive plans [(4)]	Long-term incentive plans			
Garnet Amundson [(6)] *President & Chief Executive Officer*	2020 2019 2018	$277,692 $322,008 $372,205	$680,875 $329,225 $379,200	Nil $30,000 Nil	$175,000 $390,000 $495,000	n/a n/a n/a	n/a n/a n/a	$41,631 $168,641 $44,665	$1,175,198 $1,239,874 $1,291,070
Eldon Heck *VP, Downhole Tools & Rentals*	2020 2019 2018	$166,615 $193,210 $223,462	$317,475 $137,800 $158,000	Nil $12,450 Nil	$83,000 $245,000 $490,000	n/a n/a n/a	n/a n/a n/a	$2,437 $55,796 $6,704	$569,527 $644,256 $878,166
Jeff Newman *Chief Financial Officer*	2020 2019 2018	$244,565 $227,597 $246,712	$356,082 $137,800 $158,000	Nil $12,450 Nil	$64,250 $185,000 $210,000	n/a n/a n/a	n/a n/a n/a	$72,905 $108,712 $66,505	$737,802 $671,559 $681,217
Karen Perasalo *VP, Finance & Corporate Secretary*	2020 2019 2018	$205,104 $198,992 $226,594	$276,090 $137,800 $158,000	Nil $12,450 Nil	$52,750 $155,000 $205,000	n/a n/a n/a	n/a n/a n/a	$38,433 $73,879 $27,191	$572,377 $578,121 $616,785
Jade Iluk [(7)] *Director, Human Resources*	2020 2019	$168,269 $162,885	$104,383 $99,220	Nil Nil	$18,500 $41,100	n/a n/a	n/a n/a	$8,702 $9,773	$299,854 $312,978

Notes:

(1) *Executive NEO salaries were reinstated January 6, 2020. Base salaries had been rolled-back since 2014. Mr. Newman received a base salary market adjustment based on a peer group data review.*
Effective May 2020, NEO base salaries were reduced up to 50%. Mr. Iluk received a base salary market adjustment.
Effective September 2020, base salaries for Mr. Newman and Ms. Perasalo were partially reinstated to a 20% reduction. Base salary reductions for Mr. Amundson, Mr. Heck and Mr. Iluk remained unchanged from their May 2020 base salary reductions.
For the period May 2020 to December 2020, NEO Salaries were rolled back 21% to 50% from their base salaries.

(2) *This is related to RSUs and DSUs and reflects the grant date fair value which is the theoretical expected value calculated at the date of grant by multiplying the number of RSUs and DSUs granted by the closing price of Shares on the date of grant. Share prices on date of grants:*
- *2020: March 6, 2020 - $0.28; May 19, 2020 - $0.155*
- *2019: January 8, 2019 - $0.325; August 15, 2019 - $0.33 (Mr. Iluk only)*
- *2018: January 10, 2018 - $0.79*

These values may differ from the actual value at the time the awards vest. The fair value of the award on the grant date is not different from the fair value if determined in accordance with IFRS 2 Share-based Payment. In addition to regular annual grants, 2020 included a shortfall grant as partial consideration for reduced cash compensation in 2020.

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

	2020 Option Grant	*2019 Option Grant*	*2018 Option Grant*
Share price	*n/a*	*$0.32*	*n/a*
Exercise price[(a)]	*n/a*	*$0.32*	*n/a*
Risk-free interest rate	*n/a*	*1.9%*	*n/a*
Expected volatility	*n/a*	*56.3% - 58.7%*	*n/a*
Expected term	*n/a*	*3.9 – 4.6 years*	*n/a*
Expected forfeiture rate	*n/a*	*7.6% - 13.7%*	*n/a*
Dividend yield	*n/a*	*Nil*	*n/a*
Fair value per option issued	*n/a*	*$0.15*	*n/a*

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

(4) *Reflects the value of awards earned in each year under Essential's ABP.*

(5) *For 2020, Mr. Amundson, Mr. Heck, Ms. Perasalo and Mr. Iluk: includes amounts contributed by the Company on their behalf, subsequent to their individual contribution, pursuant to the Employee Savings Plan ("**Employee Savings Plan Contribution**") in the following amounts: Amundson - $16,246; Heck - $2,437; Perasalo - $11,769; Iluk - $3,635 and a payment for forfeited vacation time in the following amounts: Amundson - $25,385; Perasalo - $26,664; Iluk - $5,067. For each NEO, the total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary.*

For 2020, Mr. Newman: includes Employee Savings Plan Contribution: $12,900; a payment for forfeited vacation time: $24,663; vehicle allowance: $21,185 and other perquisites, less than 25% of total perquisites.
*For 2019, Mr. Amundson, Mr. Heck and Ms. Perasalo: includes Employee Savings Plan Contribution in the following amounts: Amundson - $38,641; Heck - $5,796; Perasalo - $23,879. It also includes cash compensation in lieu of a planned LTIP grant in 2019 that could not be issued due to trading blackouts ("**Incremental LTIP**") in the following amounts: Amundson - $130,000; Heck - $50,000; Perasalo - $50,000. For each, the total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary.*
For 2019, Mr. Newman: includes Employee Savings Plan Contribution: $27,312; Incremental LTIP: $50,000; vehicle allowance: $20,400; health spending: $8,000 and other perquisites, less than 25% of total perquisites.
For 2019, Mr. Iluk: includes Employee Savings Plan Contribution. The total value of all other perquisites not generally available to employees did not exceed $50,000 or 10% of total salary.
For 2018, Mr. Amundson, Mr. Heck, and Ms. Perasalo: includes Employee Savings Plan Contribution. For each, the total value of other perquisites not generally available to employees did not exceed $50,000 or 10% of salary.
For 2018, Mr. Newman: includes Employee Savings Plan Contribution: $29,605; vehicle allowance: $20,400 and other perquisites, less than 25% of total perquisites.
Total salary for each year for the above perquisite assessment was considered on base salary, pre-roll-back basis.

*(6) Mr. Amundson does not receive compensation for his role as a member of the Board of Directors. Since the departure of the Chief Operating Officer ("**COO**") in November 2016, Mr. Amundson undertook the COO duties in addition to his President and CEO duties.*
(7) Mr. Iluk was considered a NEO for 2019 and 2020.

Outstanding Option-Based Awards and Share-Based Awards

The following table outlines for each NEO all Share Option-based awards and Share-based awards (RSU and DSU) outstanding as at December 31, 2020.

	Option-Based Awards				Share-Based Awards		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options [1] ($)**	**Number of shares or units of shares that have not vested [2] (#)**	**Market or payout value of Share-based awards that have not vested [3] ($)**	**Market or payout value of vested Share-based awards not paid out or distributed [4] ($)**
Garnet Amundson	430,000 250,000 455,000 200,000	$0.55 $0.61 $0.83 $0.32	Jan 7, 2021 Jun 30, 2021 Jan 10, 2022 Jan 8, 2024	Nil Nil Nil Nil	2,375,334	$510,697	$773,090
Eldon Heck	180,000 260,417 195,000 83,000	$0.55 $0.61 $0.83 $0.32	Jan 7, 2021 Jun 30, 2021 Jan 10, 2022 Jan 8, 2024	Nil Nil Nil Nil	1,040,000	$223,600	$247,035
Jeff Newman	255,000 114,583 205,000 83,000	$0.55 $0.61 $0.83 $0.32	Jan 7, 2021 Jun 30, 2021 Jan 10, 2022 Jan 8, 2024	Nil Nil Nil Nil	1,186,667	$255,133	$352,120
Karen Perasalo	180,000 114,583 175,000 83,000	$0.55 $0.61 $0.83 $0.32	Jan 7, 2021 Jun 30, 2021 Jan 10, 2022 Jan 8, 2024	Nil Nil Nil Nil	970,000	$208,550	$308,045
Jade Iluk	n/a	n/a	n/a	Nil	719,047	$154,595	Nil

Notes:
(1) Based on the market price of $0.215 as at December 31, 2020 including vested and unvested Share Options.
(2) Share based awards consist of RSUs granted in 2018, 2019, and 2020 that have not vested.
(3) Includes all unvested RSUs based on the Share price of $0.215 as at December 31, 2020.
(4) Includes DSUs that have vested but have not paid out, based on the Share price of $0.215 as at December 31, 2020. DSUs do not pay out until the NEO is no longer employed by the Company and the value is determined at that future date.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of Share Option-based awards and Share-based awards for each NEO which vested during the year ended December 31, 2020 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2020.

Name	Option-based awards – Value vested during the year (1) ($)	Share-based awards – Value vested during the year		Non-equity incentive plan compensation – Value earned during the year (4) ($)
		RSUs (cash settled) (2) ($)	DSUs (not paid out) (3) ($)	
Garnet Amundson	$3,667	$178,586	$473,100	$175,000
Eldon Heck	$1,522	$97,434	$236,030	$83,000
Jeff Newman	$1,522	$82,634	$228,670	$64,250
Karen Perasalo	$1,522	$78,934	$190,720	$52,750
Jade Iluk	Nil	$62,858	Nil	$18,500

Notes:

(1) *The value is calculated based on the difference between the Share price at the vesting date and the exercise price of the Share Options on the grant date for the vested Share Options that were "in the money". Share Options granted on January 8, 2019 were "in the money".*

(2) *The value is calculated based on the RSUs that vested in the year multiplied by the five-day volume weighted average Share price at time of vesting.*
On January 8, 2020, one third of the time-vested RSUs from the January 8, 2019 grant vested. The five-day volume weighted average price was $0.37. Time vested RSUs for Amundson – 262,666; Heck – 110,000; Newman – 110,000; Perasalo – 110,000; Iluk – 73,333.
On January 10, 2020, one third of the time-vested RSUs from the January 10, 2017 grant vested. The five-date volume weighted average price was $0.37. Time vested RSUs for Amundson – 100,000; Heck – 103,334; Newman – 63,334; Perasalo – 53,334; Iluk – 53,334.
On January 10, 2020, one third of the time-vested RSUs from the January 10, 2018 grant vested. The five-date volume weighted average price was $0.37 – Time vested RSUs for Amundson – 120,000; Heck – 50,000; Newman – 50,000; Perasalo – 50,000; Iluk – 31,111.

(3) *The value of DSUs is calculated based on the DSUs that vested in the year multiplied by the five-day volume weighted average Share price at time of vesting. DSUs typically vest one-year after grant, although in certain circumstances, vesting criteria can vary. DSUs are not paid out until the individual ceases to be an employee of Essential.*
On January 8, 2020, all of the DSUs from the January 8, 2019 grant vested. The five-day volume weighted average price was $0.37. DSUs vesting for Amundson - 225,000; Heck – 94,000; Newman – 94,000; Perasalo – 94,000.
On December 15, 2020 all of the DSUs from the May 19, 2020 grant vested. The five-day volume weighted average price was $0.23. DSUs vesting for Amundson – 1,695,000; Heck – 875,000; Newman – 843,000; Perasalo – 678,000.

(4) *Reflects the value of awards earned in 2020 under Essential's ABP.*

Employment Contracts and Termination and Change of Control Benefits

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

	Change of Control		***Involuntary Termination***		***Voluntary Termination***	
Name	**% Change in Securities Ownership Required**	**Payment Obligation (1)**	**Without Cause (1)**	**With Cause**	**Resignation**	**Death/Disability (1)**
Garnet Amundson	more than 50%	▪ 24 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ in 2020 and 2021: base salary multiplied by 'at target' bonus percent multiplied by 2; ▪ the pro-rata amount of any earned bonus for the current fiscal year calculated as base salary multiplied by 'at target' bonus percent from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	▪ 24 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ in 2020 and 2021: base salary multiplied by 'at target' bonus percent multiplied by 2; ▪ the pro-rata amount of any earned bonus for the current fiscal year calculated as base salary multiplied by 'at target' bonus percent from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	Nil	Nil	▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.
Eldon Heck	more than 50%	▪ Should a good reason exist (as defined in the employment contract)(2) in addition to a 'change of control', the executive would be entitled to the payments described under 'Involuntary Termination – Without Cause'; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	▪ 18 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ in 2020 and 2021: bonus amount, as defined in his agreement, multiplied by 1.5; ▪ the pro-rata amount of the bonus amount, as defined in his agreement, from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	Nil	Nil	▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.
Jeff Newman	more than 50%	▪ Should a good reason exist (as defined in the employment contract)(2) in addition to a 'change of control', the executive would be entitled to the payments described under 'Involuntary Termination – Without Cause'; and	▪ 18 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ in 2020 and 2021: base salary multiplied by 'at	Nil	Nil	▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.

	Change of Control		*Involuntary Termination*		*Voluntary Termination*	
Name	**% Change in Securities Ownership Required**	**Payment Obligation (1)**	**Without Cause (1)**	**With Cause**	**Resignation**	**Death/Disability (1)**
		▪ accelerated vesting of Share Options, RSUs and DSUs.	target' bonus percent multiplied by 1.5; ▪ the pro-rata amount of any earned bonus for the current fiscal year calculated as base salary multiplied by 'at target' bonus percent from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.			
Karen Perasalo	more than 50%	▪ Should a good reason exist (as defined in the employment contract)(2) in addition to a 'change of control', the executive would be entitled to the payments described under 'Involuntary Termination – Without Cause'; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	▪ 18 months pay in lieu of notice at current base salary; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; ▪ in 2020 and 2021: base salary multiplied by 'at target' bonus percent multiplied by 1.5; ▪ the pro-rata amount of any earned bonus for the current fiscal year calculated as base salary multiplied by 'at target' bonus percent from Jan 1st through to the termination date; ▪ 20% of the pay in lieu amount for lost benefits; and ▪ accelerated vesting of Share Options, RSUs and DSUs.	Nil	Nil	▪ Base salary accrued and unpaid; ▪ accrued and unused vacation for current year and approved and unused vacation from previous year to a maximum 20 days; and ▪ upon death: accelerated vesting of Share Options, RSUs and DSUs.

Notes:
1. *(1) Any decrease to an NEOs compensation, taken as a cost reduction measure, will be ignored for severance payment calculations and the executive's compensation will be taken at the level it was at prior to the reductions including salary, target bonus and benefits.*
2. *(2) "Good reason" is defined in each NEO's employment contract and references the NEO's right to terminate their employment in certain circumstances, which includes generally those matters at common law that are interpreted to be constructive dismissal.*

The following table outlines the estimated incremental payments the NEOs would be entitled to had their employment been terminated without cause, or in the case of the President and CEO, had a change of control occurred on December 31, 2020, or in the case of the other NEOs, had a change of control occurred on December 31, 2020 and there was 'good reason', as defined in their employment contracts.

Name	Severance Period (# of months)	Severance Package (1)	Contractual Share Option/RSU Obligation (2)	Contractual DSU Obligation (3)	Total Obligation
Garnet Amundson	24	$1,920,000	$510,697	$773,090	$3,203,787
Eldon Heck	18	$1,107,000	$223,600	$247,035	$1,577,635
Jeff Newman	18	$855,000	$255,133	$352,120	$1,462,253
Karen Perasalo	18	$705,000	$208,550	$308,045	$1,221,595
Jade Iluk (4)	n/a	n/a	$154,595	n/a	$154,595

Notes:
(1) Includes salary, annual bonus and benefits for the specified severance period.
(2) Includes accelerated vesting and assumed payout of unvested Share Options and unvested RSUs using the December 31, 2020 Share price of $0.215.

(3) Includes assumed payout of vested and unvested DSUs using the December 31, 2020 Share price of $0.215. DSUs by their nature do not pay out until the NEO leaves the organization. The value in the table represents DSUs earned to date (vested and unvested) that have not paid out.

(4) As Mr. Iluk is not a vice president, he does not have an employment contract. However, Essential is obligated to accelerate the vest and payment of Mr. Iluk's RSUs that are outstanding at the time of his termination in the event of a change of control. In addition, Mr. Iluk would receive severance considered standard by way of employment law commensurate with his position, age and tenure.

DIRECTOR COMPENSATION

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

All elements of director compensation are typically reviewed annually for competitiveness against Essential's peer group by the C&G Committee and the Board of Directors with the objective of attracting and retaining qualified members to serve on the Board of Directors. In most years since 2015, the Board of Directors received rolled-back compensation. In 2019, retainers and meeting fees were rolled back 20% for the entire year. In 2020, full retainers and meeting fees were re-instated in January 2020. However, retainers and meeting fees were subsequently reduced by 50% as of May 1, 2020, for the remainder of 2020. See "2020 Macroeconomic and Health Pandemic Challenges for Oilfield Services".

Summary Director Compensation Table

The following table outlines for the year ended December 31, 2020 information concerning the compensation paid to members of the Board of Directors other than Mr. Amundson. Mr. Amundson is also an NEO and is not separately compensated for his duties as a director. Mr. Amundson's compensation has been disclosed in the preceding section related to NEO compensation.

Name	Fees earned ($)	Share-based awards (1) ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
James Banister (2)	$47,167	$85,250	n/a	n/a	n/a	$132,417
Robert German (3)	$38,500	$61,535	n/a	n/a	n/a	$100,035
Nicholas Kirton (4)	$44,250	$62,465	n/a	n/a	n/a	$106,715
Robert Michaleski (5)	$45,583	$63,240	n/a	n/a	n/a	$108,823
Former Board Members:						
Steven Sharpe (6)	$11,875	$57,910	n/a	n/a	n/a	$69,785
Michael Black (7)	$17,875	n/a	n/a	n/a	n/a	$17,875

Notes:

(1) *This is related to DSUs and typically reflects the grant date fair value which is the theoretical expected value calculated at the date of grant by multiplying the number of DSUs granted by the closing price of Shares on the date of grant. The Share Price on the grant dates were: May 19, 2020 - $0.155; August 12, 2020 - $0.155.*

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

(3) *Mr. German is the Chair of the HSE Committee.*

(4) *Mr. Kirton is the Chair of the Audit Committee.*

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

(6) *Mr. Sharpe was appointed to the Board of Directors on June 15, 2020 and resigned on January 26, 2021. Mr. Sharpe elected to receive his retainer and meeting fees as DSUs. They were granted at the end of each quarter at the market price, as defined in the DSU Plan. In the table, the retainer and meeting fees are included as fees earned. Mr. Sharpe received a DSU grant upon joining the Board (grant date Share Price - $0.195) and the normal Board grant on August 12, 2020 (grant date Share Price - $0.155).*

(7) *Mr. Black resigned from the Board of Directors on June 15, 2020.*

Director Retainers and Fees Summary

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

	2020	
	January 1 – April 30 Annualized	May 1 – December 31 (1) Annualized
Board of Directors Chair (2)	$55,000	$27,500
Board of Directors Member	$30,000	$15,000
Audit / C&G Committee Chair (2)	$45,000	$22,500
HSE Committee Chair (2)	$37,500	$18,750
Board of Directors and Committee Meeting (per meeting)	$1,500	$750

Notes:

(1) *Reflects 50% roll-back for retainers and meeting fees from May 1, 2020 to December 31, 2020.*

(2) *Represents the total retainer paid to the chairs. It is not additive to the Board of Director Member retainer.*

Director Retainers and Fees Paid in 2020

Name	Board Chair Retainer ($)	Board Member Retainer ($)	Committee Chair Retainer ($)	Board Meetings ($)	Committee Meetings ($)	Total ($)
James Banister	$16,667	$20,000	-	$6,000	$4,500	$47,167
Robert German	-	$20,000	$5,000	$6,000	$7,500	$38,500
Nicholas Kirton	-	$20,000	$10,000	$6,000	$8,250	$44,250
Robert Michaleski	-	$20,000	$12,083	$4,500	$9,000	$45,583
Former Board Members:						
Steven Sharpe (1)	-	$8,125	-	$2,250	$1,500	$11,875
Michael Black (2)	-	$11,875	-	$3,750	$2,250	$17,875

Notes:

(1) *Mr. Sharpe joined the Board on June 15, 2020 and resigned on January 26, 2021. Mr. Sharpe elected to receive his retainer and meeting fees in DSUs.*

(2) *Mr. Black resigned from the Board on June 15, 2020.*

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

The following table outlines for each member of the Board of Directors, other than Mr. Amundson who is an NEO, all Share Option-based and Share-based awards outstanding for the year ended December 31, 2020.

	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (1) (#)	Market or payout value of Share-based awards that have not vested (2) ($)	Market or payout value of vested Share-based awards not paid out or distributed (3) ($)
James Banister	n/a	n/a	n/a	n/a	465,000	$99,975	$119,936
Robert German	n/a	n/a	n/a	n/a	322,000	$69,230	$90,489
Nicholas Kirton	n/a	n/a	n/a	n/a	322,000	$69,230	$87,984
Robert Michaleski	n/a	n/a	n/a	n/a	322,000	$69,230	$94,119
Steven Sharpe	n/a	n/a	n/a	n/a	322,000	$69,230	$14,957

Notes:

(1) *Share-based awards consist of DSUs granted in August 2020 that had not vested at December 31, 2020. For Mr. Sharpe, this also includes Share-based awards granted upon joining the Board. The DSUs granted in May 2020 (Shortfall DSUs) vested December 15, 2020.*

(2) *Based on the market price of $0.215 as at December 31,2020.*

(3) *DSUs typically vest one-year after grant although in certain circumstances, vesting criteria can vary. DSUs are not paid out until the individual ceases to be an Eligible Director. Based on the Share price of $0.215 as at December 31, 2020 multiplied by the DSUs that have vested to-date. Vested Share-based awards for: Banister – 557,842; German – 420,878; Kirton – 409,228; Michaleski – 437,761 and Sharpe – 69,569.*

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

The following table sets forth the value of Share Option-based and Share-based awards that vested during the year ended December 31, 2020 for each member of the Board of Directors, other than Mr. Amundson who is an NEO, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2020. The Company does not have a non-equity incentive plan in place for members of the Board of Directors.

Name	Option-Based Awards – Value Vested During the Year ($)	Share-Based Awards – Value Vested During the Year - DSUs (1) ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
James Banister	n/a	$19,550	n/a
Robert German	n/a	$17,250	n/a
Nicholas Kirton	n/a	$18,630	n/a
Robert Michaleski	n/a	$19,780	n/a
Former Board Members:			
Steven Sharpe (2)	n/a	n/a	n/a
Michael Black (3)	n/a	$62,363	n/a

Notes:

(1) The value is calculated based on the DSUs that vested in the year multiplied by the five-day volume weighted average Share price at the time of vesting. DSUs cannot be exercised until the director is no longer an Eligible Director.
On December 15, 2020, the DSUs granted on May 19, 2020 vested but were not exercised. The value is the five-day volume weighted average Share price at time of vesting ($0.23) multiplied by the DSUs that vested. Share-based awards vesting for Banister – 85,000; German – 75,000; Kirton – 81,000, Michaleski – 86,000.

(2) On January 26, 2021, Mr. Sharpe resigned as a member of the Board of Directors. In 2020, Mr. Sharpe elected to receive his retainer and fees as DSUs with immediate vesting. He received the following grants: June 30, 2020; 3,676; September 30, 2020 - 32,143; and December 31, 2020 – 33,750. Since this was related to his retainer and meeting fees, the value of the fees as earned was included as fees earned in the previous tables.

(3) On June 15, 2020, Mr. Black resigned as a member of the Board of Directors; all vested DSUs were exercised using the five-day volume weighted average Share price at the time of exercise ($0.19).

CORPORATE GOVERNANCE DISCLOSURE

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

Board of Directors

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

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

Based on the foregoing, Essential has determined that all of its current directors are independent, except for Mr. Amundson. Mr. Amundson is considered to have a material relationship with Essential by virtue of his position as President and Chief Executive Officer.

The majority of the Board of Directors are independent.

Assuming the directors nominated for election at the Meeting are elected, the Board of Directors will be comprised of five directors, four of whom are independent.

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

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

Name	Name of Reporting Issuer
Nicholas Kirton	The Green Organic Dutchman Holdings Ltd. (TSX)
Robert Michaleski	Vermillion Energy Inc. (TSX)

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

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

The C&G Committee is comprised entirely of independent directors and holds regular *in camera* sessions where management is not present. There were four such meetings in 2020.

The Audit Committee is comprised entirely of independent directors and holds regular *in camera* sessions where management is not present. There were four such meetings in 2020.

The HSE Committee holds regular *in camera* sessions where the employee director is not present. The HSE Committee meets *in camera* with the Director, Essential Coil Well Service ("**ECWS**"), the Director, Human Resources and, if in attendance, the Manager, HSE-ECWS and Manager, HSE-Tryton. The Director, ECWS, and if in attendance, the

Manager, HSE-ECWS and Manager, HSE-Tryton are then excused and the HSE Committee continues *in camera* with or without the Director, Human Resources, a non-operational manager. There were four such meetings in 2020.

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

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

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

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

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

Name	2020 Board Meetings Attended	2021 Board Meetings Attended (1)
Garnet Amundson	6 of 6	1 of 1
James Banister	6 of 6	1 of 1
Robert German	6 of 6	1 of 1
Nicholas Kirton	6 of 6	1 of 1
Robert Michaleski	5 of 6	1 of 1
Former Board Members:		
Michael Black (2)	3 of 3	n/a
Steven Sharpe (3)	3 of 3	n/a

Notes:
(1) From January 1, 2021 to March 22, 2021.
(2) Mr. Black was a member of the Board of Directors until June 15, 2020.
(3) Mr. Sharpe was a member of the Board of Directors from June 15, 2020 until January 26, 2021.

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

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

Name	2020 C&G Committee Meetings Attended	2021 C&G Committee Meetings Attended (1)
James Banister	4 of 4	2 of 2
Nicholas Kirton	4 of 4	2 of 2
Robert Michaleski	4 of 4	2 of 2
Former Board Member:		
Steven Sharpe (2)	2 of 2	n/a

Notes:
(1) From January 1, 2021 to March 22, 2021.
(2) Mr. Sharpe was a member of the Board of Directors and C&G Committee from June 15, 2020 until January 26, 2021.

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

Name	2020 Audit Committee Meetings Attended	2021 Audit Committee Meetings Attended (1)
Robert German	4 of 4	1 of 1
Nicholas Kirton	4 of 4	1 of 1
Robert Michaleski	3 of 4	1 of 1

Note:
(1) From January 1, 2021 to March 22, 2021.

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

Name	2020 HSE Committee Meetings Attended	2021 HSE Committee Meetings Attended (1)
Garnet Amundson	4 of 4	1 of 1
Robert German	4 of 4	1 of 1
Robert Michaleski (2)	3 of 3	1 of 1
Former Board Member:		
Michael Black (3)	2 of 2	n/a

Notes:
(1) From January 1, 2021 to March 22, 2021.
(2) Mr. Michaleski joined the HSE Committee effective June 15, 2020. He had perfect attendance for the period he was on the HSE Committee.
(3) Mr. Black was a member of the Board of Directors and HSE Committee until June 15, 2020.

Board Mandate

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

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

Position Descriptions

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

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

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

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

Audit Committee Member Qualifications

Disclose the qualifications of the Audit Committee members.

The Audit Committee members have the appropriate credentials and experience to effectively provide oversight over the matters outlined in the Audit Committee Mandate. The mandate can be found in the Company's AIF for the year ended December 31, 2020, filed on SEDAR at www.sedar.com.

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

Orientation and Continuing Education

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

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

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

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

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

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

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

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

The directors are encouraged to participate in continuing education programs that are focused on enhancing individual director's skills and abilities as directors and maintaining and enhancing the currency of their knowledge and understanding of Essential's business. Some of the directors pursue continuing education by attending professional and industry association seminars and workshops.

Ethical Business Conduct

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

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

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

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

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

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

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

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

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

Neither the President and CEO nor the Chair of the C&G Committee is aware of any conduct of a director or officer that constitutes a departure from the Code for Directors and Officers requiring the filing of a material change report since the beginning of the Company's most recently completed financial year.

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

In accordance with the ABCA, directors who are a party to or are a director or an officer of a party to a material contract or material transaction with Essential are required to disclose the nature and extent of their interest and are not permitted to vote on any resolution to approve the contract or transaction. See *"Conflicts of Interest"* in the AIF for the year ended December 31, 2020, filed on SEDAR at www.sedar.com for further information regarding potential conflicts of interests involving members of the Board of Directors.

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

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

Essential has a Whistleblower Policy that establishes procedures that allow employees of Essential to confidentially and anonymously submit their concerns to the Chair of the Audit Committee regarding questionable ethical, moral, accounting, internal accounting controls or auditing matters, without fear of retaliation. This can be done directly to the Chair of the Audit Committee or through a third-party monitoring system. There were no ethics incidents reported in 2020.

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

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

Nomination of Directors

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

The nominees for directors are initially considered and recommended by the C&G Committee, after consultation with the President and Chief Executive Officer, to the Board of Directors, approved by the Board of Directors and appointed annually by Shareholders. Selection of nominees for election takes into consideration such matters that the C&G Committee and the Board of Directors deem relevant including any gaps in competencies and skills of the Board of Directors and the competencies and skills each nominee will bring to the Board of Directors along with the ability of any such nominee to devote sufficient time and resources to their duties as a member of the Board of Directors. In accordance with the mandate of the Board of Directors, the Board's set of criteria for addressing composition of the Board includes the present and anticipated skill set needed by the Board, experience, ethics, education, time availability, involvement in activities that conflict with Essential's business, term and the number of other directorships held. Consideration will be given to the requirements set out in Essential's Diversity Policy. Other matters may be included that vary from time to time. Essential intends to recruit and appoint a woman director to the Board prior to the Company's 2022 annual meeting of Shareholders.

For discussion regarding gender diversity targets for the Board see "Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions".

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

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

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

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

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

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

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

For discussion regarding gender diversity targets for the Board see "Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions".

Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) review with the Chief Executive Officer existing management resources and plans, including recruitment and training programs, to ensure that qualified personnel are attracted and developed, and report on this matter to the Board of Directors at least once each year;

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

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

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

Other Board Committees

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

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

In addition to the disclosure contained in this document, please see Essential's AIF for the year ended December 31, 2020 filed on SEDAR at www.sedar.com for further details regarding the Audit Committee and the mandate of the Audit Committee of Essential.

ESG Oversight

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

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

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

Essential's HSE Committee is comprised of three members of the Board of Directors. The HSE Committee has a mandate with the following objectives:

- to oversee and monitor Essential's compliance with its legal, industry and community obligations pertaining to the areas of health, safety and environment; and

- to oversee and monitor management's activities to ensure Essential is establishing appropriate environment, health and safety policies and procedures and maintaining management systems to implement such policies and monitor compliance.

The reach of the HSE Committee extends primarily to the environmental *("E")* and certain social *("S")* aspects of ESG. Essential's C&G Committee oversees matters related to certain social *("S")* aspects and governance *("G")*, as discussed in detail throughout this "Corporate Governance Disclosure" section of this Circular.

Detailed ESG disclosure can be found in Essential's AIF under "ESG Practices" for the year ended December 31, 2020, filed on SEDAR at www.sedar.com. The following is a summary of certain aspects of Essential's ESG practices:

Environment (oversight by the HSE Committee):

- Strict regard for environmental laws, industry standards and Essential's policies;

- Adhere to best practices in spill prevention, noise mitigation and fluid handling;

- Provide training programs focused on the environment including well control to prevent unintended releases and spill containment.

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

- Strong focus on safety with established targets, measurement and follow-up, with a focus on continuous improvement;
- Provide training programs for new employees, specific skills and leadership;
- Support local charities including STARS Air Ambulance, the Calgary Drop-in Centre, the United Way and local Food Banks, among others.

Governance (oversight by the C&G Committee):

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

Assessments

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

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

Director Term Limits and Other Mechanisms of Board Renewal

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

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

Policies Regarding the Representation of Women on the Board

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

Essential adopted a Diversity Policy in March 2019, to take into account diversity considerations such as business experience, geographic representation, age, gender and ethnicity for Board composition. This is intended to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure Essential has the opportunity to benefit from all available talent.

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

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

The C&G Committee and the Board of Directors typically go through a rigorous process when considering a nominee director including an evaluation of the skills and experience of the current directors, determining the gaps in skills and experience that exist and finding potential candidates to fill those gaps and round out the skills and experience of the Board of Directors as a whole. When identifying suitable candidates for appointment or re-election to the Board of Directors, the Company considers candidates on merit against objective criteria having due regard to the competencies, expertise, skills, background and other qualities identified from time to time by the Board of Directors as being important, in addition to the benefits of diversity and the needs of the Board of Directors.

The Board of Directors recognizes its all-male Board may no longer align with general Shareholder expectations. To this end, Essential intends to recruit and appoint a woman to the Board of Directors by the Company's 2022 annual meeting of Shareholders. The recruitment process will still address any gaps that may exist in the existing Board skillset and find an individual with the skills and experience to fill those gaps. However, the recruitment process will be prioritized to only include women.

In 2020, in response to a request from Essential's largest Shareholder, at that time, a new director was added to the candidate list presented to Shareholders at the 2020 Annual General and Special Meeting. He was approved with 97% of votes "For". While that individual met a number of the skill set requirements, he was not a woman. The Shareholder subsequently sold their position in Essential and the director resigned. This limited the Board's ability to add a woman director in the last year as the Board was already at six members, a size appropriate for a company the size of Essential.

Consideration Given to the Representation of Women in Executive Officer Appointments

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

Executive management does not specifically focus on having a certain representation of women in executive officer positions. When making executive officer appointments, the skills and experiences of the candidates are considered without specifically targeting a male or female candidate. The successful candidate is the one with the desired mix of skills and experience, regardless of the individual's gender. Essential has had one female vice president since 2013, representing 25% of executive management.

When considering senior corporate management, which includes the executive officers and director level staff, 38% of the individuals (three of eight) are women.

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

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

Historically, Essential has not adopted a target regarding the number of women on the Board of Directors. As discussed above, the C&G Committee and the Board of Directors have focused on the best combination of skills and experience for the position rather than setting a specific target based on gender. However, the Board of Directors recognizes its all-male Board may no longer align with general Shareholder expectations. To this end, Essential has a target to have one woman on its Board (17% of board members based on a six person board) by the Company's 2022 annual meeting of Shareholders.

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

Essential has not adopted a target regarding women in executive officer positions. Essential has a small executive group (four individuals) and since 2013, one of the individuals is a woman. As noted above, when considering senior corporate management, which includes the executive officers and director level staff, 38% of the individuals are women. As such, specific targets have not seemed relevant or required.

Number of Women on the Board and in Executive Officer Positions

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

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

As a micro-capitalization company, Essential maintains a fairly small Board and there has been little turnover and limited opportunities to recruit new Board members in the last few years. In 2020, being cognizant of incremental costs, the Board has been hesitant to increase its size beyond six members. In May 2020, significant compensation reductions and operational-related cost reductions were implemented throughout the organization including a large number of employee layoffs resulting in a 36% reduction in headcount. (See "Executive Compensation – Compensation Discussion and Analysis – 2020 Macroeconomic and Health Pandemic Challenges for Oilfield Services".) With severe reductions throughout the organization, it was not a suitable time to increase the size of the Board. With the recent resignation of a Board member in January 2021, Essential now has five Board members. Understanding the general desire by Shareholders to have a woman join the Board, Essential has committed to recruiting a woman prior to the Company's 2022 annual meeting of Shareholders.

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

Essential has one woman in an executive officer position, representing 25% of the executive officers. The position held by the woman is Vice President, Finance and Corporate Secretary.

When considering senior corporate management, which includes the executive officers and director level staff, 38% of the individuals are women. Extending that further to include corporate managers, 46% of the individuals are women.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

Essential has entered into lease agreements for shop premises with certain private corporations that are controlled by Eldon Heck, Vice President, Downhole Tools & Rentals. The terms and conditions of these agreements are based on market rates for similar leases and are no more favourable than those available, or which might reasonably be expected to be available, in similar transactions on an arm's length basis.

For the year ended December 31, 2020, Essential incurred lease and leasehold improvement payments related to these shop premises of $0.8 million (2019 - $1.5 million, 2018 - $0.6 million). Included in accrued payables at December 31, 2020 is leasehold improvement payments of $nil (December 31, 2019 - $nil, December 31, 2018 - $0.4 million).

OTHER MATTERS

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

ADDITIONAL INFORMATION

Additional information relating to Essential is available on SEDAR at www.sedar.com. Financial and other information with respect to Essential is provided in Essential's annual audited consolidated financial statements for the year ended December 31, 2020 and the related management's discussion and analysis. Copies of Essential's financial statements and related management discussion and analysis ("**MD&A**") are available upon request from Essential at Essential Energy Services Ltd., Livingston Place West, 1100, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1, attention: Corporate Secretary, by telephone at (403) 513-7272 or by email at service@essentialenergy.ca. This information is also accessible on Essential's website at www.essentialenergy.ca.

NON-IFRS MEASURES

This Circular contains reference to the measure EBITDAS, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. This term is defined as follows:

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

A reconciliation of EBITDAS to the IFRS measure, net loss, can be found in Essential's MD&A for the year ended December 31, 2020, which may be accessed through on Essential's SEDAR profile at www.sedar.com.

APPENDIX "A"

MANDATE OF THE BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

"**Executive Officers**" or "**Officers**" means the executive officers of the Corporation;

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

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

Introduction to Stewardship Duties

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

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

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

General Legal Obligations of the Board

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) declare dividends;

(v) purchase, redeem or otherwise acquire Shares;

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

(vii) approve management proxy circulars;

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

(ix) approve any financial statements; or

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

<u>Composition and Board Organization</u>

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

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

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

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

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

Duties and Responsibilities

3. Managing the Affairs of the Board and Governance

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

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

(b) planning its composition and size;

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

(d) nominating candidates for election to the Board;

(e) appointing Committees;

(f) determining Director compensation;

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

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

4. Management and Human Resources

The Board has oversight responsibility for:

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

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

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

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

(e) approving decisions relating to senior management, including appointment and discharge of Officers, compensation and benefits for the Chief Executive Officer, acceptance of outside directorships on public or private companies by Executive Officers (other than not-for-profit organizations), acceptance of an advisory position with an entity that has an oil and gas focus by Executive Officers, and special arrangements with Executive Officers, or other employee groups;

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

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

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

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

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

5. Strategy and Plans

The Board has oversight responsibility to:

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

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

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

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

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

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

(g) approve material divestitures and acquisitions;

(h) approve major leases; and

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

6. Financial and Corporate Issues

The Board has oversight responsibility to:

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

(b) monitor operational and financial results;

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

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

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

(f) approve dividends in respect of the Shares;

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

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

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

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

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

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

7. Business and Risk Management

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

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

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

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

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

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

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

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

(f) monitor Essential's risk management process.

8. Policies and Procedures

The Board has oversight responsibility to:

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

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

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

9. Compliance Reporting and Communications

The Board has oversight responsibility to:

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

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

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

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

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

10. Standards of Liability

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