



**NOTICES OF MEETINGS**

**- and -**

**NOTICE OF ORIGINATING APPLICATION TO  
THE COURT OF QUEEN'S BENCH OF ALBERTA**

**- and -**

**JOINT INFORMATION CIRCULAR**

**FOR AN ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS AND OPTIONHOLDERS OF**

**TECHNICOIL CORPORATION**

**AND AN ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF**

**ESSENTIAL ENERGY SERVICES LTD.**

**EACH TO BE HELD MAY 30, 2011**

**WITH RESPECT TO A PROPOSED PLAN OF ARRANGEMENT INVOLVING ESSENTIAL ENERGY  
SERVICES LTD., TECHNICOIL CORPORATION, TECHNICOIL SHAREHOLDERS AND  
TECHNICOIL OPTIONHOLDERS**

**MAY 4, 2011**

**Unless otherwise stated, the information herein is current as of May 4, 2011.**

*This document is important and requires your immediate attention. If you have any questions as to how to deal with it, you should consult your investment dealer, broker, bank manager, lawyer or other professional advisor. No securities regulatory authority in Canada has expressed an opinion about, or passed upon the fairness or merits of, the transaction described in this document, the securities offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offense to claim otherwise.*

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**TECHNICOIL CORPORATION  
LETTER TO SECURITYHOLDERS**

May 4, 2011

Dear Technicoil Securityholders:

You are invited to attend an annual and special meeting (the "**Technicoil Meeting**") of the holders ("**Technicoil Shareholders**") of common shares (the "**Technicoil Shares**") of Technicoil Corporation ("**Technicoil**") and holders of options to acquire Technicoil Shares (the "**Technicoil Optionholders**", and together with the Technicoil Shareholders, the "**Technicoil Securityholders**") to be held at the Viking Room in The Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on Monday, May 30, 2011 for the following purposes, namely:

1. to receive and consider the financial statements of Technicoil for the year ended December 31, 2010 and the report of the auditors thereon;
2. to elect the directors of Technicoil for the ensuing year or until their successors are elected or appointed;
3. to appoint auditors of Technicoil for the ensuing year at a remuneration to be determined by the board of directors of Technicoil (the "**Technicoil Board**");
4. to consider, pursuant to the interim order made by the Court of Queen's Bench of Alberta and dated May 3, 2011 and, if thought advisable, to approve, with or without amendment, a special resolution (the "**Technicoil Arrangement Resolution**"), the full text of which is set forth in Appendix "A-1" to the accompanying joint information circular of Technicoil and Essential Energy Services Ltd. ("**Essential**") dated May 4, 2011 (the "**Information Circular**"), approving a plan of arrangement involving Essential, Technicoil and the Technicoil Securityholders (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), all as more particularly described below and in the Information Circular; and
5. to transact such other business as may properly come before the Technicoil Meeting or any adjournment thereof.

**The election of the directors and appointment of auditors of Technicoil will be voted on by the Technicoil Shareholders. The Technicoil Arrangement Resolution will be voted on: (i) by the Technicoil Shareholders and the Technicoil Optionholders, voting together as a single class; and (ii) by the Technicoil Shareholders voting as a class. In the event the Arrangement is completed, the directors of Essential, after giving effect to the Arrangement, are expected to be those individuals set out in the Information Circular under the heading "*Part IV – Pro Forma Information of Essential After Giving Effect to the Arrangement – Directors of Essential Upon Completion of the Arrangement*".**

Further particulars of the matters referred to above are set forth in the accompanying Information Circular.

**Please complete the enclosed form of proxy and submit it to our transfer agent and registrar, Computershare Trust Company of Canada ("Computershare"), as soon as possible but not later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Technicoil Meeting.**

Technicoil and Essential entered into an arrangement agreement dated April 4, 2011 (the "**Arrangement Agreement**") pursuant to which Essential agreed to acquire all of the issued and outstanding Technicoil Shares. Upon completion of the Arrangement, Technicoil will become a wholly-owned subsidiary of Essential. Under the terms of the Arrangement Agreement, Technicoil Shareholders will receive 0.7111 of a common share of Essential ("**Essential Shares**") and \$0.80 in cash for each Technicoil Share held.

**After considering, among other things, the fairness opinion of Peters & Co. Limited that, as of April 4, 2011 and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be received by the Technicoil Shareholders under the Arrangement is fair, from a financial point of view, to the Technicoil Shareholders, and the recommendation of the Special Committee of the Technicoil Board to the Technicoil Board, the Technicoil Board has concluded that the Arrangement is in the best interests of Technicoil and the Technicoil Shareholders and is fair to Technicoil Shareholders.**

**The Technicoil Board unanimously recommends that the Technicoil Shareholders and the Technicoil Optionholders vote FOR the Technicoil Arrangement Resolution.**

See the section in the Information Circular entitled "*Part III — The Arrangement — Technicoil Fairness Opinion*" and Appendix "F" for a copy of the fairness opinion of Peters & Co. Limited.

If the Arrangement is completed as contemplated, it is expected that former Technicoil Shareholders will own approximately 42% of the Essential Shares on a pro forma basis.

If the Arrangement is completed as contemplated, the board of directors of Essential is expected to be comprised of a total of seven directors, with four directors being current or nominee directors of Essential (Messrs. James A. Banister, Garnet K. Amundson, Nicholas G. Kirton and Robert T. German) and three directors being current directors of Technicoil (Messrs. Roderick A. Graham, Edward C. Grimes and Andrew B. Zaleski).

All of the directors and executive officers of Technicoil, together holding approximately 3.2% of the outstanding Technicoil Shares (on a non-diluted basis), have entered into support agreements with Essential pursuant to which they have agreed, among other things, to vote their Technicoil Shares and Technicoil Options in favour of the Technicoil Arrangement Resolution.

The Technicoil Arrangement Resolution must be approved by: (i) not less than 66 $\frac{2}{3}$ % of the votes cast by the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class, present in person or by proxy at the Technicoil Meeting; and (ii) not less than 66 $\frac{2}{3}$ % of the votes cast by the Technicoil Shareholders, present in person or by proxy at the Technicoil Meeting. Completion of the Arrangement is also conditional upon approval of certain matters related to the Arrangement by greater than 50% of the votes cast by the holders of Essential Shares present in person or by proxy at a meeting of such holders, the approval of the Court of Queen's Bench of Alberta and the receipt of required regulatory, stock exchange and third party approvals.

If you are a registered Technicoil Shareholder, please complete the enclosed Letter of Transmittal in accordance with the instructions included, sign and return it to the depositary, Olympia Trust Company ("**Olympia**") in the envelope provided, together with the share certificates representing your Technicoil Shares and any other required documents. The Letter of Transmittal contains complete instructions on how to exchange the share certificate(s) representing your Technicoil Shares and receive a physical share certificate(s) representing your Essential Shares, and the cash portion of the consideration. You will not receive your physical share certificate(s) representing your Essential Shares and cash until after the Arrangement is completed and you have returned your properly completed documents, including the Letter of Transmittal, and the share certificate(s) representing your Technicoil Shares to Olympia. If your Technicoil Shares are not registered in your name but are held by a nominee, please contact your nominee for instructions.

The Information Circular contains a detailed description of the Arrangement as well as detailed information regarding Technicoil and Essential and certain pro forma and other combined information after giving effect to the Arrangement. It also includes certain risk factors relating to the completion of the Arrangement and the potential consequences of a Technicoil Shareholder exchanging his or her Technicoil Shares for Essential Shares in connection with the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

Technicoil management and the Technicoil Board are excited about the growth prospects and potential value creation for Technicoil Shareholders that the combination with Essential is expected to bring. Combining the strengths of these two companies is expected to position Essential to expand its presence as the predominant coil tubing and nitrogen well service provider in Canada and improve its position as the operator of the sixth largest conventional service rig fleet in Canada.

We look forward to receiving your support at the Technicoil Meeting.

Yours very truly,

(signed) "*Marvin D. Clifton*"

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Marvin D. Clifton  
President and Chief Executive Officer  
Technicoil Corporation

**ESSENTIAL ENERGY SERVICES LTD.  
LETTER TO SHAREHOLDERS**

May 4, 2011

Dear Essential Shareholders:

You are invited to attend an annual and special meeting (the "**Essential Meeting**") of the holders ("**Essential Shareholders**") of common shares ("**Essential Shares**") of Essential Energy Services Ltd. ("**Essential**") to be held at the Livingston Club Conference Centre, Plus 15, 222 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time) on Monday, May 30, 2011 for the following purposes, namely:

1. to receive and consider the financial statements of Essential for the year ended December 31, 2010 and the report of the auditors thereon;
2. to elect the directors of Essential for the ensuing year or until their successors are elected or appointed;
3. to appoint auditors of Essential for the ensuing year at a remuneration to be determined by the board of directors of Essential (the "**Essential Board**");
4. to consider and, if thought advisable, to approve, with or without amendment, an ordinary resolution (the "**Essential Arrangement Resolution**"), the full text of which is set forth in Appendix "A-2" to the accompanying joint information circular of Essential and Technicoil Corporation ("**Technicoil**") dated May 4, 2011 (the "**Information Circular**") to approve the issuance of such number of Essential Shares as are required to acquire all of the outstanding common shares of Technicoil (the "**Technicoil Shares**"), all as more particularly described in the Information Circular, and in accordance with the terms of a plan of arrangement (the "**Arrangement**") involving Essential, Technicoil and the shareholders and optionholders of Technicoil; and
5. to transact such other business as may properly come before the Essential Meeting or any adjournment thereof.

In the event the Arrangement is completed, the directors of Essential, after giving effect to the Arrangement, are expected to be those individuals set out in the Information Circular under the heading "*Part IV – Pro Forma Information of Essential After Giving Effect to the Arrangement – Directors of Essential Upon Completion of the Arrangement*".

Further particulars of the matters referred to above are set forth in the accompanying Information Circular.

**Please complete the enclosed form of proxy and submit it to our transfer agent and registrar, Olympia Trust Company ("Olympia"), as soon as possible but not later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Essential Meeting.**

Essential and Technicoil entered into an arrangement agreement dated April 4, 2011 (the "**Arrangement Agreement**"), pursuant to which Essential agreed to acquire all of the issued and outstanding Technicoil Shares. Upon completion of the Arrangement, Technicoil will become a wholly-owned subsidiary of Essential. Under the terms of the Arrangement Agreement, holders of outstanding Technicoil Shares will receive 0.7111 of an Essential Share and \$0.80 in cash for each Technicoil Share held.

**After considering, among other things, the fairness opinion of Wellington West Capital Markets Inc. that, as of April 4, 2011, and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by Essential pursuant to the Arrangement is fair, from a financial point of view, to the Essential Shareholders, the Essential Board has concluded that the Arrangement is in the best interests of Essential and the Essential Shareholders and is fair to Essential Shareholders.**

**The Essential Board unanimously recommends that the Essential Shareholders vote FOR the Essential Arrangement Resolution.**

See the section in the Information Circular entitled "*Part III — The Arrangement — Essential Fairness Opinion*" and Appendix "G" for a copy of the fairness opinion of Wellington West Capital Markets Inc.

If the Arrangement is completed as contemplated, it is expected that current Essential Shareholders will own approximately 58% of the Essential Shares on a pro forma basis, after giving effect to the Arrangement.

If the Arrangement is completed as contemplated, the Essential Board is expected to be comprised of a total of seven directors, with four directors being current or nominee directors of Essential (Messrs. James A. Banister, Garnet K. Amundson, Nicholas G. Kirton and Robert T. German) and three directors being current directors of Technicoil (Messrs. Roderick A. Graham, Edward C. Grimes and Andrew B. Zaleski).

All of the directors and executive officers of Essential, together holding approximately 2.6% of the outstanding Essential Shares, have entered into support agreements with Technicoil pursuant to which they have agreed, among other things, to vote their Essential Shares in favour of the Essential Arrangement Resolution.

Pursuant to the terms of the Arrangement Agreement and the policies of the Toronto Stock Exchange, completion of the Arrangement is conditional upon approval of the Essential Arrangement Resolution by greater than 50% of votes cast by the Essential Shareholders, present in person or by proxy, at the Essential Meeting. Completion of the Arrangement is also conditional upon approval by: (i) not less than 66⅔% of the votes cast by the holders of Technicoil Shares and holders of options to purchase Technicoil Shares, voting together as a single class, present in person or by proxy, at the annual and special meeting of Technicoil (the "**Technicoil Meeting**"); and (ii) not less than 66⅔% of the votes cast by holders of Technicoil Shares, present in person or by proxy, at the Technicoil Meeting, the approval of the Court of Queen's Bench of Alberta and the receipt of required regulatory, stock exchange and third party approvals.

The Information Circular contains a detailed description of the Arrangement as well as detailed information regarding Essential and Technicoil and certain pro forma and other information regarding Essential after giving effect to the Arrangement. It also includes certain risk factors relating to the completion of the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

Essential's management and the Essential Board are excited about the growth prospects and potential value creation for Essential Shareholders that the combination with Technicoil is expected to bring. Combining the strengths of these two companies is expected to position Essential to expand its presence as the predominant coil tubing and nitrogen well service provider in Canada and improve its position as the operator of the sixth largest conventional service rig fleet in Canada.

We look forward to receiving your support at the Essential Meeting.

Yours very truly,

(signed) "*Garnet Amundson*"

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Garnet Amundson  
President and Chief Executive Officer  
Essential Energy Services Ltd.

## TECHNICOIL CORPORATION

### NOTICE OF ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS AND OPTIONHOLDERS OF TECHNICOIL CORPORATION

to be held on Monday, May 30, 2011

**NOTICE IS HEREBY GIVEN** that, pursuant to an order made after application to the Court of Queen's Bench of Alberta dated May 3, 2011 (the "**Interim Order**"), an annual and special meeting (the "**Technicoil Meeting**") of the holders ("**Technicoil Shareholders**") of common shares ("**Technicoil Shares**") of Technicoil Corporation ("**Technicoil**") and the holders ("**Technicoil Optionholders**") of options (the "**Technicoil Options**") to purchase Technicoil Shares will be held in the Viking Room at The Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on Monday, May 30, 2011, for the following purposes:

1. to receive and consider the financial statements of Technicoil for the year ended December 31, 2010 and the report of the auditors thereon;
2. to elect the directors of Technicoil for the ensuing year or until their successors are elected or appointed;
3. to appoint auditors of Technicoil for the ensuing year at a remuneration to be determined by the board of directors of Technicoil;
4. to consider, pursuant to the Interim Order and, if thought advisable, to approve, with or without amendment, a special resolution (the "**Technicoil Arrangement Resolution**"), the full text of which is set forth in Appendix "A-1" to the accompanying joint information circular of Technicoil and Essential Energy Services Ltd. ("**Essential**") dated May 4, 2011 (the "**Information Circular**"), approving a plan of arrangement involving Essential, Technicoil, the Technicoil Shareholders and the Technicoil Optionholders (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), all as more particularly described in the Information Circular; and
5. to transact such further and other business as may properly be brought before the Technicoil Meeting or any adjournment thereof.

The election of the directors and appointment of auditors of Technicoil will be voted on by the Technicoil Shareholders. The Technicoil Arrangement Resolution will be voted on: (i) by the Technicoil Shareholders and the Technicoil Optionholders, voting together as a single class; and (ii) by the Technicoil Shareholders voting as a class. In the event the Arrangement is completed, the directors of Essential, after giving effect to the Arrangement, are expected to be those individuals set out under the heading "*Part IV – Pro Forma Information of Essential After Giving Effect to the Arrangement – Directors of Essential Upon Completion of the Arrangement*".

Specific details of the matters to be put before the Technicoil Meeting are set forth in the Information Circular.

The record date (the "**Record Date**") for the determination of Technicoil Shareholders and Technicoil Optionholders entitled to receive notice of, and to vote at, the Technicoil Meeting is May 4, 2011. Only Technicoil Shareholders and Technicoil Optionholders whose names have been entered in the register of Technicoil Shareholders or Technicoil Optionholders, as applicable, at the close of business on the Record Date will be entitled to receive notice of and to vote at the Technicoil Meeting. **To the extent a Technicoil Shareholder transfers the ownership of any of his or her Technicoil Shares after the Record Date and the transferee of those Technicoil Shares establishes that he or she owns such Technicoil Shares and requests, at least ten (10) days before the Technicoil Meeting, to be included in the list of Technicoil Shareholders eligible to vote at the Technicoil Meeting, such transferee will be entitled to vote those Technicoil Shares at the Technicoil Meeting.**

A Technicoil Shareholder or Technicoil Optionholder may attend the Technicoil Meeting in person or may be represented by proxy. Technicoil Shareholders or Technicoil Optionholders who are unable to attend the Technicoil Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Technicoil Meeting or any adjournment thereof. To be effective, the proxy must be received by Computershare Trust Company of Canada, (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile: 1-866-249-7775, not later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Technicoil Meeting. Notwithstanding the foregoing, the Chair of the Technicoil Meeting has the discretion to accept proxies received after such deadline. Technicoil Shareholders may use the internet ([www.investorvote.com](http://www.investorvote.com)) or the telephone (1-866-732-8683 (toll-free)) to transmit voting instructions on or before the date and time noted above, and may also use the internet to appoint a proxyholder to attend and vote on behalf of the Technicoil Shareholder at the Technicoil Meeting. For information regarding voting or appointing a proxy by internet or voting by telephone, see the form of proxy for Technicoil Shareholders and Technicoil Optionholders and/or the section entitled "*Part V— General Proxy Matters — Technicoil — Voting by Internet and Telephone*" in the Information Circular.

Pursuant to the Interim Order, registered Technicoil Shareholders (other than certain Technicoil Shareholders that have entered into support and voting agreements with Essential in relation to the Arrangement) have a right to dissent in respect of the Technicoil Arrangement Resolution and to be paid an amount equal to the fair value of their Technicoil Shares. This dissent right and the dissent procedures are described in the Information Circular. The dissent procedures require that a registered Technicoil Shareholder who wishes to dissent send a written notice of objection to the Technicoil Arrangement Resolution to Technicoil, c/o Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7, Attention: Brent Kraus, to be received by no later than 10:00 a.m. (Calgary time) on May 26, 2011 or, in the case of any adjournment or postponement of the Technicoil Meeting, by no later than 10:00 a.m. (Calgary time) two clear business days immediately preceding the day of the adjourned or postponed Technicoil Meeting, and must otherwise strictly comply with the dissent procedures described in the Information Circular. Failure to strictly comply with the dissent procedures will result in loss of the right to dissent. See the section entitled "*Part III— The Arrangement — Right to Dissent*" in the Information Circular.

The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Technicoil Meeting; and (ii) other matters that may properly come before the Technicoil Meeting. As of the date hereof, management of Technicoil knows of no amendments, variations or other matters to come before the Technicoil Meeting other than the matters set forth in this Notice of Meeting. Technicoil Shareholders and Technicoil Optionholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

Dated at the City of Calgary, in the Province of Alberta, this 4th day of May, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
TECHNICOIL CORPORATION**

(signed) "*Marvin D. Clifton*"

---

Marvin D. Clifton  
President and Chief Executive Officer

**ESSENTIAL ENERGY SERVICES LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF  
THE SHAREHOLDERS OF ESSENTIAL ENERGY SERVICES LTD.**

**to be held on Monday, May 30, 2011**

**NOTICE IS HEREBY GIVEN** that pursuant to the proposed acquisition by Essential Energy Services Ltd. ("**Essential**") of all of the shares of Technicoil Corporation ("**Technicoil**") by way of a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") involving Essential, Technicoil and holders ("**Technicoil Shareholders**") of common shares of Technicoil (the "**Technicoil Shares**") and holders of options to acquire Technicoil Shares (the "**Technicoil Optionholders**"), an annual and special meeting (the "**Essential Meeting**") of the holders ("**Essential Shareholders**") of common shares ("**Essential Shares**") of Essential will be held at the Livingston Club Conference Centre, Plus 15, 222 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time) on Monday, May 30, 2011, for the following purposes:

1. to receive and consider the financial statements of Essential for the year ended December 31, 2010 and the report of the auditors thereon;
2. to elect the directors of Essential for the ensuing year or until their successors are elected or appointed;
3. to appoint auditors of Essential for the ensuing year at a remuneration to be determined by the board of directors of Essential;
4. to consider and, if thought advisable, to approve, with or without amendment, an ordinary resolution (the "**Essential Arrangement Resolution**"), the full text of which is set forth in Appendix "A-2" to the accompanying joint information circular of Technicoil and Essential dated May 4, 2011 (the "**Information Circular**") approving the issuance of such number of Essential Shares as are required to acquire all of the outstanding Technicoil Shares in accordance with the terms of the Arrangement, all as more particularly described in the Information Circular; and
5. to transact such further and other business as may properly be brought before the Essential Meeting or any adjournment thereof.

Specific details of the matters to be put before the Essential Meeting are set forth in the accompanying Information Circular.

The record date (the "**Record Date**") for the determination of Essential Shareholders entitled to receive notice of, and to vote at, the Essential Meeting is May 4, 2011. Only Essential Shareholders whose names have been entered in the register of Essential Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote at, the Essential Meeting. **To the extent an Essential Shareholder transfers the ownership of any of his or her Essential Shares after the Record Date and the transferee of those Essential Shares establishes that he or she owns such Essential Shares and requests, at least ten (10) days before the Essential Meeting, to be included in the list of Essential Shareholders eligible to vote at the Essential Meeting, such transferee will be entitled to vote those Essential Shares at the Essential Meeting.**

Each Essential Share entitled to be voted at the Essential Meeting will entitle the holder to one vote at the Essential Meeting.

An Essential Shareholder may attend the Essential Meeting in person or may be represented by proxy. Essential Shareholders who are unable to attend the Essential Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Essential Meeting or any adjournment thereof. To be effective, the proxy must be received by Olympia Trust Company (Attention: Proxy Department), by mail: 2300, 125 - 9th Avenue S.E., Calgary, Alberta, Canada, T2G 0P6, or by facsimile: (403) 265-1455, not later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding

Saturdays, Sundays and holidays) prior to the time of any adjournment of the Essential Meeting. Notwithstanding the foregoing, the chair of the Essential Meeting has the discretion to accept proxies received after such deadline. Essential Shareholders may use the internet to transmit voting instructions on or before the date and time noted above, and may also use the internet to appoint a proxyholder to attend and vote on behalf of the Essential Shareholder, at the Essential Meeting. For information regarding voting or appointing a proxy by internet, see the form of proxy for Essential Shareholders and/or the section entitled "*Part VI — General Proxy Matters — Essential — Voting by Internet*" in the Information Circular.

The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Essential Meeting; and (ii) other matters that may properly come before the Essential Meeting. As of the date hereof, management of Essential knows of no amendments, variations or other matters to come before the Essential Meeting other than the matters set forth in this Notice of Meeting. Essential Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

Dated at the City of Calgary, in the Province of Alberta, this 4th day of May, 2011.

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

(signed) "*Garnet Amundson*"

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Garnet Amundson

President and Chief Executive Officer

## TECHNICOIL SECURITYHOLDERS — QUESTIONS AND ANSWERS

See "*Glossary of Terms*" in the Information Circular for the meaning assigned to certain terms which are capitalized below and not otherwise defined.

The enclosed Information Circular is furnished in connection with the solicitation by or on behalf of management of Technicoil Corporation ("**Technicoil**"), of proxies to be used at the annual and special meeting (the "**Technicoil Meeting**") of holders (the "**Technicoil Shareholders**") of common shares of Technicoil (the "**Technicoil Shares**") and the holders ("**Technicoil Optionholders**") of options (the "**Technicoil Options**") to acquire Technicoil Shares to be held in the Viking Room at The Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on Monday, May 30, 2011, for the purposes indicated in the Notice of Annual and Special Meeting of the Shareholders and Optionholders of Technicoil Corporation.

It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited by newspaper publication, personally, by telephone or facsimile or other similar means by Technicoil employees or agents. Custodians and fiduciaries will be supplied with proxy materials to forward to beneficial owners of Technicoil Shares and normal handling charges will be paid for such forwarding services. The record date to determine the Technicoil Shareholders and Technicoil Optionholders entitled to receive notice of, and vote at, the Technicoil Meeting is May 4, 2011.

Your vote is very important. Technicoil encourages you to exercise your vote by using any of the voting methods described below. Your completed form of proxy must be received by Computershare Trust Company of Canada ("**Computershare**") by 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Technicoil Meeting. Please read the following for commonly asked questions and answers regarding general guidance on voting and proxies and receiving shares of, and cash consideration from, Essential Energy Services Ltd. ("**Essential**") upon completion of the Arrangement.

**Q. What am I being asked to vote on?**

A. Technicoil Shareholders will be asked to: (i) elect the directors of Technicoil; (ii) appoint auditors of Technicoil; and (iii) to vote on a special resolution (the "**Technicoil Arrangement Resolution**"), the full text of which is set forth in Appendix "A-1" of the Information Circular, approving the proposed acquisition of Technicoil by Essential by way of a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). Technicoil Optionholders will be asked to vote on the Technicoil Arrangement Resolution.

**Q. Why should I vote for the Technicoil Arrangement Resolution?**

A. Technicoil Shareholders and Technicoil Optionholders should consider the following factors and potential benefits in making their decision to vote for or against the Technicoil Arrangement Resolution:

- the Technicoil Board has determined that: (i) the Arrangement is fair to Technicoil Shareholders; (ii) the Arrangement and the entering into of the Arrangement Agreement are in the best interests of Technicoil and the Technicoil Shareholders; and (iii) it unanimously recommends that Technicoil Shareholders vote **FOR** the Technicoil Arrangement Resolution;
- the Technicoil Board received the Peters & Co. Fairness Opinion to the effect that, as of April 4, 2011, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by Technicoil Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Technicoil Shareholders;
- directors and executive officers of Technicoil, representing approximately 3.2% of the outstanding Technicoil Shares (on a non-diluted basis) (the "**Technicoil Support**"),

**Shareholders**"), have entered into support agreements pursuant to which they have agreed, among other things, to vote their Technicoil Shares in favour of the Technicoil Arrangement Resolution;

- Technicoil Shareholders (other than the Technicoil Support Shareholders) have the ability to exercise Dissent Rights;
- the Arrangement requires approval by the Court;
- the combined corporation will strengthen its position as the largest provider of coil tubing well services in Canada, will operate the sixth largest fleet of conventional well service rigs and will be a key supplier of downhole tools and multi-stage fracturing service in the Canadian market;
- the combined corporation will be strategically positioned to service the various oil and liquids-rich natural gas resource plays in western Canada that are being developed with horizontal well and multi-stage fracturing technology;
- Essential and Technicoil have complementary business lines and share common operational and safety philosophies which will allow for an efficient integration of the two businesses. The combined corporation will also benefit from operating and cost efficiencies realized through the consolidation of certain operating and administrative functions;
- the combined corporation will be well positioned to capitalize on various organic growth opportunities and complementary acquisitions within western Canada, and to continue to explore expansion into growing international markets, such as Colombia;
- the transaction will also provide both companies the opportunity to market existing services to an expanded customer base and provide each company with additional services that can be offered to existing clients; and
- the combined corporation will continue to provide an exciting and respected platform to attract and retain experienced personnel.

**Q. Am I entitled to vote?**

- A. You are entitled to vote if you were a registered or non-registered Technicoil Shareholder or Technicoil Optionholder as of the close of business on May 4, 2011, the record date for the Technicoil Meeting. Each Technicoil Share and Technicoil Option is entitled to one vote. **To the extent a Technicoil Shareholder transfers the ownership of any of his or her Technicoil Shares after the Record Date and the transferee of those Technicoil Shares establishes that he or she owns such Technicoil Shares and requests, at least ten (10) days before the Technicoil Meeting, to be included in the list of Technicoil Shareholders eligible to vote at the Technicoil Meeting, such transferee will be entitled to vote those Technicoil Shares at the Technicoil Meeting.**

**Q. Am I a registered shareholder?**

- A. You are a registered Technicoil Shareholder if you hold any Technicoil Shares in your own name. Your Technicoil Shares are represented by a share certificate.

**Q. Am I a non-registered shareholder?**

- A. You are a non-registered Technicoil Shareholder if your Technicoil Shares are held in an account in the name of a nominee (bank, trust company, securities broker or other nominee).

**Q. Who is soliciting my proxy?**

A. The management of Technicoil is soliciting your proxy. Solicitation of proxies is being done primarily by mail and may be supplemented by telephone, internet, newspaper publication or other contact, and all of the costs associated with such solicitations will be paid by Technicoil.

**Q. How can I vote?**

A. If you are eligible to vote and your Technicoil Shares are registered in your name, you can vote your Technicoil Shares and your Technicoil Options in person at the Technicoil Meeting or by signing and returning your proxy form in the prepaid envelope provided or by voting using the internet at [www.investorvote.com](http://www.investorvote.com) or by calling 1-866-732-8683 (toll free). See "*Part V—General Proxy Matters — Technicoil — Voting by Internet and Telephone*" in the Information Circular.

**Q. How can a non-registered shareholder vote?**

A. If your Technicoil Shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution), your nominee is required to seek your instructions as to how to vote your Technicoil Shares. Your nominee will have provided you with a package of information, including these meeting materials and either a proxy or a voting instruction form. Carefully follow the instructions accompanying the proxy or voting instruction form.

**Q. How can a non-registered shareholder vote in person at the Technicoil Meeting?**

A. Technicoil does not have access to all the names of its non-registered Technicoil Shareholders. Therefore, if you are a non-registered Technicoil Shareholder and attend the Technicoil Meeting, Technicoil will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as a proxyholder. If you wish to vote in person at the Technicoil Meeting, insert your name in the space provided on the proxy form or voting instruction form sent to you by your nominee. In doing so you are instructing your nominee to appoint you as a proxyholder. Complete the form by following the return instructions provided by your nominee. You should report to a representative of Computershare upon arrival at the Technicoil Meeting.

**Q. Who votes my shares and how will they be voted if I return a proxy?**

A. By properly completing and returning a proxy, you are authorizing the person named in the proxy to attend the Technicoil Meeting and vote your Technicoil Shares and/or Technicoil Options. You can use the enclosed proxy form, or any other proper form of proxy, to appoint your proxyholder.

The Technicoil Shares and/or Technicoil Options represented by your proxy must be voted according to your instructions in the proxy. If you properly complete and return your proxy but do not specify how you wish the votes to be cast, your Technicoil Shares and/or Technicoil Options will be voted as your proxyholder sees fit. Unless contrary instructions are provided, Technicoil Shares and/or Technicoil Options represented by proxies received by management will be voted **FOR** the Technicoil Arrangement Resolution.

**Q. Can I appoint someone other than the individuals named in the enclosed proxy form to vote my Technicoil Shares or Technicoil Options?**

A. Yes, you have the right to appoint the person of your choice, who does not need to be a Technicoil Shareholder, to attend and act on your behalf at the Technicoil Meeting. If you wish to appoint a person other than the names that appear, then insert the name of your chosen proxyholder in the

space provided on the proxy form or voting instruction form sent to you by your nominee or Computershare.

NOTE: It is important to ensure that any other person you appoint attends the Technicoil Meeting and is aware that his or her appointment to vote your Technicoil Shares and/or Technicoil Options has been made. Proxyholders should, on arrival at the Technicoil Meeting, present themselves to a representative of Computershare.

**Q. What if my Technicoil Shares or Technicoil Options are registered in more than one name or in the name of my company?**

A. If the Technicoil Shares and/or Technicoil Options are registered in more than one name, all those registered must sign the form of proxy. If the Technicoil Shares and/or Technicoil Options are registered in the name of your company or any name other than yours, you may require documentation that proves you are authorized to sign the proxy form.

**Q. Can I revoke a proxy or voting instruction?**

A. If you are a registered Technicoil Shareholder and/or Technicoil Optionholder and have returned a proxy, you may revoke it by:

- completing and signing a proxy bearing a later date, and delivering it to Computershare;
- delivering a written statement, signed by you or your authorized attorney to:
  - the registered office of Technicoil at any time up to and including the last business day preceding the day of the Technicoil Meeting, or an adjournment of the Technicoil Meeting, at which the proxy is to be used; or
  - the chair of the Technicoil Meeting on the day of the Technicoil Meeting or an adjournment of the Technicoil Meeting; or
- any other manner permitted by law.

If you are a non-registered Technicoil Shareholder, contact your nominee.

**Q. Is my vote confidential?**

A. Your proxy vote is confidential. Proxies are received, counted, and tabulated by our transfer agent, Computershare. Computershare does not disclose the results of individual shareholder votes unless they contain a written comment clearly intended for management, in the event of a proxy contest or proxy validation issue, or if necessary to meet legal requirements.

**Q. How many shares of Technicoil are outstanding?**

A. As of May 4, 2011, there were 72,755,515 Technicoil Shares outstanding. Technicoil has no other class or series of voting shares outstanding. To the knowledge of the directors and officers of Technicoil, as at May 4, 2011 no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Technicoil Shares in aggregate entitled to more than 10% of the votes which may be cast at the Technicoil Meeting except as follows: William B. Wheeler owns or controls (directly or indirectly) 7,284,300 Technicoil Shares, representing 10.0% of the Technicoil Shares outstanding on an undiluted basis as at May 4, 2011.

**Q. What is the approval required to pass the Technicoil Arrangement Resolution?**

- A. The approval required to pass the Technicoil Arrangement Resolution is: (i) not less than 66 $\frac{2}{3}$ % of the votes cast by the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class, present in person or by proxy at the Technicoil Meeting; and (ii) not less than 66 $\frac{2}{3}$ % of the votes cast by the Technicoil Shareholders, present in person or by proxy at the Technicoil Meeting. Notwithstanding the foregoing, the Technicoil Arrangement Resolution authorizes the Technicoil Board of Directors, without further notice to, or approval of, the Technicoil Shareholders or Technicoil Optionholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement if, after the Technicoil Meeting, such amendment is approved by the Court, or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the *Business Corporations Act* (Alberta).

**Q. Who has agreed to support the Technicoil Arrangement Resolution?**

- A. All of the directors and executive officers of Technicoil, together holding approximately 3.2% of the outstanding Technicoil Shares (on a non-diluted basis), have entered into support agreements with Essential pursuant to which they have agreed, among other things, to vote their Technicoil Shares and Technicoil Options in favour of the Technicoil Arrangement Resolution.

**Q. What if an amendment is made to the Technicoil Arrangement Resolution or if other matters are brought before the Technicoil Meeting?**

- A. If you attend the Technicoil Meeting in person and are eligible to vote, you may vote on such matters as you choose. If you have completed and returned a proxy, the person named in the proxy form will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting and to other matters that may properly come before the Technicoil Meeting. As of the date of the Information Circular that is enclosed herewith, Technicoil's management knows of no such amendment, variation or other matter expected to come before the Technicoil Meeting. If any other matters properly come before the Technicoil Meeting, the persons named in the proxy form will vote on them in accordance with their best judgment.

**Q. Do I have dissent rights?**

- A. Only registered Technicoil Shareholders have the right to dissent. Registered Technicoil Shareholders who wish to exercise their right to dissent must deliver a dissent notice to Technicoil, c/o Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7, Attention: Brent Kraus, in either case, **to be received by no later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011** or, in the case of any adjournment or postponement of the Technicoil Meeting, by no later than 10:00 a.m. (Calgary time) two clear Business Days immediately preceding the day of the adjourned or postponed Technicoil Meeting. A non-registered Technicoil Shareholder who wishes dissent rights to be exercised in respect of its Technicoil Shares should immediately contact the intermediary with whom the non-registered Technicoil Shareholder deals.

**Q. How do I receive Essential Shares in exchange for my Technicoil share certificates?**

- A. Registered Technicoil Shareholders have been provided with a Letter of Transmittal along with the Information Circular. Registered Technicoil Shareholders must carefully follow the instructions to complete the Letter of Transmittal and return it with the certificate(s) representing their Technicoil Shares and any other required documents to Olympia, the depository for the Arrangement, at any of the offices set forth in such Letter of Transmittal. If your Technicoil Shares are not registered in your name but are held by a nominee, please contact your nominee for instructions.

**Q. Will the Essential Shares be listed on a stock exchange?**

A. The Essential Shares trade on the TSX under the symbol "ESN", and the Essential Shares issuable in connection with the Arrangement have been conditionally approved for listing on the TSX as of April 28, 2011, subject to the satisfaction of the applicable listing requirements of the TSX.

**Q. What if I have other questions?**

A. If you have any questions regarding the Technicoil Meeting, please contact Robert Sprinkhuysen, Chief Financial Officer of Technicoil at 1700 Selkirk House, 555 – 4th Avenue S.W., Calgary, Alberta T2P 3E7, by telephone at (403) 509-0700 or email at [info@technicoilcorp.com](mailto:info@technicoilcorp.com).

## ESSENTIAL SHAREHOLDERS — QUESTIONS AND ANSWERS

See "*Glossary of Terms*" in the Information Circular for the meaning assigned to certain terms which are capitalized below and not otherwise defined.

The enclosed Information Circular is furnished in connection with the solicitation by or on behalf of management of Essential Energy Services Ltd. ("**Essential**"), of proxies to be used at the annual and special meeting (the "**Essential Meeting**") of the holders ("**Essential Shareholders**") of common shares of Essential ("**Essential Shares**") to be held at the Livingston Club Conference Centre, Plus 15, 222 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time) on Monday, May 30, 2011 for the purposes indicated in the Notice of Annual and Special Meeting of Essential Shareholders.

It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited by newspaper publication, personally, by internet or facsimile or other similar means by Essential employees or agents. Custodians and fiduciaries will be supplied with proxy materials to forward to beneficial owners of Essential Shares and normal handling charges will be paid for such forwarding services. The record date to determine the Essential Shareholders entitled to receive notice of, and vote at, the Essential Meeting is May 4, 2011.

Your vote is very important. Essential encourages you to exercise your vote by using any of the voting methods described below. Your completed form of proxy must be received by Olympia Trust Company ("**Olympia**") by 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Essential Meeting. Please read the following for commonly asked questions and answers regarding general guidance on voting and proxies.

### **Q. What am I being asked to vote on?**

- A. Essential Shareholders will be asked to: (i) elect the directors of Essential; (ii) appoint auditors of Essential; and (iii) to vote on an ordinary resolution approving the issuance of such number of Essential Shares as are required to acquire all of the outstanding Technicoil Shares under the Arrangement (the "**Essential Arrangement Resolution**").

Approval of the Essential Arrangement Resolution at the Essential Meeting is a condition to the completion of the Arrangement.

### **Q. Why should I vote for the Essential Arrangement Resolution?**

- A. Essential Shareholders should consider the following factors and potential benefits in making their decision to vote for or against the Essential Arrangement Resolution:
- the Essential Board has unanimously determined that: (i) the Arrangement is fair to the Essential Shareholders; (ii) the Arrangement and the entering into of the Arrangement Agreement are in the best interests of Essential and the Essential Shareholders and (iii), it recommends that Essential Shareholders vote **FOR** the Essential Arrangement Resolution;
  - the Essential Board received the Wellington West Fairness Opinion to the effect that, as of April 4, 2011, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by Essential pursuant to the Arrangement is fair, from a financial point of view, to Essential Shareholders;
  - all of the directors and executive officers of Essential, representing approximately 2.6% of the outstanding Essential Shares (on a non-diluted basis), as of May 4, 2011, have entered into support agreements pursuant to which they have agreed, among other things, to vote their Essential Shares in favour of the Essential Arrangement Resolution;

- the combined corporation will strengthen its position as the largest provider of coil tubing well services in Canada, will operate the sixth largest fleet of conventional well service rigs and will be a key supplier of downhole tools and multi-stage fracturing service in the Canadian market;
- the combined corporation will be strategically positioned to service the various oil and liquids-rich natural gas resource plays in western Canada that are being developed with horizontal well and multi-stage fracturing technology;
- Essential and Technicoil have complementary business lines and share common operational and safety philosophies which will allow for an efficient integration of the two businesses. The combined corporation will also benefit from operating and cost efficiencies realized through the consolidation of certain operating and administrative functions;
- the combined corporation will be well positioned to capitalize on various organic growth opportunities and complementary acquisitions within western Canada, and to continue to explore expansion into growing international markets, such as Colombia;
- the transaction will also provide both companies the opportunity to market existing services to an expanded customer base and provide each company with additional services that can be offered to existing clients; and
- the combined corporation will continue to provide an exciting and respected platform to attract and retain experienced personnel.

**Q. Am I entitled to vote?**

- A. You are entitled to vote if you were a registered or non-registered holder of Essential Shares as of the close of business on May 4, 2011, the record date for the Essential Meeting. Each Essential Share is entitled to one vote. **To the extent an Essential Shareholder transfers the ownership of any of his or her Essential Shares after the Record Date and the transferee of those Essential Shares establishes that he or she owns such Essential Shares and requests, at least ten (10) days before the Essential Meeting, to be included in the list of Essential Shareholders eligible to vote at the Essential Meeting, such transferee will be entitled to vote those Essential Shares at the Essential Meeting.**

**Q. Am I a registered shareholder?**

- A. You are a registered Essential Shareholder if you hold any Essential Shares in your own name. Your Essential Shares are represented by a share certificate.

**Q. Am I a non-registered shareholder?**

- A. You are a non-registered Essential Shareholder if your Essential Shares are held in an account in the name of a nominee (bank, trust company, securities broker or other nominee).

**Q. Who is soliciting my proxy?**

- A. The management of Essential is soliciting your proxy. Solicitation of proxies is being done primarily by mail and may be supplemented by telephone, the internet, facsimile, newspaper publication or other contact, and all of the costs associated with such solicitations will be paid by Essential.

**Q. How can I vote?**

A. If you are eligible to vote and your Essential Shares are registered in your name, you can vote your Essential Shares in person at the Essential Meeting or by signing and returning your proxy form in the prepaid envelope provided or by voting using the internet. See "*Part VI — General Proxy Matters — Essential — Voting by Internet*" in the Information Circular.

**Q. How can a non-registered shareholder vote?**

A. If your Essential Shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution), a package of information, including these meeting materials, will have been provided to you, either by your nominee or by Olympia. You must carefully follow the instructions provided to you.

**Q. How can a non-registered shareholder vote in person at the Essential Meeting?**

A. Essential does not have access to all the names of its non-registered Essential Shareholders. Therefore, if you are a non-registered Essential Shareholder and attend the Essential Meeting, Essential will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as a proxyholder. If you wish to vote in person at the Essential Meeting, strike out the names that appear on the proxy form and insert your name in the space provided on the proxy form or voting instruction form sent to you by your nominee. In doing so you are instructing your nominee to appoint you as a proxyholder. Complete the form by following the return instructions provided by your nominee. You should report to a representative of Olympia upon arrival at the Essential Meeting.

**Q. Who votes my shares and how will they be voted if I return a proxy?**

A. By properly completing and returning a proxy, you are authorizing the person named in the proxy to attend the Essential Meeting and vote your Essential Shares. You can use the enclosed proxy form, or any other proper form of proxy, to appoint your proxyholder.

The Essential Shares represented by your proxy must be voted according to your instructions in the proxy. If you properly complete and return your proxy but do not specify how you wish the votes to be cast, your Essential Shares will be voted as your proxyholder sees fit. Unless contrary instructions are provided, Essential Shares represented by proxies received by management will be voted **FOR** the Essential Arrangement Resolution.

**Q. Can I appoint someone other than the individuals named in the enclosed proxy form to vote my shares?**

A. Yes, you have the right to appoint the person of your choice, who does not need to be an Essential Shareholder, to attend and act on your behalf at the Essential Meeting. If you wish to appoint a person other than the names that appear, then strike out the names that appear on the proxy form and insert the name of your chosen proxyholder in the space provided on the proxy form or voting instruction form sent to you by your nominee or Olympia.

NOTE: It is important to ensure that any other person you appoint attends the Essential Meeting and is aware that his or her appointment to vote your Essential Shares has been made. Proxyholders should, on arrival at the Essential Meeting, present themselves to a representative of Olympia.

**Q. What if my shares are registered in more than one name or in the name of my company?**

A. If the Essential Shares are registered in more than one name, all those registered must sign the form of proxy or any one of them may vote at the Essential Meeting in person or by proxy in respect of such Essential Share, but if more than one of them shall be present at the Essential Meeting in person or by proxy, and such joint owners of the proxy so present disagree as to any vote to be cast, the joint owner present or represented whose name appears first in the register of Essential Shareholders maintained by Olympia shall be entitled to such vote. If the Essential Shares are registered in the name of your company or any name other than yours, you may require documentation that proves you are authorized to sign the proxy form.

**Q. Can I revoke a proxy or voting instruction?**

A. If you are a registered Essential Shareholder and have returned a proxy, you may revoke it by:

- completing and signing a proxy bearing a later date, and delivering it to Olympia;
- delivering a written statement, signed by you or your authorized attorney to:
  - the registered office of Essential at any time up to and including the last Business Day preceding the day of the Essential Meeting, or an adjournment of the Essential Meeting, at which the proxy is to be used; or
  - the chair of the Essential Meeting on the day of the Essential Meeting or an adjournment of the Essential Meeting; or
- any other manner permitted by law.

If you are a non-registered Essential Shareholder, contact your nominee.

**Q. Is my vote confidential?**

A. Your proxy vote is confidential. Proxies are received, counted, and tabulated by our transfer agent, Olympia. Olympia does not disclose the results of individual shareholder votes unless they contain a written comment clearly intended for management, in the event of a proxy contest or proxy validation issue, or if necessary to meet legal requirements.

**Q. How many shares of Essential are outstanding?**

A. As of May 4, 2011, there were 71,446,627 Essential Shares outstanding. Essential has no other class or series of voting shares outstanding. To the knowledge of the directors and officers of Essential, as at May 4, 2011, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Essential Shares in aggregate entitled to more than 10% of the votes which may be cast at the Essential Meeting.

**Q. What is the approval required to pass the Essential Arrangement Resolution?**

A. Greater than 50% of the votes cast by Essential Shareholders, either in person or by proxy, are required to pass the Essential Arrangement Resolution at the Essential Meeting.

**Q. Who has agreed to support the Essential Arrangement Resolution?**

A. The directors and executive officers of Essential, together holding approximately 2.6% of the outstanding Essential Shares (on a non-diluted basis), have entered into support agreements with

Technicoil pursuant to which they have agreed, among other things, to vote their Essential Shares in favour of the Essential Arrangement Resolution.

**Q. What if an amendment is made to the Essential Arrangement Resolution or if other matters are brought before the Essential Meeting?**

A. If you attend the Essential Meeting in person and are eligible to vote, you may vote on such matters as you choose. If you have completed and returned a proxy, the person named in the proxy form will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting and to other matters that may properly come before the meeting. As of the date of the Information Circular that is enclosed herewith, Essential's management knows of no such amendment, variation or other matter expected to come before the Essential Meeting. If any other matters properly come before the Essential Meeting, the persons named in the proxy form will vote on them in accordance with their best judgment.

**Q. What if I have other questions?**

A. If you have any questions regarding the Essential Meeting, please contact Karen Perasalo of Essential at Suite 1100, 250 - 2nd Street S.W., Calgary, Alberta, T2P 0C1, or by calling (403) 513-7272, or by email request to [service@essentialenergy.ca](mailto:service@essentialenergy.ca).

## JOINT INFORMATION CIRCULAR

See "*Glossary of Terms*" for the meaning assigned to certain capitalized terms in this Information Circular.

### Introduction

**This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Technicoil and Essential for use at the Technicoil Meeting and the Essential Meeting, respectively, and any adjournment(s) thereof. No person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Technicoil Meeting or the Essential Meeting other than those contained in this Information Circular (or incorporated by reference herein) and, if given or made, any such information or representation must not be relied upon as having been authorized.**

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement and the Plan of Arrangement which are attached as Appendix "D" and Appendix "E", respectively, to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

### Information Contained in this Information Circular

The information contained in this Information Circular is given as at May 4, 2011, except where otherwise noted, and information contained in documents incorporated by reference herein is given as of the dates noted in those documents.

This Information Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Technicoil Securityholders and Essential Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

If you hold Technicoil Shares and/or Essential Shares through an Intermediary, you should contact your Intermediary for instructions and assistance in voting and surrendering the Technicoil Shares and in voting the Essential Shares, as applicable, that you beneficially own.

### Cautionary Notice Regarding Forward-Looking Statements and Information

This Information Circular, including documents incorporated by reference herein, contains forward-looking statements and information. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "potential", "pro forma" and similar expressions are intended to identify forward-looking statements or information. Forward-looking information presented in such statements or disclosures may, among other things, relate to: (i) the anticipated benefits from the Arrangement; (ii) the expected completion and implementation date of the Arrangement; (iii) certain combined operational and financial information; (iv) the nature of Essential's operations following the Arrangement; (v) sources of income; (vi) forecasts of capital expenditures, including general and administrative expenses; (vii) expectations regarding the ability to raise capital; (viii) fluctuations in currency exchange rates; (ix) anticipated income taxes; (x) Essential's business outlook following the Arrangement; (xi) plans and objectives of management for future operations; (xii) forecast business results; and (xiii) anticipated financial performance.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Technicoil and Essential, as applicable, including information obtained from third-party

industry analysts and other third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this Information Circular in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

- the approval of the Arrangement by the Court;
- the approval of the Technicoil Arrangement Resolution by the Technicoil Shareholders and Technicoil Optionholders;
- the approval of the Essential Arrangement Resolution by the Essential Shareholders;
- the receipt of all required regulatory and third party approvals to complete the Arrangement;
- the completion of the Arrangement;
- no material changes in the legislative and operating framework for the business of Technicoil and Essential, as applicable;
- no material adverse changes in the business of either or both of Technicoil and Essential; and
- no significant event occurring outside the ordinary course of business of Technicoil or Essential, as applicable such as a natural disaster or other calamity.

The forward-looking information in statements or disclosures in this Information Circular (including the documents incorporated by reference herein) is based (in whole or in part) upon factors which may cause actual results, performance or achievements of Technicoil or Essential, as applicable, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to Technicoil and Essential, as applicable, including information obtained from third-party industry analysts and other third party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While Technicoil and Essential do not know what impact any of those differences may have, their business, results of operations, financial condition and credit stability may be materially adversely affected. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things, the risks associated with:

- changes in investment policies or shifts in regulatory policies or incentive programs in Canada and South America;
- operating in foreign jurisdictions such as, extreme fluctuations in currency exchange rates, changes in capital controls or currency restrictions, labour instability, title irregularities, high rates of inflation, restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, and water use;
- fluctuations in oil and natural gas prices;
- activity levels in the energy sector, specifically activities requiring the services of Technicoil and Essential; and
- legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity and general economic conditions in geographic areas where Technicoil and Essential operate.

The reader is further cautioned that the preparation of financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets,

liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes. As at January 1, 2011 Canadian GAAP incorporates International Financial Reporting Standards and Essential has fully adopted all required changes.

Readers are cautioned that the foregoing lists are not exhaustive. Readers should carefully review and consider the risk factors described under "*Part III— The Arrangement — Risk Factors Related to the Arrangement*", "*Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations*", "*Risk Factors*", contained in Appendix "J" hereto, "*Risk Factors*", contained in Appendix "K" hereto and other risks described elsewhere in this Information Circular and in the documents incorporated by reference herein. Additional information on these and other factors that could affect the operations or financial results of Technicoil or Essential are included in reports on file with applicable Canadian Securities Administrators and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) and, in the case of Technicoil, at Technicoil's website ([www.technicoilcorp.com](http://www.technicoilcorp.com)), and in the case of Essential, at Essential's website ([www.essentialenergy.ca](http://www.essentialenergy.ca)). Technicoil's website and Essential's website, although referenced, do not form part of this Information Circular.

The forward-looking statements and information contained in this Information Circular (including the documents incorporated by reference herein) are made as of the date hereof and thereof and Technicoil and Essential undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable Canadian Securities Laws. Because of the risks, uncertainties and assumptions contained herein and in the documents incorporated by reference herein, securityholders should not place undue reliance on forward-looking statements or disclosures. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

#### **Information for Beneficial Shareholders**

**Only Registered Holders or duly appointed proxyholders are permitted to vote at the Meetings. Many Shareholders are "non-registered" Shareholders because the Shares they own are not registered in their names but are instead registered in the name of an Intermediary through which they hold the Shares.** More particularly, a Person is not a Registered Holder in respect of Shares which are held on behalf of that person (the "**Beneficial Shareholder**") but which are registered either: (a) in the name of an Intermediary that the Beneficial Shareholder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs TFSA's and similar plans); or (b) in the name of a clearing agency (such as CDS or Cede & Co.) of which the Intermediary is a participant. In Canada, the vast majority of such Shares are registered under the name of CDS, which company acts as nominee for many Canadian brokerage firms. Shares so held by Intermediaries can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Shares held for Beneficial Shareholders.

There are two categories of Beneficial Shareholders: (a) those who object to their name being made known to the issuer of securities which they own (called "**OBOs**" for Objecting Beneficial Owners); and (b) those who do not object to the issuer of the securities they own knowing who they are (called "**NOBOs**" for Non-Objecting Beneficial Owners).

#### **Beneficial Shareholders of Technicoil**

Technicoil has decided to take advantage of those provisions of National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators ("**NI 54-101**") that permit it to directly deliver proxy-related materials to Technicoil NOBOs who have not waived the right to receive them. As a result, Technicoil NOBOs can expect to receive a scannable Voting Instruction Form together with the Notice of Meeting, this Information Circular and related documents from Computershare. These Voting Instruction Forms are to be completed and returned to Computershare in respect of Technicoil Shareholders and in the envelope provided or by facsimile. In addition, Computershare provides both internet and telephone voting services as described in the Voting Instruction Form. In that regard, Computershare is

required to follow the voting instructions properly received from Technicoil NOBOs. Computershare will tabulate the results of the respective Voting Instruction Forms received from Technicoil NOBOs and will provide appropriate instructions at the Technicoil Meeting with respect to the Technicoil Shares represented by the Voting Instruction Forms they receive. **Technicoil NOBOs should carefully follow the instructions of Computershare, in respect of Technicoil Shareholders including those regarding when and where the completed Voting Instruction Forms are to be returned to Computershare.** Should a Technicoil NOBO wish to vote at the Technicoil Meeting in person, the Technicoil NOBO must, as set forth in the Voting Instruction Form, request a form of legal proxy from Computershare that will grant the Technicoil NOBO the right to attend the Technicoil Meeting and vote in person.

**These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and Technicoil or its agent has sent these materials directly to you, your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the securities on your behalf.**

**By choosing to send these materials to you directly, Technicoil (and not the intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.**

**Technicoil NOBOs that wish to change their vote must, in sufficient time in advance of the Technicoil Meeting, contact Computershare to arrange to change their vote.**

In accordance with the requirements of NI 54-101, copies of the Notice of Meeting, this Information Circular and related documents (collectively, the "**Meeting Materials**") have been distributed to the clearing agencies and Intermediaries for onward distribution to Technicoil OBOs. Intermediaries are required to forward the Meeting Materials to Technicoil OBOs unless the Technicoil OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Technicoil OBOs. With those Meeting Materials, Intermediaries or their service companies should provide Technicoil OBOs with a "request for voting instruction form" which, when properly completed and signed by such Technicoil OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit Technicoil OBOs to direct the voting of the Shares that they beneficially own. Should a Technicoil OBO of Technicoil Shares wish to vote at the Technicoil Meeting in person, the Technicoil OBO should follow the procedure in the request for voting instructions provided by or on behalf of the Intermediary and request a form of legal proxy which will grant the Technicoil OBO the right to attend the Technicoil Meeting and vote in person. **Technicoil OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.**

**Technicoil OBOs who wish to change their vote must, in sufficient time in advance of the Technicoil Meeting, arrange with their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.**

Although a Beneficial Shareholder may not be recognized directly at the applicable Meeting for the purpose of voting Shares registered in the name of its Intermediary, a Beneficial Shareholder may vote those Shares as a proxyholder for the Registered Holder. To do this, a Beneficial Shareholder should enter such Beneficial Shareholder's own name in the blank space on the applicable form of proxy provided to the Beneficial Shareholder and return the document to such Beneficial Shareholder's Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary well in advance of the applicable Meeting.

Beneficial holders of Technicoil Shares should also instruct their Intermediary to complete the Letter of Transmittal regarding the Arrangement in order to receive the Essential Shares and Cash Consideration issuable pursuant to the Arrangement in exchange for such holder's Technicoil Shares.

See "*Technicoil Securityholders — Questions and Answers*" accompanying this Information Circular and "*Part V — General Proxy Matters — Technicoil*".

## **Beneficial Shareholders of Essential**

All Beneficial Shareholders of Essential, both NOBOs and OBOs will receive their proxy materials from Intermediaries. Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders of Essential in order to ensure that their Essential Shares are voted at the Essential Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to registered Essential Shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails its Voting Instruction Form, which may be scanned, in lieu of the form of proxy. The Beneficial Shareholders of Essential will be requested to complete and return the Voting Instruction Form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders of Essential can call a toll-free telephone number or access the internet to vote the Essential Shares held by the Beneficial Shareholder. The toll-free number and website will be provided by Broadridge in its Voting Information Form. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Essential Shares to be represented at the Essential Meeting. A Beneficial Shareholder of Essential receiving a Voting Instruction Form from Broadridge cannot use that Voting Instruction Form to vote Essential Shares directly at the Essential Meeting as the Voting Instruction Form must be returned as directed by Broadridge in advance of the Essential Meeting in order to have the Essential Shares voted.

Although a Beneficial Shareholder of Essential may not be recognized directly at the Essential Meeting for the purposes of voting Essential Shares registered in the name of its Intermediary, he or she may attend at the Essential Meeting, as a proxyholder for the registered holder and vote his or her Essential Shares in that capacity. Should a Beneficial Shareholder of Essential wish to vote at the Essential Meeting in person, he or she should enter his or her own name in the blank space on the form of proxy provided to the Beneficial Shareholder and return the document to his or her Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Essential Meeting.

See "*Essential Shareholders — Questions and Answers*" accompanying this Information Circular and "*Part VI — General Proxy Matters — Essential*".

## **Information for United States Securityholders**

The Essential Shares issuable to Technicoil Shareholders in exchange for their Technicoil Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance on the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act.

The solicitation of proxies for the Technicoil Meeting are not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitations and transactions contemplated in this Information Circular are made in the United States for securities of Canadian issuers in accordance with Canadian corporate laws and Canadian Securities Laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Technicoil Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

The financial statements of Essential and Technicoil and other financial information included or incorporated by reference in this Information Circular have been prepared in Canadian dollars. The financial statements of Essential and Technicoil and other financial information included or incorporated by reference in this Information Circular have been prepared in accordance with Canadian GAAP, and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects, and thus are not directly comparable to financial statements of companies prepared in accordance with United States generally accepted accounting principles and that are subject to United States auditing and auditor independence standards.

The enforcement by investors of civil liabilities under U.S. federal and state securities laws may be affected adversely by the fact that Technicoil and Essential are incorporated under the laws of the Province of Alberta, Canada, that all of the officers and directors of Technicoil and Essential are residents of countries other than the United States, that most or all of the experts named in this Information Circular are residents of countries other than the United States, and that most of the assets of Technicoil and Essential are located outside the United States.

Technicoil securityholders should be aware that the exchange of their securities for Essential Shares as described herein may have tax consequences in both the United States and Canada. The United States consequences for Technicoil securityholders who are resident in, or citizens of, the United States are not described herein. All Technicoil Securityholders should seek their own tax advice with respect to the tax consequences to them under the laws of any relevant domestic or foreign, state, local or other taxing jurisdiction of the transactions contemplated by the Arrangement in light of their particular situation.

**THE SECURITIES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH STATE SECURITIES REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

#### Currency Exchange Rates

In this Information Circular, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to "dollars", "C\$" or "\$" are to Canadian dollars, references to "US\$" are to United States dollars.

The following table sets forth: (i) the rate of exchange to Canadian dollars, expressed in United States dollars, in effect at the end of each of the periods indicated; (ii) the average exchange rates in effect on the first day of each month during such periods; and (iii) the high and low exchange rates during each such periods, in each case based on these rates published on the Bank of Canada's website as being in effect and approximately noon on each trading day (the "**Bank of Canada Noon Rate**"):

	Year ended December 31,	
	2010	2009
Rate at end of Period	1.0054	0.9555
Average rate during Period	0.9709	0.8757
High	1.0054	0.9716
Low	0.9278	0.7692

**Note:**

- (1) Calculated as an average of the daily Bank of Canada Noon Rates for each day during the respective period.

On May 4, 2011, the Bank of Canada Noon Rate was US\$1.0438 equals \$1.00.

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including in the section entitled "*Summary Information*". Words importing the singular include the plural and vice versa.

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Acquisition Proposal**" means any inquiry or the making of any proposal to a Party or its shareholders (including any take-over bid initiated by advertisement or circular) from any Person or group of Persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104) other than the other Party or any person acting jointly or in concert with such other Party, whether or not subject to due diligence or other conditions and whether oral or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions): (a) an acquisition from such Party or any of the shareholders of such Party of 20% or more of the voting securities of such Party or its Material Subsidiaries; (b) any acquisition of assets (or any lease, long term supply agreement or other arrangement having the same economic effect as a purchase or sale of assets) constituting, individually or in the aggregate, 20% or more of the fair market value of the consolidated assets of such Party and its Subsidiaries taken as a whole; (c) an amalgamation, arrangement, merger, business combination, consolidation or other transaction involving such Party or its Material Subsidiaries; (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving such Party or its Material Subsidiaries; or (e) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement;

"**Affiliate**" has the meaning attributed to that term in Section 1.3 of the Canadian Securities Administrators' National Instrument 45-106 - *Prospectus and Registration Exemptions*;

"**allowable capital loss**" has the meaning ascribed thereto in "*Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations — Residents of Canada — Taxation of Capital Gains and Capital Losses*";

"**Arrangement**" means the arrangement involving Essential, Technicoil, Technicoil Shareholders and Technicoil Optionholders under the provisions of the ABCA, on the terms and conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement, the applicable provisions of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Essential and Technicoil, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement, dated April 4, 2011, between Technicoil and Essential with respect to the Arrangement, as supplemented, modified or amended;

"**Articles of Arrangement**" means the articles of arrangement of Technicoil in respect of the Arrangement required under Subsection 193(1) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;

"**Bank of Canada Noon Rate**" has the meaning ascribed thereto in "*Joint Information Circular — Currency Exchange Rates*";

"**Beneficial Shareholders**" means Technicoil Shareholders or Essential Shareholders who do not hold their Technicoil Shares or Essentials Shares, as applicable, in their own name;

"**Bennett Jones**" means Bennett Jones LLP, legal counsel to Technicoil;

"**Broadridge**" means Broadridge Financial Solutions, Inc.;

"**Business Day**" means any day, other than a Saturday, Sunday or a statutory holiday, in the Province of Alberta;

"**Canadian GAAP**" means Canadian generally accepted accounting principles;

"**Canadian Securities Administrators**" means the securities commissions or similar securities regulatory authorities in each of the provinces and territories of Canada;

"**Canadian Securities Laws**" means the securities legislation or ordinance and regulations thereunder of each province and territory of Canada and the rules, instruments, policies and orders of each Canadian Securities Administrator made thereunder, as well as the rules, regulations, by-laws and policies of the TSX;

"**Cash Consideration**" means \$0.80 in cash in exchange for a fraction of each Technicoil Share, as partial consideration therefor, under the terms of the Arrangement;

"**Cash Ratio**" means the number, rounded to four decimal places, equal to \$0.80 divided by the sum of \$0.80 and the product obtained by multiplying 0.7111 by the Weighted Average Trading Price of an Essential Share;

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

"**Computershare**" means Computershare Trust Company of Canada;

"**Confidentiality Agreements**" means collectively, the Technicoil Confidentiality Agreement and the Essential Confidentiality Agreement;

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding or other right or obligation to which Technicoil or Essential, as applicable, or any of their respective Subsidiaries is a party or by which Technicoil or Essential, as applicable, or any of their Subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

"**Conversion**" means the conversion of the Trust to a corporation pursuant to a plan of arrangement under the ABCA, which was completed on April 29, 2010;

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

"**Depository**" means Olympia;

"**Deposited Securities**" has the meaning ascribed thereto in "*Part III — The Arrangement — Procedure for Exchange of Securities — Letters of Transmittal — Technicoil Shareholders*";

"**Depositing Shareholders**" has the meaning ascribed thereto in "*Part III — The Arrangement — Procedure for Exchange of Securities — Letters of Transmittal — Technicoil Shareholders*";

"**Dissent Procedures**" means the procedures set forth in Section 191 of the ABCA required to be taken by a Registered Holder of Technicoil Shares to exercise Dissent Rights in respect of Dissenting Shares in connection with the Arrangement, as modified by the Interim Order as provided for in the Plan of Arrangement;

"**Dissent Rights**" means rights afforded to the Technicoil Shareholders as provided for in the Plan of Arrangement;

"**Dissenting Shareholder**" means a Registered Technicoil Shareholder who has duly exercised a Dissent Right and who is ultimately entitled to be paid the fair value of the Dissenting Shares held by such Person;

"**Dissenting Shares**" means Technicoil Shares in respect of which a Dissenting Shareholder has validly exercised, and not withdrawn, Dissent Rights;

"**Effective Date**" means the date the Arrangement becomes effective under the ABCA, provided that such date shall not be later than June 30, 2011 unless otherwise agreed to by Essential and Technicoil;

"**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date;

"**Encumbrances**" includes any mortgage, pledge, assignment, charge, lien, security interest, claim, trust, royalty or carried, participation, net profits or other third party interest and any agreement, option, right of first refusal, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**Environmental Laws**" means, with respect to any person or its business, activities, property, assets or undertaking, all Laws, including the common law, relating to environmental or health and safety matters in the jurisdictions applicable to such person or its business, activities, property, assets or undertaking, including, without limitation, legislation governing the reduction of greenhouse gas emissions and the use and storage of Hazardous Substances;

"**Essential**" means Essential Energy Services Ltd., a corporation existing under the ABCA;

"**Essential AIF**" means the annual information form of Essential, dated March 8, 2011, incorporated by reference into this Information Circular;

"**Essential Annual Circular**" means the information circular of Essential dated March 21, 2011, incorporated by reference into this Information Circular;

"**Essential Arrangement Resolution**" means the ordinary resolution of the Essential Shareholders approving the issuance of Essential Shares pursuant to the Arrangement which is to be considered at the Essential Meeting, the full text of which is set forth in Appendix "A-2" to this Information Circular;

"**Essential Board**" or "**Board of Directors of Essential**" means the board of directors of Essential as it may be comprised from time to time;

"**Essential Confidentiality Agreement**" means the confidentiality agreement, dated March 28, 2011, between Essential and Technicoil;

"**Essential Meeting**" means the annual and special meeting of Essential Shareholders scheduled to be held on May 30, 2011 and any adjournments or postponements thereof, to be called to consider, and if deemed advisable approve, the Essential Arrangement Resolution;

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

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

"**Essential Support Agreements**" mean the support agreements, dated April 4, 2011, between Technicoil and the Essential Support Shareholders pursuant to which the Essential Support Shareholders have agreed to vote the Essential Shares beneficially owned or controlled or subsequently acquired by the Essential Support Shareholders in favour of the Essential Arrangement Resolution and to otherwise support the Arrangement as described under the heading "*Part III — The Arrangement — Support Agreements*";

"**Essential Support Shareholders**" means those Essential Shareholders that have entered into Essential Support Agreements with Technicoil;

"**Exchange Ratio**" means in respect of each Technicoil Share the exchange of 0.7111 of an Essential Share for a fraction of such Technicoil Share equal to the Share Ratio and \$0.80 for a fraction of such Technicoil Share equal to the Cash Ratio pursuant to the Plan of Arrangement;

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

"**Final Order**" means the order of the Court approving the Arrangement pursuant to Subsection 193(9) of the ABCA in respect of Technicoil, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"Governmental Entity"** means any: (a) multinational, federal, provincial, territory, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; (b) any subdivision, agent, commission, board or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

**"Hazardous Substances"** means any waste or other substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor;

**"Holder"** has the meaning ascribed thereto in *"Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations"*;

**"Information Circular"** means this joint information circular, dated May 4, 2011, together with all appendices hereto, distributed by Technicoil and Essential in connection with the Meetings;

**"Interim Order"** means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding and conduct of the Technicoil Meeting and the notice to be provided, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"Intermediary"** includes a broker, investment dealer, bank, trust company, nominee or other intermediary;

**"Laws"** means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity (including the TSX) or self-regulatory authority, to the extent each of the foregoing have the force of law, and the term **"applicable"** with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities; and "Laws" includes Environmental Laws;

**"Letter of Transmittal"** means the letter of transmittal provided to Registered Technicoil Shareholders in connection with the Arrangement;

**"Mailing Date"** means the date on which the Information Circular is mailed to the Essential Shareholders and Technicoil Shareholders in connection with the Essential Meeting and the Technicoil Meeting;

**"Manager"** means Essential Energy Services Operating Corp., as the formerly wholly-owned subsidiary of the Trust and former manager of the Trust;

**"Material Adverse Change"** or **"Material Adverse Effect"**, means, with respect to a Party, any fact or state of facts, circumstance, change, effect occurrence or event that, individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations or cash-flows of the Party and its subsidiaries, taken as a whole, other than a change, effect, occurrence or event relating to or resulting from: (i) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere, (ii) conditions affecting the oilfield services industry as a whole and not specifically relating to the Party and/or its Subsidiaries, including changes in Laws (including tax Laws) and royalties, (iii) any decline in crude oil or natural gas prices on a current or forward basis, (iv) any matter which has been publicly disclosed or communicated in writing to the other Party as of the date of the Arrangement Agreement, (v) any failure by such Party to meet any financial or other projections, including projections provided to the other Party in connection with negotiation of the Arrangement Agreement (provided that this clause (v) shall not prevent a determination that any change or effect underlying such failure to meet projections has resulted in a material adverse change to the extent such change or

effect is not otherwise excluded from this definition), or (vi) any changes or effects arising, directly or indirectly, from the Arrangement or any other matters or actions permitted or contemplated by the Arrangement Agreement, including any public announcement of the foregoing, or consented to or approved in writing by the other Party; and further provided that references in certain sections of the Arrangement Agreement to dollar amounts or production numbers are not intended to be, and shall not be deemed to be, illustrative or interpretive for the purposes of determining whether a "Material Adverse Change" or "Material Adverse Effect" has occurred;

"**Meeting Materials**" has the meaning ascribed thereto in "*Joint Information Circular — Information for Beneficial Shareholders*";

"**Meetings**" means, collectively, the Technicoil Meeting and the Essential Meeting, and any adjournments or postponements thereof and "**Meeting**" means, as the context requires, the Technicoil Meeting or the Essential Meeting;

"**Named Executive Officers**" or "**NEOs**" means, with respect to Essential, its Chief Executive Officer, Chief Financial Officer and the two other most highly paid executive officers of Essential, and, with respect to Technicoil, its Chief Executive Officer and Chief Financial Officer;

"**NI 54-101**" has the meaning ascribed thereto in "*Joint Information Circular — Information for Beneficial Shareholders*";

"**NOBOs**" has the meaning ascribed thereto in "*Joint Information Circular — Information for Beneficial Shareholders*";

"**Non-registered Technicoil Shareholder**" means a non-registered Beneficial Shareholder whose Technicoil Shares are held through an Intermediary;

"**Non-resident Holder**" has the meaning ascribed thereto in "*Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations — Non-Resident Shareholders*";

"**Notice of Originating Application**" means the Notice of Originating Application to the Court for the Final Order, which is attached as Appendix "C" to this Information Circular;

"**Notice of Dissent**" has the meaning ascribed thereto in "*Part III — The Arrangement — Right to Dissent*";

"**Notice of Meeting**" means, as applicable, the Notice of Annual and Special Meeting of Shareholders and Optionholders of Technicoil or the Notice of Annual and Special Meeting of Essential Shareholders which accompanies this Information Circular;

"**OBOs**" has the meaning ascribed thereto in "*Joint Information Circular — Information for Beneficial Shareholders*";

"**Olympia**" means Olympia Trust Company;

"**Option Election Agreements**" means the agreements to be entered into among Technicoil and each of the Technicoil Optionholders pursuant to which such holders will agree, prior to the Effective Time, to either: (i) exercise their Technicoil Options in accordance with their terms; (ii) surrender their Technicoil Options for cancellation in exchange for a cash payment equal to the difference between the exercise price of such Technicoil Option and the Weighted Average Closing Price of a Technicoil Share for each Technicoil Option surrendered; or (iii) surrender any "out of the money" Technicoil Options for cancellation for consideration of \$0.01 per Technicoil Option; in all cases less all applicable withholdings for taxes;

"**other Party**" means: (i) with respect to Essential, Technicoil; and (ii) with respect to Technicoil, Essential;

"**Parties**" means, collectively, Essential and Technicoil, and "**Party**" means Essential or Technicoil, as the case may be;

"**Person**" includes an individual, firm, trust, partnership, association, corporation, joint venture, trustee, executor, administrator, legal representative or government (including any Governmental Entity);

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

"**Peters & Co. Fairness Opinion**" means the opinion of **Peters & Co.** provided to the Technicoil Board, dated April 4, 2011, a copy of which is attached as Appendix "F" to this Information Circular;

"**Plan of Arrangement**" means the plan of arrangement substantially in the form attached as Appendix "E" to this Information Circular as from time to time amended, supplemented or restated in accordance with the Arrangement Agreement, Section 5.1 and 5.2 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Essential and Technicoil, each acting reasonably;

"**Record Date**" means, in respect of both the Technicoil Meeting and the Essential Meeting, the close of business on May 4, 2011;

"**Registered Holder**" means, as applicable, the person whose name appears on the register of Technicoil as the owner of Technicoil Shares or whose name appears on the register of Essential as the owner of Essential Shares, as the case may be;

"**Registered Technicoil Shareholder**" means a Registered Holder of Technicoil Shares;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta appointed under Section 263 of the ABCA;

"**Regulation S**" means Regulation S under the U.S. Securities Act;

"**Representative**" means the officers, directors, employees, financial advisors, legal counsel, accountants and other agents and representations of a Party;

"**Resident Holder**" has the meaning ascribed thereto in "*Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations — Residents of Canada*";

"**RRIF**" has the meaning ascribed thereto in "*Part III — The Arrangement — Eligibility for Investment*";

"**RRSP**" has the meaning ascribed thereto in "*Part III — The Arrangement — Eligibility for Investment*";

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Share Ratio**" means the number, rounded to four decimal places, equal to 1 minus the Cash Ratio;

"**Shareholders**" means, collectively, Technicoil Shareholders and Essential Shareholders;

"**Shares**" means, collectively, Technicoil Shares and Essential Shares;

"**Special Committee**" means the special committee of the Technicoil Board established to, among other things, review the proposed Arrangement and make recommendations to the Technicoil Board regarding the merits of the Arrangement;

"**Superior Proposal**" means an unsolicited written bona fide Acquisition Proposal which the board of directors of the Party subject to the Acquisition Proposal determines in good faith: (1) that the funds or other consideration necessary to complete the Acquisition Proposal are or are reasonably likely to be available to fund completion of the

Acquisition Proposal at the time and on the basis set out therein; (2) after consultation with its financial advisor(s), would or would be reasonably likely to, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction financially superior for shareholders of such Party to the transaction contemplated by the Arrangement Agreement (including taking into account any modifications to the Arrangement Agreement proposed by the other Party as contemplated by subsection 5.5(b)(x) of the Arrangement Agreement); (3) after consultation with its financial advisor(s) and outside counsel, is reasonably likely to be consummated at the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (4) after receiving the advice of outside counsel, as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for the board of directors of the Party subject to the Acquisition Proposal to act in a manner consistent with its fiduciary duties under applicable Laws;

**"Support Agreements"** means, collectively, the Technicoil Support Agreements and the Essential Support Agreements;

**"Tax Act"** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder;

**"taxable capital gain"** has the meaning ascribed thereto in *Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations — Residents of Canada — Taxation of Capital Gains and Capital Losses*;

**"Technicoil"** means Technicoil Corporation, a corporation existing under the ABCA;

**"Technicoil AIF"** means the annual information form of Technicoil, dated March 14, 2011, incorporated by reference into this Information Circular;

**"Technicoil Arrangement Resolution"** means the special resolution of: (i) the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class; and (ii) the Technicoil Shareholders voting as a class, the full text of which is set forth in Appendix "A-1" to this Information Circular, approving the Plan of Arrangement, which is to be considered at the Technicoil Meeting;

**"Technicoil Board"** or **"Board of Directors of Technicoil"** means the board of directors of Technicoil as it may be comprised from time to time;

**"Technicoil Confidentiality Agreement"** means the confidentiality agreement, dated February 22, 2011, between Essential and Technicoil;

**"Technicoil Meeting"** means the annual and special meeting of Technicoil Shareholders and Technicoil Optionholders scheduled to be held on May 30, 2011 and any adjournments or postponements thereof, that is as provided by the Interim Order, to be called to consider, and if deemed advisable approve, the Technicoil Arrangement Resolution;

**"Technicoil Option Plan"** means Technicoil's existing stock option plan and any previous Technicoil Option Plan, as constituted as of the date hereof, that provides for the grant of Technicoil Options;

**"Technicoil Optionholders"** means holders of Technicoil Options;

**"Technicoil Options"** means the options (whether vested or not) to purchase Technicoil Shares that are from time to time outstanding under the Technicoil Option Plan;

**"Technicoil Securityholders"** means the Technicoil Shareholders and Technicoil Optionholders;

**"Technicoil Shareholders"** means the holders from time to time of the Technicoil Shares;

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

**"Technicoil Support Agreements"** mean the support agreements, dated April 4, 2011, between Essential and the Technicoil Support Shareholders pursuant to which the Technicoil Support Shareholders have agreed to vote the Technicoil Shares beneficially owned or controlled or subsequently acquired by the Technicoil Support Shareholders in favour of the Technicoil Arrangement Resolution and to otherwise support the Arrangement as described under the heading "*Part III — The Arrangement — Support Agreements*";

**"Technicoil Support Shareholders"** means those Technicoil Shareholders that have entered into Technicoil Support Agreements with Essential;

**"TFSA"** has the meaning ascribed thereto in "*Part III — The Arrangement — Eligibility for Investment*";

**"Trust"** means Essential Energy Services Trust, a trust formed pursuant to the laws of the Province of Alberta and included, unless the context otherwise requires, its subsidiaries and operating entities;

**"Trust Unit"** or **"Unit"** means a trust unit of the Trust;

**"Tryton MSFS"** means the Tryton Multi-Stage Fracturing System;

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

**"United States"** or **"U.S."** means the United States, as defined in Rule 902(1) under Regulation S;

**"Unitholders"** means the holders from time to time of the Trust Units;

**"U.S. Exchange Act"** means the United States Securities Exchange Act of 1934, as amended;

**"U.S. Securities Act"** means the United States Securities Act of 1933, as amended;

**"Voting Instruction Form"** means the voting instruction form provided by Computershare or Broadridge, as applicable, to Beneficial Shareholders;

**"Weighted Average Closing Price of a Technicoil Share"** means the weighted average closing price of the Technicoil Shares on the TSX for the five trading day period immediately preceding the Effective Date;

**"Weighted Average Trading Price of an Essential Share"** means the volume weighted average trading price of the Essential Shares on the TSX for the five trading day period immediately preceding the Effective Date;

**"Wellington West"** means Wellington West Capital Markets Inc., financial advisor to Essential; and

**"Wellington West Fairness Opinion"** means the opinion of Wellington West provided to the Essential Board dated April 4, 2011, a copy of which is attached to this Information Circular as Appendix "G".

## SUMMARY

The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Capitalized terms not otherwise defined herein are defined in the "*Glossary of Terms*".

### **The Corporations**

#### ***Technicoil***

Technicoil is a Calgary-based oil and natural gas services company operating in the western Canadian sedimentary basin. Technicoil's business is conducted through two segments: well servicing and drilling. The well servicing segment is comprised of 17 coil tubing service rigs and nine conventional service rigs. The drilling segment is comprised of five hybrid drilling rigs.

For a more complete description of Technicoil's business see "*Appendix "J" — Information Concerning Technicoil*".

#### ***Essential***

Essential is a growth-oriented corporation that provides oilfield services to oil and gas producers in western Canada and Colombia for servicing producing wells and new drilling activity. Essential provides services through its Well Servicing and Downhole Services & Rentals divisions. With 53 service rigs, Essential is the sixth largest service rig provider in Canada. With 34 coil tubing rigs and 16 nitrogen units, Essential has the largest coil tubing and nitrogen well service fleet in Canada. Essential sells and services a full-range of downhole tools including the Tryton MSFS and other rental equipment. Essential also provides perforating and logging services with 14 wireline trucks.

For a more complete description of Essential's business see "*Appendix "K" — Information Concerning Essential*".

### **The Technicoil Meeting**

The Technicoil Meeting will be held in the Viking Room at The Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on Monday, May 30, 2011, for the purposes set forth in the accompanying applicable Notice of Meeting of Technicoil Shareholders and Technicoil Optionholders.

### **The Essential Meeting**

The Essential Meeting will be held at the Livingston Club Conference Centre, Plus 15, 222 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time) on Monday, May 30, 2011, for the purposes set forth in the accompanying applicable Notice of Meeting of Essential Shareholders.

### **Background and Arrangement Considerations**

#### ***Background***

Each of the Essential Board and Technicoil Board and senior management of each of Essential and Technicoil regularly consider and investigate opportunities to enhance value for their respective shareholders. Those opportunities have included the possibility of strategic transactions with various industry participants. Essential is approached from time to time by third parties seeking to complete a specific business combination or other transaction. The management of Essential and the Essential Board review and consider such proposals as they arise to determine whether pursuing them would be in the best interests of Essential and the Essential Shareholders.

On February 11, 2011, Technicoil formally retained Peters & Co. to initiate a process to evaluate possible strategic transactions aimed at enhancing shareholder value, including, among others, a negotiated combination of Technicoil's business and operations with another oilfield services company or other entity by means of a take-over, merger, sale, recapitalization, arrangement, amalgamation or a sale of assets, or any combination thereof. In this regard, the Technicoil Board formed the Special Committee consisting of Messrs. Leonard Cornez (chair), Arthur Dumont, Roderick Graham and Andrew Zaleski.

Following its appointment, Peters & Co. contacted a select list of prospective interested parties, including Essential, in order to solicit interest in a potential transaction with Technicoil. On February 14, 2011, Essential was contacted by Peters & Co., on an unsolicited basis.

Technicoil subsequently entered into confidentiality agreements with numerous interested parties and provided such parties with access to a virtual data room that included corporate, financial and operational information about Technicoil. Additionally, management of Technicoil provided technical presentations to various parties that had entered into confidentiality agreements and who had requested such presentations. On February 22, 2011, Essential entered into the Technicoil Confidentiality Agreement and management of Essential commenced preliminary due diligence on Technicoil.

Pursuant to the strategic review process, interested parties were asked to submit proposals no later than 12:00 p.m. (Calgary time) on March 23, 2011. Essential submitted a proposal to Peters & Co. on March 23, 2011 for a business combination between Essential and Technicoil pursuant to which Technicoil Shareholders would receive a combination of Essential Shares and cash. The Special Committee subsequently met with Peters & Co. to review and consider the strategic alternatives available to Technicoil with the goal of assessing which of the strategic alternatives would achieve the stated objective of maximizing shareholder value and be in the best interests of Technicoil and Technicoil Shareholders.

After giving full consideration to all of the strategic alternatives available to Technicoil and consulting with its financial and legal advisors, the Special Committee authorized management of Technicoil and Technicoil's financial and legal advisors to engage in discussions and negotiations with Essential regarding a possible business combination involving Essential and Technicoil on terms acceptable to Technicoil and Essential.

From March 25, 2011 to April 3, 2011, Technicoil's management and advisors engaged in further discussions with Essential's management and advisors to negotiate the terms and conditions of the proposed transaction. During that time, Essential completed its additional due diligence investigations in respect of Technicoil which included a review by Essential's management and advisors of the corporate, financial and operational due diligence material provided by Technicoil and attendance at management presentations by Technicoil. Technicoil entered into a reciprocal confidentiality agreement and conducted a due diligence review of Essential, which included a review by Technicoil's management and advisors of the corporate, financial and operational due diligence material provided by Essential and attendance at management presentations from Essential on Essential's operations. During this period, the Special Committee continued to meet to discuss the terms and timing of a proposed transaction with Essential. Having each independently determined that it was worthwhile to give due consideration to a possible business combination by way of plan of arrangement, Essential and Technicoil continued to negotiate terms of the potential arrangement.

On March 28, 2011, Essential and Technicoil entered into a non-binding letter of intent which set out proposed key terms of the business combination and instructed legal counsel to prepare a definitive Arrangement Agreement.

On April 3, 2011, the Technicoil Board met to consider the recommendation of the Special Committee with respect to the proposed Arrangement and the entering into of a definitive agreement with Essential. At the meeting, the Special Committee provided its recommendation that Technicoil enter into the proposed transaction with Essential on the terms substantively set out in the proposed Arrangement Agreement. Management of Technicoil presented the Technicoil Board with a review of Essential's assets and operations, Technicoil's legal counsel, Bennett Jones, provided the Technicoil Board with a summary of the terms and conditions of the proposed Arrangement Agreement and other legal considerations, and representatives of Peters & Co. provided financial advice with respect to the proposed Arrangement. In addition, Peters & Co. provided their independent verbal

opinion (subsequently delivered in writing) that, subject to the review of final documentation, the consideration to be received by Technicoil Shareholders in connection with the Arrangement was fair, from a financial point of view, to Technicoil Shareholders. The written Peters & Co. Opinion is contained in Appendix "F" to this Information Circular.

After extensive discussions and careful consideration of the proposed Arrangement, and subject to certain matters to be finalized by Technicoil's management and its legal and financial advisors, on April 3, 2011, the Technicoil Board determined that: (i) the Arrangement is fair to the Technicoil Shareholders; (ii) it would recommend that the Technicoil Shareholders vote in favour of the Arrangement; and (iii) the Arrangement and entry in the Arrangement Agreement are in the best interest of Technicoil and the Technicoil Shareholders.

The Essential Board also met on April 3, 2011 to review the results of the technical and financial due diligence conducted by Essential's management and Wellington West on Technicoil and the legal due diligence conducted by Essential's counsel on Technicoil and to consider the specific transaction terms that had been negotiated with Technicoil, the merits of entering into such a transaction and the terms of the proposed Arrangement Agreement. At this meeting, Wellington West delivered its verbal opinion (subsequently delivered in writing) that, subject to the assumptions, limitations and qualifications set forth in its opinion, the consideration to be paid by Essential pursuant to the Arrangement is fair, from a financial point of view, to the Essential Shareholders. The written Wellington West Fairness Opinion is contained in Appendix "G" to this Information Circular. At the meeting Essential's counsel, Faskens, provided the Essential Board with an update on the material terms of the proposed Arrangement Agreement and advised the Essential Board as to its duties in respect of the consideration of the Arrangement. After discussing the proposed terms of the Arrangement Agreement, the verbal fairness opinion of Wellington West and the factors set out under "*The Arrangement - Arrangement Considerations*" and "*The Arrangement - Anticipated Benefits of the Arrangement*", and after receiving such other materials and advice as it considered to be relevant, prudent or desirable, all members of the Essential Board voted to authorize and approve the execution and delivery of the Arrangement Agreement.

After extensive discussions and careful consideration of the proposed Arrangement, and subject to certain matters to be finalized by Essential's management and its legal and financial advisors, on April 3, 2011, the Essential Board determined that: (i) the Arrangement is fair to the Essential Shareholders; (ii) it would recommend that the Essential Shareholders vote in favour of the Arrangement; and (iii) the Arrangement and entering into the Arrangement Agreement are in the best interest of Essential and the Essential Shareholders.

The negotiation of the definitive terms and conditions of the Arrangement Agreement was completed on April 4, 2011 prior to market opening, at which time the Arrangement Agreement was executed and Essential and Technicoil issued a joint news release prior to the open of markets on April 4, 2011, announcing the Arrangement.

On April 8, 2011, Essential and Technicoil agreed to the definitive terms of the Plan of Arrangement.

See "*Part III — The Arrangement — Background and Arrangement Considerations*".

### ***Arrangement Considerations***

Following receipt of the advice and assistance of their financial advisors and legal counsel (and in the case of Technicoil, the Special Committee), the Technicoil Board and the Essential Board carefully evaluated the terms of the proposed Arrangement and both the Technicoil Board and the Essential Board: (a) determined that the Arrangement is fair to their respective Shareholders; (b) determined that the Arrangement and the entering into of the Arrangement Agreement are in the best interests of Technicoil and the Technicoil Shareholders and Essential and the Essential Shareholders, as applicable; and (c) resolved to recommend that their respective Shareholders vote, in the case of Technicoil, in favour of the Technicoil Arrangement Resolution and in the case of Essential, in favour of the Essential Arrangement Resolution. In reaching these determinations and making these approvals the Technicoil Board and Essential Board, respectively, considered, among other things (including those matters described under "*Part III — The Arrangement — Background and Arrangement Considerations — Anticipated Benefits of the Arrangement*"), the following factors and potential benefits and risks of the Arrangement:

- Peters & Co. and Wellington West provided fairness opinions, the full text of which can be found at Appendices "F" and "G" to this Information Circular, respectively. The Peters & Co. Fairness Opinion confirms that as of its date, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by Technicoil Shareholders under the Arrangement is fair, from a financial point of view, to Technicoil Shareholders. The Wellington West Fairness Opinion confirms that as of its date, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by Essential pursuant to the Arrangement is fair, from a financial point of view, to Essential Shareholders. See "*Part III — The Arrangement — Technicoil Fairness Opinion*" and "*Part III — The Arrangement — Essential Fairness Opinion*";
- certain Shareholders, representing approximately 3.2% of the outstanding Technicoil Shares (on a non-diluted basis) and 2.6% of the outstanding Essential Shares (on a non-diluted basis), as of May 4, 2011, have entered into the Support Agreements pursuant to which they have agreed, among other things, to vote their Technicoil Shares and Essential Shares, as the case may be, subject to the terms and conditions of such Support Agreements, in favour of the Technicoil Arrangement Resolution and the Essential Arrangement Resolution, as the case may be;
- the approval of: (i) not less than 66⅔% of the votes cast by the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class, present in person or by proxy at the Technicoil Meeting; and (ii) not less than 66⅔% of the votes cast by the Technicoil Shareholders, present in person or by proxy at the Technicoil Meeting is required to approve the Technicoil Arrangement Resolution;
- greater than 50% of the votes cast by Essential Shareholders at the Essential Meeting is required to approve the Essential Arrangement Resolution;
- Technicoil Shareholders have the ability to exercise Dissent Rights; and
- the Arrangement requires approval by the Court.

The information and factors described above and under "Anticipated Benefits of the Arrangement" below, and considered by the Technicoil Board and Essential Board in reaching their determinations and making their approvals are not intended to be exhaustive but include material factors considered by the Technicoil Board and the Essential Board. In view of the wide variety of factors considered in connection with their respective evaluations of the Arrangement and the complexity of these matters, the Technicoil Board and the Essential Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, individual members of the Technicoil Board and Essential Board may have given different weight to different factors.

See "*Part III — The Arrangement — Background and Arrangement Considerations*".

### **Anticipated Benefits of the Arrangement**

Technicoil and Essential believe that the acquisition of Technicoil by Essential will enable the combined corporation to become a larger, financially stronger, more diversified and more competitive oilfield services company and will position the combined corporation to expand its presence as the predominant coil tubing and nitrogen well service provider in Canada with the sixth largest conventional service rig fleet in Canada. Technicoil and Essential believe that the growth prospects for Shareholders are greater through the combination of their assets than either corporation could achieve on its own. There is a risk that Essential may not realize the anticipated benefits of the Arrangement. See "*Part III — The Arrangement — Risk Factors Related to the Arrangement*".

Technicoil and Essential believe that the acquisition of Technicoil by Essential under the Arrangement will result in significant value enhancement potential to Shareholders for the following reasons:

- **Improved Scale** — The combination of the assets of Technicoil and Essential will enable Essential to become a more competitive oilfield services company that will have a larger and more diversified asset base than either of Technicoil or Essential alone. The combined corporation will strengthen its position as the largest provider of coil tubing well services in Canada, will operate the sixth largest fleet of conventional well service rigs and will be a key supplier of downhole tools and multi-stage fracturing service in the Canadian market;
- **Geographical Diversification** — The Arrangement will provide an opportunity for Essential to leverage the combined customer base to penetrate new and existing markets, including Colombia. The combined corporation will be strategically positioned to service the various oil and liquids-rich natural gas resource plays in western Canada that are being developed with horizontal well and multi-stage fracturing technology;
- **Efficient Integration** — Essential and Technicoil have complementary business lines and share common operational and safety philosophies which will allow for an efficient integration of the two businesses. The combined corporation will also benefit from operating and cost efficiencies realized through the consolidation of certain operating and administrative expenses;
- **Collective Management Strength and Experienced Leadership** — The management, technical teams and Board of Directors of Essential following the Arrangement will draw upon extensive strategic, operating and financial experience. Essential will have a management team made up of individuals who possess complementary experience, talents and skills and will be well positioned to capitalize on various organic growth opportunities;
- **Customer Base** — The transaction will also provide both companies the opportunity to market existing services to an expanded customer base and provide each company with additional services that can be offered to existing clients; and
- **Other Considerations** — the combined corporation will provide an exciting and respected platform to attract and retain experienced personnel.

See "*Part III — The Arrangement — Background and Arrangement Considerations — Anticipated Benefits of the Arrangement*".

## **Support Agreements**

### ***Technicoil Support Agreements***

The Technicoil Support Shareholders, which consists of all of the directors and executive officers of Technicoil, have entered into Technicoil Support Agreements, on terms similar to the Essential Support Agreements, pursuant to which the Technicoil Support Shareholders have agreed, among other things, to vote an aggregate of 2,346,978 Technicoil Shares, representing approximately 3.2% of the outstanding Technicoil Shares (on a non-diluted basis) in favour of the Technicoil Arrangement Resolution and to otherwise support the Arrangement, subject to the provisions of the Technicoil Support Agreements. See "*Part III — The Arrangement — Support Agreements — Technicoil Support Agreements*".

### ***Essential Support Agreements***

The Essential Support Shareholders, which consists of all of the directors and executive officers of Essential, have entered into Essential Support Agreements, on terms similar to the Technicoil Support Agreements, pursuant to which the Essential Support Shareholders have agreed, among other things, to vote an aggregate of 1,881,439 Essential Shares, representing approximately 2.6% of the outstanding Essential Shares (on a non-diluted basis) in favour of the Essential Arrangement Resolution and to otherwise support the Arrangement, subject to the provisions of the Essential Support Agreements. See "*Part III — The Arrangement — Support Agreements — Essential Support Agreements*".

## **Recommendations of the Technicoil Board**

After considering, among other things, the unanimous recommendation of the Special Committee and the fairness opinion delivered verbally by Peters & Co. on April 3, 2011, the Technicoil Board determined that: (i) the Arrangement is fair to the Technicoil Shareholders; (ii) the Arrangement and entry into the Arrangement Agreement are in the best interests of Technicoil and the Technicoil Shareholders and; (iii) it unanimously recommends that the Technicoil Shareholders vote FOR the Technicoil Arrangement Resolution.

In reaching its conclusions and formulating its recommendations, the Technicoil Board considered a number of factors, including the recommendation of the Special Committee, the fairness opinion of Peters & Co., the anticipated benefits of the Arrangement and the risks associated with completing the Arrangement.

The discussion of the information and factors considered and given weight to by the Technicoil Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Technicoil Arrangement Resolution, the Technicoil Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

## **Recommendations of the Essential Board**

After considering, among other things, the fairness opinion delivered verbally by Wellington West on April 3, 2011, the Essential Board determined that: (i) the Arrangement is fair to the Essential Shareholders; (ii) the Arrangement and entry into the Arrangement Agreement are in the best interests of Essential and Essential Shareholders; and (iii) it unanimously recommends that Essential Shareholders vote FOR the Essential Arrangement Resolution.

In reaching its conclusions and formulating its recommendations, the Essential Board considered a number of factors, including the fairness opinion of Wellington West, the expected benefits of the Arrangement and the risks associated with completing the Arrangement.

The discussion of the information and factors considered and given weight to by the Essential Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Essential Arrangement Resolution, the Essential Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

## **Effect of the Arrangement**

### ***General***

Pursuant to the Arrangement, Essential will acquire all of the issued and outstanding Technicoil Shares such that upon completion of the Arrangement, Technicoil will be a wholly-owned subsidiary of Essential.

On May 4, 2011, there were 72,755,515 issued and outstanding Technicoil Shares and an aggregate of up to 3,735,331 Technicoil Shares were issuable upon the exercise of 3,735,331 Technicoil Options. Technicoil has received Option Election Agreements from all applicable Technicoil Optionholders whereby each Technicoil Optionholder has elected to surrender their outstanding "in the money" Technicoil Options to Technicoil in exchange for a cash payment equal to the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option, less applicable withholding taxes. On May 4, 2011, the closing price for Essential Shares was \$2.01 per share and the closing price for Technicoil Shares was \$2.09 per share.

Assuming that there are no Dissenting Shareholders and none of the Technicoil Options are exercised prior to the Effective Date, it is anticipated that Essential, to effect the Arrangement, would be required to issue an aggregate of 51,736,446 Essential Shares in exchange for all of the outstanding Technicoil Shares, representing approximately 72.4% of Essential's outstanding share capital as at May 4, 2011. If the Arrangement is completed as

contemplated, it is expected that current Essential Shareholders and former Technicoil Shareholders will own approximately 58% and 42%, respectively, of the Essential Shares on a pro forma basis.

Where Technicoil Shareholders would otherwise be entitled to receive such number of Essential Shares which would result in a fraction of an Essential Share being issuable, the number of Essential Shares to be issued to such Technicoil Shareholders will be rounded down to the nearest whole number.

The respective obligations of the Parties to complete the transaction contemplated by the Arrangement Agreement are subject to a number of conditions which must be satisfied in order for the Arrangement to become effective.

### ***Effect on Technicoil Shares***

Pursuant to the Arrangement, Technicoil Shareholders will receive, for each Technicoil Share held, 0.7111 of an Essential Share and \$0.80 in cash. See "*Part III — The Arrangement — Effect of the Arrangement — Effect on Technicoil Shares*", "*Part III — The Arrangement — Procedure for the Arrangement to Become Effective*", and "*Part IV — Pro Forma Information of Essential After Giving Effect to the Arrangement*".

### ***Effect on Technicoil Options***

In connection with the Arrangement and by approval of the Technicoil Board, all outstanding Technicoil Options will become fully vested effective at the Effective Date. As at the date hereof, Technicoil Optionholders hold an aggregate of 3,735,331 Technicoil Options.

In connection with the Arrangement, Technicoil has received Option Election Agreements from all applicable Technicoil Optionholders whereby each Technicoil Optionholder has elected to surrender their outstanding "in the money" Technicoil Options to Technicoil in exchange for a cash payment equal to the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option, less applicable withholding taxes. Pursuant to the Option Election Agreements, it is expected holders of Technicoil Options will also surrender their outstanding "out of the money" Technicoil Options to Technicoil for cancellation for consideration of \$0.01 per Technicoil Option. It is a condition to the completion of the Arrangement that all Technicoil Options have been exercised, terminated or cancelled prior to the Effective Date.

Pursuant to the Arrangement, each Technicoil Option outstanding immediately prior to the Effective Time (if any) and in respect of which the Technicoil Optionholder has not elected to surrender or exercise such Technicoil Option at the Effective Time, shall be treated as follows: (i) each Technicoil Option with an exercise price less than the Weighted Average Closing Price of a Technicoil Share shall be deemed to be surrendered and transferred to Technicoil and the holder of such Technicoil Option shall receive a cash payment from Technicoil in the amount of the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option; and (ii) each Technicoil Option with an exercise price that is greater than or equal to the Weighted Average Closing Price of a Technicoil Share shall be deemed to be surrendered and transferred to Technicoil and the holder of such Technicoil Option shall receive a cash payment from Technicoil of \$0.01 per such Technicoil Option; in all cases less applicable withholding taxes.

See also "*Part III — The Arrangement — Effect of the Arrangement — Effect on Technicoil Options*".

### ***Change of Control Provisions***

Certain employment agreements with Technicoil NEOs contain "change of control" provisions which will be triggered by the completion of the Arrangement.

Technicoil has an employment agreement with Mr. Clifton, the President and Chief Executive Officer of Technicoil, which provides for a payment to Mr. Clifton, in the event of a change of control, of: (i) 230% of his base annual salary; and (ii) two times the average of the bonus received over the immediately preceding three years, which in aggregate equates to \$892,100.

Technicoil has an employment agreement with Mr. Sprinkhuysen, the Chief Financial Officer of Technicoil, which provides for a payment to Mr. Sprinkhuysen, in the event of a change of control, of: (i) 172.5% of his base annual salary; and (ii) one-and-a-half times the average of the bonus received over the immediately preceding three years, which in aggregate equates to \$430,250.

See "*Part III— The Arrangement — Effect of the Arrangement — Change of Control Provisions*" and See "*Appendix 'J'— Statement of Executive Compensation Employment and Change of Control Agreements — Summary of Change of Control Payments*."

## **Details of the Arrangement**

### ***Arrangement Steps***

The Arrangement involves a number of steps, which will be deemed to occur sequentially commencing at the Effective Time without any further act or formality. The Arrangement will result in Technicoil becoming a wholly-owned subsidiary of Essential under the ABCA, as a result of which former Technicoil Shareholders (other than Dissenting Shareholders, if any) will hold Essential Shares following completion of the Arrangement. In particular:

- (a) At the Effective Time, each Technicoil Share held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to Essential (free and clear of any Encumbrances) and:
  - (i) such Dissenting Shareholder shall cease to be the registered Technicoil Shareholder and to have any rights as a registered Holder of such Technicoil Shares other than the right to be paid fair value for such Technicoil Shares as set out in Section 3.1 of the Plan of Arrangement;
  - (ii) such Dissenting Shareholder's name shall be removed from the register of the holders of Technicoil Shares maintained by or on behalf of Technicoil; and
  - (iii) Essential shall be deemed to be the transferee of such Technicoil Shares (free and clear of any Encumbrances) and shall be entered in the register of Technicoil Shares maintained by or on behalf of Technicoil as the Holder of such Technicoil Shares.
- (b) Each Technicoil Share outstanding immediately prior to the Effective Time held by each Technicoil Shareholder (other than Technicoil Shares subject to paragraph (a) above) shall be transferred without any further act or formality to Essential (free and clear of any Encumbrances) in exchange for:
  - (i) \$0.80 cash for a fraction of such Technicoil Share equal to the Cash Ratio; and
  - (ii) 0.7111 of an Essential Share for a fraction of such Technicoil Share equal to the Share Ratio.
- (c) Notwithstanding any vesting or exercise provision to which a Technicoil Option might otherwise be subject, each Technicoil Option outstanding immediately prior to the Effective Time, whether or not vested, and in respect of which the holder thereof has not elected to surrender or exercise such Technicoil Option at the Effective Time in accordance with the Technicoil Option Plan, shall be treated as follows:
  - (i) each Technicoil Option with an exercise price less than the Weighted Average Closing Price of a Technicoil Share shall be deemed to be surrendered and transferred to Technicoil and the holder of such Technicoil Option shall receive a cash payment from

Technicoil in the amount of the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option; and

- (ii) each Technicoil Option with an exercise price that is greater than or equal to the Weighted Average Closing Price of a Technicoil Share shall be deemed to be surrendered and transferred to Technicoil and the holder of such Technicoil Option shall receive a cash payment from Technicoil of \$0.01 per such Technicoil Option;

in all cases less all applicable withholdings for taxes.

For full particulars in respect of all of the events which will occur pursuant to the Plan of Arrangement, see the full text of the Plan of Arrangement, a copy of which is attached as Appendix "E" to this Information Circular.

See "*Part III — The Arrangement — Procedure for the Arrangement to Become Effective*".

#### ***Directors of Essential Following the Arrangement***

Contemporaneously with completion of the Arrangement, Messrs. Michael J. Black and William T. Lynch shall resign as directors of Essential and Messrs. Roderick W. Graham, Edward C. Grimes and Andrew B. Zaleski shall be appointed as directors of Essential. See "*Part IV — Pro Forma Information of Essential After Giving Effect to the Arrangement — Directors of Essential Upon Completion of the Arrangement*".

#### **The Arrangement Agreement**

The following is a summary of certain terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, which is attached as Appendix "D" to this Information Circular, and to the more detailed summary contained elsewhere in this Information Circular. See "*Part III — The Arrangement — The Arrangement Agreement*".

#### ***Covenants, Representations and Warranties***

The Arrangement Agreement contains customary covenants and representations and warranties for an agreement of this type. In addition, Technicoil and Essential have provided certain reciprocal non-solicitation covenants in favour of the other Party. Furthermore, Essential gave in favour of Technicoil a covenant to use its reasonable best efforts to obtain a committed credit facility in an amount not less than \$80 million (the "**Acquisition Credit Facility**"), containing conditions to funding in favour of the lenders under the Acquisition Credit Facility not in addition to, or more onerous than, certain conditions specified in the Arrangement Agreement. This covenant was satisfied by Essential on April 21, 2011.

In the event that Essential did not obtain the Acquisition Credit Facility on or before May 5, 2011, Essential would have been required to pay to Technicoil a fee in the amount of \$750,000. The payment of the foregoing amount would not have prejudiced or reduced Technicoil's right to claim the termination fee of \$5,000,000 which may be payable to Technicoil by Essential in certain circumstances.

#### ***Conditions to the Arrangement***

The Obligations of Technicoil and Essential to complete the Arrangement are subject to the satisfaction or waiver of certain conditions set out in the Arrangement Agreement. These conditions include the receipt of Technicoil Shareholder approval, Essential Shareholder approval, Court approval and various third party approvals. A summary of the conditions is provided in the main body of this Information Circular. See "*Part III — The Arrangement — The Arrangement Agreement*".

### ***Termination of Arrangement Agreement***

The Arrangement Agreement may be terminated at any time prior to the Effective Date: (i) by mutual written consent of Essential and Technicoil; (ii) by either Essential or Technicoil if the Essential Arrangement Resolution or the Technicoil Arrangement Resolution, as applicable, are not passed at the Essential Meeting or Technicoil Meeting, respectively; (iii) by either Essential or Technicoil if the Effective Time shall not have occurred on or prior to June 30, 2011, subject to certain conditions; (iv) as provided in Section 6.4 of the Arrangement Agreement, subject to certain conditions; (v) by either Essential or Technicoil upon the occurrence of a Damages Event in respect of the other Party as provided in Section 7.1 of the Arrangement Agreement; and (vi) by either Essential or Technicoil in circumstances when Essential or Technicoil, as applicable, has entered into an agreement to implement a Superior Proposal provided that it has complied with its obligations set forth in the Arrangement Agreement in respect of the Superior Proposal and has paid to the other Party the amount required pursuant to Section 7.1 of the Arrangement Agreement.

### ***Reciprocal Termination Fee***

Under certain circumstances Essential and Technicoil have agreed to pay to the other Party a termination payment of \$5,000,000. A summary of the circumstances where this payment is required to be made is provided in the main body of this Information Circular. See "*Part III — The Arrangement — The Arrangement Agreement*".

### **Risk Factors**

The completion of the Arrangement is subject to certain risks. In addition to the risk factors described under the headings "*Risk Factors*" in the Technicoil AIF and in the Essential AIF, which are specifically incorporated by reference into this Information Circular, and the risk factors described under "*Part III — The Arrangement — Risk Factors Related to the Arrangement*", the following is a list of certain additional and supplemental risk factors which Technicoil Shareholders and Technicoil Optionholders should carefully consider before making a decision to approve the Technicoil Arrangement Resolution and which Essential Shareholders should carefully consider before making a decision to approve the Essential Arrangement Resolution:

- Essential may not realize the anticipated benefits of the Arrangement;
- there are risks related to Essential's international activities;
- Technicoil and Essential may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the Arrangement on satisfactory terms or at all;
- the Arrangement Agreement may be terminated in certain circumstances, including in the event of a Material Adverse Change in Technicoil or Essential;
- the market price for the Technicoil Shares and the Essential Shares may decline;
- there are risks related to the integration of Technicoil's and Essential's existing businesses; and
- following the Arrangement, the trading price of Essential Shares cannot be guaranteed, may be volatile and could be less than the current trading prices of Essential Shares and Technicoil Shares due to various market-related and other factors.

**There are additional risk factors contained elsewhere or incorporated by reference in this Information Circular. See "*Part III — The Arrangement — Risk Factors Related to the Arrangement*". Technicoil Shareholders, Technicoil Optionholders, Essential Shareholders and potential investors should carefully consider all such risk factors.**

## **Procedure for Exchange of Securities**

Enclosed with this Information Circular is a Letter of Transmittal that is being delivered to Registered Technicoil Shareholders which sets out the details to be followed by Registered Technicoil Shareholders for delivering their share certificate(s) to the Depository. In order to receive a physical certificate(s) representing Essential Shares on the completion of the Arrangement, Registered Technicoil Shareholders must deposit with the Depository (at one of the addresses which is specified on the last page of the Letter of Transmittal) the applicable validly completed and duly signed Letter of Transmittal together with the certificate(s) representing the Registered Holder's Technicoil Shares and such other documents and instruments as the Depository may reasonably require. No fractional shares will be issued by Essential. Where a Person would otherwise be entitled to receive such number of Essential Shares which would result in a fraction of an Essential Share being issuable, the number of Essential Shares to be issued to such Person will be rounded down to the nearest whole number.

Provided that a Registered Technicoil Shareholder has returned the applicable properly completed and executed Letter of Transmittal and has presented and surrendered the share certificate(s) representing such Registered Technicoil Shareholder's Shares to the Depository, together with such other documents and instruments as the Depository may reasonably require as set forth in the Letter of Transmittal, the Depository will cause the consideration (less any applicable tax withholdings for each Technicoil Share transferred pursuant to the Arrangement), in the form of a cheque representing the Cash Consideration, and a physical share certificate(s) representing the Essential Shares as the case may be, to be sent to such Registered Technicoil Shareholder as soon as practicable following the Effective Date. See "*Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations*".

**Technicoil Shares held by Registered Technicoil Shareholders who do not deposit with the Depository a properly completed and executed Letter of Transmittal or who do not surrender the share certificate(s) representing their Technicoil Shares in accordance with the Letter of Transmittal or do not otherwise comply with the requirements of the Letter of Transmittal and the instructions therein, will not be entitled to receive Essential Shares or Cash Consideration until the Registered Technicoil Shareholder deposits with the Depository a properly completed and executed Letter of Transmittal, the certificate(s) representing the Technicoil Shares and any other required documents.**

**Technicoil and Essential currently anticipate that the Arrangement will be completed on or about May 31, 2011. If the Arrangement is not completed, the Letter of Transmittal will be of no effect and the Depository will return all deposited share certificate(s) to the Registered Technicoil Shareholders as soon as possible.** The Letter of Transmittal is available on Technicoil's website at [www.technicoilcorp.com](http://www.technicoilcorp.com) and is also available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional copies of the Letter of Transmittal are also available by contacting Computershare.

**Technicoil Shareholders whose Technicoil Shares are registered in the name of an Intermediary must contact such Intermediary to deposit their Technicoil Shares.**

Subject to applicable legislation relating to unclaimed personal property, any certificate formerly representing Technicoil Shares that is not deposited with all other documents as required by the Plan of Arrangement on or prior to the Business Day prior to the sixth anniversary of the Effective Date will cease to represent a right or claim of any kind or nature including the right of the Registered Technicoil Shareholder to receive Essential Shares (and any dividend or other distributions thereon) or the Cash Consideration. In such case, such Essential Shares (together with all dividends or other distributions thereon) will be returned to Essential and such Essential Shares will be cancelled.

It is recommended that Registered Holders complete, sign and return the Letter of Transmittal with the accompanying share certificate(s) representing their Technicoil Shares to the Depository as soon as possible.

For additional information, see "*Part III — The Arrangement — Procedure for Exchange of Securities*".

## **Approval of Technicoil Shareholders and Technicoil Optionholders Required for the Technicoil Arrangement Resolution**

Pursuant to the Interim Order and Applicable Law, the number of votes required to pass the Technicoil Arrangement Resolution will be: (i) not less than 66⅔% of the votes cast by the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class, present in person or by proxy at the Technicoil Meeting; and (ii) not less than 66⅔% of the votes cast by the Technicoil Shareholders, present in person or by proxy at the Technicoil Meeting. Notwithstanding the foregoing, the Technicoil Arrangement Resolution authorizes the Technicoil Board, without further notice to or approval of the Technicoil Shareholders, and subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See Appendix "A-1" to this Information Circular for the full text of the Technicoil Arrangement Resolution. See also "*Part V — General Proxy Matters — Technicoil*".

## **Approval of Essential Shareholders Required for the Essential Arrangement Resolution**

The number of votes required to pass the Essential Arrangement Resolution will be greater than 50% of the votes cast by Essential Shareholders, either in person or by proxy, at the Essential Meeting. See Appendix "A-2" to this Information Circular for the full text of the Essential Arrangement Resolution. See also "*Part VI — General Proxy Matters — Essential*".

## **Fairness Opinions**

### ***Peters & Co. Fairness Opinion***

The Special Committee engaged Peters & Co. as a financial advisor to the Special Committee in connection with Technicoil's review of strategic alternatives, which mandate also included acting as financial advisor with respect to the Arrangement. As part of this engagement, Peters & Co. was requested to provide the Technicoil Board with its opinion as to the fairness to Technicoil Shareholders, from a financial point of view, of the consideration to be received by the Technicoil Shareholders in connection with the Arrangement. Peters & Co. prepared the Peters & Co. Fairness Opinion pursuant to that engagement. The Peters & Co. Fairness Opinion states that, on the basis of the particular assumptions, explanations and limitations set forth therein, Peters & Co. is of the opinion that, as of April 4, 2011, the consideration to be received by Technicoil Shareholders in connection with the Arrangement is fair, from a financial point of view, to Technicoil Shareholders. The full text of the Peters & Co. Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with such opinion, is attached as Appendix "F" to this Information Circular. The summary of the Peters & Co. Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the Peters & Co. Fairness Opinion. See "*Part III — The Arrangement — Technicoil Fairness Opinion*" and the Peters & Co. Fairness Opinion attached as Appendix "F" to this Information Circular. **The Peters & Co. Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety. The Technicoil Board urges Technicoil Shareholders to read the Peters & Co. Fairness Opinion in its entirety.**

### ***Wellington West Fairness Opinion***

Essential retained Wellington West as financial advisor to Essential in connection with the Arrangement. Wellington West has provided the Wellington West Fairness Opinion to the Essential Board to the effect that, as of April 4, 2011 and subject to the assumptions, limitations and qualifications contained therein, the consideration to be paid by Essential pursuant to the Arrangement is fair, from a financial point of view, to Essential Shareholders. The full text of the Wellington West Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Wellington West Fairness Opinion, is attached as Appendix "G" to this Information Circular. The summary of the Wellington West Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the Wellington West Fairness Opinion. See "*Part III — The Arrangement — Essential Fairness Opinion*" and the Wellington West Fairness Opinion attached as Appendix "G" to this Information Circular. **The Wellington West Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.**

**The Essential Board urges Essential Shareholders to read the Wellington West Fairness Opinion in its entirety.**

### **Final Order**

Completion of the Arrangement is subject to the satisfaction of several conditions and the approval of the Court. See "*Part III — The Arrangement — Procedure for the Arrangement Becoming Effective*". An application for the Final Order approving the Arrangement is expected to be made on Monday, May 30, 2011 at 3:00 p.m. (Calgary time) at the Calgary Court Centre, 601 – 5th Street S.W., Calgary, Alberta, Canada. On the application, the Court will consider, among other things, the fairness of the Arrangement. See "*Part III — The Arrangement — Court Approvals*".

### **Right to Dissent**

Pursuant to Section 191 of the ABCA (as modified by Plan of Arrangement and the Interim Order), Registered Technicoil Shareholders have Dissent Rights in respect of the Technicoil Arrangement Resolution, and are entitled to be paid an amount equal to the fair value of their Technicoil Shares upon the exercise of such Dissent Rights.

A Registered Technicoil Shareholder who intends to exercise Dissent Rights must deliver a Notice of Dissent to Technicoil, care of its counsel, Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7 (Attention: Brent Kraus) to be received on or before 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or, in case of any adjournment or postponement of the Technicoil Meeting, no later than 10:00 a.m. (Calgary time) on the day that is two (2) clear Business Days before the adjourned or postponed Technicoil Meeting. The Notice of Dissent must set out the number of Technicoil Shares held by the Dissenting Shareholder. Non-registered Technicoil Shareholders who wish to exercise Dissent Rights must arrange for the Registered Technicoil Shareholder holding their Technicoil Shares to deliver the Notice of Dissent.

The delivery of a Notice of Dissent does not deprive a Registered Technicoil Shareholder of the right to vote at the Technicoil Meeting on the Technicoil Arrangement Resolution. A vote against the Technicoil Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent. A Registered Technicoil Shareholder is not entitled to exercise the Dissent Right with respect to any Technicoil Shares, as applicable, if the Registered Technicoil Shareholder votes in favour of the Technicoil Arrangement Resolution. A Registered Technicoil Shareholder, however, may vote as a proxyholder for another Technicoil Shareholder whose proxy required an affirmative vote, without affecting its own right to exercise Dissent Rights.

The Dissent Procedures must be strictly adhered to and if a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights, it will lose its Dissent Rights, Essential will return to the Dissenting Shareholder the certificates representing the Dissenting Shares, if any, that were delivered to Essential, and if the Arrangement is completed, the Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as the Technicoil Shareholders. Accordingly, each Registered Technicoil Shareholder who wishes to exercise Dissent Rights should carefully consider and comply with the Dissent Procedures and consult such holder's legal advisers.

The Arrangement Agreement provides that it is a condition precedent to the Arrangement that holders of not greater than 5% of the issued and outstanding Technicoil Shares shall have exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as at the Effective Date.

Non-registered Technicoil Shareholders who wish to dissent should be aware that only Registered Technicoil Shareholders are entitled to dissent. A Non-registered Technicoil Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-registered Technicoil Shareholder deals in respect of its Technicoil Shares and either: (i) instruct the Intermediary to exercise the Dissent Rights on the Non-registered Technicoil Shareholder's behalf (which, if the Technicoil Shares are registered in the name of CDS or other clearing agency, may require that such shares first be re-registered in the name of the Intermediary); or (ii) instruct the Intermediary to re-register such Technicoil Shares in the name of the Non-registered Technicoil

Shareholder, in which case the Non-registered Technicoil Shareholder would be able to exercise the Dissent Rights directly. Non-registered Technicoil Shareholders considering dissenting are reminded of the deadline for receiving Notices of Dissent of 10:00 a.m. on May 26, 2011. In addition, pursuant to the Interim Order, a Dissenting Shareholder may not exercise Dissent Rights in respect of only a portion of such Dissenting Shareholder's Technicoil Shares, but may dissent only with respect to all Technicoil Shares held by such Dissenting Shareholder.

See "*Part III — The Arrangement — Right to Dissent*" and "*Part III — The Arrangement — Arrangement Agreement — Conditions of Closing*".

### **Stock Exchange Listing Approval**

The Technicoil Shares are listed on the TSX under the symbol "TEC". The Essential Shares are listed on the TSX under the symbol "ESN".

It is a mutual condition to the completion of the Arrangement that the Essential Shares to be issued to the Technicoil Shareholders (other than Dissenting Shareholders) pursuant to the Arrangement are conditionally approved for listing on the TSX. The TSX conditionally approved the listing of such Essential Shares on April 28, 2011, subject to Technicoil and Essential fulfilling the requirements of the TSX.

The Technicoil Shares will be delisted from the TSX following the completion of the Arrangement.

See "*Part III — The Arrangement — Stock Exchange Listing Approval*".

### **Other Regulatory Conditions or Approvals**

It is a condition precedent to the completion of the Arrangement that all requisite regulatory conditions be satisfied and all requisite approvals be obtained. See "*Part III — The Arrangement — The Arrangement Agreement — Conditions of Closing*".

### **Certain Canadian Federal Income Tax Considerations**

The Arrangement contemplates that a Technicoil Shareholder shall transfer each Technicoil Share in exchange for:

- (a) \$0.80 cash for a fraction of such Technicoil Share equal to the Cash Ratio; and
- (b) 0.7111 of an Essential Share for a fraction of such Technicoil Share equal to the Share Ratio.

A Technicoil Shareholder will not realize a capital gain or a capital loss in respect of the exchange of that fraction of a Technicoil Share for which such Technicoil Shareholder receives a fraction of an Essential Share unless the Technicoil Shareholder chooses to recognize any portion of the capital gain or capital loss otherwise arising on the exchange by taking the positive step of reporting the capital gain or capital loss in the Technicoil Shareholder's tax return under the Tax Act for the Technicoil Shareholder's taxation year in which the exchange occurs.

A Technicoil Shareholder will realize a capital gain or a capital loss in respect of that fraction of a Technicoil Share which such Technicoil Shareholder exchanges for Cash Consideration to the extent that the Cash Consideration received by such Technicoil Shareholder for such fraction of a Technicoil Share exceeds (or is less than) the adjusted cost base to the Technicoil Shareholder of the fraction of the Technicoil Share so exchanged and any reasonable costs of disposition.

Technicoil Shareholders who are not resident in Canada generally should not be subject to Canadian federal income tax in respect of any capital gains realized on the exchange.

A summary of the principal Canadian federal income tax considerations is included under the section entitled "*Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations*" below in this Information Circular, and the foregoing is qualified in full by the information set out in that section.

See "*Part III — The Arrangement — Certain Canadian Federal Income Tax Considerations*".

#### **Certain Other Tax Considerations**

This Information Circular does not address any tax considerations of the Arrangement other than certain Canadian income tax considerations applicable to Technicoil Shareholders. Technicoil Shareholders who are resident in or otherwise subject to taxation in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning Essential Shares after the completion of the Arrangement. Technicoil Shareholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement or of holding Essential Shares.

## **PART I — MATTERS TO BE ACTED UPON AT THE TECHNICOIL MEETING**

### **Interest of Certain Persons or Companies in Matters to be Acted on**

Management of Technicoil is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or proposed nominee for director, or executive officer or anyone who has held office as such since January 1, 2010 or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Technicoil Meeting other than the election of directors.

### **Matter #1 — Receiving and Considering the Financial Statements**

Technicoil's financial statements for the fiscal year ended December 31, 2010 and the report of the auditors thereon are available on the internet on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). No formal action will be taken at the Technicoil Meeting to approve the financial statements, which have already been approved by the Technicoil Board. If any Technicoil Shareholders have questions respecting the December 31, 2010 financial statements, the questions may be brought forward at the Technicoil Meeting.

### **Matter #2 — Election of Directors**

**If the Arrangement is completed Technicoil will become a wholly-owned subsidiary of Essential with the Board of Directors of Essential being comprised of those individuals identified at "Part IV — Pro Forma Information of Essential After Giving Effect to the Arrangement — Directors of Essential Upon Completion of the Arrangement".**

The term of office for each director is from the date of the meeting at which he is elected until the close of the next annual meeting of Technicoil Shareholders or until his successor is duly elected or appointed, or his office is earlier vacated. At the Technicoil Meeting, it is proposed that seven directors be elected.

On any ballot that may be called for at the Technicoil Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the election of those persons specified in this Information Circular as directors, unless a Technicoil Shareholder has specified in its proxy that its Technicoil Shares are to be withheld from voting on the election of directors. If no choice is specified by a Technicoil Shareholder to either vote for or withhold from voting for the election of directors, the persons named in the enclosed instrument of proxy will vote for the election of those persons specified in this Information Circular as directors.

Management of Technicoil does not contemplate that any of the proposed directors will be unable to serve as a director. However, if a proposed director shall be unable to serve for any reason prior to the Technicoil Meeting, proxies will not be voted with respect to such vacancy.

The following table indicates the names and jurisdictions of residence of the persons proposed to be nominated for election as directors and the date each such person first became a director, the principal occupation of each such person, and the number of Technicoil Shares beneficially owned, or controlled or directed, directly or indirectly, by each such person as at the date of this Information Circular. The information contained in the table as to the number of Technicoil Shares beneficially owned, controlled or directed, directly or indirectly, not being known to Technicoil, is based upon information furnished to Technicoil by the respective nominees.

<b>Name and Jurisdiction of Residence</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Common Shares Beneficially Owned and/or Controlled<sup>(1)</sup></b>
Marvin D. Clifton <sup>(3)</sup> Alberta, Canada	President and Chief Executive Officer of Technicoil	February 1, 2008	281,397
Leonard A. Cornez <sup>(2)</sup> Alberta, Canada	Independent consultant	October 28, 2004	62,207
Arthur E. Dumont <sup>(3)</sup> Alberta, Canada	Independent businessman	October 18, 2000	1,246,000
Roderick W. Graham <sup>(2)(4)</sup> Alberta, Canada	President and Chief Executive Officer ZCL Composites Inc.	November 19, 2008	-
Edward C. Grimes <sup>(2)(4)</sup> Alberta, Canada	Independent businessman	May 12, 2005	162,225
Robert D. Steele <sup>(4)</sup> Alberta, Canada	Chairman of the Board, Technicoil Corporation Independent businessman	August 6, 2001	463,600
Andrew B. Zaleski <sup>(2)(3)</sup> Alberta, Canada	Independent businessman	May 12, 2005	41,549

**Notes:**

- (1) Technicoil Shares beneficially owned and/or controlled includes Technicoil Shares held by a spouse.
- (2) Member of the Audit Committee.
- (3) Member of the Quality, Health, Safety & Environment Committee.
- (4) Member of the Compensation & Corporate Governance Committee.

Within the ten years immediately preceding the date of this Information Circular, the following directors have been a director or executive officer of a company that while acting in their capacities with the company, or within a year of ceasing to be a director or executive officer of the company, the company has become bankrupt or made a proposal under any legislation relating to bankruptcy. Mr. Dumont is a director of Yangarra Resources Ltd., a position he has held since November 2006. On October 7, 2009, Yangarra Resources Ltd. filed a proposal to restructure under Part III Division I of the *Bankruptcy and Insolvency Act* (Canada), including a plan to merge with Athabaska Energy Ltd. On November 12, 2009, Yangarra Resources Ltd. was granted the final court order approving the restructuring proposal. Mr. Zaleski was a director of Orbus Pharma Inc. from December 2004 until September 2009 and had been in the role of Interim President & CEO of Orbus Pharma Inc. from July 2008 until September 2009. On May 17, 2010, Orbus Pharma Inc. filed a notice of intention to make a proposal to its creditors and obtained protection from its creditors under the provisions of the *Bankruptcy and Insolvency Act* (Canada). On September 7, 2010, Orbus Pharma Inc. filed a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada). On October 18, 2010, Orbus Pharma Inc. was granted the final court order approving the restructuring proposal. During Mr. Zaleski's tenure as Chairman, President & Chief Restructuring Officer at Cage Logistics Inc., Cage Logistics Inc. was involved in a proceeding under the *Companies' Creditors Arrangement Act* (Canada) from June 2002 to March 2003.

**Matter #3 — Appointment of Auditors**

**If the Arrangement is completed Technicoil will become a wholly-owned subsidiary of Essential and the auditors of Essential will be Ernst & Young LLP.**

The management of Technicoil proposes to nominate Technicoil's existing auditors, KPMG LLP, Chartered Accountants, to act as independent auditors for Technicoil until the next annual meeting of Technicoil Shareholders at a remuneration to be fixed by the Technicoil Board.

On any ballot that may be called for at the Technicoil Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the appointment of KPMG LLP as auditors of Technicoil, unless a Technicoil Shareholder has specified in its instrument of proxy that its Technicoil Shares are to be withheld from voting on the appointment of auditors. If no choice is specified by a Technicoil Shareholder to vote either for or withhold from voting for the appointment of auditors, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the appointment of KPMG LLP as auditors of Technicoil.

For details concerning fees paid to KPMG LLP by Technicoil and for details concerning the Audit Committee of Technicoil, see page 13 of the Technicoil AIF, which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and will be provided upon request.

#### **Matter #4 — The Arrangement**

The principal purpose of the Technicoil Meeting is for Technicoil Shareholders and Technicoil Optionholders to consider and, if thought advisable, pass the Technicoil Arrangement Resolution. The full text of the Technicoil Arrangement Resolution is set forth in Appendix "A-1" of this Information Circular.

On any ballot that may be called for at the Technicoil Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the Technicoil Arrangement Resolution, unless a Technicoil Shareholder or Technicoil Optionholder has specified in its instrument of proxy that its Technicoil Shares or Technicoil Options, as applicable, are to be voted against the Technicoil Arrangement Resolution. If no choice is specified by a Technicoil Shareholder or Technicoil Optionholder to vote either for or against the Technicoil Arrangement Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the Technicoil Arrangement Resolution.

**For a full description of the Arrangement see "*Part III — The Arrangement*".**

## PART II — MATTERS TO BE ACTED UPON AT THE ESSENTIAL MEETING

### Interest of Certain Persons or Companies in Matters to be Acted on

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 proposed nominee for director, or executive officer or anyone who has held office as such since January 1, 2010 or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Essential Meeting other than the election of directors.

### Matter #1 — Receiving and Considering the Financial Statements

Essential's financial statements for the fiscal year ended December 31, 2010 and the report of the auditors thereon are available on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). No formal action will be taken at the Essential Meeting to approve the financial statements, which have already been approved by the Essential Board. If any Essential Shareholders have questions respecting the December 31, 2010 financial statements, the questions may be brought forward at the Essential Meeting.

### Matter #2 — Election of Directors

**The following nominees for election of directors of Essential set out below are proposed to serve as directors of Essential in the event the Arrangement is not completed. If the Arrangement is completed, the Essential Board will be comprised of those individuals identified under the heading "*Part IV — Pro Forma Information of Essential After Giving Effect to the Arrangement — Directors of Essential Upon Completion of the Arrangement*".**

The term of office for each director is from the date of the meeting at which he is elected until the close of the next annual meeting of Essential Shareholders or until his successor is duly elected or appointed, or his office is earlier vacated. At the Essential Meeting, it is proposed that six directors be elected.

Voting for the election of directors will be conducted on an individual, and not slate, basis. Management of Essential recommends that Essential Shareholders vote "for" each of the appointments. On any ballot that may be called for at the Essential Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the election of those persons specified in this Information Circular as directors, unless an Essential Shareholder has specified in its proxy that its Essential Shares are to be withheld from voting on the election of directors. If no choice is specified by an Essential Shareholder to either vote for or withhold from voting for the election of directors, the persons named in the enclosed instrument of proxy will vote for the election of those persons specified in this Information Circular as directors.

On March 8, 2011, the Essential Board adopted a majority voting policy that provides 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 Essential Board. The Compensation and Governance Committee of Essential shall consider the offer of resignation and recommend to the Essential Board whether it should accept such resignation. The director in question will not participate in any deliberations of his resignation. The Essential Board 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 Essential Board, the Essential Board may fill the vacancy created.

Management of Essential does not contemplate that any of the proposed directors will be unable to serve as a director. However, if a proposed director shall be unable to serve for any reason prior to the Essential Meeting, the management designees, if named as proxyholder, reserve the right to vote for any other nominee at their discretion.

The following table indicates the names and jurisdictions of residence of the persons proposed to be nominated for election as directors and the date each such person first became a director, the principal occupation of each such person, and the number of Essential Shares beneficially owned, or controlled or directed, directly or indirectly, by each such person as at the date of this Information Circular. The information contained in the table as

to the number of Essential Shares beneficially owned, controlled or directed, directly or indirectly, not being known to Essential, is based upon information furnished to Essential by the respective nominees.

<b>Name and Jurisdiction of Residence</b>	<b>Principal Occupation</b>	<b>Director Since<sup>(4)</sup></b>	<b>Common Shares Beneficially Owned and/or Controlled</b>
Garnet K. Amundson Alberta, Canada	President, Chief Executive Officer and Director of Essential since April 2010. Prior thereto, President, Chief Executive Officer and Director of Essential Energy Services Operating Corp. from April 2008 to April 2010; President, Chief Executive Officer and Director of Builders Energy Services Ltd. from July 2005 to April 2008.	April 4, 2008	322,452
James A. Banister <sup>(2)(3)</sup> Alberta, Canada	Independent businessman	April 4, 2008	1,071,231
Michael J. Black <sup>(2)</sup> Alberta, Canada	Partner based in the Calgary office of Fasken Martineau DuMoulin LLP since September 2010. Prior thereto, managing partner for the Calgary practice of Heenan Blaikie LLP from 2001 to September 2010.	June 17, 2008	43,875
Robert T. German Alberta, Canada	President, Chief Executive Officer and Director of Horizon North Logistics Inc. since January 2010. Prior thereto, Vice President Finance and CFO of Horizon North Logistics Inc. from June 2006 to December 2009; Vice President Finance and CFO of Producers Oilfield Services from January 2006 to May 2006.	n/a	42,000
Nicholas G. Kirton <sup>(1)(2)</sup> Alberta, Canada	Independent businessman since September 2004.	May 14, 2009	124,000
William T. Lynch <sup>(1)(3)</sup> Alberta, Canada	President of Lynch Consulting Services since 2006. Prior thereto, Canadian Manager – Downhole Tools, Slickline and Well Testing and Canadian Business Development Manager at Halliburton Energy Services from 1999 to 2006.	April 28, 2010	40,000

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation and Governance Committee.
- (3) Member of the Health, Safety and Environment Committee.
- (4) The periods of service of each director on the Essential Board and its committees include service as a director or committee member of Essential Energy Services Operating Corp., the manager of Essential Energy Services Trust, the predecessor of Essential prior to its conversion to a corporation pursuant to a plan of arrangement under the ABCA which was completed on April 29, 2010.

No proposed director has, within the ten years immediately preceding the date of this Information Circular, been a director or executive officer of a company that while acting in their capacities with the company, or within a year of ceasing to be a director or executive officer of the company, the company has become bankrupt or made a proposal under any legislation relating to bankruptcy.

It is the intention of the management designees, if named as proxyholder, to vote for the election of the above mentioned persons to the Essential Board 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.

### **Matter #3 — Appointment of Auditors**

The management of Essential proposes to nominate Essential's existing auditors, Ernst & Young LLP, Chartered Accountants, to act as independent auditors for Essential until the next annual meeting of Essential Shareholders at a remuneration to be fixed by the Essential Board.

On any ballot that may be called for at the Essential Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the appointment of Ernst & Young LLP as auditors of Essential, unless an Essential Shareholder has specified in its instrument of proxy that its Essential Shares are to be withheld from voting on the appointment of auditors. If no choice is specified by an Essential Shareholder to vote either for or withhold from voting for the appointment of auditors, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the appointment of Ernst & Young LLP as auditors of Essential.

For details concerning fees paid to Ernst & Young LLP by Essential and for details concerning the Audit Committee of Essential, see page 20 of the Essential AIF, which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and incorporated by reference in this Information Circular.

### **Matter #4 — The Arrangement**

The principal purpose of the Essential Meeting is for Essential Shareholders to consider and, if thought advisable, pass the Essential Arrangement Resolution. The full text of the Essential Arrangement Resolution is set forth in Appendix "A-2" of this Information Circular.

On any ballot that may be called for at the Essential Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the Essential Arrangement Resolution, unless an Essential Shareholder has specified in its instrument of proxy that its Essential Shares are to be voted against the Essential Arrangement Resolution. If no choice is specified by an Essential Shareholder to vote either for or against the Essential Arrangement Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the Essential Arrangement Resolution.

**If the Arrangement is completed, Matter #2 is not applicable and the Essential Board will be comprised of those individuals identified under the heading "*Part IV — Pro Forma Information of Essential After Giving Effect to the Arrangement — Directors of Essential Upon Completion of the Arrangement*".**

For a full description of the Arrangement see "*Part III — The Arrangement*".

## PART III — THE ARRANGEMENT

### Background and Arrangement Considerations

#### *Background*

Each of the Essential Board and Technicoil Board and senior management of each of Essential and Technicoil regularly consider and investigate opportunities to enhance value for their respective shareholders. Those opportunities have included the possibility of strategic transactions with various industry participants. Essential is approached from time to time by third parties seeking to complete a specific business combination or other transaction. The management and directors of Essential review and consider such proposals as they arise to determine whether pursuing them would be in the best interests of Essential and the Essential Shareholders.

On February 11, 2011, Technicoil formally retained Peters & Co. to initiate a process to evaluate possible strategic transactions aimed at enhancing shareholder value, including, among others, a negotiated combination of Technicoil's business and operations with another oilfield services company or other entity by means of a take-over, merger, sale, recapitalization, arrangement, amalgamation or a sale of assets, or any combination thereof. In this regard, the Technicoil Board formed the Special Committee consisting of Messrs. Leonard Cornez (chair), Arthur Dumont, Roderick Graham and Andrew Zaleski.

Following its appointment, Peters & Co. contacted a select list of prospective interested parties, including Essential, in order to solicit interest in a potential transaction with Technicoil. On February 14, 2011, Essential was contacted by Peters & Co., on an unsolicited basis.

Technicoil subsequently entered into confidentiality agreements with numerous interested parties and provided such parties with access to a virtual data room that included corporate, financial and operational information about Technicoil. Additionally, management of Technicoil provided technical presentations to various parties that had entered into confidentiality agreements and who had requested such presentations. On February 22, 2011, Essential entered into the Technicoil Confidentiality Agreement and management of Essential commenced preliminary due diligence on Technicoil.

Pursuant to the strategic review process, interested parties were asked to submit proposals no later than 12:00 p.m. (Calgary time) on March 23, 2011. Essential submitted a proposal to Peters & Co. on March 23, 2011 for a business combination between Essential and Technicoil pursuant to which Technicoil Shareholders would receive a combination of Essential Shares and cash. The Special Committee subsequently met with Peters & Co. to review and consider the strategic alternatives available to Technicoil with the goal of assessing which of the strategic alternatives would achieve the stated objective of maximizing shareholder value and be in the best interests of Technicoil and Technicoil Shareholders.

After giving full consideration to all of the strategic alternatives available to Technicoil and consulting with its financial and legal advisors, the Special Committee authorized management of Technicoil and Technicoil's financial and legal advisors to engage in discussions and negotiations with Essential regarding a possible business combination involving Essential and Technicoil on terms acceptable to Technicoil and Essential.

From March 25, 2011 to April 3, 2011, Technicoil's management and advisors engaged in further discussions with Essential's management and advisors to negotiate the terms and conditions of the proposed transaction. During that time, Essential completed its additional due diligence investigations in respect of Technicoil which included a review by Essential's management and advisors of the corporate, financial and operational due diligence material provided by Technicoil and attendance at management presentations by Technicoil. Technicoil entered into a reciprocal confidentiality agreement and conducted a due diligence review of Essential, which included a review by Technicoil's management and advisors of the corporate, financial and operational due diligence material provided by Essential and attendance at management presentations from Essential on Essential's operations. During this period, the Special Committee continued to meet to discuss the terms and timing of a proposed transaction with Essential. Having each independently determined that it was worthwhile to

give due consideration to a possible business combination by way of plan of arrangement, Essential and Technicoil continued to negotiate terms of the potential arrangement.

On March 28, 2011, Essential and Technicoil entered into a non-binding letter of intent which set out proposed key terms of the business combination and instructed legal counsel to prepare a definitive Arrangement Agreement.

On April 3, 2011, the Technicoil Board met to consider the recommendation of the Special Committee with respect to the proposed Arrangement and the entering into of a definitive agreement with Essential. At the meeting, the Special Committee provided its recommendation that Technicoil enter into the proposed transaction with Essential on the terms substantively set out in the proposed Arrangement Agreement. Management of Technicoil presented the Technicoil Board with a review of Essential's assets and operations, Technicoil's legal counsel, Bennett Jones, provided the Technicoil Board with a summary of the terms and conditions of the proposed Arrangement Agreement and other legal considerations, and representatives of Peters & Co. provided financial advice with respect to the proposed Arrangement. In addition, Peters & Co. provided their independent verbal opinion (subsequently delivered in writing) that, subject to the review of final documentation, the consideration to be received by Technicoil Shareholders in connection with the Arrangement was fair, from a financial point of view, to Technicoil Shareholders. The written Peters & Co. Opinion is contained in Appendix "F" to this Information Circular.

After extensive discussions and careful consideration of the proposed Arrangement, and subject to certain matters to be finalized by Technicoil's management and its legal and financial advisors, on April 3, 2011, the Technicoil Board determined that: (i) the Arrangement is fair to the Technicoil Shareholders; (ii) it would recommend that the Technicoil Shareholders vote in favour of the Arrangement; and (iii) the Arrangement and entry in the Arrangement Agreement are in the best interest of Technicoil and the Technicoil Shareholders.

The Essential Board also met on April 3, 2011 to review the results of the technical and financial due diligence conducted by Essential's management and Wellington West on Technicoil and the legal due diligence conducted by Essential's counsel on Technicoil and to consider the specific transaction terms that had been negotiated with Technicoil, the merits of entering into such a transaction and the terms of the proposed Arrangement Agreement. At this meeting, Wellington West delivered its verbal opinion (subsequently delivered in writing) that, subject to the assumptions, limitations and qualifications set forth in its opinion, the consideration to be paid by Essential pursuant to the Arrangement is fair, from a financial point of view, to the Essential Shareholders. The written Wellington West Fairness Opinion is contained in Appendix "G" to this Information Circular. At the meeting Essential's counsel, Faskens, provided the Essential Board with an update on the material terms of the proposed Arrangement Agreement and advised the Essential Board as to its duties in respect of the consideration of the Arrangement. After discussing the proposed terms of the Arrangement Agreement, the verbal fairness opinion of Wellington West and the factors set out under "*The Arrangement - Arrangement Considerations*" and "*The Arrangement - Anticipated Benefits of the Arrangement*", and after receiving such other materials and advice as it considered to be relevant, prudent or desirable, all members of the Essential Board voted to authorize and approve the execution and delivery of the Arrangement Agreement.

After extensive discussions and careful consideration of the proposed Arrangement, and subject to certain matters to be finalized by Essential's management and its legal and financial advisors, on April 3, 2011, the Essential Board determined that: (i) the Arrangement is fair to the Essential Shareholders; (ii) it would recommend that the Essential Shareholders vote in favour of the Arrangement; and (iii) the Arrangement and entering into the Arrangement Agreement are in the best interest of Essential and the Essential Shareholders.

The negotiation of the definitive terms and conditions of the Arrangement Agreement was completed on April 4, 2011 prior to market opening, at which time the Arrangement Agreement was executed and Essential and Technicoil issued a joint news release prior to the open of markets on April 4, 2011, announcing the Arrangement.

On April 8, 2011, Essential and Technicoil agreed to the definitive terms of the Plan of Arrangement.

### ***Anticipated Benefits of the Arrangement***

Technicoil and Essential believe that the acquisition of Technicoil by Essential will enable the combined corporation to become a larger, financially stronger, more diversified and more competitive oilfield services company and will position the combined corporation to expand its presence as the predominant coil tubing and nitrogen well service provider in Canada with the sixth largest conventional service rig fleet in Canada. Technicoil and Essential believe that the growth prospects for Shareholders are greater through the combination of their assets than either corporation could achieve on its own. There is a risk that Essential may not realize the anticipated benefits of the Arrangement. See "*Part III — The Arrangement — Risk Factors Related to the Arrangement*".

Technicoil and Essential believe that the acquisition of Technicoil by Essential under the Arrangement will result in significant value enhancement potential to Shareholders for the following reasons:

- ***Improved Scale*** — The combination of the assets of Technicoil and Essential will enable Essential to become a more competitive oilfield services company that will have a larger and more diversified asset base than either of Technicoil or Essential alone. The combined corporation will strengthen its position as the largest provider of coil tubing well services in Canada, will operate the sixth largest fleet of conventional well service rigs and will be a key supplier of downhole tools and multi-stage fracturing service in the Canadian market;
- ***Geographical Diversification*** — The Arrangement will provide an opportunity for Essential to leverage the combined customer base to penetrate new and existing markets, including Colombia. The combined corporation will be strategically positioned to service the various oil and liquids-rich natural gas resource plays in western Canada that are being developed with horizontal well and multi-stage fracturing technology;
- ***Efficient Integration*** — Essential and Technicoil have complementary business lines and share common operational and safety philosophies which will allow for an efficient integration of the two businesses. The combined corporation will also benefit from operating and cost efficiencies realized through the consolidation of certain operating and administrative expenses;
- ***Collective Management Strength and Experienced Leadership*** — The management, technical teams and Board of Directors of Essential following the Arrangement will draw upon extensive strategic, operating and financial experience. Essential will have a management team made up of individuals who possess complementary experience, talents and skills and will be well positioned to capitalize on various organic growth opportunities;
- ***Customer Base*** — The transaction will also provide both companies the opportunity to market existing services to an expanded customer base and provide each company with additional services that can be offered to existing clients; and
- ***Other Considerations*** — the combined corporation will provide an exciting and respected platform to attract and retain experienced personnel.

### **Support Agreements**

#### ***Technicoil Support Agreements***

The Technicoil Support Shareholders, which consists of all of the directors and executive officers of Technicoil, have entered into Technicoil Support Agreements, on terms similar to the Essential Support Agreements, pursuant to which the Technicoil Support Shareholders have agreed, among other things, to vote an aggregate of 2,346,978 Technicoil Shares, representing approximately 3.2% of the outstanding Technicoil Shares (on a non-diluted basis) in favour of the Technicoil Arrangement Resolution and to otherwise support the Arrangement, subject to the provisions of the Technicoil Support Agreements.

### ***Essential Support Agreements***

The Essential Support Shareholders, which consists of all of the directors and executive officers of Essential, have entered into Essential Support Agreements, on terms similar to the Technicoil Support Agreements, pursuant to which the Essential Support Shareholders have agreed, among other things, to vote an aggregate of 1,881,439 Essential Shares, representing approximately 2.6% of the outstanding Essential Shares (on a non-diluted basis) in favour of the Essential Arrangement Resolution and to otherwise support the Arrangement, subject to the provisions of the Essential Support Agreements.

### **Risk Factors Related to the Arrangement**

Completion of the Arrangement is subject to certain risks. In addition to the risk factors described under the headings "*Risk Factors*" in the Technicoil AIF and in the Essential AIF, which are specifically incorporated by reference into this Information Circular, the following are additional and supplemental risk factors which Technicoil Shareholders and Technicoil Optionholders should carefully consider before making a decision to approve the Technicoil Arrangement Resolution and which Essential Shareholders should carefully consider before making a decision to approve the Essential Arrangement Resolution.

#### ***Technicoil and Essential may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the Arrangement on satisfactory terms or at all***

Completion of the Arrangement is subject to the approval of the Court and the satisfaction of certain regulatory requirements and the receipt of all necessary regulatory and Technicoil Shareholder and Technicoil Optionholder and Essential Shareholder approvals and third-party consents. There can be no certainty, nor can either Party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a Material Adverse Effect on the business and affairs of Essential or the trading price of the Essential Shares, after completion of the Arrangement.

#### ***The Arrangement Agreement may be terminated in certain circumstances, including in the event of a Material Adverse Change***

Each of Technicoil and Essential has the right to terminate the Arrangement Agreement and the Arrangement in certain circumstances. Accordingly, there is no certainty, nor can either Party provide any assurance, that the Arrangement Agreement will not be terminated before the completion of the Arrangement. For example, a Party has the right, in certain circumstances, to terminate the Arrangement Agreement if a Material Adverse Change occurs with respect to the other Party. Although a Material Adverse Change excludes certain events that are beyond the control of the Parties, there is no assurance that a change having a Material Adverse Change on a Party will not occur before the Effective Date, in which case the other Party could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

#### ***The market price for the Technicoil Shares and the Essential Shares may decline***

If the Technicoil Arrangement Resolution is not approved by the Technicoil Shareholders and Technicoil Optionholders or the Essential Arrangement Resolution is not approved by the Essential Shareholders, the market price of the Technicoil Shares and/or the Essential Shares may decline to the extent that the current market price of the Technicoil Shares and/or the Essential Shares reflects a market assumption that the Arrangement will be completed. If the Technicoil Arrangement Resolution is not approved by the Technicoil Shareholders and Technicoil Optionholders or the Essential Arrangement Resolution is not approved by the Essential Shareholders, as the case may be, and the Technicoil Board or the Essential Board, as the case may be, decides to seek another business combination, there can be no assurance that Technicoil or Essential, as the case may be, will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

### ***There are risks related to the integration of Technicoil's and Essential's existing businesses***

The ability to realize the benefits of the Arrangement including, among other things, those set forth in this Information Circular under "*— Anticipated Benefits of the Arrangement*" above, will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on Essential's ability to realize the anticipated growth opportunities and synergies from integrating Technicoil's and Essential's businesses following completion of the Arrangement. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities of Essential following completion of the Arrangement, and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the ability of Essential to achieve the anticipated benefits of the Arrangement.

### **Effect of the Arrangement**

#### ***General***

Pursuant to the Arrangement, Essential will acquire all of the issued and outstanding Technicoil Shares such that upon completion of the Arrangement, Technicoil will be a wholly-owned subsidiary of Essential.

On May 4, 2011, there were 72,755,515 issued and outstanding Technicoil Shares and an aggregate of up to 3,735,331 Technicoil Shares were issuable upon the exercise of 3,735,331 outstanding Technicoil Options. Technicoil has received Option Election Agreements from all applicable Technicoil Optionholders whereby each Technicoil Optionholder has elected to surrender their outstanding "in the money" Technicoil Options to Technicoil in exchange for a cash payment equal to the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option, less applicable withholding taxes. On May 4, 2011, the closing price for Essential Shares was \$2.01 per share and the closing price for Technicoil Shares was \$2.09 per share.

Assuming that there are no Dissenting Shareholders and none of the Technicoil Options are exercised prior to the Effective Date, it is anticipated that Essential, to effect the Arrangement, will be required to issue an aggregate of 51,736,446 Essential Shares in exchange for all of the outstanding Technicoil Shares. On this basis, Essential would be issuing Essential Shares representing approximately 72.4% of its outstanding share capital as at May 4, 2011. If the Arrangement is completed as contemplated, it is expected that current Essential Shareholders and former Technicoil Shareholders will own approximately 58% and 42%, respectively, of the Essential Shares on a pro forma basis.

Where Technicoil Shareholders would otherwise be entitled to receive such number of Essential Shares which would result in a fraction of an Essential Share being issuable, the number of Essential Shares to be issued to such Technicoil Shareholders will be rounded down to the nearest whole number.

The respective obligations of the Parties to complete the transaction contemplated by the Arrangement Agreement are subject to a number of conditions which must be satisfied in order for the Arrangement to become effective.

Management and the board of directors of each of Essential and Technicoil believe the Combination will provide many strategic benefits:

- the combined corporation will strengthen its position as the largest provider of coil tubing well services in Canada, will operate the sixth largest fleet of conventional well service rigs and will be a key supplier of downhole tools and multi-stage fracturing service in the Canadian market;
- the combined corporation will be strategically positioned to service the various oil and liquids-rich natural gas resource plays in western Canada that are being developed with horizontal well and multi-stage fracturing technology;

- Essential and Technicoil have complementary business lines and share common operational and safety philosophies which will allow for an efficient integration of the two businesses. The combined corporation will also benefit from operating and cost efficiencies realized through the consolidation of certain operating and administrative functions;
- the combined corporation will be well positioned to capitalize on various organic growth opportunities and complementary acquisitions within western Canada, and to continue to explore expansion into growing international markets, such as Colombia;
- the transaction will also provide both companies the opportunity to market existing services to an expanded customer base and provide each company with additional services that can be offered to existing clients; and
- the combined corporation will continue to provide an exciting and respected platform to attract and retain experienced personnel.

### ***Effect on Technicoil Shares***

Pursuant to the Arrangement Agreement, all of the outstanding Technicoil Shares will be exchanged for Essential Shares on the basis of 0.7111 of an Essential Share and \$0.80 in cash for each Technicoil Share.

### ***Effect on Technicoil Options***

In connection with the Arrangement and by approval of the Technicoil Board, all outstanding Technicoil Options will become fully vested effective at the Effective Date. As at the date hereof, Technicoil Optionholders hold an aggregate of 3,735,331 Technicoil Options.

In connection with the Arrangement, Technicoil has received Option Election Agreements from all applicable Technicoil Optionholders whereby each Technicoil Optionholder has elected to surrender their outstanding "in the money" Technicoil Options to Technicoil in exchange for a cash payment equal to the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option, less applicable withholding taxes. Pursuant to the Option Election Agreements, it is expected holders of Technicoil Options will also surrender their outstanding "out of the money" Technicoil Options to Technicoil for cancellation for consideration of \$0.01 per Technicoil Option. It is a condition to the completion of the Arrangement that all Technicoil Options have been exercised, terminated or cancelled prior to the Effective Date.

Pursuant to the Arrangement, each Technicoil Option outstanding immediately prior to the Effective Time (if any) and in respect of which the Technicoil Optionholder has not elected to surrender or exercise such Technicoil Option at the Effective Time, shall be treated as follows: (i) each Technicoil Option with an exercise price less than the Weighted Average Closing Price of a Technicoil Share shall be deemed to be surrendered and transferred to Technicoil and the holder of such Technicoil Option shall receive a cash payment from Technicoil in the amount of the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option; and (ii) each Technicoil Option with an exercise price that is greater than or equal to the Weighted Average Closing Price of a Technicoil Share shall be deemed to be surrendered and transferred to Technicoil and the holder of such Technicoil Option shall receive a cash payment from Technicoil of \$0.01 per such Technicoil Option; in all cases less applicable withholding taxes.

### ***Change of Control Provisions***

Certain employment agreements with Technicoil NEOs contain "change of control" provisions which will be triggered by the completion of the Arrangement.

Technicoil has an employment agreement with Mr. Clifton, the President and Chief Executive Officer of Technicoil, which provides for a payment to Mr. Clifton, in the event of a change of control, of: (i) 230% of his base

annual salary; and (ii) two times the average of the bonus received over the immediately preceding three years, which in aggregate equates to \$892,100.

Technicoil has an employment agreement with Mr. Sprinkhuysen, the Chief Financial Officer of Technicoil, which provides for a payment to Mr. Sprinkhuysen, in the event of a change of control, of: (i) 172.5% of his base annual salary; and (ii) one-and-a-half times the average of the bonus received over the immediately preceding three years, which in aggregate equates to \$430,250.

See "*Appendix "J" — Statement of Executive Compensation Employment and Change of Control Agreements — Summary of Change of Control Payments*"

## **Procedure for the Arrangement to Become Effective**

### ***Procedural Steps***

The Arrangement is proposed to be carried out pursuant to section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Arrangement must be approved by the Technicoil Shareholders and Technicoil Optionholders in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) all conditions precedent to the Arrangement (including receipt of Essential Shareholders' approval of the Essential Arrangement Resolution), as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;
- (d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and
- (e) all required regulatory approvals in respect of the completion of the Arrangement must be obtained.

### ***Securityholder Approval***

Pursuant to the terms of the Interim Order, the Technicoil Arrangement Resolution must, subject to further orders of the Court, be approved by: (i) not less than 66 $\frac{2}{3}$ % of the votes cast by the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class, present in person or by proxy at the Technicoil Meeting; and (ii) not less than 66 $\frac{2}{3}$ % of the votes cast by the Technicoil Shareholders, present in person or by proxy at the Technicoil Meeting.

Notwithstanding the foregoing, the Technicoil Arrangement Resolution authorizes the Technicoil Board, without further notice to or approval of the Technicoil Shareholders and subject to the terms of the Arrangement Agreement, to amend the Plan of Arrangement or to decide not to proceed with the Arrangement at any time prior to the Effective Time. See Appendix "A-1" to this Information Circular for the full text of the Technicoil Arrangement Resolution.

Pursuant to Subsection 611(c) of the TSX Company Manual, Essential Shareholders must approve the Essential Arrangement Resolution, as the number of Essential Shares issuable in connection with the Arrangement will exceed 25% of the currently outstanding share capital of Essential. Pursuant to the terms of the Arrangement Agreement, the Essential Arrangement Resolution must be approved at the Essential Meeting in order for the Arrangement to be completed. See Appendix "A-2" to this Information Circular for the full text of the Essential Arrangement Resolution.

### ***Court Approval***

On May 3, 2011, Technicoil obtained the Interim Order providing for the calling and holding of the Technicoil Meeting and other procedural matters. A copy of the Interim Order is attached as Appendix "B" to this Information Circular.

Subject to the terms of the Arrangement Agreement, if the Technicoil Arrangement Resolution is approved at the Technicoil Meeting and the Essential Arrangement Resolution is approved at the Essential Meeting, Technicoil will make application to the Court for the Final Order at the Calgary Court Centre, 601 – 5th Street S.W., Calgary, Alberta, Canada on May 30, 2011 at 3:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Originating Application for the Final Order accompanies this Information Circular. Any Technicoil Shareholder, or any other interested party desiring to appear at the hearing, is required to file with the Court and serve upon Technicoil, on or before 12:00 p.m. (Calgary time) on May 24, 2011, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a telecopier number for service by telecopy), together with any evidence or materials which are to be presented to the Court. Service on Technicoil is to be effected by delivery to the counsel for Technicoil c/o Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Laurie Goldbach. **Technicoil Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

The Parties have been advised by their respective counsel that the Court has broad discretion under the ABCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the Technicoil Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. Either Technicoil or Essential may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to it, acting reasonably.

The Essential Shares issuable to Technicoil Shareholders in exchange for their Technicoil Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from registration requirement of the U.S. Securities Act provided by Section 3(a)(10) thereof. The Final Order is required for the Arrangement to become effective and the Court has been advised that if the terms and conditions of the Arrangement are approved by the Court pursuant to the Final Order, the issuance of the Essential Shares issuable to the Technicoil Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof.

### ***Regulatory Approvals***

It is a condition to the completion of the Arrangement that all necessary regulatory approvals shall have been completed or obtained. There are no material filings, consents or approvals required to be made with, applicable to, or required to be received from any Governmental Entity or other regulatory body in connection with the Arrangement, other than approval from the TSX and the Final Order.

### ***Timing***

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate Party, the Arrangement will become effective upon the Effective Date. If the Technicoil Arrangement Resolution is approved at the Technicoil Meeting as required by the Interim Order and the Essential Arrangement Resolution is approved at the Essential Meeting, Technicoil will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on or about May 30, 2011, in form and substance satisfactory to the Parties and all other conditions specified in the Arrangement Agreement are satisfied or waived, the Parties expect the Effective Date will be on or about May 31, 2011. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order. It is a condition to the completion of the Arrangement that the Arrangement shall have become effective on or prior to June 30, 2011 unless otherwise agreed to by Essential and Technicoil.

**For full particulars in respect of all of the events which will occur pursuant to the Plan of Arrangement, see the full text of the Plan of Arrangement which is attached as Appendix "E" to this Information Circular.**

### **The Arrangement Agreement**

The Arrangement Agreement provides for the implementation of the Plan of Arrangement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Technicoil and Essential and various conditions precedent, both mutual and with respect to each Party. The following is a summary of certain material provisions of the Arrangement Agreement and is not comprehensive but is qualified in its entirety by reference to the full text of the Arrangement Agreement and Plan of Arrangement set forth in Appendix "D" and Appendix "E", respectively, to this Information Circular. Shareholders are encouraged to read the Arrangement Agreement and the Plan of Arrangement in their entirety.

The Arrangement Agreement provides that Essential will acquire all of the outstanding Technicoil Shares by way of a plan of arrangement under Section 193 of the ABCA and in respect of which, on the Effective Date, and on the terms and subject to the conditions contained in the Plan of Arrangement, each Technicoil Shareholder (other than a Dissenting Shareholder) will receive 0.7111 of an Essential Share and \$0.80 in cash for each Technicoil Share held.

### ***Mutual Covenants Regarding the Arrangement***

Technicoil and Essential have each given, in favour of the other Party, usual and customary mutual covenants for an agreement of this nature including a mutual covenant to use their respective commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Arrangement Agreement and to take all other action, or cause to be done, all things necessary, proper or advisable under applicable Laws to complete the Arrangement.

### ***Covenants of Essential***

Essential has given in favour of Technicoil usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including a covenant to take all steps and do all acts and things specified in the Interim Order, the Plan of Arrangement and the Final Order to be taken or done by Essential. In addition, Essential gave in favour of Technicoil a covenant to use its reasonable best efforts to obtain the Acquisition Credit Facility in an amount not less than \$80 million, containing conditions to funding in favour of the lenders under the Acquisition Credit Facility not in addition to, or more onerous than, certain conditions specified in the Arrangement Agreement. This covenant was satisfied by Essential on April 21, 2011.

### ***Covenants of Technicoil***

Technicoil has given in favour of Essential usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including a covenant to carry on business in the ordinary course of business consistent with past practices between the date of the Arrangement Agreement and the Effective Date and a covenant not to undertake certain actions outside of the ordinary course of business.

### ***Mutual Covenants Regarding Non-Solicitation***

Each of Essential and Technicoil has provided certain non-solicitation covenants in favour of the other Party as follows:

- (a) Each Party shall immediately cease and cause to be terminated all existing discussions and negotiations (including through any advisors or other parties on its behalf), if any, with any parties conducted before the date of the Arrangement Agreement with respect to any Acquisition Proposal in respect of such Party.

- (b) Neither Party shall, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:
- (i) solicit, knowingly facilitate, initiate, encourage or take any action to solicit, knowingly facilitate, initiate or encourage any Acquisition Proposal, including, without limitation, by way of furnishing information;
  - (ii) withdraw or modify, or propose to withdraw or modify, in any manner adverse to the other Party, the approval of its board of directors of the Arrangement or the recommendation of its board of directors or any committee thereof that the Party's shareholders vote in favour of the Arrangement Resolution, and, in the case of Essential, in favour of the issuance of Essential Shares pursuant to the Arrangement;
  - (iii) enter into or participate in any negotiations or any discussions regarding an Acquisition Proposal, or furnish or provide access to any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with, or furtherance of, an Acquisition Proposal, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;
  - (iv) release, waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear in respect of, any rights or other benefits under any confidentiality agreements, including, without limitation, any "standstill provisions" thereunder except to the extent such provisions are waived in accordance with their terms without any action by the Party; or
  - (v) accept, recommend, approve agree to, endorse, or propose publically to accept, recommend, approve agree to or endorse any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal;

provided, however, that notwithstanding any other provision of the Arrangement Agreement, each Party and its Representatives may prior to the approval of the Arrangement Resolution at the Essential Meeting in respect of Essential or the Technicoil Meeting in respect of Technicoil:

- (vi) enter into, or participate in, any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of the Arrangement Agreement, by such Party or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreements (provided that such confidentiality agreement shall provide for the disclosure thereof, along with the information provided thereunder, to the other Party) may furnish to such third party information concerning the Party and its business, properties and assets, in each case if, and only to the extent that:
  - (A) the third party has first made a Superior Proposal; and
  - (B) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, the Party provides prompt notice to the other Party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity and provides to the other Party the information required to be provided under subsection 5.5(b)(x) of the Arrangement Agreement; or

- (vii) comply with Division 3 of Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids* and similar provisions under applicable Canadian Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
- (viii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, (i) the board of directors of the Party subject to the Superior Proposal concludes in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement as contemplated by Section 5.5(b)(x) of the Arrangement Agreement and after receiving the advice of outside counsel as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for such board of directors to act in a manner consistent with its fiduciary duties under applicable Laws, (ii) such Party complies with its obligations set forth in Section 5.5 of the Arrangement Agreement, (iii) such Party terminates the Arrangement Agreement in accordance with Section 8.1(f) of the Arrangement Agreement, and concurrently therewith pays the amount required by Section 7.1 of the Arrangement Agreement to the other Party; and (iv) such Party has not held its shareholder meeting in respect of the Arrangement, at which meeting the Technicoil Arrangement Resolution or Essential Arrangement Resolution, as applicable, has passed.

Each Party shall promptly (and in any event within 24 hours) notify the other Party (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to the Party, its assets, or any amendments to the foregoing. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the person making any inquiry, proposal, offer or request. The Party shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as the other Party may reasonably request. Each Party shall keep the other Party promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all inquiries by the other Party with respect thereto, and shall provide the other Party with copies of all material correspondence and other written material sent to or provided to Technicoil by any person in connection with such inquiry, proposal, offer or request or sent or provided by the Party to any person in connection with such inquiry, proposal, offer or request.

#### *Right to Match*

Following receipt of a Superior Proposal, the Party subject to such Superior Proposal shall give the other Party, orally and in writing, at least 72 hours advance notice of any decision by the board of directors of the Party subject to such Superior Proposal to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall confirm that such board of directors has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof, including all financing documents, and any amendments thereto. During such 72 hour period, the Party subject to such Superior Proposal agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such 72 hour period the Party subject to such Superior Proposal shall, and shall cause its financial and legal advisors to, negotiate in good faith with the other Party and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable the Party subject to such Superior Proposal to proceed with the Arrangement as amended rather than the Superior Proposal. In the event the other Party proposes to amend the Arrangement Agreement and the Arrangement on a basis such that the board of directors of the Party subject to the Superior Proposal determines that the proposed transaction is no longer a Superior Proposal and so advises the board of directors of the other Party prior to the expiry of such period, the board of directors of the Party subject to such Acquisition Proposal shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not release the party making the Acquisition Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for

greater certainty, neither Party shall have any obligation to make or negotiate any changes to the Arrangement Agreement in the event that the other Party is in receipt of a Superior Proposal. Each Party acknowledges that each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for purposes of the requirement described under this section to initiate a new 72 hour notice period.

In the event that a Party provides the notice contemplated by this section on a date which is less than five Business Days prior to the Essential Meeting or the Technicoil Meeting, (a) the other Party shall be entitled to (i) adjourn or postpone its shareholders' meeting, and (ii) require the Party subject to the Superior Proposal to adjourn or postpone its shareholders' meeting, and (b) the Party that is subject to the Superior Proposal shall be entitled to adjourn or postpone its shareholders' meeting, in each case to a date that is not more than ten Business Days after the date of such notice.

The board of directors of each Party shall reaffirm its recommendation of the Arrangement and in the case of Essential, if applicable, its recommendation of the issuance of the Essential Shares pursuant to the Arrangement, by press release promptly and in any event within five Business Days of any written request to do so by the other Party hereto in the event that (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement as defined under this section which results in any Acquisition Proposal not being a Superior Proposal.

Each Party has agreed that all information that may be provided to it by the other Party with respect to any Superior Proposal pursuant to Section 5.5 of the Arrangement Agreement shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreements and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreements or in order to enforce its rights under the Arrangement Agreement in legal proceedings.

Each Party has agreed to ensure that its Representatives are aware of the provisions of Section 5.5 of the Arrangement Agreement and agrees that it shall be responsible for any breach of Section 5.5 of the Arrangement Agreement by any of its respective Representatives.

### ***Representations and Warranties***

Each of Essential and Technicoil made certain customary representations and warranties related to their due organization and qualification and authorization to enter into the Arrangement Agreement and carry out its obligations thereunder and the execution and delivery of the Arrangement Agreement, the consummation by it of the transactions contemplated thereby nor compliance by it of the transactions contemplated by the Arrangement Agreement will, among other things, violate, conflict with or result in a breach of any provisions of, require any consent, approval or notice under or constitute a default or result in a right of termination or acceleration under or result in a creation of any lien, security interest, charge or encumbrance upon the properties or assets of it or any of its subsidiaries under, any of the terms, conditions or provisions of its organizational documents, instruments or obligations to which it or any of its subsidiaries is a party or by which any of them or any of their respective properties or assets may be subject or by which it is bound or violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to it or any of its subsidiaries. In addition, Essential and Technicoil have each made certain representations and warranties particular to such party. The representations and warranties are, in some cases, subject to specified exceptions and qualifications.

### ***Conditions of Closing***

#### ***Mutual Conditions***

The Arrangement Agreement provides that the respective obligations of the Parties to complete the Arrangement are subject to the satisfaction or waiver, by mutual consent of the Parties, of the following conditions on or before the Effective Date or such other time specified:

- (a) on or prior to April 29, 2011, the Interim Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside

or modified in a manner unacceptable to either of the Parties, acting reasonably, on appeal or otherwise;

- (b) the Essential Arrangement Resolution shall have been passed by the Essential Shareholders in accordance with the Interim Order;
- (c) the Technicoil Arrangement Resolution shall have been passed by the Technicoil Shareholders in accordance with the Interim Order;
- (d) the Mailing Date shall have occurred on or before May 6, 2011;
- (e) on or prior to June 24, 2011, the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to either of the Parties, acting reasonably, on appeal or otherwise;
- (f) the Effective Date shall have occurred on or before June 30, 2011;
- (g) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement Agreement shall be in form and substance satisfactory to each of the Parties, acting reasonably;
- (h) the TSX shall have conditionally approved the issuance and the listing and posting for trading on the TSX of the Essential Shares to be issued pursuant to the Arrangement;
- (i) all required regulatory and governmental approvals and consents necessary for the completion of the Arrangement, other than those otherwise contemplated in Section 6.1 of the Arrangement Agreement, shall have been obtained on terms and conditions satisfactory to Technicoil and Essential, each acting reasonably;
- (j) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken, entered or promulgated before or by any Governmental Entity or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of Law, and no Law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of Law) shall have been proposed, enacted, promulgated, amended or applied, which would be reasonably expected to result in a Material Adverse Change in respect of either of Essential or Technicoil;
- (k) holders of not more than 5% of the issued and outstanding Technicoil Shares shall have exercised such rights of dissent; and
- (l) if Dissent Rights are granted to Essential Shareholders, holders of not more than 5% of the issued and outstanding Essential Shares shall have exercised such rights of dissent.

Subsequent to the execution of the Arrangement Agreement the Parties mutually agreed to extend the deadline for obtaining the Interim Order to on or prior to May 3, 2011.

The Essential Shares issuable in connection with the Arrangement have been conditionally approved for listing on the TSX as of April 28, 2011, subject to the satisfaction of the applicable listing requirements of the TSX.

*Additional Conditions in Favour of Essential*

The Arrangement Agreement provides that the obligations of Essential to complete the Arrangement are subject to the fulfillment of a number of additional conditions on or before the Effective Date or such other time specified, each of which is for the benefit of Essential and may be waived by it. These additional conditions include:

- (a) the representations and warranties made by Technicoil in the Arrangement Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by the Arrangement Agreement), except where the failure of such representations and warranties to be true and complete (read as though such representations and warranties omit exceptions for failures that do not have or result in a Material Adverse Effect), individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Technicoil or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Technicoil shall have provided to Essential a certificate of two senior officers of Technicoil certifying the foregoing on the Effective Date;
- (b) Technicoil shall have complied in all material respects with its covenants in the Arrangement Agreement, except where the failure to comply in all material respects with its covenants, individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Technicoil or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Technicoil shall have provided to Essential a certificate of two senior officers of Technicoil certifying compliance with such covenants on the Effective Date;
- (c) Technicoil shall have furnished Essential with:
  - (i) certified copies of the resolutions duly passed by the Board of Directors of Technicoil approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and
  - (ii) certified copies of the Technicoil Arrangement Resolution; and
- (d) no Material Adverse Change in respect of Technicoil shall have occurred after the date of the Arrangement Agreement and prior to the Effective Date;
- (e) no act, action, suit, proceeding, objection or opposition shall have been threatened against or affecting Technicoil before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Essential, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change or have a Material Adverse Effect in respect of Technicoil or would materially impede the ability of the Parties to complete the Arrangement;
- (f) all of the outstanding Technicoil Options shall have been exercised or surrendered pursuant to their terms or cancelled for nominal consideration; and
- (g) at the time of the closing of the Arrangement, each of the directors and officers of Technicoil shall have provided their resignations from Technicoil and such directors and officers shall have delivered mutual releases in favour of Technicoil and Essential, in form and substance satisfactory to Essential and such persons, acting reasonably.

*Additional Conditions in Favour of Technicoil*

The Arrangement Agreement provides that the obligation of Technicoil to complete the Arrangement is subject to the following conditions on or before the Effective Date or such other time specified, each of which is for the benefit of Technicoil and may be waived by it:

- (a) the representations and warranties made by Essential in the Arrangement Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by the Arrangement Agreement), except where the failure of such representations and warranties to be true and complete (read as though such representations and warranties omit exceptions for failures that do not have or result in a Material Adverse Effect), individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Essential or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Essential shall have provided to Technicoil a certificate of two senior officers of Essential certifying the foregoing on the Effective Date;
- (b) Essential shall have complied in all material respects with its covenants in the Arrangement Agreement, except where the failure to comply in all material respects with its covenants, individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Essential or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Essential shall have provided to Technicoil a certificate of two senior officers of Essential certifying compliance with such covenants on the Effective Date;
- (c) Essential shall have furnished Technicoil with:
  - (i) certified copies of the resolutions duly passed by the Board of Directors of Essential approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and
  - (ii) certified copies of the Essential Arrangement Resolution; and
- (d) on the Effective Date, Technicoil shall be satisfied, acting reasonably, that the Essential Shares issued to Technicoil Shareholders pursuant to the Arrangement, (i) shall not be subject to any hold period, restricted period or seasoning period under applicable Law that shall not have been satisfied on the Effective Date, and (ii) shall have been conditionally accepted for listing on the TSX, subject only to the filing of documentation that cannot be filed prior to the Effective Date;
- (e) no Material Adverse Change in respect of Essential shall have occurred after the date of the Arrangement Agreement and prior to the Effective Date; and
- (f) at the time of the closing of the Arrangement, each of the directors and officers of Technicoil shall have provided their resignations and Essential and Technicoil shall have delivered mutual releases in favour of such directors and officers, in form and substance satisfactory to Technicoil and such persons, acting reasonably.

### ***Termination of the Arrangement Agreement***

The Arrangement Agreement may be terminated at any time prior to the Effective Date (or such earlier date as is specified below):

- (a) by mutual written consent of Essential and Technicoil;
- (b) by either Essential or Technicoil if the Essential Arrangement Resolution or the Technicoil Arrangement Resolution, as applicable, shall have failed to receive the requisite vote of the appropriate shareholders for approval at the Essential Meeting (including any adjournment or postponement thereof) or Technicoil Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;

- (c) by either Essential or Technicoil if the Effective Time shall not have occurred on or prior to June 30, 2011, except that the right to terminate the Arrangement Agreement under Section 8.1(c) of the Arrangement Agreement shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
- (d) as provided in Section 6.4 of the Arrangement Agreement, provided that the Party seeking termination is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in Section 6.1 or Sections 6.2 or 6.3 of the Arrangement Agreement, as applicable, not to be satisfied;
- (e) by either Essential or Technicoil upon the occurrence of a Damages Event (as defined below) in respect of the other Party as provided in Section 7.1 of the Arrangement Agreement; or
- (f) by either Essential or Technicoil to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with Section 5.5(b)(x) of the Arrangement Agreement, provided that such Party (i) has complied with its obligations set forth in Section 5.5(b) of the Arrangement Agreement and (ii) concurrently pays the amount required pursuant to Section 7.1 of the Arrangement Agreement.

In the event of the termination of the Arrangement Agreement in accordance with the foregoing, the Arrangement Agreement shall forthwith become void and neither Party shall have any liability or further obligation to the other Party thereunder, except with respect to the obligations set forth in Sections 7.1, 7.2, 7.3 and 7.4 thereof, where applicable. Nothing contained in Section 8.2 of the Arrangement Agreement shall relieve any Party from liability for any breach of any provision of the Arrangement Agreement. No termination of the Arrangement Agreement shall affect the obligations of the Parties pursuant to the Confidentiality Agreement, except to the extent specified therein.

***Reciprocal Termination Fee***

If at any time after the execution of the Arrangement Agreement:

- (a) the board of directors of one Party has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in Section 2.2 or Section 2.3 of the Arrangement Agreement, as applicable, (including, for greater certainty, in the circumstances contemplated by Section 5.5(b) of the Arrangement Agreement) in a manner adverse to the other Party or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the request of the other Party prior to the earlier of ten days following such request or five days prior to the applicable shareholders' meeting (unless the Party requesting such reconfirmation is then in material breach of its obligations hereunder and such withdrawal, change or failure relates to such breach);
- (b) a bona fide Acquisition Proposal is publicly announced, proposed, offered or made to the shareholders of a Party or any Person shall have publicly announced an intention to make a bona fide Acquisition Proposal in respect of a Party and, after such Acquisition Proposal shall have been made known, made or announced, Essential Shareholders (in the case of an Acquisition Proposal in respect of Essential) or Technicoil Shareholders (in the case of an Acquisition Proposal in respect of Technicoil), as the case may be, do not approve the Arrangement (or in the case of Essential, the issuance of the Essential Shares pursuant to the Arrangement) or vote upon the Essential Arrangement Resolution or Technicoil Arrangement Resolution, as applicable, and such Acquisition Proposal or an amended version thereof relating to Essential or Technicoil, as the case may be, is consummated or effected as applicable within six months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made; and for the purpose of this paragraph the references in the definition of "**Acquisition Proposal**" to "20% or more of the voting securities" shall be deemed to be references to "50.1% or more of the voting securities",

and the references to "20% or more of the fair market value of the consolidated assets" shall be deemed to be references to "all or substantially all of the assets";

- (c) the board of directors of a Party accepts, recommends, approves or enters into an agreement to implement a Superior Proposal;
- (d) the board of directors of either Party recommends that any of the shareholders of such Party deposit their shares under, vote in favour of, or otherwise accept an Acquisition Proposal;
- (e) a Party breaches any of its covenants made in the Arrangement Agreement, which breach, individually or in the aggregate, would or would reasonably be expected to result in a Material Adverse Change or have a Material Adverse Effect in respect of such Party or would or would reasonably be expected to materially impede completion of the Arrangement, provided that the other Party shall have given that Party written notice of and five Business Days to cure any such breach and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond June 30, 2011); or
- (f) a Party breaches any of its representations or warranties made in the Arrangement Agreement, which breach, individually or in the aggregate, would or would reasonably be expected to result in a Material Adverse Change or have a Material Adverse Effect in respect of that Party or would or would reasonably be expected to materially impede completion of the Arrangement, provided that the other Party shall have given the Party written notice of and five Business Days to cure any such breach and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond June 30, 2011);

(each of the above being a "**Damages Event**") then in the event of the termination of the Arrangement Agreement pursuant to Section 8.1 of the Arrangement Agreement as a result thereof, (i) if Essential is the subject of any of the foregoing events, it shall pay to Technicoil, within ten Business Days of the first to occur of the foregoing, a fee in the amount of \$5 million as liquidated damages in immediately available funds to an account designated by Technicoil and (ii) if Technicoil is the subject of any of the foregoing events, it shall pay to Essential, within ten Business Days of the first to occur of the foregoing, a fee in the amount of \$5 million as liquidated damages in immediately available funds to an account designated by Essential, and after such event but prior to payment of such amount, the Party required to make such payment shall be deemed to hold such funds in trust for the other Party; provided that in the case of a Damages Event pursuant to Section 7.1(c) of the Arrangement Agreement such payment shall be made by a Party to the other Party concurrently with the acceptance, recommending, approving or entering into of the Superior Proposal by such Party. Essential shall only be obligated to pay a maximum of \$5 million pursuant to Section 7.1 of the Arrangement Agreement and Technicoil shall only be obligated to pay a maximum of \$5 million pursuant to Section 7.1 of the Arrangement Agreement; provided that nothing therein shall preclude the Party other than the Party receiving an Acquisition Proposal from seeking injunctive relief to restrain any breach or threatened breach by the Party receiving an Acquisition Proposal of any of its obligations hereunder or otherwise to obtain specific performance without the necessity of posting bond or security in connection therewith. In addition, neither Party is precluded from seeking damages in respect of any breach of the Arrangement Agreement by the other Party.

#### ***Financing Damages Event***

Essential obtained the Acquisition Credit Facility and the related covenant of Essential under Section 5.1(a) of the Arrangement Agreement was satisfied on April 21, 2011. In the event that Essential did not obtain the Acquisition Credit Facility on or before May 5, 2011 Essential would have been required to pay to Technicoil a fee in the amount of \$750,000 ("**Financing Damages Event**"). The payment of the foregoing amount would not have prejudiced or reduced Technicoil's right to claim the fee provided for in Section 7.1 of the Arrangement Agreement on the occurrence of a Damages Event.

### ***Amendment***

The Arrangement Agreement provides that it may at any time and from time to time before or after the holding of the Essential Meeting and the Technicoil Meeting, be amended by written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of Essential or Technicoil;
- (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant thereto;
- (c) waive compliance with or modify any of the covenants in the Arrangement Agreement contained and waive or modify performance of any of the obligations of Essential or Technicoil; or
- (d) waive compliance with or modify any other conditions precedent contained in the Arrangement Agreement;

provided that no such amendment reduces or adversely affects the consideration to be received by a Technicoil Shareholder without approval by the affected Technicoil Shareholder given in the same manner as required for the approval of the Arrangement.

### **Approval of Technicoil Securityholders Required for the Arrangement**

Pursuant to the Interim Order, the number of votes required to pass the Technicoil Arrangement Resolution will be: (i) not less than 66⅔% of the votes cast by the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class, present in person or by proxy at the Technicoil Meeting; and (ii) not less than 66⅔% of the votes cast by the Technicoil Shareholders, present in person or by proxy at the Technicoil Meeting. Notwithstanding the foregoing, the Technicoil Arrangement Resolution authorizes the Technicoil Board, without further notice to or approval of the Technicoil Shareholders or Technicoil Optionholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See Appendix "A-1" to this Information Circular for the full text of the Technicoil Arrangement Resolution. See also "*Part V — General Proxy Matters — Technicoil*".

### **Approval of Essential Shareholders Required for the Arrangement**

It is a condition to Technicoil's obligation to complete the Arrangement that the Essential Arrangement Resolution be approved at the Essential Meeting. The number of votes required to pass the Essential Arrangement Resolution will be greater than 50% of the votes cast by Essential Shareholders, either in person or by proxy, at the Essential Meeting. See Appendix "A-2" to this Information Circular for the full text of the Essential Arrangement Resolution. See also "*Part VI — General Proxy Matters — Essential*".

### **Court Approvals**

#### ***Interim Order***

On May 3, 2011, the Court granted the Interim Order facilitating the calling of the Technicoil Meeting and prescribing the conduct of the Technicoil Meeting and other matters. A copy of the Interim Order is attached as Appendix "B" to this Information Circular.

## ***Final Order***

Subject to the terms of the Arrangement Agreement, if the Technicoil Arrangement Resolution is approved at the Technicoil Meeting and the Essential Arrangement Resolution is approved at the Essential Meeting, Technicoil will make application to the Court for the Final Order at the Calgary Court Centre, 601 –5th Street S.W., Calgary, Alberta, Canada on May 30, 2011 at 3:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Originating Application for the Final Order accompanies this Information Circular. Any Technicoil Shareholder, or any other interested party desiring to appear at the hearing, is required to file with the Court and serve upon Technicoil, on or before 12:00 p.m. (Calgary time) on May 24, 2011, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a telecopier number for service by telecopy), together with any evidence or materials which are to be presented to the Court. Service on Technicoil is to be effected by delivery to the counsel for Technicoil c/o Bennett Jones LLP, Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Laurie Goldbach. **Technicoil Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

The Parties have been advised by their respective counsel that the Court has broad discretion under the ABCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the Technicoil Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. Either Technicoil or Essential may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to it, acting reasonably.

The Essential Shares issuable to Technicoil Shareholders in exchange for their Technicoil Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from registration requirement of the U.S. Securities Act provided by Section 3(a)(10) thereof. The Final Order is required for the Arrangement to become effective and the Court has been advised that if the terms and conditions of the Arrangement are approved by the Court pursuant to the Final Order, the issuance of the Essential Shares issuable to the Technicoil Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof.

## **Stock Exchange Listing Approval**

It is a mutual condition to the completion of the Arrangement that the Essential Shares to be issued to the Technicoil Shareholders (other than Dissenting Shareholders) pursuant to the Arrangement are conditionally approved for listing on the TSX. The TSX conditionally approved the listing of such Essential Shares on April 28, 2011, subject to Technicoil and Essential fulfilling the requirements of the TSX.

## **Other Regulatory Conditions or Approvals**

In addition to the approvals of Technicoil Shareholders, Technicoil Optionholders and Essential Shareholders described above, it is a condition precedent to the implementation of the Arrangement that all requisite regulatory conditions be satisfied or approvals be obtained. See "*Part III — The Arrangement Agreement — Conditions of Closing — Mutual Conditions*".

## **Technicoil Fairness Opinion**

The Special Committee engaged Peters & Co. as a financial advisor to the Special Committee in connection with Technicoil's review of strategic alternatives, which mandate also included acting as financial advisor with respect to the Arrangement. As part of this engagement, Peters & Co. was requested to provide the Technicoil Board with its opinion as to the fairness to Technicoil Shareholders, from a financial point of view, of the consideration to be received by the Technicoil Shareholders in connection with the Arrangement. Peters & Co. prepared the Peters & Co. Fairness Opinion pursuant to that engagement. The Peters & Co. Fairness Opinion states that, on the basis of the particular assumptions, explanations and limitations set forth therein, Peters & Co. is of the

opinion that, as of April 4, 2011, the consideration to be received by Technicoil Shareholders in connection with the Arrangement is fair, from a financial point of view, to Technicoil Shareholders.

**The Peters & Co. Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.** See Appendix "F" for the full text of the Peters & Co. Fairness Opinion.

### **Essential Fairness Opinion**

Essential retained Wellington West as financial advisor to Essential in connection with the Arrangement. Wellington West has provided the Wellington West Fairness Opinion to the Essential Board to the effect that, as of April 4, 2011 and subject to the assumptions, limitations and qualifications contained therein, the consideration to be paid by Essential pursuant to the Arrangement is fair, from a financial point of view, to the Essential Shareholders. The full text of the Wellington West Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Wellington West Fairness Opinion, is attached as Appendix "G".

**The Wellington West Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.** See Appendix "G" for the full text of the Wellington West Fairness Opinion.

### **Timing**

If the Meetings are held as scheduled and are not adjourned and the other necessary conditions at that point in time are satisfied or waived, Technicoil will apply for the Final Order approving the Arrangement on May 30, 2011. If the Final Order is obtained in a form and substance satisfactory to Technicoil and Essential, and all other conditions set forth in the Arrangement Agreement are satisfied or waived by the applicable Party, Technicoil and Essential expect the Effective Date to occur on or about May 31, 2011.

The Arrangement will become effective as of the Effective Time.

The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or the failure to receive any required regulatory, governmental or third party consents on acceptable terms and conditions in a timely manner.

### **Procedure for Exchange of Securities**

#### ***Letters of Transmittal — Technicoil Shareholders***

The Letter of Transmittal has been sent to Registered Technicoil Shareholders with this Information Circular. The Letter of Transmittal sets out the procedure to be followed by Registered Technicoil Shareholders to deposit their Technicoil Shares (the "**Depositing Shareholders**"). If the Arrangement becomes effective, in order to receive a physical certificate(s) representing Essential Shares in exchange for the deposited Technicoil Shares to which the Depositing Shareholder is entitled under the Plan of Arrangement, a Depositing Shareholder must deliver the Letter of Transmittal, properly completed and duly executed, together with certificate(s) representing its deposited Technicoil Shares (the "**Deposited Securities**") and all other required documents to the Depository at the address set forth in the Letter of Transmittal. It is each Depositing Shareholder's responsibility to ensure that the Letter of Transmittal is received by the Depository. If the Arrangement is not completed, the Letter of Transmittal will be of no effect and the Depository will return all certificates representing the Deposited Securities to the holders thereof as soon as practicable at the address specified in the Letter of Transmittal. Depositing Shareholders whose Technicoil Shares are registered in the name of an Intermediary must contact their Intermediary to deposit their Deposited Securities.

Where Technicoil Shareholders would otherwise be entitled to receive such number of Essential Shares which would result in a fraction of a Essential Share being issuable, the number of Essential Shares to be issued to such Technicoil Shareholders will be rounded down to the nearest whole number.

**Depositing Shareholders are encouraged to deliver a properly completed and duly executed Letter of Transmittal together with the relevant certificate(s) and any other required documents to the Depository as soon as possible.**

**The use of mail to transmit certificates representing the Deposited Securities and the Letter of Transmittal is at each holder's risk. Technicoil recommends that such certificates and documents be delivered by hand to the Depository and a receipt therefore be obtained or that registered mail be used and appropriate insurance be obtained.**

The Depository will receive reasonable and customary compensation from Essential for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liability under securities laws and expenses in connection therewith.

### ***Lost Securities***

In the event any certificate, which immediately before the Effective Time represented one or more outstanding Technicoil Shares that is to be exchanged pursuant to the Plan of Arrangement, is lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depository will issue in exchange for such lost, stolen or destroyed certificate, the Essential Shares to which such Person is entitled in respect of the securities represented by such lost, stolen or destroyed certificate pursuant to the Plan of Arrangement. When authorizing such issuances in exchange for any lost, stolen or destroyed certificate, the Person to whom the Essential Shares are to be issued will, as a condition precedent to the issuance thereof, give a bond satisfactory to Essential and its transfer agent in such sum as Essential may direct or otherwise indemnify Essential and its transfer agent in a manner satisfactory to them, against any claim that may be made against Essential or its transfer agent with respect to the certificate alleged to have been lost, stolen or destroyed.

### ***Withholding Rights***

Essential and the Depository shall be entitled to deduct and withhold from any consideration otherwise payable to any holder of Technicoil Shares such amounts as Essential or the Depository is required to deduct and withhold with respect to such payment under the Tax Act, or any applicable laws related to taxes in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Technicoil Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

### **Right to Dissent**

**Technicoil Shareholders who wish to dissent should take note that strict compliance with the Dissent Procedures is required.**

Every Registered Technicoil Shareholder is entitled to be paid the fair value of such holder's Technicoil Shares provided that the holder duly dissents to the Arrangement and the Arrangement becomes effective. Technicoil Shareholders who are not Registered Technicoil Shareholders and who wish to exercise Dissent Rights must arrange for the Registered Technicoil Shareholder holding their Technicoil Shares to deliver the Notice of Dissent (as defined below). The Dissent Rights are those rights pertaining to the right to dissent from the Technicoil Arrangement Resolution that are contained in Section 191 of the ABCA, as modified by the Interim Order as provided for in the Plan of Arrangement. A Technicoil Shareholder is not entitled to exercise Dissent Rights if the holder votes any Technicoil Shares in favour of the applicable Technicoil Arrangement Resolution.

A Registered Technicoil Shareholder who intends to exercise Dissent Rights must deliver a written notice of dissent (a "**Notice of Dissent**") to:

Technicoil Corporation c/o its counsel:  
Bennett Jones LLP  
Suite 4500, 855 – 2nd Street S.W.  
Calgary, Alberta T2P 4K7  
Attention: Brent Kraus

to be received on or before 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or, in case of any adjournment or postponement of the Technicoil Meeting, no later than 10:00 a.m. (Calgary time) on the day that is two (2) Business Days before the adjourned or postponed Technicoil Meeting. The Notice of Dissent must set out the number of Technicoil Shares held by the Dissenting Shareholder. Technicoil Shareholders who are not Registered Technicoil Shareholders and wish to exercise Dissent Rights must arrange for the Registered Technicoil Shareholder holding their Technicoil Shares to deliver the Notice of Dissent.

A brief summary of the Dissent Procedures is set out below. This summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting Registered Technicoil Shareholder who seeks payment of the fair value of the Technicoil Shares held and is qualified in its entirety by reference to Section 191 of the ABCA, as modified by the Interim Order as provided for in the Plan of Arrangement. Section 191 of the ABCA is reproduced in its entirety as Appendix "I" to this Information Circular. The Dissent Procedures must be strictly adhered to and any failure by a Registered Technicoil Shareholder to do so may result in the loss of that holder's Dissent Rights. Accordingly, each Registered Technicoil Shareholder who wishes to exercise Dissent Rights should carefully consider and comply with the Dissent Procedures and consult its legal advisers.

The delivery of a Notice of Dissent does not deprive a Registered Technicoil Shareholder of the right to vote at the Technicoil Meeting on the Technicoil Arrangement Resolution. A vote against the Technicoil Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent. A Technicoil Shareholder is not entitled to exercise the Dissent Right with respect to any Technicoil Shares, as applicable, if the Technicoil Shareholder votes in favour of the Technicoil Arrangement Resolution. A Technicoil Shareholder, however, may vote as a proxyholder for another Technicoil Shareholder whose proxy required an affirmative vote, without affecting its own right to exercise Dissent Rights.

If the Technicoil Arrangement Resolution is passed at the Technicoil Meeting, Technicoil must send by registered mail to every Dissenting Shareholder, prior to the date set for the hearing of the Final Order, a notice of intention stating that, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, Technicoil intends to complete the Arrangement, and advising the Dissenting Shareholder that if the Dissenting Shareholder intends to proceed with its exercise of its Dissent Rights, it must deliver to Technicoil within one month of the mailing of the notice of intention, a written statement containing the information specified in the Interim Order together with any certificate representing the holder's Technicoil Shares. If a Dissent Right is being exercised by someone other than the beneficial owner of the Technicoil Shares, as the case may be, this written statement must be signed by such beneficial owner.

A Dissenting Shareholder delivering such written statement may not withdraw its dissent and, at the Effective Time, the Dissenting Shareholder's Technicoil Shares will be purchased by Essential. Essential will pay to each Dissenting Shareholder the fair value agreed between Technicoil and the Dissenting Shareholder for the Dissenting Shares. Essential or a Dissenting Shareholder may apply to the Court if no agreement on the terms of the fair value of the Dissenting Shares is reached, and the Court may:

- (a) determine the fair value that the Dissenting Shares had immediately before the passing of the Technicoil Arrangement Resolution, or order that such value be established by arbitration or by reference to the registrar, as a referee of the Court;
- (b) join in the application each Dissenting Shareholder who has not agreed with Essential on the amount of the payout value of the Dissenting Shares; and

- (c) make consequential orders and give such directions as it considers appropriate.

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights, it will lose its Dissent Rights, Essential will return to the Dissenting Shareholder the certificates representing the Dissenting Shares, if any, that were delivered to Essential, and if the Arrangement is completed, the Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as the Technicoil Shareholders.

If a Dissenting Shareholder strictly complies with the foregoing requirements of the Dissent Rights, but the Arrangement is not completed prior to the June 30, 2011, Essential will return to the Dissenting Shareholder the certificates, if any, delivered to Essential.

**Technicoil Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement and the Dissent Rights. Technicoil Shareholders should also note that the exercise of Dissent Rights can be complex, time-consuming and expensive. Dissent Rights are not available to Technicoil Optionholders, or the Technicoil Support Shareholders.**

The Arrangement Agreement provides that it is a condition precedent to the Arrangement that holders of not greater than 5% of the issued and outstanding Technicoil Shares shall have exercised Dissent Rights that have not been withdrawn as at the Effective Date. See "*The Arrangement — Arrangement Agreement — Conditions of Closing*".

## **Interests of Certain Persons or Companies in the Arrangement**

### ***Share Ownership***

As of May 4, 2011, the directors and executive officers of Technicoil and their associates and Affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 2,346,978 Technicoil Shares, representing approximately 3.2% of the outstanding Technicoil Shares, and an aggregate of 2,020,000 Technicoil Options pursuant to the Technicoil Option Plan. Technicoil has received Option Election Agreements from all applicable Technicoil Optionholders whereby each Technicoil Optionholder has elected to surrender their outstanding "in the money" Technicoil Options to Technicoil in exchange for a cash payment equal to the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option, less applicable withholding taxes.

As of May 4, 2011, the directors and executive officers of Essential and their associates and Affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 1,881,439 Essential Shares, representing approximately 2.6% of the Essential Shares.

Immediately after giving effect to the Arrangement, it is anticipated that the currently proposed directors of Essential and their associates and Affiliates, as a group, would beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 1,714,586 Essential Shares representing approximately 1.4% of the Essential Shares which are expected to be outstanding upon completion of the Arrangement. See "*Part IV — Pro Forma Information of Essential After Giving Effect to the Arrangement — Directors of Essential Upon Completion of the Arrangement*".

Technicoil Support Shareholders entered into Technicoil Support Agreements with Essential pursuant to which each agreed to vote his Technicoil Shares in favour of the Arrangement. See "*Part III — The Arrangement — The Support Agreements*".

Essential Support Shareholders entered into Essential Support Agreements with Technicoil pursuant to which each agreed to vote his Essential Shares in favour of the Essential Resolutions. See "*Part III — The Arrangement — The Support Agreements*".

### ***Director and Officer Insurance***

Technicoil and Essential have agreed that Technicoil will use commercially reasonable efforts to secure directors' and officers' liability insurance for the current and former directors and officers of Technicoil on a ten (10) year "trailing" (or "run-off") basis provided that such trailing policy is available at a reasonable cost and, in any event, at no more than 300% of the annual premium paid in 2010.

### ***Change of Control Payments***

Certain employment agreements with Technicoil NEOs contain "change of control" provisions which will be triggered by the completion of the Arrangement.

Technicoil has an employment agreement with Mr. Clifton, the President and Chief Executive Officer of Technicoil, which provides for a payment to Mr. Clifton, in the event of a change of control, of: (i) 230% of his base annual salary; and (ii) two times the average of the bonus received over the immediately preceding three years, which in aggregate equates to \$892,100.

Technicoil has an employment agreement with Mr. Sprinkhuysen, the Chief Financial Officer of Technicoil, which provides for a payment to Mr. Sprinkhuysen, in the event of a change of control, of: (i) 172.5% of his base annual salary; and (ii) one-and-a-half times the average of the bonus received over the immediately preceding three years, which in aggregate equates to \$430,250.

See "*Part III – The Arrangement – Effect of the Arrangement – Change of Control Provisions*", See "*Part III – The Arrangement – Effect of the Arrangement – Effect on Technicoil Options*" and See "*Appendix "J" – Statement of Executive Compensation Employment and Change of Control Agreements – Summary of Change of Control Payments*".

### ***Other Interests***

None of the principal holders of Technicoil Shares or Essential Shares or any director or officer of Technicoil or Essential, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any transaction in the last three years or any proposed transaction that materially affected, or will materially affect, Technicoil, Essential, or any of their affiliates, except as disclosed above or elsewhere in this Information Circular or in the documents incorporated into this Information Circular by reference.

The Special Committee has retained Peters & Co. as financial advisor to Technicoil with respect to the Arrangement and Peters & Co. has provided the Peters & Co. Fairness Opinion to the Technicoil Board. Peters & Co. has received or will receive fees from Technicoil for services rendered. Essential has retained Wellington West as financial advisor to Essential with respect to the Arrangement and Wellington West has provided the Wellington West Fairness Opinion to the Essential Board. Wellington West will receive fees from Essential for provision of the Wellington West Fairness Opinion.

### ***Expenses of the Arrangement***

The estimated costs to be incurred by Technicoil and Essential with respect to the Arrangement and related matters including, without limitation, financial advisory, accounting and legal fees, the costs of preparation, printing and mailing of this Information Circular and other related documents and agreements, and stock exchange and regulatory filing fees, are expected to aggregate approximately \$6.7 million.

## **Securities Law Matters**

### ***Canada***

Essential Shares to be issued pursuant to the Arrangement will be issued in reliance on exemptions from prospectus and registration requirements of Canadian Securities Laws of the various applicable provinces in Canada and will generally not be subject to any restricted or hold period if the following conditions are met: (i) the trade is not a "control distribution" (as defined in Canadian Securities Laws); (ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (iii) no extraordinary commission or consideration is paid to a person in respect of the trade; and (iv) if the selling holder of Essential Shares is an insider or an officer of Essential, the selling securityholder has no reasonable grounds to believe that Essential is in default of securities legislation.

### ***United States***

The Essential Shares issuable to Technicoil Shareholders in exchange for their Technicoil Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. All Technicoil Shareholders are entitled to appear and be heard at this hearing, provided that they satisfy the applicable conditions set forth in the Interim Order. The Court granted the Interim Order on May 3, 2011 and, subject to the approval of the Arrangement by Technicoil Shareholders, a hearing on the Arrangement will be held on May 30, 2011 by the Court. See "*Court Approvals — Final Order*" above.

The Essential Shares to be received by Technicoil Shareholders following completion of the Arrangement may generally be resold without restrictions under the U.S. Securities Act, except by persons who are "affiliates" of Essential after the completion of the Arrangement or who have been affiliates of Essential within 90 days before the Effective Date. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Essential Shares by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, absent an exemption therefrom. Subject to certain limitations, such affiliates may immediately resell such Essential Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S under the U.S. Securities Act. Such Essential Shares may also be resold in transactions completed in accordance with Rule 144 under the U.S. Securities Act, if available.

The foregoing discussion is only a general overview of certain requirements of U.S. federal securities laws applicable to the resale of Essential Shares received upon completion of the Arrangement. All holders of such Essential Shares are urged to consult with counsel to ensure that the resale of their Essential Shares complies with applicable U.S. federal and state securities laws.

## **Certain Canadian Federal Income Tax Considerations**

In the opinion of Faskens, counsel to Essential, and Bennett Jones, counsel to Technicoil, the following fairly summarizes the principal Canadian federal income tax considerations generally applicable to Technicoil Shareholders in respect of:

- the exchange of a fraction of such Technicoil Share for a fraction of an Essential Share and the remaining fraction of such Technicoil Share for Cash Consideration pursuant to the Arrangement; and

- the holding and disposition of Essential Shares acquired pursuant to the Arrangement.

The comments in this summary are restricted to Technicoil Shareholders, wherever resident, each of whom at all material times, for the purposes of the Tax Act:

- deals at arm's length with Essential and Technicoil, and is not affiliated or connected with either of them;
- holds all Technicoil Shares, and will hold all Essential Shares, as capital property;
- has not acquired any Technicoil Shares pursuant to an employee stock option or similar plan or who has cancelled or otherwise disposed of an employee stock option;
- is not a "financial institution" or a "specified financial institution" as defined in the Tax Act;
- is not an entity an interest in which is, or whose Technicoil Shares are, a "tax shelter investment"; and
- does not make a functional currency election under Section 261 of the Tax Act,

(each such Technicoil Shareholder in this summary, a "**Holder**").

A Holder's Technicoil Shares generally will be considered to be capital property unless the Holder holds them in the course of carrying on a business of trading or dealing in securities, or in the course of an adventure or concern in the nature of trade. Subject to certain exceptions set out in the Tax Act, a Holder who is resident in Canada and whose Technicoil Shares might not otherwise be considered to be capital property may be entitled to elect irrevocably under Subsection 39(4) of the Tax Act to deem all Technicoil Shares and all other "Canadian securities" (as defined in the Tax Act) owned by the Holder in the taxation year in which the Holder makes the election, and in all subsequent taxation years, to be capital property.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all amendments thereto publicly proposed by or on behalf of the Minister of Finance (Canada) to the date hereof, and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency. It is assumed that all such amendments will be enacted as currently proposed, and that there will be no other change to any relevant law or practice, although no assurance can be given in these respects. This summary does not take into account any other federal Canadian, provincial, territorial or foreign tax law, or any income tax treaty.

This summary does not address any person who is not a Holder as defined above. All such persons are urged to consult their own legal and tax advisers with respect to the Canadian federal income tax consequences of the Arrangement applicable to them, which may differ materially from the Canadian federal income tax consequences applicable to Holders as set out in this summary.

**The following summary is of a general nature only and is not, and should not be construed as, legal or tax advice to any particular Holder. Holders should consult their own legal and tax advisers regarding the legal and tax consequences of the Arrangement, having regard to their particular circumstances.**

#### *Residents of Canada*

The following portion of this summary applies solely to Holders who at all relevant times are or are deemed to be resident solely in Canada for purposes of the Tax Act and any applicable income tax treaty (each such Holder, a "**Resident Holder**").

## *Disposition of Technicoil Shares Pursuant to the Arrangement*

### Partial Deferral

Under the terms of the Arrangement each Technicoil Share outstanding immediately prior to the Effective Time held by each Resident Holder shall be transferred in exchange for:

- (i) \$0.80 cash for a fraction of such Technicoil Share equal to the Cash Ratio; and
- (ii) 0.7111 of an Essential Share for a fraction of such Technicoil Share equal to the Share Ratio.

A Resident Holder shall be deemed to have disposed of that fraction of a Technicoil Share for which such Resident Holder receives a fraction of an Essential Share for proceeds of disposition equal to the Resident Holder's adjusted cost base of that fraction of a Technicoil Share immediately before the exchange, and to have acquired a fraction of an Essential Share received on the exchange at a cost equal to that adjusted cost base, unless such Resident Holder chooses to recognize any portion of the capital gain or capital loss otherwise arising on the exchange. This cost will be averaged with the adjusted cost base of all other Essential Shares held by such Resident Holder as capital property for the purpose of determining the adjusted cost base of each Essential Share held by such Resident Holder. The partial deferral described herein will generally apply to the exchange provided that (i) immediately before the exchange the Resident Holder and Essential are dealing with each other at arm's length; and (ii) immediately after tax exchange such Resident Holder or persons with who such holder does not deal at arm's length and the Resident Holder to be together, does not control Essential or beneficially own shares of Essential having a fair market value in excess of 50% of the fair market value of the outstanding share of Essential.

A Resident Holder may choose to recognize a capital gain or capital loss on the exchange of a fraction of a Technicoil Share for a fraction of an Essential Share by including the capital gain or capital loss otherwise determined from the exchange in the Resident Holder's tax return under the Tax Act for the Resident Holder's taxation year in which the exchange occurs. In those circumstances, the Resident Holder's capital gain (or capital loss) in respect of the exchange of the fraction of the Technicoil Share for a fraction of an Essential Share will be the amount by which the fair market value of the fraction of an Essential Share received exceeds (or is less than) the adjusted cost base immediately before the exchange of the fraction of the Technicoil Share so exchanged and any reasonable costs associated with the disposition, and the Resident Holder will acquire the fraction of such Essential Share received at a cost equal to the fair market value of such fraction of the Essential Share. This cost will be averaged with the adjusted cost base of all other Essential Shares held by such Resident Holder as capital property for the purpose of determining the adjusted cost base of each Essential Share held by such Resident Holder. For description of the tax treatment of capital gains and capital losses see the discussion below under the heading "*Taxation of Capital Gains and Capital Losses*".

### Taxable Capital Gain

A Resident Holder will realize a capital gain (or a capital loss) in respect of that fraction of a Technicoil Share exchanged for Cash Consideration to the extent that the Cash Consideration received exceeds (or is less than) the adjusted cost base of the fraction of the Technicoil Share immediately before the exchange and any reasonable costs associated with the disposition. For a description of the tax treatment of capital gains and capital losses see the discussion below under the heading "*Taxation of Capital Gains and Capital Losses*".

### Dissenting Resident Holders

A Resident Holder who validly exercises Dissent Rights and receives a cash payment from Essential in consideration for the Resident Holder's Technicoil Shares will be considered to have disposed of the Resident Holder's Technicoil Shares for proceeds of disposition equal to the cash payment (excluding interest received, if any). To the extent that such proceeds of disposition exceed (or are exceeded by) the adjusted cost base of the dissenting Resident Holder's Technicoil Shares, the dissenting Resident Holder will realize a capital gain (or capital loss) equal to the amount of the difference. See "*Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and losses under the Tax Act.

Interest paid or payable to a dissenting Resident Holder will be included in the dissenting Resident Holder's income. A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for the year, which will include interest.

#### Taxation of Capital Gains and Capital Losses

Generally, a Resident Holder will be required to include one-half of any capital gain ("**taxable capital gain**") arising on the disposition of a Technicoil Share in a taxation year pursuant to the Arrangement in income in the taxation year in which the disposition occurs. The Resident Holder may deduct one-half of any capital loss ("**allowable capital loss**") so arising from taxable capital gains realized in the year in accordance with the detailed rules contained in the Tax Act and, to the extent not so deducted, from net taxable capital gains realized in any of the three (3) preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

Capital gains realized by an individual or certain trusts may give rise to alternative minimum tax under the Tax Act.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout a taxation year may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" (as so defined) for the year, which generally will include an amount in respect of the Resident Holder's taxable capital gains for the year, if any.

A capital loss incurred by a Resident Holder that is a corporation from a disposition of Technicoil Shares pursuant to the Arrangement may, to the extent and under circumstances set out in the Tax Act, be reduced by the amount of dividends (if any) previously received or deemed to have been received by the Resident Holder on its Technicoil Shares. Similar rules may apply where Technicoil Shares are owned by a trust or partnership of which a corporation, trust or partnership is a beneficiary or member. Shareholders of the corporations to whom these rules may be relevant should consult their own tax advisors.

#### *Holding and Disposing of Essential Shares*

##### Dividends on Essential Shares

Each Resident Holder will be required to include in income for a taxation year any dividend that the Resident Holder receives, or is deemed to receive, on an Essential Share in the year.

If the Resident Holder is an individual (including most trusts), the dividend will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit rules applicable to "eligible dividends" (as defined in the Tax Act).

Taxable dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules of the Tax Act.

If the Resident Holder is a corporation, it will (subject to the possible application of the anti-capital gains stripping rules in Subsection 55(2) of the Tax Act) generally be entitled to deduct the amount of the dividend from its taxable income. A Resident Holder that is a "private corporation" (as defined in the Tax Act) or a corporation that is controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals (other than a trust or trusts) may be liable under Part IV of the Tax Act to pay a refundable tax of 33 $\frac{1}{3}$ % of the dividend.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout a taxation year may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" (as so defined) for the year, including any dividends that are not deductible in computing taxable income.

## Disposition of Essential Shares

A Resident Holder who disposes or is deemed to dispose of an Essential Share will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Essential Share to the Resident Holder determined immediately before the disposition. This treatment will not apply to dispositions or deemed dispositions by a Resident Holder to Essential that is not a sale in the open market or in a tax deferred transaction. Any such capital gain or capital loss generally will be taxable or deductible in the manner described above under the heading "*Taxation of Capital Gains and Capital Losses*".

### ***Non-Residents of Canada***

The following portion of the summary applies solely to Holders who, at all relevant times for the purposes of the Tax Act and any applicable income tax treaty:

- are not, and are not deemed to be, resident in Canada;
- do not use or hold and are not deemed to use or hold Technicoil Shares, and will not use or hold and will not be deemed to use or hold Essential Shares, in connection with a business carried on in Canada; and
- are not insurers that carry on an insurance business in Canada and elsewhere,

(each such Holder, a "**Non-resident Holder**").

**Non-resident Technicoil Shareholders who for any reason are not Non-resident Holders as defined in the preceding paragraph should consult their own tax advisers.**

### *Exchange of Technicoil Shares and Holding and Subsequent Disposition of Essential Shares*

A Non-resident Holder generally will not be subject to Canadian federal income tax on the disposition of Technicoil Shares pursuant to the Arrangement or on a subsequent disposition of Essential Shares provided that, for the purposes of the Tax Act, the Technicoil Shares or the Essential Shares, as the case may be, are not "taxable Canadian property" or are "treaty-protected property" (as those terms are defined in the Tax Act), of the Non-resident Holder at the time of the disposition.

Generally, a Technicoil Share or Essential Share, as applicable, owned by a Non-resident Holder will not constitute taxable Canadian property at a particular time, provided that:

- the Share is listed on a designated stock exchange (which currently includes the TSX) at that time;
- neither the Non-resident Holder, nor any one or more persons with whom the Non-resident Holder does not deal at arm's length, alone or in any combination directly or indirectly owned 25% or more of the issued shares of any class of the capital stock of the relevant corporation, at any time during the 60 months immediately preceding the particular time;
- the Share did not derive more than 50% of its fair market value directly or indirectly from, or from any combination of, real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as so defined), or options or interests therein, at any time during the 60 months immediately preceding the particular time; and
- the Share is not otherwise deemed by a provision of the Tax Act to be taxable Canadian property at that time.

Generally, a Technicoil Share or Essential Share of a Non-resident Holder will be "treaty-protected property" of the holder at any particular time at which the terms of an applicable income tax treaty exempt the Non-resident Holder from Canadian federal income tax on any gain from a disposition of the Shares. Non-resident Holders should consult their own tax advisers in this regard.

Generally, if the Technicoil Shares disposed of by a Non-resident Holder in the Arrangement constituted taxable Canadian property to such Non-resident Holder, the Essential Shares received in exchange therefor upon the Arrangement will be deemed to be, at any time that is within the 60 months period after the Arrangement, taxable Canadian property to such Non-resident Holder.

**Where the Technicoil Shares held by a Non-resident Holder constitute taxable Canadian property, they may also be subject to reporting and withholding provisions pursuant to Section 116 of the Tax Act and should obtain legal and tax advice in that regard.**

The Canadian federal income tax consequences to a Non-resident Holder whose Technicoil Shares or Essential Shares are taxable Canadian property and are not treaty-exempt property will be as described above under "*Residents of Canada — Disposition of Technicoil Shares Pursuant to the Arrangement*" and "*Residents of Canada — Taxation of Capital Gains and Capital Losses*".

#### Dissenting Non-Resident Holders

A Non-resident Holder who, pursuant to the valid exercise of Dissent Rights, disposes of Technicoil Shares to Essential in consideration for a cash payment from Essential will realize a capital gain or capital loss in the same manner as discussed above under the heading "*Residents of Canada — Dissenting Shareholders*". The same general considerations will apply as discussed above under the heading "*Non-Residents of Canada — Exchange of Technicoil Shares and Subsequent Disposition of Essential Shares*" in determining whether any capital gain so arising will be subject to tax under the Tax Act.

The amount of any interest paid by an award of the Court to a dissenting Non-resident Holder who validly exercises Dissent Rights should not be subject to Canadian withholding tax.

#### Dividends on Essential Shares

Where a Non-resident Holder receives or is deemed to receive a dividend on an Essential Share, the amount of such dividend generally will be subject to Canadian withholding tax equal to 25%, or such lower rate as may be available under an applicable tax treaty (if any), of the gross amount of the dividend. Essential will be required to withhold such tax from the dividend and remit it to the Canada Revenue Agency for the Non-resident Holder's account. Where the Non-resident Holder is a resident of the United States who is entitled to benefits under the Canada-United States Tax Convention (1980) and is the beneficial owner of the dividends, the rate of withholding tax is generally reduced to 15%.

#### **Eligibility for Investment**

Based on the Tax Act as currently proposed to be amended, and assuming that all proposed amendments are enacted as currently proposed, Essential Shares will, at all times while they are listed on a designated stock exchange as defined in the Tax Act (which includes the TSX), be qualified investments under the Tax Act for any trust that is governed by a "registered retirement savings plan" ("**RRSP**"), "registered retirement income fund" ("**RRIF**"), "registered education savings plan", "registered disability savings plan", "deferred profit sharing plan" or "tax-free savings account" (a "**TFSA**") (each as defined in the Tax Act).

Notwithstanding the foregoing, if the Essential Shares are a "prohibited investment" for a TFSA, RRSP, or RRIF, the holder of or annuitant under the relevant plan will be subject to a penalty tax as set out in the Tax Act. The Essential Shares generally should not be a prohibited investment for a TFSA, RRSP, or RRIF provided that: (i) the holder of or annuitant under the relevant plan does not have a "significant interest" (as defined in the Tax Act) in Essential; and (ii) Essential deals at arm's length (within the meaning of the Tax Act) with the holder or annuitant

and each corporation, partnership or trust in which the holder or annuitant holds a significant interest. Holders of or annuitants under a trust governed by a TFSA, RRSP or RRIF should consult their own tax advisers to ensure the Essential Shares are not a prohibited investment in their particular circumstances.

**PART IV — PRO FORMA INFORMATION OF ESSENTIAL  
AFTER GIVING EFFECT TO THE ARRANGEMENT**

**Directors of Essential Upon Completion of the Arrangement**

Contemporaneously with completion of the Arrangement, Messrs. Michael J. Black and William T. Lynch shall resign as directors of Essential and Messrs. Roderick W. Graham, Edward C. Grimes and Andrew B. Zaleski shall be appointed as directors of Essential. Management of Essential does not contemplate that any of these nominees will be unable to serve as a director, but if that should occur for any reason prior to the Essential Meeting, the persons named in the accompanying form of proxy reserve the right to vote for another nominee in their discretion, unless the Essential Shareholder has specified in the accompanying form of proxy that such shareholder's Essential Shares are to be withheld from voting on the election of directors.

Each director will hold office until the close of the next annual general meeting of Essential or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the articles of Essential or with the provisions of the ABCA.

The following table sets out certain information for the persons that will serve as directors of Essential following completion of the Arrangement, including the province in which each is ordinarily resident, all offices of Essential now held by each of them, each director's principal occupation and the number of Essential Shares beneficially owned by each director, directly or indirectly, or over which each director exercises control or direction as at May 4, 2011.

<b>Name and Jurisdiction of Residence</b>	<b>Current/Proposed Office with Essential</b>	<b>Principal Occupation</b>	<b>Number of Essential Shares Expected to be Held after giving effect to the Arrangement</b>
Garnet K. Amundson Alberta, Canada	Director, President and Chief Executive Officer	President, Chief Executive Officer and Director of Essential	322,452
James A. Banister Alberta, Canada	Director	Independent businessman	1,071,231
Nicholas G. Kirton Alberta, Canada	Director	Independent businessman	124,000
Robert T. German Alberta, Canada	Proposed Director	President, Chief Executive Officer and Director of Horizon North Logistics Inc.	42,000
Roderick W. Graham Alberta, Canada	Proposed Director	President and Chief Executive Officer ZCL Composites Inc.	–
Edward C. Grimes Alberta, Canada	Proposed Director	Independent businessman	125,358
Andrew B. Zaleski Alberta, Canada	Proposed Director	Independent businessman	29,545

The information as to the province of residence, principal occupation and business or employment is not within the knowledge of the directors or executive officers of Essential and has been furnished by the individual nominees/directors, as applicable. The number of Essential Shares beneficially owned by each director or over which each director exercises control or direction set out in the above table has been obtained from publicly available insider reporting as at May 3, 2011 or has been provided by individual directors/nominees.

Other than disclosed below, none of the individuals named above is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect 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
- (b) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect 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.

Other than disclosed below, none of the individuals named above is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that 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 has, within ten (10) years before the date of this Information Circular, 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 proposed director.

Mr. Zaleski was a director of Orbus Pharma Inc. from December 2004 until September 2009 and had been in the role of Interim President & CEO of Orbus Pharma Inc. from July 2008 until September 2009. On May 17, 2010, Orbus Pharma Inc. filed a notice of intention to make a proposal to its creditors and obtained protection from its creditors under the provisions of the *Bankruptcy and Insolvency Act* (Canada). On September 7, 2010, Orbus Pharma Inc. filed a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada). On October 18, 2010, Orbus Pharma Inc. was granted the final court order approving the restructuring proposal.

During Mr. Zaleski's tenure as Chairman, President & Chief Restructuring Officer at Cage Logistics Inc., Cage Logistics Inc. was involved in a proceeding under the *Companies' Creditors Arrangement Act* (Canada) from June 2002 to March 2003.

In addition, none of the individuals named above has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a nominee as director.

## Pro Forma Consolidated Capitalization

The following table outlines the consolidated capitalization of: (i) Technicoil and Essential as at December 31, 2010 before giving effect to the Arrangement; and (ii) Essential as at December 31, 2010 after giving effect to the Arrangement. This table should be read in conjunction with Technicoil's and Essential's consolidated financial statements for the year ended December 31, 2010 together with the notes thereto, and the auditors' report thereon, prepared in accordance with Canadian GAAP, and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2010, each incorporated by reference in this Information Circular. Additionally, Essential's financial statements in the period of business combination will not be prepared in accordance with Canadian GAAP but in accordance with International Financial Reporting Standards.

	<b>As at December 31, 2010</b>		
	<b>Essential before giving effect to the Arrangement</b>	<b>Technicoil before giving effect to the Arrangement</b>	<b>Essential after giving effect to the Arrangement</b>
	(expressed in thousands of \$, except share amounts)		
Share capital .....	\$279,762	\$51,750	\$391,513
Common Shares (authorized - unlimited)	(71,443,294 Essential Shares)	(72,745,515 Technicoil Shares)	(123,172,630 Essential Shares) <sup>(1)</sup>
Contributed surplus.....	\$7,843	\$2,197	\$7,843
Accumulated other comprehensive income .....	\$(124,566)	\$22,117	\$(131,271)
Total shareholders' equity .....	\$163,407	\$75,884	\$268,453 <sup>(1)</sup>
Total long-term debt .....	-	-	\$60,150
Total capitalization .....	\$163,407	\$75,884	\$328,603 <sup>(2)</sup>

### Notes:

- (1) Based on the market price of the Essential Shares at the close of business on April 29, 2011.
- (2) The pro forma total capitalization is impacted by the cash payment assumed to be made on the Technicoil Options, and has been based on the closing price of Technicoil Shares on April 29, 2011.

## Principal Holders of Essential Shares

After giving effect to the Arrangement, to the knowledge of the directors and officers of Technicoil and Essential, no person will own, directly or indirectly, or exercise control or direction over securities carrying more than 10% of the votes attached to all of the issued and outstanding common shares of Essential.

## PART V — GENERAL PROXY MATTERS — TECHNICOIL

### Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of Technicoil to be used at the Technicoil Meeting. Solicitations of proxies will be primarily by mail, but may also be supplemented by telephone, newspaper publication or other contact.

All costs of the solicitation for the Technicoil Meeting will be borne by Technicoil.

The information set forth below generally applies to Registered Technicoil Shareholders. See "*Technicoil Securityholders — Questions and Answers*" accompanying this Information Circular. If you are a beneficial holder of Technicoil Shares (*i.e.*, your Technicoil Shares are held through an Intermediary), please see "*Joint Information Circular — Information for Beneficial Shareholders*" at the front of this Information Circular.

### Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for holders of Technicoil Shares and Technicoil Options. The persons named in the enclosed form of proxy are directors and/or officers of Technicoil. A Technicoil Shareholder or Technicoil Optionholder has the right to appoint a person (who need not be a Technicoil Shareholder) to represent such Technicoil Shareholder or Technicoil Optionholder at the Technicoil Meeting other than the persons designated in the accompanying form of proxy either by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy.

A form of proxy will only be valid if it is duly completed, signed and then delivered to the offices of Computershare, (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by facsimile at 1-866-249-7775. The form of proxy must be received by Computershare not later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Technicoil Meeting. Failure to so deposit a form of proxy will result in its invalidation. Notwithstanding the foregoing, the Chair of the Technicoil Meeting has the discretion to accept proxies received after such deadline.

A Technicoil Shareholder or Technicoil Optionholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Technicoil Shareholder or Technicoil Optionholder or by its attorney duly authorized in writing or, if the Technicoil Shareholder or Technicoil Optionholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the registered office of Technicoil at any time up to and including the last Business Day preceding the day of the Technicoil Meeting, or any adjournment of the Technicoil Meeting, at which the proxy is to be used, or with the chair of the Technicoil Meeting on the day of the Technicoil Meeting or any adjournment thereof, or in any other manner permitted by law.

### Record Date

The Record Date for determination of Technicoil Shareholders and Technicoil Optionholders entitled to receive notice of and to vote at the Technicoil Meeting is May 4, 2011. Only Technicoil Shareholders whose names have been entered in the register of Technicoil Shareholders on the close of business on the Record Date will be entitled to receive notice of and to vote at the Technicoil Meeting. **To the extent a Technicoil Shareholder transfers the ownership of any of his or her Technicoil Shares after the Record Date and the transferee of those Technicoil Shares establishes that he or she owns such Technicoil Shares and requests, at least ten (10) days before the Technicoil Meeting, to be included in the list of Technicoil Shareholders eligible to vote at the Technicoil Meeting, such transferee will be entitled to vote those Technicoil Shares at the Technicoil Meeting.**

## **Signature of Proxy**

The form of proxy accompanying this Information Circular must be executed by the Technicoil Shareholder or Technicoil Optionholder or its attorney authorized in writing, or if the Technicoil Shareholder or Technicoil Optionholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a Person acting as attorney or in some other representative capacity should reflect such Person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Technicoil).

## **Voting of Proxies**

The Technicoil Shares represented by the form of proxy will be voted or withheld from voting in accordance with the instructions of the Technicoil Shareholder or Technicoil Optionholder on any ballot that may be called for, and if the Technicoil Shareholder or Technicoil Optionholder specifies a choice with respect to any matter to be acted upon at the Technicoil Meeting, then the Technicoil Shares or Technicoil Options, as applicable, will be voted accordingly. In the absence of such instructions, the Technicoil Shares will be voted **FOR** the approval of the Technicoil Arrangement Resolution as described in this Information Circular.

## **Exercise of Discretion of Proxy**

The proxyholder has discretion under the accompanying form of proxy to consider matters to come before the Technicoil Meeting. At the date of this Information Circular, management of Technicoil knows of no amendments, variations or other matters to come before the Technicoil Meeting other than the matters referred to in the Notice of Meeting. Technicoil Shareholders and Technicoil Optionholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

## **Voting by Internet and Telephone**

Technicoil Shareholders may use the internet at [www.investorvote.com](http://www.investorvote.com) and the telephone at 1-866-732-8683 (a toll-free number) to transmit their voting instructions. Technicoil Shareholders should have the form of proxy in hand when they access the website or dial the toll-free number noted above. Technicoil Shareholders will be prompted to enter their Control Number, Holder Account Number and Access Number which are located on the form of proxy. If Technicoil Shareholders vote by internet or by telephone, their vote must be received not later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Technicoil Meeting. The website may be used to appoint a proxyholder to attend and vote on a Technicoil Shareholder's behalf at the Technicoil Meeting and to convey a Technicoil Shareholder's voting instructions. Please note that if a Technicoil Shareholder appoints a proxyholder and submits their voting instructions and subsequently wishes to change their appointment, a Technicoil Shareholder may resubmit their proxy, prior to the deadline noted above. The toll-free telephone number can only be used to convey a Technicoil Shareholder's voting instructions and cannot be used to appoint a proxyholder to attend at and vote on the Technicoil Shareholder's behalf at the Technicoil Meeting. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

## PART VI — GENERAL PROXY MATTERS — ESSENTIAL

### Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of Essential to be used at the Essential Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, facsimile or other contact.

All costs of the solicitation for the Essential Meeting will be borne by Essential.

The information set forth below generally applies to registered holders of Essential Shares. See "*Essential Shareholders — Questions and Answers*" accompanying this Information Circular. If you are a beneficial holder of Essential Shares (*i.e.*, your Essential Shares are held through an Intermediary), please see "*Joint Information Circular — Information for Beneficial Shareholders*" at the front of this Information Circular.

### Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for holders of Essential Shares. The persons named in the enclosed form of proxy are directors and/or officers of Essential. An Essential Shareholder has the right to appoint a person (who need not be an Essential Shareholder) to represent such Essential Shareholder at the Essential Meeting other than the persons designated in the accompanying form of proxy either by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy.

A form of proxy will only be valid if it is duly completed, signed and then delivered to the offices of Olympia Trust Company, Attention: Proxy Department, 2300, 125 - 9th Avenue S.W., Calgary, Alberta, T2G 0P6 or by facsimile at (403) 265-1455. The form of proxy must be received by Olympia not later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Essential Meeting. Failure to so deposit a form of proxy will result in its invalidation. Notwithstanding the foregoing, the chair of the Essential Meeting has the discretion to accept proxies received after such deadline.

An Essential Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Essential Shareholder or by its attorney duly authorized in writing or, if the Essential Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered office of Essential or with Olympia at any time up to and including the last Business Day preceding the day of the Essential Meeting, or an adjournment of the Essential Meeting, at which the proxy is to be used, or with the chair of the Essential Meeting on the day of the Essential Meeting or any adjournment thereof, or in any manner permitted by law.

### Record Date

The Record Date for determination of Essential Shareholders entitled to receive notice of and to vote at the Essential Meeting is May 4, 2011. Only Essential Shareholders whose names have been entered in the register of Essential Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Essential Meeting. **To the extent an Essential Shareholder transfers the ownership of any of his or her Essential Shares after the Record Date and the transferee of those Essential Shares establishes that he or she owns such Essential Shares and requests, at least ten (10) days before the Essential Meeting, to be included in the list of Essential Shareholders eligible to vote at the Essential Meeting, such transferee will be entitled to vote those Essential Shares at the Essential Meeting.**

## **Signature of Proxy**

The form of proxy accompanying this Information Circular must be executed by the Essential Shareholder or its attorney authorized in writing, or if the Essential Shareholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a Person acting as attorney or in some other representative capacity should reflect such Person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Essential).

## **Voting of Proxies**

The Essential Shares represented by the form of proxy will be voted or withheld from voting in accordance with the instructions of the Essential Shareholder on any ballot that may be called for, and if the Essential Shareholder specifies a choice with respect to any matter to be acted upon at the Essential Meeting, the Essential Shares will be voted accordingly. In the absence of such instructions, the Essential Shares will be voted **FOR** the approval of the Essential Arrangement Resolution as described in this Information Circular.

## **Exercise of Discretion of Proxy**

The proxyholder has discretion under the accompanying form of proxy to consider matters to come before the Essential Meeting. At the date of this Information Circular, management of Essential knows of no amendments, variations or other matters to come before the Essential Meeting other than the matters referred to in the Notice of Meeting. Essential Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

## **Voting by Internet**

Essential Shareholders may use the internet by following the instructions set out in the Voter Information Form to transmit their voting instructions and for electronic delivery of information. Essential Shareholders should have the form of proxy in hand when they access the website. Essential Shareholders will be prompted to enter their Control Number, Holder Account Number and Access Number which are located on the form of proxy. If Essential Shareholders vote by internet, their vote must be received not later than 10:00 a.m. (Calgary time) on Thursday, May 26, 2011 or 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Essential Meeting. The website may be used to appoint a proxyholder to attend and vote on an Essential Shareholder's behalf at the Essential Meeting and to convey an Essential Shareholder's voting instructions. Please note that if an Essential Shareholder appoints a proxyholder and submits their voting instructions and subsequently wishes to change their appointment, an Essential Shareholder may resubmit their proxy, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

## APPENDIX A-1

### TECHNICOIL ARRANGEMENT RESOLUTION

#### BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Technicoil Corporation ("**Technicoil**"), the shareholders of Technicoil, the optionholders of Technicoil and Essential Energy Services Ltd. ("**Essential**") substantially as set out in the plan of arrangement (the "**Plan of Arrangement**") attached as Appendix "E" to the joint information circular of Technicoil and Essential dated May 4, 2011, is hereby authorized, approved and adopted.
2. The Plan of Arrangement is hereby authorized, approved and adopted.
3. The arrangement agreement between Technicoil and Essential dated April 4, 2011 (the "**Arrangement Agreement**"), and all transactions contemplated therein, the actions of the directors of Technicoil in approving the Arrangement and the actions of the directors and officers of Technicoil in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of Technicoil and the optionholders of Technicoil in accordance with the interim order of the Court of Queen's Bench of Alberta (the "**Court**") or that the Arrangement has been approved by the Court, the directors of Technicoil are hereby authorized and empowered, without further approval of the shareholders of Technicoil: (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any one director or officer of Technicoil is hereby authorized and directed for and on behalf of and in the name of Technicoil to execute, under the seal of Technicoil or otherwise, and to deliver for filing to the Registrar of Corporations under Section 193 of the ABCA all such documents as are necessary or desirable to give effect to the Plan of Arrangement in accordance with the Arrangement Agreement.
6. Any one director or officer of Technicoil is hereby authorized and directed for and on behalf of and in the name of Technicoil to execute or cause to be executed, under the seal of Technicoil or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

## APPENDIX A-2

### ESSENTIAL ARRANGEMENT RESOLUTION

**BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT** pursuant to the terms of an arrangement agreement between Essential Energy Services Ltd. ("**Essential**") and Technicoil Corporation ("**Technicoil**") dated April 4, 2011 (the "**Arrangement Agreement**") under which Essential will acquire all of the outstanding common shares of Technicoil (the "**Technicoil Shares**") on the basis of 0.7111 of a common share of Essential (the "**Consideration Shares**") and \$0.80 in cash for each Technicoil Share by way of an arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), all as described in the joint information circular of Essential and Technicoil dated May 4, 2011 (the "**Circular**") and as set forth in the plan of arrangement attached as Appendix "E" to the Circular, subject to all conditions set forth in the Arrangement Agreement being met or waived, the shareholders of Essential hereby approve:

1. The issuance of Consideration Shares pursuant to the Arrangement is hereby approved; and
2. Any one director or officer of Essential is hereby authorized and directed for and on behalf of and in the name of Essential to execute or cause to be executed, under the seal of Essential or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**APPENDIX B**  
**INTERIM ORDER**

CLERK'S STAMP

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

TECHNICOIL CORPORATION AND  
ESSENTIAL ENERGY SERVICES LTD.

RESPONDENT(S)

DOCUMENT

**INTERIM ORDER**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**BENNETT JONES LLP**  
Barristers and Solicitors  
4500 Bankers Hall East  
855-2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 4K7

Attention: Laurie A. Goldbach  
Telephone No.: 403-298-3614  
Fax No.: 403-265-7219  
Client File No.: 47942-57

**DATE ON WHICH ORDER WAS PRONOUNCED: Tuesday, May 3, 2011**

**NAME OF JUSTICE WHO MADE THIS ORDER: Justice T. McMahon**

**INTERIM ORDER**

UPON the Originating Application of Technicoil Corporation ("Technicoil") and Essential Energy Services Ltd. ("Essential") pursuant to Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended ("ABCA");

AND UPON reading the said Originating Application and the Affidavit of Robert W. Sprinkhuysen, filed herein;

AND UPON it appearing that notice of this application has been given to the Executive Director of the Alberta Securities Commission ("Executive Director") as required by Subsection 193(8) of the ABCA and that the Executive Director neither consents to nor opposes it;

AND UPON hearing counsel for the Applicants;

AND UPON NOTING THAT for the purposes of this Order the capitalized terms not defined in this Order shall have the meaning ascribed to them in the draft joint information circular of Technicoil and Essential (the "Joint Circular"), which is attached as Exhibit "1" to the Affidavit of Robert W. Sprinkhuysen sworn May 2, 2011 (the "Sprinkhuysen Affidavit");

IT IS HEREBY ORDERED THAT:

### **Technicoil Meeting**

1. Technicoil shall convene an annual and special meeting (the "Technicoil Meeting") of the holders ("Technicoil Shareholders") of common shares (the "Technicoil Shares") of Technicoil and holders of options to acquire Technicoil Shares (the "Technicoil Optionholders" and together with the Technicoil Shareholders, the "Technicoil Securityholders") on or about May 30, 2011, to, among other things, consider and if thought advisable, to approve, with or without amendment, a special resolution (the "Technicoil Arrangement Resolution") approving a plan of arrangement (the "Arrangement") involving Essential, Technicoil and the Technicoil Securityholders, as contemplated by the Arrangement, substantially in the form attached as Appendix "E" to the Joint Circular that is Exhibit "1" to the Sprinkhuysen Affidavit. The Technicoil Shareholders may further deal with any other items of business as may be proposed and properly disclosed in the Joint Circular.

2. The Technicoil Meeting shall be called, held and conducted in accordance with the Articles of Amalgamation of Technicoil, the by-laws of Technicoil and applicable securities laws, subject to what may be provided hereafter.

### **Notice of Meeting**

3. The only persons entitled to notice of the Technicoil Meeting shall be the Technicoil Securityholders of record as of May 4, 2011 (the "Record Date"), the auditors of Technicoil, the board of directors of Technicoil, and the Executive Director of the Alberta Securities Commission.

4. At least twenty-one days (exclusive of the day of mailing or delivery but inclusive of the day of the Technicoil Meeting) prior to the day of the Technicoil Meeting, Technicoil shall send:

- (a) the Notice of the Annual and Special Meeting of Technicoil Securityholders;
- (b) the Notice of Originating Application; and
- (c) the Joint Circular (collectively, the "Meeting Materials");

all in substantially the forms contained in Exhibit "1" to the Sprinkhuysen Affidavit, with such amendments as counsel for Technicoil may advise are necessary or advisable, provided that such amendments are not inconsistent with the terms of this Order, to the Technicoil Securityholders of record as of the Record Date, to the auditors of Technicoil, to the board of directors of Technicoil, and to the Executive Director of the Alberta Securities Commission, by mailing the same by prepaid ordinary mail or by delivering the same by direct courier at the expense of Technicoil. Such mailing and delivery shall constitute good and sufficient service of notice of the Originating Application, the Technicoil Meeting and the hearing in respect of the Originating Application. In the case of non-registered Technicoil Securityholders, service of the Originating Application, the Technicoil Meeting and the hearing in respect of the Originating Application shall be given in accordance with Technicoil's obligations under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators.

5. The Meeting Materials shall be deemed to have been received, in the case of mailing, three (3) days after delivery to the post office, and in the case of delivery in person, by courier or by expedited parcel post, upon receipt at the intended recipient's address.

6. Technicoil is authorized to adjourn or postpone the Technicoil Meeting on one or more occasions (whether or not a quorum is present), without the necessity of first convening the Technicoil Meeting or first obtaining any vote of the Technicoil Securityholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as Technicoil determines is appropriate in the circumstances.

7. Technicoil is hereby authorized to make such amendments, revisions or supplements ("Additional Information") to the Meeting Materials as it may determine, and Technicoil shall distribute such Additional Information by the method and in the time most reasonably practicable in the circumstances.

8. The accidental omission to give notice of the Technicoil Meeting to, or the non-receipt of the notice by, one or more of the aforesaid persons, shall not invalidate any resolution passed or proceedings taken at the Technicoil Meeting.

#### **Conduct of the Technicoil Meeting**

9. Registered Technicoil Securityholders present in person or represented by proxy at the Technicoil Meeting shall be the only persons entitled to vote on the Technicoil Arrangement Resolution. On the Technicoil Arrangement Resolution, each Technicoil Share and Technicoil Option is entitled to one vote.

10. The Technicoil Arrangement Resolution must be approved by: (i) not less than  $66\frac{2}{3}\%$  of the votes cast by the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class, present in person or represented by proxy at the Technicoil Meeting; and (ii) not less than  $66\frac{2}{3}\%$  of the votes cast by the Technicoil Shareholders, present in person or represented by proxy at the Technicoil Meeting.

11. To be valid, proxies must be deposited in the manner described in the Joint Circular.

12. The Chairman of the board of directors of Technicoil, or failing him, any person to be chosen at the Technicoil Meeting by the board of directors of Technicoil, shall be the chair of the Technicoil Meeting.

13. The quorum required for the Technicoil Meeting shall consist of one Technicoil Shareholder either present in person or represented by proxy at the Technicoil Meeting and representing in the aggregate not less than 5% of the votes attached to the outstanding Technicoil Shares. If a quorum is not present at the Technicoil Meeting within one-half hour after the time fixed for the holding of the Technicoil Meeting, the Technicoil Meeting shall stand adjourned to such day being not less than 14 days later and to such place and time as may be appointed by the chair of the Technicoil Meeting. If at such adjourned meeting a quorum as described above is not present, the Technicoil Securityholders present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt at the Technicoil Meeting in accordance with the notice calling the same.

14. The mailing of the Meeting Materials, in accordance with the provisions of this Order, shall constitute good and sufficient service in respect of this Originating Application upon all persons who are entitled to receive such notice pursuant to this Order and no other form of service need be made and no other material need be served on such persons in respect of these proceedings, and service of the Originating Application and Affidavit is dispensed with, except for service thereof on the Executive Director of the Alberta Securities Commission.

### **Dissent Rights**

15. Registered Technicoil Shareholders shall have the right to dissent from the Technicoil Arrangement Resolution in accordance with the provisions of Section 191 of the ABCA, as modified by this Order, and are entitled to be paid the fair value of their Technicoil Shares in respect of which such right of dissent is exercised, provided that:

- (a) notwithstanding Subsection 191(5) of the ABCA, the written objection to the Technicoil Arrangement Resolution approving the Arrangement referred to in Subsection 191(5) of the ABCA which is required to be sent to Technicoil and must be received, at or before 10:00 a.m. (Calgary time) two (2) clear Business Days (as such term is defined in the Arrangement Agreement) preceding the Technicoil Meeting or any adjournment thereof, by Technicoil in care of its

solicitors, Bennett Jones LLP, Suite 4500, 855-2nd Street S.W., Calgary, Alberta, T2P 4K7, Attention: Brent Kraus;

- (b) a Dissenting Technicoil Shareholder must abstain from voting his or her Technicoil Shares at the Technicoil Meeting, either in person or represented by proxy, with respect to the Technicoil Arrangement Resolution;
- (c) a Technicoil Shareholder shall not exercise the right of dissent in respect of only a portion of such holder's Technicoil Shares;
- (d) a Technicoil Shareholder exercising such rights of dissent must otherwise comply with the requirements of Section 191 of the ABCA; and
- (e) payment of the fair value of Technicoil Shares in respect of which the right of dissent is exercised may be made by Essential if such payment is made after the Effective Date.

16. Notice to Technicoil Shareholders of the right of dissent with respect to the Arrangement Resolution and the right to receive, subject to the provisions of this Order and the ABCA, the fair value of their Technicoil Shares shall be good and sufficiently given by including information with respect thereto in the Information Circular.

### **Final Approval**

17. Upon approval of the Arrangement at the Technicoil Meeting in the manner set forth in this Order, the Applicants may apply before this Court for approval of the Arrangement, which application (the "Final Application") shall be heard by this Honourable Court at the Calgary Courts Centre, 601 – 5<sup>th</sup> Street SW, in the City of Calgary, in the Province of Alberta, on May 30, 2011 at 3:00 p.m. (Calgary time) or at such other time as the Court may entertain it.

18. Any Technicoil Securityholder and any other interested persons may appear on the Final Application provided that such Technicoil Securityholder or person shall file with this Court and serve on Technicoil in care of its solicitors on or before 12:00 noon (Calgary time), on May 24, 2011, a Notice of Intent to Appear setting out the address for service in respect of such

Technicoil Securityholder or person, and indicating whether such Technicoil Securityholder or person intends to support or oppose the Final Application or make submissions thereat, together with any evidence or materials which are to be presented to this Court, such Notice of Intent to Appear to be effected by delivery at the address set forth below:

Bennett Jones LLP  
4500 Bankers Hall East  
855 – 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 4K7  
Attention: Laurie A. Goldbach

19. In the event that the Final Application is adjourned, only those persons who have filed and served a Notice of Intent to Appear shall be served with the notice of the adjourned date.
20. Service of notice of this application on any person is hereby dispensed with.
21. In the event of a conflict between the provisions of the ABCA and the terms of this Order, the terms of this Order shall prevail.
22. The Applicants are entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.

(signed) "*T. McMahon*"

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J.C.Q.B.A.

**APPENDIX C**

**NOTICE OF ORIGINATING APPLICATION**

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA**

**JUDICIAL DISTRICT OF CALGARY**

**IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, C. B-9, AS AMENDED;**

**AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING TECHNICOIL CORPORATION, THE SHAREHOLDERS OF TECHNICOIL CORPORATION, THE OPTIONHOLDERS OF TECHNICOIL CORPORATION AND ESSENTIAL ENERGY SERVICES LTD.**

**NOTICE IS HEREBY GIVEN** that an application ("**Application**") has been filed by Technicoil Corporation ("**Technicoil**" or the "**Applicant**") for an order approving a proposed plan of arrangement (the "**Arrangement**") pursuant to section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), which Arrangement is described in greater detail in the Joint Information Circular of Technicoil and Essential Energy Services Ltd. dated May 4, 2011 accompanying this Notice of Originating Application. At the hearing on the Application, the Applicant intends to seek:

- (a) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the persons affected;
- (b) a declaration that the Arrangement will, upon the filing of Articles of Arrangement pursuant to Section 193 of the ABCA and the issuance of the Proof of Filing of Articles of Arrangement under the ABCA, become effective in accordance with its terms;
- (c) an order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA; and
- (d) such other and further orders, declarations and directions as the Court (as defined herein) may deem just.

**AND NOTICE IS FURTHER GIVEN** that the Application is directed to be heard at the Court House, 601 – 5th Street, Calgary, Alberta on the 30th day of May, 2011 at 3:00 p.m. (Calgary time), or so soon thereafter as counsel may be heard. Any shareholder of Technicoil or any other interested party desiring to support or oppose the Application may appear at the time of the hearing in person or by counsel for that purpose. **Any shareholder of Technicoil or any other interested party desiring to appear at the hearing is required to file with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court"), and serve upon the Applicant, on or before 12:00 p.m. (Calgary time) on May 24, 2011, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a telecopier number for service by telecopy), together with any evidence or materials which are to be presented to the Court.** Service on the Applicant is to be effected by delivery to the solicitors for the Applicant at Bennett Jones LLP, 4500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4K7, Attention: Laurie Goldbach.

**AND NOTICE IS FURTHER GIVEN** that, at the hearing, shareholders and other interested parties will be entitled to make representations as to, and the Court will be requested to consider, the fairness and reasonableness of the Arrangement. If you do not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve the Arrangement subject to such terms and conditions as the Court shall deem fit, without any further notice.

**AND NOTICE IS FURTHER GIVEN** that no further notice of the Application will be given by Technicoil and that, in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court at the hearing shall be served notice of the adjourned date.

**AND NOTICE IS FURTHER GIVEN** that the Court, by an order dated May 3, 2011, has given directions as to the calling of a special meeting of the holders of the common shares and options of Technicoil to have such holders vote upon a resolution to approve the Arrangement and, in particular, has directed that the holders of the common shares of Technicoil shall have the right to dissent under Section 191 of the ABCA upon compliance with the terms of the interim order.

**AND NOTICE IS FURTHER GIVEN** that a copy of the said Application and other documents in the proceedings will be furnished to any shareholder of Technicoil or other interested party requesting the same from the solicitors for the Applicant at the address given above.

**AND NOTICE IS FURTHER GIVEN** that the court has been advised by the solicitors for the Applicant that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof, with respect to the issuance of the common shares of Essential Energy Services Ltd. issuable to the shareholders of Technicoil pursuant to the Arrangement.

**DATED** at Calgary, Alberta, this 4th day of May, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF TECHNICOIL CORPORATION**

(signed) "*Marvin D. Clifton*"

Marvin D. Clifton  
President and Chief Executive Officer

**APPENDIX D**  
**ARRANGEMENT AGREEMENT**

**ARRANGEMENT AGREEMENT**

**Between**

**ESSENTIAL ENERGY SERVICES LTD.**

**and**

**TECHNICOIL CORPORATION**

**April 4, 2011**

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## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** is dated April 4, 2011 between:

**ESSENTIAL ENERGY SERVICES LTD.**, a corporation existing under the laws of the Province of Alberta with its head office in the City of Calgary, in the Province of Alberta ("**Essential**")

- and -

**TECHNICOIL CORPORATION**, a corporation existing under the laws of the Province of Alberta with its head office in the City of Calgary, in the Province of Alberta ("**Technicoil**")

**WHEREAS** the board of directors of each of Essential and Technicoil has determined that it would be in the best interests of its corporation to combine the businesses conducted by Essential and Technicoil;

**AND WHEREAS** Essential and Technicoil intend to carry out the transactions contemplated by this Agreement by way of an arrangement under the provisions of the *Business Corporations Act* (Alberta);

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT IN CONSIDERATION** of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

### ARTICLE I INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Acquisition Proposal**" means any inquiry or the making of any proposal to a Party or its shareholders (including any take-over bid initiated by advertisement or circular) from any Person or group of Persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104) other than the other Party hereto or any person acting jointly or in concert with such other Party, whether or not subject to due diligence or other conditions and whether oral or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions): (a) an acquisition from such Party or any

of the shareholders of such Party of 20% or more of the voting securities of such Party or its Material Subsidiaries; (b) any acquisition of assets (or any lease, long term supply agreement or other arrangement having the same economic effect as a purchase or sale of assets) constituting, individually or in the aggregate, 20% or more of the fair market value of the consolidated assets of such Party and its Subsidiaries taken as a whole; (c) an amalgamation, arrangement, merger, business combination, consolidation or other transaction involving such Party or its Material Subsidiaries; (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving such Party or its Material Subsidiaries; or (e) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement;

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

"**Applicable Canadian Securities Laws**", in the context that refers to one or more persons, means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, notices, blanket orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date, that apply to such person or persons or its or their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities, including the rules of the Exchange;

"**Applicable Laws**" means, in the context that refers to one or more persons, the Laws that apply to such person or persons or its or their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

"**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA, on the terms and conditions to be set forth in the Plan of Arrangement, as supplemented, modified or amended;

"**Arrangement Resolution**" means, in respect of Technicoil, the special resolution in connection with the Arrangement to be considered by the Technicoil Shareholders at the Technicoil Meeting and, in respect of Essential, the shareholder resolution in respect of the Arrangement and other resolution of Essential Shareholders in connection with the issuance of Essential Shares in respect of the Arrangement to be considered by the Essential Shareholders at the Essential Meeting;

"**Articles of Arrangement**" means the articles of arrangement of Technicoil and, if applicable, Essential, in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;

"**business day**" means any day, other than a Saturday, a Sunday or a statutory holiday, in the Province of Alberta;

"**Confidentiality Agreements**" means, collectively, the Technicoil Confidentiality Agreement and the Essential Confidentiality Agreement;

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

"**Dissent Rights**" means rights afforded to the Technicoil Shareholders as provided for in Section 191 of the ABCA;

"**Effective Date**" means the date the Arrangement becomes effective under the ABCA, as contemplated in Section 2.9, provided that such date shall not be later than June 30, 2011 unless otherwise agreed to by Essential and Technicoil;

"**Effective Time**" means the time on the Effective Date when the Arrangement becomes effective pursuant to the ABCA;

"**Encumbrance**" means any mortgage, pledge, assignment, charge, lien, security interest, claim, trust, royalty or carried, participation, net profits or other third party interest and any agreement, option, right of first refusal, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

"**Environmental Laws**" means, with respect to any person or its business, activities, property, assets or undertaking, all Laws, including the common law, relating to environmental or health and safety matters in the jurisdictions applicable to such person or its business, activities, property, assets or undertaking, including, without limitation, legislation governing the reduction of greenhouse gas emissions and the use and storage of Hazardous Substances;

"**Essential Debt**" means total consolidated indebtedness, including long-term debt, bank debt, and working capital deficiency of Essential;

"**Essential Disclosure Letter**" means the disclosure letter dated the date hereof from Essential to Technicoil;

"**Essential Confidentiality Agreement**" means the confidentiality agreement dated March 28, 2011 between Essential and Technicoil;

"**Essential Fairness Opinion**" means the verbal opinion of Wellington West Capital Markets Inc. to the effect that the Arrangement is fair, from a financial point of view, to the Essential Shareholders;

"**Essential Financial Statements**" means the consolidated comparative financial statements of Essential as at and for the years ended December 31, 2010 and December 31, 2009, together with the notes thereto and the auditor's report thereon;

**"Essential Information"** means the information describing Essential and its business, operations and affairs required to be included in the Joint Proxy Circular under Applicable Canadian Securities Laws;

**"Essential Public Disclosure"** means all information filed by Essential since January 1, 2010 with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Canadian Securities Laws, which is available for public viewing on the SEDAR website at [www.sedar.com](http://www.sedar.com) under Essential's profile;

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

**"Essential Shareholders' Meeting"** means such meeting or meetings of the holders of Essential Shares, including any adjournment thereof, that is to be convened as provided by the Interim Order to consider, and if deemed advisable approve, the Arrangement Resolution and the issuance of Essential Shares pursuant thereto;

**"Essential Shares"** means the common shares in the capital of Essential as constituted on the date hereof;

**"Essential Support Agreements"** means the agreements, in the form attached hereto as Schedule 1.1(a), between Technicoil and the Essential Support Shareholders, pursuant to which the Essential Support Shareholders have agreed to vote the Essential Shares beneficially owned or controlled or subsequently acquired by the Essential Support Shareholders in favour of the Arrangement Resolution and to otherwise support the Arrangement;

**"Essential Support Shareholders"** means those Essential Shareholders that have entered into Essential Support Agreements with Technicoil;

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

**"Final Order"** means the order of the Court approving the Arrangement pursuant to Subsection 193(9) of the ABCA in respect of Technicoil, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"Governmental Entity"** means any: (a) multinational, federal, provincial, territory, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; (b) any subdivision, agent, commission, board or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

**"Hazardous Substances"** means any waste or other substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor;

**"Interim Order"** means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the

Arrangement and the holding and conduct of the Essential Shareholder Meeting and the Technicoil Shareholder Meeting and the notice to be provided, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"Joint Proxy Circular"** means the notice of the Essential Shareholders' Meeting and the notice of the Technicoil Shareholders' Meeting to be sent to Essential Shareholders and Technicoil Shareholders, respectively, and the management proxy circular to be prepared in connection with the Essential Shareholders' Meeting and the Technicoil Shareholders' Meeting together with any amendments thereto or supplements thereof, and any other registration statement, information circular or proxy statement which may be prepared in connection with the Essential Shareholders' Meeting and/or the Technicoil Shareholders' Meeting;

**"Laws"** means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity (including the Exchange) or self-regulatory authority, to the extent each of the foregoing have the force of law, and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities; and "Laws" includes Environmental Laws;

**"Mailing Date"** means the date on which the Joint Proxy Circular is mailed to the Essential Shareholders and Technicoil Shareholders in connection with the Essential Meeting and the Technicoil Meeting, which date will not be later than May 6, 2011;

**"Material Adverse Change"** or **"Material Adverse Effect"** means, with respect to a Party, any fact or state of facts, circumstance, change, effect occurrence or event that, individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations or cash-flows of the Party and its subsidiaries, taken as a whole, other than a change, effect, occurrence or event relating to or resulting from: (i) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere, (ii) conditions affecting the oilfield services industry as a whole and not specifically relating to the Party and/or its Subsidiaries, including changes in Laws (including tax Laws) and royalties, (iii) any decline in crude oil or natural gas prices on a current or forward basis, (iv) any matter which has been publicly disclosed or communicated in writing to the other Party as of the date hereof, (v) any failure by such Party to meet any financial or other projections, including projections provided to the other Party in connection with negotiation of this Agreement (provided that this clause (v) shall not prevent a determination that any change or effect underlying such failure to meet projections has resulted in a material adverse change to the extent such change or effect is not otherwise excluded from this definition), or (vi) any changes or effects arising, directly or indirectly, from the Arrangement or any other matters or actions permitted or contemplated by this Agreement, including any public announcement of the foregoing, or consented to or approved in writing by the other Party; and further provided that references in certain sections of this Agreement to dollar amounts or production numbers are not intended to be, and shall not be deemed to be, illustrative or

interpretive for the purposes of determining whether a "Material Adverse Change" or "Material Adverse Effect" has occurred;

**"Material Subsidiary"** means a Subsidiary or significant minority interest, the total assets of which constitute more than 5% of the consolidated assets of Essential or Technicoil (as applicable) as at December 31, 2010, or the total revenues of which constitute more than 5% of the consolidated revenues of Essential or Technicoil (as applicable) for the year ended December 31, 2010;

**"Parties"** means Essential and Technicoil, and **"Party"** means either one of them;

**"Person"** includes an individual, firm, trust, partnership, association, corporation, joint venture, trustee, executor, administrator, legal representative or government (including any Governmental Entity);

**"Plan of Arrangement"** means the plan of arrangement to be negotiated and agreed to by Essential and Technicoil in accordance with Section 5.1(a) and 5.2(a) hereof, as amended or supplemented from time to time in accordance with the terms hereof;

**"Registrar"** means the Registrar of Corporations for the Province of Alberta appointed under Section 263 of the ABCA

**"Representatives"** means the officers, directors, employees, financial advisors, legal counsel, accountants and other agents and representatives of a Party;

**"Subsidiary"** means, with respect to a specified entity, any: (i) body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified entity or indirectly by or for the benefit of such specified entity; (ii) entity which is not a body corporate, of which more than 50% of the voting or equity interests of such entity (including, for a partnership other than a limited partnership, the voting or equity interests in such partnership) are owned, directly or indirectly, by such specified entity or indirectly by or for the benefit of such specified entity and in the case of a partnership (including a limited partnership), of which such specified entity, or a subsidiary of such specified entity, is a general partner; and (iii) any issuer that would constitute a subsidiary as defined in the *Securities Act* (Alberta);

**"Superior Proposal"** has the meaning ascribed thereto in Section 5.5(b)(vi)(A);

**"Tax Act"** means the *Income Tax Act* (Canada) R.S.C. 1985, c. 1 (5th Supp.) as amended, including the regulations promulgated thereunder;

**"Tax Returns"** means all reports, estimates, elections, designations, forms, declarations of estimated Tax, information statements and returns relating to, or required to be filed in connection with any Taxes;

**"Taxes"** or **"Taxes"** means all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Entity, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, large corporation, capital gain, alternative minimum, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, all employment insurance, health insurance and Canada and other Governmental Entity pension plan and workers compensation premiums or contributions including any interest, fines or penalties for failure to withhold, collect or remit any tax and any liability for such taxes imposed by law with respect to any other Person arising pursuant to any tax sharing, indemnification or other agreements or any liability for taxes of any predecessor or transferor entity and whether disputed or not;

**"Technicoil Confidentiality Agreement"** means the confidentiality agreement dated February 22, 2011 between Essential and Technicoil;

**"Technicoil Debt"** means total consolidated indebtedness, including long-term debt, bank debt, and working capital deficiency of Technicoil;

**"Technicoil Disclosure Letter"** means the disclosure letter dated the date hereof from Technicoil to Essential;

**"Technicoil Employee Plans"** has the meaning ascribed thereto in paragraph (bb)(i) of Schedule 4.1;

**"Technicoil Employment Agreements"** means the employment agreements entered into between Technicoil and certain employees of Technicoil, the details of which (including without limitation the party thereto and the details thereof) are set forth in the Technicoil Disclosure Letter;

**"Technicoil Fairness Opinion"** means the verbal opinion of Peters & Co. Limited to the effect that the consideration to be received by the Technicoil Shareholders under the Arrangement is fair, from a financial point of view, to the Technicoil Shareholders;

**"Technicoil Financial Statements"** means the comparative financial statements of Technicoil as at and for the years ended December 31, 2010 and 2009, together with the notes thereto and the auditor's report thereon;

**"Technicoil Information"** means the information describing Technicoil and its business, operations and affairs required to be included in the Joint Proxy Circular under Applicable Canadian Securities Laws;

**"Technicoil Options"** means the outstanding stock options of Technicoil, whether or not vested, entitling the holders thereof to acquire Technicoil Shares;

**"Technicoil Public Disclosure"** means all information filed by Technicoil since January 1, 2010 with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Canadian Securities Laws, which is available for public viewing on the SEDAR website at [www.sedar.com](http://www.sedar.com) under Technicoil's profile;

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

**"Technicoil Shareholders' Meeting"** means such meeting or meetings of the Technicoil Shareholders, including any adjournment thereof, that is to be convened as provided by the Interim Order to consider, and if deemed advisable approve, the Arrangement Resolution;

**"Technicoil Shares"** means the common shares in the capital of Technicoil as constituted on the date hereof;

**"Technicoil Support Agreements"** means the agreements, in form attached hereto as Schedule 1.1(b), between Essential and the Technicoil Support Shareholders, pursuant to which the Technicoil Support Shareholders have agreed to vote the Technicoil Shares beneficially owned or controlled or subsequently acquired by the Technicoil Support Shareholders in favour of the Arrangement Resolution and to otherwise support the Arrangement;

**"Technicoil Support Shareholders"** means those Technicoil Shareholders that have entered into Technicoil Support Agreements with Essential;

**"U.S. Exchange Act"** means the United States Securities Exchange Act of 1934, as amended;

**"U.S. Securities Act"** means the United States Securities Act of 1933, as amended; and

**"U.S. Securities Laws"** means federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder.

## **1.2 Interpretation Not Affected by Headings**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the schedules hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Article References**

Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

#### **1.4 Number and Gender**

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

#### **1.5 Date for Any Action**

If the date on which any action is required to be taken hereunder by a Party is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

#### **1.6 Entire Agreement**

This Agreement, the Confidentiality Agreements, the Essential Disclosure Letter, the Technicoil Disclosure Letter, the Essential Support Agreements and the Technicoil Support Agreements, together with the agreements and documents herein and therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

#### **1.7 Currency**

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

#### **1.8 Schedules**

The following Schedules annexed to this Agreement, being:

Schedule 1.1(a)	Form of Essential Support Agreement
Schedule 1.1(b)	Form of Technicoil Support Agreement
Schedule 3.1	Representations and Warranties of Essential
Schedule 4.1	Representations and Warranties of Technicoil

are incorporated by reference into this Agreement and form a part hereof.

#### **1.9 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian generally accepted accounting principles for publicly accountable enterprises and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with Canadian generally accepted accounting principles for publicly accountable enterprises.

### **1.10 Disclosure in Writing**

Reference to disclosure in writing herein shall, in the case of Essential, include disclosure to Essential or its representatives, or in the case of Technicoil, include disclosure to Technicoil or its representatives.

### **1.11 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

### **1.12 Knowledge**

Where any representation or warranty contained in this Agreement is expressly qualified by reference "to the knowledge of" a Party, it refers to the actual knowledge of the senior officers of the Party after due inquiry, and such officers shall make such inquiry as is reasonable in the circumstances.

## **ARTICLE II THE ARRANGEMENT**

### **2.1 The Arrangement**

The Parties agree to carry out the Arrangement in accordance with the terms of the Plan of Arrangement pursuant to which (among other things) Technicoil Shareholders (other than those who have validly exercised Dissent Rights), including holders of Technicoil Options who receive Technicoil Shares upon the exercise or surrender of such Technicoil Options prior to the Effective Time, shall receive, for each Technicoil Share held: (i) 0.7111 of an Essential Share; and (ii) \$0.80 in cash.

### **2.2 Essential Approval**

Essential represents and warrants to Technicoil that its board of directors:

- (a) has determined that:
  - (i) the Arrangement is fair to the Essential Shareholders;
  - (ii) it will recommend that the Essential Shareholders vote in favour of the Arrangement and the issuance of Essential Shares pursuant to the Arrangement; and
  - (iii) the Arrangement and entry into this Agreement are in the best interests of Essential and the Essential Shareholders; and
- (b) has received the Essential Fairness Opinion.

### **2.3 Technicoil Approval**

Technicoil represents and warrants to Essential that its board of directors:

- (a) has determined that:
  - (i) the Arrangement is fair to the Technicoil Shareholders;
  - (ii) it will recommend that the Technicoil Shareholders vote in favour of the Arrangement; and
  - (iii) the Arrangement and entry into this Agreement are in the best interests of Technicoil and the Technicoil Shareholders; and
- (b) has received the Technicoil Fairness Opinion.

### **2.4 Obligations of Essential**

Subject to the terms and conditions of this Agreement, in order to facilitate the Arrangement, Essential shall take all action necessary in accordance with all Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, to:

- (a) make and diligently prosecute a joint application with Technicoil to the Court for the Interim Order in respect of the Arrangement;
- (b) in accordance with the terms of and the procedures contained in the Interim Order, duly call, give notice of, convene and hold the Essential Shareholders' Meeting as promptly as practicable, and in any event not later than June 30, 2011, to vote upon the Arrangement and, if applicable, the issuance of Essential Shares pursuant to the Arrangement and any other matters as may be properly brought before the meeting;
- (c) solicit proxies of Essential Shareholders in favour of the Arrangement; provided that Essential may, but shall not be required to, engage a proxy solicitation agent for such purpose;
- (d) subject to obtaining the approvals as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take all steps necessary or desirable jointly with Technicoil to submit the Arrangement to the Court and apply for the Final Order;
- (e) jointly with Technicoil deliver the Articles of Arrangement to the Registrar upon satisfaction or waiver of the conditions set forth in Article VI; and
- (f) do all things necessary or desirable to give effect to the Arrangement, including making and actively prosecuting applications for all applicable required regulatory consents, approvals and permissions as provided for herein.

Essential shall use its reasonable commercial efforts to obtain and furnish to Technicoil the information required on its behalf to be included in the Joint Proxy Circular. Essential shall use its reasonable commercial efforts to prepare with Technicoil and mail to the Essential Shareholders the Joint Proxy Circular. As of the date the Joint Proxy Circular is first mailed to the Essential Shareholders and the Technicoil Shareholders and the date of any Essential Shareholders' Meeting and Technicoil Shareholders' Meeting, the information provided by Essential for use in the preparation of the Joint Proxy Circular shall be complete and correct in all material respects, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading and shall comply in all material respects with all Applicable Laws. Essential agrees to promptly correct any such information provided by it for use in the Joint Proxy Circular which shall have become false or misleading at any time prior to the Essential Shareholders' Meeting or the Technicoil Shareholders' Meeting. Without limiting the generality of the foregoing, Essential shall ensure that the Joint Proxy Circular provides Essential Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Essential Shareholders' Meeting.

## **2.5 Obligations of Technicoil**

Subject to the terms and conditions of this Agreement, in order to facilitate the Arrangement, Technicoil shall take all action necessary in accordance with all Applicable Laws, including Applicable Canadian Securities Laws and U.S. Securities Laws, to:

- (a) make and diligently prosecute a joint application with Essential to the Court for the Interim Order in respect of the Arrangement;
- (b) in accordance with the terms of and the procedures contained in the Interim Order, duly call, give notice of, convene and hold the Technicoil Shareholders' Meeting as promptly as practicable, and in any event not later than June 30, 2011, to vote upon the Arrangement and any other matters as may be properly brought before the meeting;
- (c) solicit proxies of Technicoil Shareholders in favour of the Arrangement, provided that Technicoil may, but shall not be required to, engage a proxy solicitation agent for such purpose;
- (d) subject to obtaining the approvals as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take all steps necessary or desirable jointly with Essential to submit the Arrangement to the Court and apply for the Final Order;
- (e) jointly with Essential deliver the Articles of Arrangement to the Registrar upon satisfaction or waiver of the conditions set forth in Article VI; and
- (f) do all things necessary or desirable to give effect to the Arrangement, including making and actively prosecuting applications for all applicable required regulatory consents, approvals and permissions as provided for herein.

Technicoil shall use its reasonable commercial efforts to obtain and furnish to Essential the information required on its behalf to be included in the Joint Proxy Circular. Technicoil shall use its reasonable commercial efforts to prepare with Essential and mail to the Technicoil Shareholders the Joint Proxy Circular. As of the date the Joint Proxy Circular is first mailed to the Essential Shareholders and the Technicoil Shareholders and the date of any Essential Shareholders' Meeting and Technicoil Shareholders' Meeting, the information provided by Technicoil for use in the preparation of the Joint Proxy Circular shall be complete and correct in all material respects, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading and shall comply in all material respects with all Applicable Laws. Technicoil agrees to promptly correct any such information provided by it for use in the Joint Proxy Circular which shall have become false or misleading at any time prior to the Technicoil Shareholders' Meeting or the Essential Shareholders' Meeting. Without limiting the generality of the foregoing, Technicoil shall ensure that the Joint Proxy Circular provides holders of Technicoil Shares with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Technicoil Shareholders' Meeting.

## **2.6 Interim Order**

The notice of motion for the application referred to in Sections 2.4(a) and 2.5(a) shall request that the Interim Order provide, among other things:

- (a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Essential Shareholders' Meeting and the Technicoil Shareholders' Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite approval for the Arrangement Resolution to be placed before the Essential Shareholders' Meeting shall be 66 2/3% (50% plus one if the only approval required to be obtained from Essential Shareholders is approval of the issuance of Essential Shares pursuant to the Arrangement) of the votes cast on the Arrangement Resolution by Essential Shareholders present in person or by proxy at the Essential Shareholders' Meeting (such that each Essential Shareholder is entitled to one vote for each Essential Share held);
- (c) that the requisite approval for the Arrangement Resolution to be placed before the Technicoil Shareholders' Meeting shall be 66 2/3% of the votes cast on the Arrangement Resolution by Technicoil Shareholders present in person or by proxy at the Technicoil Shareholders' Meeting (such that each Technicoil Shareholder is entitled to one vote for each Technicoil Share held);
- (d) that, in all other respects, the terms, restrictions and conditions of the constating documents of Essential, including quorum requirements and all other matters, shall apply in respect of the Essential Shareholders' Meeting;

- (e) that, in all other respects, the terms, restrictions and conditions of the constating documents of Technicoil, including quorum requirements and all other matters, shall apply in respect of the Technicoil Shareholders' Meeting;
- (f) for the grant of the Dissent Rights, provided that if the only approval required to be obtained from Essential Shareholders is the approval of the issuance of Essential shares pursuant to the Arrangement, then no Dissent Rights shall be granted to Essential Shareholders; and
- (g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order.

## **2.7 Conduct of Meetings**

- (a) Subject to the terms of this Agreement and the Interim Order, Essential agrees to convene and conduct the Essential Shareholders' Meeting and Technicoil agrees to convene and conduct the Technicoil Shareholders' Meeting, in each case, in accordance with the Interim Order, their respective constating documents and Applicable Laws and each agrees not to propose to adjourn or postpone its meeting without the prior consent of the other Party:
  - (i) except as required for quorum purposes (in which case the meeting shall be adjourned and not cancelled) or by Applicable Law or by a Governmental Entity;
  - (ii) except as required under Section 6.4 or 5.5(b)(xi); or
  - (iii) except for an adjournment for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution.
- (b) Upon the request of the other Party acting reasonably, Essential or Technicoil, as applicable, shall adjourn or postpone its meeting to a date specified by such requesting Party, provided that such meeting, as so adjourned or postponed, shall occur not later than 20 business days after the date on which such meeting was originally scheduled to occur and in any event shall occur not later than the date that is five business days prior to June 30, 2011.
- (c) Notwithstanding the receipt by a Party of a Superior Proposal in accordance with Section 5.5, unless otherwise agreed to in writing by the other Party or this Agreement is terminated in accordance with its terms or except as required by Applicable Law or by a Governmental Entity, the Party receiving such Superior Proposal shall continue to take all steps reasonably necessary to hold its special meeting of shareholders and to cause the Arrangement to be voted on at such meeting and shall not propose to adjourn or postpone such meeting other than as contemplated by Section 2.7(a) and Section 5.5(b)(xi).

## **2.8 Treatment of Technicoil Options**

- (a) The Parties acknowledge and agree that the vesting of the outstanding unvested Technicoil Options will be accelerated and that all such Technicoil Options will become exercisable on or prior to the Effective Date, and that Technicoil and the directors of Technicoil may take all such actions as are necessary or desirable to effect the foregoing.
- (b) Technicoil covenants and agrees that it will use all commercially reasonable efforts to cause all of the holders of outstanding Technicoil Options to enter into agreements with Technicoil, in a form satisfactory to Essential, acting reasonably, providing that such Technicoil Options shall be: (i) exercised in accordance with their terms; (ii) surrendered for a cash payment equal to the "in the money" amount per Technicoil Option, as calculated in accordance with the Technicoil stock option plan; or (iii) surrender any "out of the money" Technicoil Options for cancellation for nominal consideration of not more than \$0.01 per Technicoil Option, in all cases less all applicable withholdings for Taxes, if any, it being understood that holders of Technicoil Options shall be entitled to claim any deductions available to such person pursuant to the Tax Act in respect of the calculation of any benefit arising for any payment pursuant to this subsection 2.8(b) and that all such deductions will be taken into account in calculating such withholdings. Technicoil shall, and Essential shall cause Technicoil to, file an election pursuant to subsection 110(1.1) of the Tax Act and provide notice to those holders of Technicoil Options who surrender such Technicoil Options pursuant to (ii) above, as required by subsection 110(1.1) of the Tax Act, so as to ensure that such holder shall, to the extent possible, be entitled to claim a deduction under paragraph 110(1)(d) of the Tax Act in respect of any benefit which may be realized by such holder as a result of such surrender.

## **2.9 Effective Date**

The Arrangement shall become effective at the Effective Time on the Effective Date. Upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article VI, each of Essential and Technicoil shall execute and deliver such closing documents and instruments and on the second business day following satisfaction or waiver of such conditions precedent shall proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to section 193(10) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any further act or formality.

## **2.10 Officers and Employees**

At the Effective Time, those employees of Technicoil, as further set out in the Technicoil Disclosure Letter, shall be entitled to change of control and/or severance payments, as the case may be. Essential reserves the right, at its sole discretion, to offer continued employment following the Effective Time to any employee of Technicoil, including any officer, on terms and

conditions substantially similar to the terms under which such persons are currently employed. Apart from the Technicoil officers who may voluntarily terminate their employment following a change of control, in accordance with the terms of their respective Technicoil Employment Agreements, any employees of Technicoil that are not retained by Essential shall be terminated and paid out in accordance with the terms of their respective Technicoil Employment Agreements.

**2.11 Indemnities, Directors' and Officers' Insurance and Technicoil Agreements and Undertakings**

- (a) Essential agrees that Technicoil and its successors shall not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors of Technicoil pursuant to the provisions of the articles, by-laws or other constating documents of Technicoil, applicable corporate legislation and any written indemnity agreements which have been entered into between Technicoil and its current officers and directors effective on or prior to the date hereof.
- (b) Prior to the Effective Date, Technicoil shall be entitled to secure "run off" directors' and officers' liability insurance for the current officers and directors of Technicoil provided that such trailing policy is available at an aggregate cost of not more than 300% of the annual premium paid in 2010, covering claims made prior to or within ten years after the Effective Date which has a scope and coverage no less advantageous in scope and coverage to that provided pursuant to Technicoil's current directors' and officers' insurance policy and Essential agrees to not take or permit any action to be taken, by or on behalf of, Technicoil to terminate or adversely affect such directors' and officers' insurance.

**2.12 Board of Directors and Senior Management of Essential**

The Parties agree that the board of directors and senior management of Essential upon completion of the Arrangement shall be determined by the board of directors of Essential and Technicoil prior to the Effective Date, provide however, that there shall be not more than seven directors of Essential after the Effective Date and that Technicoil shall be permitted, but not required, to appoint three members of such board of directors, such individuals to be acceptable to Essential, acting reasonably.

**2.13 Tax Withholdings**

Essential hereby acknowledges covenants and agrees that any and all payments to be made by it under this Arrangement shall be made without any withholding or deduction, including pursuant to section 116 of the Tax Act.

**2.14 Income Tax Election**

A Technicoil Shareholder shall be entitled to make an income tax election, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law) with respect to the transfer by the Technicoil Shareholder under the

Arrangement by providing two signed copies of the necessary election forms to Essential within 90 days following the Effective Date, duly completed with the details of the applicable agreed amounts for the purposes of such election together with a self-addressed stamped envelope. Thereafter, the forms will be signed by Essential and returned to such former holders of Technicoil Shares within 30 days after the receipt thereof by Essential for filing with the Canada Revenue Agency (and the applicable provincial taxing authority). Essential will not be responsible for the proper completion of any election form and, except for the obligation of Essential to so sign and return duly completed election forms which are received by Essential within 90 days of the Effective Date, Essential will not be responsible for any Taxes, interest or penalties resulting from the failure by a former Technicoil Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (and any applicable provincial legislation). In its sole discretion, Essential may choose to sign and return an election form received by it more than 90 days following the Effective Date, but Essential will have no obligation to do so.

## **2.15 Shareholder Communications**

Essential and Technicoil agree to co-operate and participate in presentations to investors regarding the Arrangement prior to the making of such presentations, and the chief executive officers of each of Essential and Technicoil shall promptly advise, consult and co-operate with each other in planning the ongoing business and affairs of each Party, in discussing any developments in the business, operations or financial affairs of each Party that may require the issuance of a press release or filings with any Governmental Entity or any stock exchange, in issuing any press releases or otherwise making public statements with respect to this the business and affairs of the Parties, the Agreement or the Arrangement, and in making any filing with any Governmental Entity or with any stock exchange, including the Exchange, with respect thereto. Each Party shall use all reasonable commercial efforts to enable the other Party to review and comment on all such press releases prior to the release thereof and shall enable the other Party to review and comment on such filings prior to the filing thereof; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make disclosure in accordance with Applicable Laws, and if such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use reasonable commercial efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing. The Parties agree to issue jointly a press release with respect to this Agreement as soon as practicable after its due execution.

## **2.16 U.S. Securities Laws**

The Arrangement shall be structured and executed such that, assuming the Court considers the fairness of the terms and conditions of the Arrangement and grants the Final Order, the issuance of the Essential Shares issuable to Technicoil Shareholders under the Arrangement will not require registration under the U.S. Securities Act, in reliance upon Section 3(a)(10) thereof. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.16.

## 2.17 Privacy Issues

- (a) For the purposes of this Section 2.17 only, the following definitions shall apply:
- (i) "**applicable law**" means, in relation to any person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of and the terms of all judgments, orders and decrees issued by any authorized authority by which such person is bound or having application to the transaction or event in question, including applicable privacy laws.
  - (ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta).
  - (iii) "**authorized authority**" means, in relation to any person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.
  - (iv) "**Personal Information**" means information about an identifiable individual transferred to one Party by another Party in accordance with this Agreement and/or as a condition of the Arrangement.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").
- (c) Neither Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.
- (d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the disclosure of Personal Information

relates solely to the carrying on of the business and the completion of the Arrangement.

- (e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access to such information in order to complete the Arrangement.
- (g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully cooperate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and shall return to the Party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF ESSENTIAL**

#### **3.1 Representations and Warranties**

Except, as qualified by the Essential Disclosure Letter (which shall make reference to the applicable section in respect of which such qualification is being made), as (i) set forth in the Essential Public Disclosure since January 1, 2011 and prior to the date hereof; or (ii) disclosed in writing by Essential to Technicoil on or prior to the date hereof, Essential hereby makes to Technicoil the representations and warranties set forth in Schedule 3.1 hereto and acknowledges that Technicoil is relying upon such representations and warranties in connection with the entering into of this Agreement and the carrying out of the Arrangement.

### **3.2 Investigation**

Any investigation by Technicoil and its advisors shall not mitigate, diminish or affect the representations and warranties of Essential pursuant to this Agreement.

### **3.3 Survival of Representations and Warranties**

The representations and warranties of Essential contained in this Agreement shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated, provided that such termination shall not affect any claim arising from a breach of any such representations or warranties arising prior to termination.

## **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF TECHNICOIL**

### **4.1 Representations and Warranties**

Except, as qualified by the Technicoil Disclosure Letter (which shall make reference to the applicable section in respect of which such qualification is being made), as (i) set forth in the Technicoil Public Disclosure since January 1, 2011 and prior to the date hereof; (ii) disclosed in writing by Technicoil to Essential on or prior to the date hereof, Technicoil hereby makes to Essential the representations and warranties set forth in Schedule 4.1 hereto, and acknowledges that Essential is relying upon such representations and warranties in connection with the entering into of this Agreement and the carrying out of the Arrangement.

### **4.2 Investigation**

Any investigation by Essential and its advisors shall not mitigate, diminish or affect the representations and warranties of Technicoil pursuant to this Agreement.

### **4.3 Survival of Representations and Warranties**

The representations and warranties of Technicoil contained in this Agreement shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated, provided that such termination shall not affect any claim arising from a breach of any such representations or warranties arising prior to termination.

## **ARTICLE V COVENANTS**

### **5.1 Covenants of Essential**

Essential covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is terminated in accordance with its terms, unless otherwise (i) agreed to in writing by Technicoil (such agreement to be subject to Applicable Law and (other than in respect of (a) and (b) below) not be unreasonably withheld, conditioned or delayed); (ii) required or expressly permitted or specifically contemplated by this Agreement or the Arrangement (including for greater certainty

pursuant to Sections 5.4 of this Agreement); or (iii) (other than in respect of (a) and (b) below) disclosed to Technicoil in writing on or prior to the date hereof:

- (a) Essential shall, together with Technicoil, negotiate and conclude the definitive terms of the Plan of Arrangement on or before 5:00 p.m. (Calgary time) on April 8, 2011, provided that the terms of such Plan of Arrangement shall: (i) not provide for consideration to be paid to Technicoil Shareholders that is different from the consideration set out in Section 2.1 of this Agreement; (ii) confer Dissent Rights upon the Technicoil Shareholders; and (iii) provide Technicoil Shareholders with a tax deferred rollover in respect of the exchange of the Technicoil Shares for Essential Shares; and (iv) contain any other term that in the reasonable opinion of Technicoil, diminishes the value of the consideration to be received by Technicoil Shareholders as set out in Section 2.1 of this Agreement;
- (b) Essential shall use its reasonable best efforts to obtain in writing, on or before May 5, 2011, a committed credit facility in an amount not less than \$80 million (the "**Acquisition Credit Facility**") for the purposes of satisfying the aggregate cash consideration payable to Technicoil Shareholders pursuant to the Arrangement (the "**Cash Consideration**") and for general working capital purposes, containing conditions to funding in favour of the lender(s) under the Acquisition Credit Facility not in addition to, or more onerous than, the conditions set out in Section 6.1(i) and (j) and Section 6.3(a), (b) and (e) hereof (the "**Acquisition Credit Facility**");
- (c) the business of Essential and its Subsidiaries shall be conducted only in, and Essential and its Subsidiaries shall not take any action except in, the ordinary course of business and consistent with past practice, and Essential shall use all reasonable commercial efforts to maintain and preserve its and their business organization, assets, employees and advantageous business relationships;
- (d) Essential shall not, and shall not permit any of its Subsidiaries to, directly or indirectly: (i) amend Essential's constating documents or amend in any material respects the constating documents of any of its Material Subsidiaries; (ii) except in relation to internal transactions solely involving Essential and its wholly-owned Subsidiaries or solely among such Subsidiaries, declare, set aside or pay any dividend or other distribution or payment in cash, shares or property in respect of its shares owned by any Person, except regular semi-annual dividends to holder of Essential Shares in an amount consistent with past practice; (iii) except in relation to internal transactions solely involving Essential and its wholly-owned Subsidiaries or solely among such Subsidiaries, issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Essential or any of its Subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Essential or any of its Subsidiaries, other than Essential Shares issuable pursuant to the terms of outstanding Essential Options and convertible securities and other than option grants in the ordinary course of business consistent with past practice; (iv) split, consolidate, redeem, purchase or otherwise acquire any of its outstanding shares

or other securities; (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Essential or any of its Material Subsidiaries; or (vii) enter into, modify or terminate any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above;

- (e) Essential shall use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Sections 6.1 and 6.3 as soon as reasonably possible following execution of this Agreement to the extent that the satisfaction of the same is within the control of Essential;
- (f) Essential shall not take any action, refrain from taking any action or permit any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;
- (g) Essential will use reasonable commercial efforts to continue to maintain its status as a "reporting issuer" (or similarly designated entity) not in default in all provinces of Canada where it is a reporting issuer at the date of this Agreement;
- (h) Essential will use reasonable commercial efforts to maintain the listing of the Essential Shares on the Exchange;
- (i) Essential will not issue Essential Shares, or securities issuable into Essential Shares on or prior to the Effective Date, except for option granted pursuant to Essential's stock option plan or Essential Shares issued on the exercise of outstanding options to purchase Essential Shares;
- (j) Essential will cause to be taken all necessary corporate action to allot and reserve for issuance the Essential Shares to be issued in exchange for Technicoil Shares in connection with the Arrangement;
- (k) Essential shall apply to the Exchange for conditional approval of the listing of the Essential Shares issuable pursuant to the Arrangement on the Exchange and shall use all reasonable commercial efforts to obtain such conditional approval prior to the mailing of the Joint Proxy Circular;
- (l) Essential shall not, and shall not permit any of its Subsidiaries to, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets of Essential or any of its Subsidiaries with a value individually or in the aggregate exceeding \$250,000; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof or make any investment either by purchase of shares or securities, contributions of capital (other than to wholly owned Subsidiaries) or purchase of any property or assets of any other individual or entity with a value exceeding \$250,000 individually or \$1,000,000 in the aggregate; (iii) incur any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation

become responsible for, the obligations of any other individual or entity, or make any loans or advances, except in the ordinary course of business consistent with past practice, for refinancing existing debt on commercially reasonable terms given market conditions at the applicable time or in relation to internal transactions solely involving Essential and its wholly-owned Subsidiaries or solely among such Subsidiaries; (iv) pay, discharge or satisfy any claims, liabilities or obligations (including any regulatory investigation) which are material to the business of Essential, other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in Essential's most recently publicly available financial statements as of the date hereof or incurred in the ordinary course of business consistent with past practice; (v) release or relinquish, or authorize or propose to do so, any contractual right which is material to the business of Essential; (vi) enter into any license, lease, contract or other document which is material to the business of Essential or waive, release, grant or transfer any rights of value or modify or change any existing license, lease, contract or other document which is material to the business of Essential, other than in the ordinary course of business consistent with past practice; (vii) enter into or terminate any hedges, swaps or other financial instruments or like transaction; or (viii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

- (m) except for the aggregate amount set forth in Essential's previously approved 2011 capital budget (which has been disclosed to Technicoil prior to the date hereof) and except for capital expenditures necessary to address emergencies or other urgent matters involving actual or potential loss or damage to property or threats to human safety or the environment, Essential shall not incur or commit to capital expenditures prior to the Effective Date exceeding \$250,000 individually or \$1,000,000 in the aggregate;
- (n) except in the ordinary course of business consistent with past practice or pursuant to existing employment, collective bargaining, pension, supplemental pension, termination or compensation arrangements, policies or agreements (copies of which have been provided to Technicoil on or prior to the date hereof), Essential shall not, and shall not permit any of its Subsidiaries to, grant to any executive officer or director an increase in compensation in any form, grant to any other employee any increase in compensation in any form, make any loan to any officer or director, or take any action with respect to the grant of any change of control, severance, retention or termination pay to, or the entering into of any employment agreement with, any executive officer or director of Essential or any of its Subsidiaries, or with respect to any increase of benefits payable under its current change of control, severance or termination pay policies;
- (o) except as set out in the Essential Disclosure Letter, neither Essential nor any of its Subsidiaries shall adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, retention, incentive compensation, other compensation or other similar plan, agreement,

trust, fund or arrangement for the benefit of employees, except as is necessary to comply with Applicable Law or non-discretionary requirements of pre-existing plans;

- (p) Essential agrees that, for a period of ten years after the Effective Time, Essential will, or will cause Technicoil or any successor of Technicoil (including any successor resulting from the winding-up, liquidation or dissolution of Technicoil) to, maintain Technicoil's current directors' and officers' insurance policy or an equivalent policy on a "trailing" or "run-off" basis subject in either case to terms and conditions no less advantageous in scope and coverage to the directors and officers of Technicoil than those contained in the policy in effect on the date hereof, for all present directors and officers of Technicoil, covering claims made prior to or within ten years after the Effective Time;
- (q) from and after the Effective Date, Essential will cause each of Technicoil and any successor to Technicoil to fulfill its obligations pursuant to indemnities provided or available to past and present officers and directors of Technicoil pursuant to the provisions of the articles, by-laws or similar constating documents of Technicoil, applicable corporate legislation and any written indemnity agreements between Technicoil and its current and past directors and officers;
- (r) Essential shall indemnify and save harmless Technicoil and the directors, officers and agents of Technicoil from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Technicoil, or any director, officer or agent thereof, may be subject or which Technicoil, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
  - (i) any misrepresentation or alleged misrepresentation in the Essential Information;
  - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Essential Information, which prevents or restricts the trading in the Essential Shares; or
  - (iii) Essential not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that Essential will not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Joint Proxy Circular based on the Technicoil Information

included in the Joint Proxy Circular, the negligence of Technicoil or the non-compliance by Technicoil with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement and the Arrangement;

- (s) Essential shall use its reasonable commercial efforts (taking into account insurance market conditions and offerings and industry practices) to cause its current insurance (or reinsurance) policies, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, except where such cancellation, termination or lapse would not individually or in the aggregate be material to Essential, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductibles and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
- (t) Essential shall not (i) change in any material respect any of its methods of reporting income or deductions for accounting or income tax purposes from those employed in the preparation of its income tax return for the taxation year ending December 31, 2010 except as may be required by Applicable Law; (ii) make or revoke any material election relating to Taxes; (iii) settle, compromise or agree to the entry of judgment with respect to any proceeding relating to Taxes except for any settlement, compromise or agreement that is not material to Essential; (iv) enter into any Tax sharing, Tax allocation or Tax indemnification agreement; or (v) make a request for a Tax ruling to any Governmental Entity; and
- (u) Essential shall not agree, resolve or commit to do any of the foregoing.

Nothing in this Agreement is intended to or shall result in Technicoil exercising material influence over the operations of Essential, particularly in relation to operations in which the Parties compete or would compete, but for this Agreement, with each other, prior to the Effective Date.

## **5.2 Covenants of Technicoil**

Technicoil covenants and agrees that during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is terminated in accordance with its terms, unless otherwise (i) agreed to in writing by Essential (such agreement to be subject to Applicable Law and (other than in respect of (a) below) not to be unreasonably withheld, conditioned or delayed); (ii) required or expressly permitted or specifically contemplated by this Agreement or the Arrangement (including for greater certainty pursuant to Sections 5.4 of this Agreement); or (iii) (other than as disclosed in (a) below) disclosed to Essential in writing on or prior to the date hereof:

- (a) Technicoil shall, together with Essential, negotiate and conclude the definitive terms of the Plan of Arrangement on or before: (i) 5:00 p.m. (Calgary time) on April 8, 2011 provided that the terms of such Plan of Arrangement shall not

provide for consideration to be paid to Technicoil Shareholders that is different from the consideration set out in Section 2.1 of this Agreement; (ii) confer Dissent Rights upon the Essential Shareholders;

- (b) the business of Technicoil and its Subsidiaries shall be conducted only in, and Technicoil and its Subsidiaries shall not take any action except in the ordinary course of business and consistent with past practice, and Technicoil shall use all reasonable commercial efforts to maintain and preserve its and their business organization, assets, employees and advantageous business relationships;
- (c) Technicoil shall not, and shall not permit any of its Subsidiaries to, directly or indirectly: (i) amend Technicoil's constating documents or amend in any material respects the constating documents of any of its Material Subsidiaries; (ii) except in relation to internal transactions solely involving Technicoil and its wholly-owned Subsidiaries or among such Subsidiaries, declare, set aside or pay any dividend or other distribution or payment in cash, shares or property in respect of its shares owned by any Person, except regular quarterly dividends to holders of Technicoil Shares in an amount consistent with past practice; (iii) except in relation to internal transactions solely involving Technicoil and its wholly-owned Subsidiaries or among such Subsidiaries, issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Technicoil or any of its Subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Technicoil or any of its Subsidiaries, other than Technicoil Shares issuable pursuant to the terms of outstanding Technicoil Options and convertible securities and other than option grants in the ordinary course of business consistent with past practice; (iv) split, consolidate, redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Technicoil or any of its Material Subsidiaries; or (vii) enter into, modify or terminate any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above;
- (d) Technicoil shall use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Sections 6.1 and 6.2 as soon as reasonably possible following execution of this Agreement to the extent that the satisfaction of the same is within the control of Technicoil;
- (e) Technicoil shall not take any action, refrain from taking any action or permit any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;
- (f) Technicoil will use reasonable commercial efforts to continue to maintain its status as a "reporting issuer" (or similarly designated entity) not in default in all provinces of Canada where it is a reporting issuer at the date of this Agreement;

- (g) Technicoil will not issue Technicoil Shares, or securities issuable into Technicoil Shares on or prior to the Effective Date, except for option granted pursuant to Technicoil's stock option plan or Technicoil Shares issued on the exercise of outstanding Technicoil Options;
- (h) except as set out in the Technicoil Disclosure Letter, Technicoil shall not, and shall not permit any of its Subsidiaries to, directly or indirectly: (i) sell, pledge, dispose of or encumber any assets of Technicoil or any of its Subsidiaries with a value individually or in the aggregate exceeding \$250,000; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof or make any investment either by purchase of shares or securities, contributions of capital (other than to wholly owned Subsidiaries) or purchase of any property or assets of any other individual or entity with a value individually or in the aggregate exceeding \$250,000 individually or \$1,000,000 in the aggregate; (iii) incur any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances, except in the ordinary course of business consistent with past practice, for refinancing existing debt on commercially reasonable terms given market conditions at the applicable time or in relation to internal transactions solely involving Technicoil and its wholly-owned Subsidiaries or among such Subsidiaries; (iv) pay, discharge or satisfy any claims, liabilities or obligations (including any regulatory investigation) which are material to the business of Technicoil, other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in Technicoil's most recently publicly available financial statements as of the date hereof or incurred in the ordinary course of business consistent with past practice; (v) release or relinquish, or authorize or propose to do so, any contractual right which is material to the business of Technicoil; (vi) enter into any license, lease, contract or other document which is material to the business of Technicoil or waive, release, grant or transfer any rights of value or modify or change any existing license, lease, contract or other document which is material to the business of Technicoil, other than in the ordinary course of business consistent with past practice; (vii) enter into or terminate any hedges, swaps or other financial instruments or like transaction; or (viii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (i) except as set out in the Technicoil Disclosure Letter and except as set forth in Technicoil's previously approved 2011 capital budget (a copy of which has been provided to Essential on or prior to the date hereof) and except for capital expenditures necessary to address emergencies or other urgent matters involving actual or potential loss or damage to property or threats to human safety or the environment, Technicoil shall not incur or commit to capital expenditures prior to

the Effective Date exceeding \$250,000 individually or \$1,000,000 in the aggregate;

- (j) except as set out in the Technicoil Disclosure Letter and except in the ordinary course of business consistent with past practice or pursuant to existing employment, collective bargaining, pension, supplemental pension, termination or compensation arrangements, policies or agreements (copies of which have been provided to Essential on or prior to the date hereof), Technicoil shall not, and shall not permit any of its Subsidiaries to, grant to any executive officer or director an increase in compensation in any form, grant to any other employee any increase in compensation in any form, make any loan to any officer or director, or take any action with respect to the grant of any change of control, severance, retention or termination pay to, or the entering into of any employment agreement with, any executive officer or director of Technicoil or any of its Subsidiaries, or with respect to any increase of benefits payable under its current change of control, severance or termination pay policies;
- (k) neither Technicoil nor any of its Subsidiaries shall adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, retention, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of employees, except as is necessary to comply with Applicable Law or non-discretionary requirements of pre-existing plans;
- (l) Technicoil shall indemnify and save harmless Essential and the directors, officers and agents of Essential from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Essential, or any director, officer or agent thereof, may be subject or which Essential, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
  - (i) any misrepresentation or alleged misrepresentation in the Technicoil Information;
  - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Technicoil Information, which prevents or restricts the trading in the Technicoil Shares; or
  - (iii) Technicoil not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that Technicoil will not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of

or are based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Joint Proxy Circular based on the Essential Information included in the Joint Proxy Circular, the negligence of Essential or the non-compliance by Essential with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement and the Arrangement;

- (m) Technicoil shall use reasonable commercial efforts to cause the resignation of its directors and officers effective immediately following the Effective Time in a manner that would allow Essential to reconstitute the board of directors and the officers of Technicoil without holding a shareholder meeting;
- (n) Technicoil shall use its reasonable commercial efforts (taking into account insurance market conditions and offerings and industry practices) to cause its current insurance (or reinsurance) policies, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, except where such cancellation, termination or lapse would not individually or in the aggregate be material to Technicoil, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductibles and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
- (o) Technicoil shall not (i) change in any material respect any of its methods of reporting income or deductions for accounting or income tax purposes from those employed in the preparation of its income tax return for the taxation year ending December 31, 2010 except as may be required by Applicable Law; (ii) make or revoke any material election relating to Taxes; (iii) settle, compromise or agree to the entry of judgment with respect to any proceeding relating to Taxes except for any settlement, compromise or agreement that is not material to Technicoil; (iv) enter into any Tax sharing, Tax allocation or Tax indemnification agreement; or (v) make a request for a Tax ruling to any Governmental Entity; and
- (p) Technicoil shall not agree, resolve or commit to do any of the foregoing.

Nothing in this Agreement is intended to or shall result in Essential exercising material influence over the operations of Technicoil, particularly in relation to operations in which the Parties compete or would compete, but for this Agreement, with each other, prior to the Effective Date.

### **5.3 Mutual Covenants**

Each of the Parties covenants and agrees that, except as contemplated in this Agreement or the Arrangement, during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is terminated in accordance with its terms:

- (a) it shall use reasonable commercial efforts to complete the Arrangement on or before June 30, 2011;
- (b) it shall use its reasonable commercial efforts to, and shall cause its Subsidiaries to use all reasonable commercial efforts to, satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article VI to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Arrangement, including using its reasonable commercial efforts to promptly: (i) obtain all necessary waivers, consents and approvals required to be obtained by it from parties to loan agreements, leases and other contracts; (ii) obtain all necessary exemptions, consents, approvals, authorizations or waivers as are required to be obtained by it under all Applicable Laws; (iii) effect all necessary registrations and filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of either Party before Governmental Entities; (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the Arrangement; (v) fulfill all conditions and satisfy all provisions of this Agreement and the Arrangement, including delivery of the certificates of their respective officers contemplated by Section 6.2 and Section 6.3; and (vi) co-operate with the other Party in connection with the performance by it and its Subsidiaries of their obligations hereunder;
- (c) except as disclosed in writing to the other Party on or prior to the date hereof, it shall not engage in any meetings or material communications with any Governmental Entity other than in the ordinary course, without counsel for the other Party being advised of same, having been given the opportunity to participate in such meetings or communications, and in any event shall immediately notify and provide copies to the other Party's counsel of any communications to or from a Governmental Entity in relation to the Arrangement;
- (d) it shall not enter into any agreement or arrangement with a Governmental Entity in relation to the Arrangement without the consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed;
- (e) it shall not take any action, refrain from taking any action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Arrangement;
- (f) except for non-substantive communications with securityholders, and subject to its obligations under Section 2.15, it shall furnish promptly to the other Party or its counsel, a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Arrangement; (ii) any filings under Applicable Laws in connection with the transactions contemplated hereby;

and (iii) any dealings with Governmental Entities in connection with the transactions contemplated hereby;

- (g) it will conduct itself so as to keep the other Party fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business; provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party or otherwise prevented by Applicable Law or is in respect to customer specific or competitively sensitive information;
- (h) it shall promptly notify the other Party in writing of any material change (actual, anticipated, contemplated or, to the knowledge of such Party, threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any Governmental Entity or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated), or of any change in any representation or warranty provided by such Party in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect, and it shall in good faith discuss with the other Party any change in circumstances (actual, anticipated, contemplated, or to the knowledge of such Party, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other Party pursuant to this provision;
- (i) it shall not settle or compromise any claim brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Arrangement prior to the Effective Date without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; and
- (j) it shall use its reasonable commercial efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made thereon, provided that any representation and warranty not qualified by materiality shall be true and correct in all material respects.

#### **5.4 Proxies Received and Dissent Notices**

Each Party shall advise the other Party (a) as reasonably requested, and on a daily basis on each of the last seven business days prior to their respective shareholder meetings called to consider the Arrangement contemplated hereby, as to the aggregate tally of the proxies and votes received in respect of such meeting and all matters to be considered at such meeting; and (b) of any written notice of dissent, withdrawal of such notice, and any other notice received pursuant to the exercise of Dissent Rights.

## **5.5 Mutual Covenant Regarding Non-Solicitation**

- (a) Each Party shall immediately cease and cause to be terminated all existing discussions and negotiations (including through any advisors or other parties on its behalf), if any, with any parties conducted before the date of this Agreement with respect to any Acquisition Proposal in respect of such Party.
- (b) Neither Party shall, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:
  - (i) solicit, knowingly facilitate, initiate, encourage or take any action to solicit, knowingly facilitate, initiate or encourage any Acquisition Proposal, including, without limitation, by way of furnishing information;
  - (ii) withdraw or modify, or propose to withdraw or modify, in any manner adverse to the other Party, the approval of its board of directors of the Arrangement or the recommendation of its board of directors or any committee thereof that the Party's shareholders vote in favour of the Arrangement Resolution, and, in the case of Essential, in favour of the issuance of Essential Shares pursuant to the Arrangement;
  - (iii) enter into or participate in any negotiations or any discussions regarding an Acquisition Proposal, or furnish or provide access to any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with, or furtherance of, an Acquisition Proposal, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;
  - (iv) release, waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear in respect of, any rights or other benefits under any confidentiality agreements, including, without limitation, any "standstill provisions" thereunder except to the extent such provisions are waived in accordance with their terms without any action by the Party; or
  - (v) accept, recommend, approve agree to, endorse, or propose publically to accept, recommend, approve agree to or endorse any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal;

provided, however, that notwithstanding any other provision hereof, each Party and its Representatives may prior to the approval of the Arrangement Resolution at the Essential Shareholders' Meeting in respect of Essential or the Technicoil Shareholders' Meeting in respect of Technicoil:

- (vi) enter into, or participate in, any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly

or indirectly, after the date of this Agreement, by such Party or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreements (provided that such confidentiality agreement shall provide for the disclosure thereof, along with the information provided thereunder, to the other Party) may furnish to such third party information concerning the Party and its business, properties and assets, in each case if, and only to the extent that:

- (A) the third party has first made a written bona fide Acquisition Proposal which the board of directors of the Party subject to the Acquisition Proposal determines in good faith: (1) that the funds or other consideration necessary to complete the Acquisition Proposal are or are reasonably likely to be available to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (2) after consultation with its financial advisor(s), would or would be reasonably likely to, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction financially superior for shareholders of such Party to the transaction contemplated by this Agreement (including taking into account any modifications to this Agreement proposed by the other Party as contemplated by subsection 5.5(b)(x)); (3) after consultation with its financial advisor(s) and outside counsel, is reasonably likely to be consummated at the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (4) after receiving the advice of outside counsel, as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for the board of directors of the Party subject to the Acquisition Proposal to act in a manner consistent with its fiduciary duties under Applicable Laws (a "**Superior Proposal**"); and
  - (B) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, the Party provides prompt notice to the other Party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity and provides to the other Party the information required to be provided under subsection 5.5(b)(x); or
- (vii) comply with Division 3 of Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids* and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

- (viii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, (i) the board of directors of the Party subject to the Superior Proposal concludes in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by Section 5.5(b)(x) and after receiving the advice of outside counsel as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for such board of directors to act in a manner consistent with its fiduciary duties under Applicable Laws, (ii) such Party complies with its obligations set forth in Section 5.5, (iii) such Party terminates this Agreement in accordance with Section 8.1(f), and concurrently therewith pays the amount required by Section 7.1 to the other Party; and (iv) such Party has not held its shareholder meeting in respect of the Arrangement, at which meeting the Arrangement Resolution has passed.
- (ix) each Party shall promptly (and in any event within 24 hours) notify the other Party (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to the Party, its assets, or any amendments to the foregoing. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the person making any inquiry, proposal, offer or request. The Party shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as the other Party may reasonably request. Each Party shall keep the other Party promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all inquiries by the other Party with respect thereto, and shall provide the other Party with copies of all material correspondence and other written material sent to or provided to Technicoil by any person in connection with such inquiry, proposal, offer or request or sent or provided by the Party to any person in connection with such inquiry, proposal, offer or request;
- (x) following receipt of a Superior Proposal, the Party subject to such Superior Proposal shall give the other Party, orally and in writing, at least 72 hours advance notice of any decision by the board of directors of the Party subject to such Superior Proposal to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall confirm that such board of directors has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof, including all financing documents, and any amendments thereto. During such 72 hour period, the Party subject to such Superior Proposal agrees not to accept, recommend, approve or enter into

any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such 72 hour period the Party subject to such Superior Proposal shall, and shall cause its financial and legal advisors to, negotiate in good faith with the other Party and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable the Party subject to such Superior Proposal to proceed with the Arrangement as amended rather than the Superior Proposal. In the event the other Party proposes to amend this Agreement and the Arrangement on a basis such that the board of directors of the Party subject to the Superior Proposal determines that the proposed transaction is no longer a Superior Proposal and so advises the board of directors of the other Party prior to the expiry of such period, the board of directors of the Party subject to such Acquisition Proposal shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not release the party making the Acquisition Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for greater certainty, neither Party shall have any obligation to make or negotiate any changes to this Agreement in the event that the other Party is in receipt of a Superior Proposal. Each Party acknowledges that each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for purposes of the requirement under subsection 5.5(b)(x) to initiate a new 72 hour notice period.

- (xi) In the event that a Party provides the notice contemplated by Section 5.5(b)(x) on a date which is less than five Business Days prior to the Essential Shareholders' Meeting or the Technicoil Shareholders' Meeting, (a) the other Party shall be entitled to (i) adjourn or postpone its shareholders' meeting, and (ii) require the Party subject to the Superior Proposal to adjourn or postpone its shareholders' meeting, and (b) the Party that is subject to the Superior Proposal shall be entitled to adjourn or postpone its shareholders' meeting, in each case to a date that is not more than ten Business Days after the date of such notice.
- (xii) The board of directors of each Party shall reaffirm its recommendation of the Arrangement and in the case of Essential, if applicable, its recommendation of the issuance of the Essential Shares pursuant to the Arrangement, by press release promptly and in any event within five Business Days of any written request to do so by the other Party hereto in the event that (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to subsection 5.5(b)(x) which results in any Acquisition Proposal not being a Superior Proposal;

- (xiii) Each Party agrees that all information that may be provided to it by the other Party with respect to any Superior Proposal pursuant to this Section 5.5 shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreements and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreements or in order to enforce its rights under this Agreement in legal proceedings.
- (xiv) Each Party shall ensure that its Representatives are aware of the provisions of this Section 5.5 and agrees that it shall be responsible for any breach of this Section 5.5 by any of its respective Representatives.

Each Party shall ensure that its Representatives are aware of the provisions of this Section 5.5 applicable to such Party. Each Party shall be responsible for any breach of this Section 5.5 by such Party's Representatives.

## **5.6 Access to Information and Confidentiality**

- (a) From the date hereof until the earlier of the Effective Date and the termination of this Agreement, Technicoil shall, and shall cause its Subsidiaries and Representatives to, subject to all Applicable Laws and in accordance with the Technicoil Confidentiality Agreement and any other subsequent written agreement that addresses confidentiality between the Parties, afford to Essential and the Representatives of Essential complete access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish Essential with all data and information as Essential may reasonably request, subject to the conditions contained in the Technicoil Confidentiality Agreement and any other subsequent written agreement that addresses confidentiality between the Parties, in order to permit Essential to be in a position to expeditiously and efficiently integrate the businesses and operations of Essential and Technicoil immediately upon but not prior to the Effective Date.
- (b) From the date hereof until the earlier of the Effective Date and the termination of this Agreement, Essential shall, and shall cause its Subsidiaries and Representatives to, subject to all Applicable Laws and in accordance with the Essential Confidentiality Agreement and any other subsequent written agreement that addresses confidentiality between the Parties, afford to Technicoil and to the Representatives of Technicoil complete access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish Technicoil with all data and information as Technicoil may reasonably request, subject to the conditions contained in the Essential Confidentiality Agreement and any other subsequent written agreement that addresses confidentiality between the Parties, in order to permit Technicoil to be in a position to expeditiously and efficiently integrate the businesses and operations of Essential and Technicoil immediately upon but not prior to the Effective Date.

## ARTICLE VI CONDITIONS

### 6.1 Mutual Conditions

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

- (a) on or prior to April 29, 2011, the Interim Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to either of the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Essential Shareholders in accordance with the Interim Order;
- (c) the Arrangement Resolution shall have been passed by the Technicoil Shareholders in accordance with the Interim Order;
- (d) the Mailing Date shall have occurred on or before May 6, 2011;
- (e) on or prior to June 24, 2011, the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to either of the Parties, acting reasonably, on appeal or otherwise;
- (f) the Effective Date shall have occurred on or before June 30, 2011;
- (g) the Articles of Arrangement to be filed with the Registrar in accordance with this Agreement shall be in form and substance satisfactory to each of the Parties, acting reasonably;
- (h) the Exchange shall have conditionally approved the issuance and the listing and posting for trading on the Exchange of the Essential Shares to be issued pursuant to the Arrangement;
- (i) all required regulatory and governmental approvals and consents necessary for the completion of the Arrangement, other than those otherwise contemplated in this Section 6.1, shall have been obtained on terms and conditions satisfactory to Technicoil and Essential, each acting reasonably;
- (j) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken, entered or promulgated before or by any Governmental Entity or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of Law, and no Law, regulation, policy, judgment,

decision, order, ruling or directive (whether or not having the force of Law) shall have been proposed, enacted, promulgated, amended or applied, which would be reasonably expected to result in a Material Adverse Change in respect of either of Essential or Technicoil;

- (k) holders of not more than 5% of the issued and outstanding Technicoil Shares shall have exercised such rights of dissent; and
- (l) if Dissent Rights are granted to Essential Shareholders, holders of not more than 5% of the issued and outstanding Essential Shares shall have exercised such rights of dissent.

## **6.2 Essential Conditions**

The obligation of Essential to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) the representations and warranties made by Technicoil in this Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and complete (read as though such representations and warranties omit exceptions for failures that do not have or result in a Material Adverse Effect), individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Technicoil or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Technicoil shall have provided to Essential a certificate of two senior officers of Technicoil certifying the foregoing on the Effective Date;
- (b) Technicoil shall have complied in all material respects with its covenants herein, except where the failure to comply in all material respects with its covenants, individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Technicoil or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Technicoil shall have provided to Essential a certificate of two senior officers of Technicoil certifying compliance with such covenants on the Effective Date;
- (c) Technicoil shall have furnished Essential with:
  - (i) certified copies of the resolutions duly passed by the board of directors of Technicoil approving this Agreement and the consummation of the transactions contemplated by this Agreement; and
  - (ii) certified copies of the Arrangement Resolution; and

- (d) no Material Adverse Change in respect of Technicoil shall have occurred after the date hereof and prior to the Effective Date;
- (e) no act, action, suit, proceeding, objection or opposition shall have been threatened against or affecting Technicoil before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Essential, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change or have a Material Adverse Effect in respect of Technicoil or would materially impede the ability of the Parties to complete the Arrangement;
- (f) all of the outstanding Technicoil Options shall have been exercised or surrendered pursuant to their terms or cancelled for nominal consideration; and
- (g) at the time of the closing of the Arrangement, each of the directors and officers of Technicoil shall have provided their resignations from Technicoil and such directors and officers shall have delivered mutual releases in favour of Technicoil and Essential, in form and substance satisfactory to Essential and such persons, acting reasonably.

The conditions in this Section 6.2 are for the exclusive benefit of Essential and may be asserted by Essential regardless of the circumstances or may be waived in writing by Essential in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Essential may have.

### **6.3 Technicoil Conditions**

The obligation of Technicoil to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) the representations and warranties made by Essential in this Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and complete (read as though such representations and warranties omit exceptions for failures that do not have or result in a Material Adverse Effect), individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Essential or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Essential shall have provided to Technicoil a certificate of two senior officers of Essential certifying the foregoing on the Effective Date;

- (b) Essential shall have complied in all material respects with its covenants herein, except where the failure to comply in all material respects with its covenants, individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Change in respect of Essential or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Essential shall have provided to Technicoil a certificate of two senior officers of Essential certifying compliance with such covenants on the Effective Date;
- (c) Essential shall have furnished Technicoil with:
  - (i) certified copies of the resolutions duly passed by the board of directors of Essential approving this Agreement and the consummation of the transactions contemplated by this Agreement; and
  - (ii) certified copies of the Arrangement Resolution; and
- (d) on the Effective Date, Technicoil shall be satisfied, acting reasonably, that the Essential Shares issued to Technicoil Shareholders pursuant to the Arrangement, (i) shall not be subject to any hold period, restricted period or seasoning period under Applicable Law that shall not have been satisfied on the Effective Date, and (ii) shall have been conditionally accepted for listing on the Exchange, subject only to the filing of documentation that cannot be filed prior to the Effective Date;
- (e) no Material Adverse Change in respect of Essential shall have occurred after the date hereof and prior to the Effective Date; and
- (f) at the time of the closing of the Arrangement, each of the directors and officers of Technicoil shall have provided their resignations and Essential and Technicoil shall have delivered mutual releases in favour of such directors and officers, in form and substance satisfactory to Technicoil and such persons, acting reasonably.

The conditions in this Section 6.3 are for the exclusive benefit of Technicoil and may be asserted by Technicoil regardless of the circumstances or may be waived by Technicoil in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Technicoil may have.

#### **6.4 Notice and Cure Provisions**

Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of either Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Date; or

- (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by either Party prior to or at the Effective Date.

If any of the conditions set forth in Sections 6.1, 6.2 and 6.3 hereof shall not be complied with or waived by the Party for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whose benefit the condition precedent is provided may rescind and terminate this Agreement as provided in Section 8.1(d) hereof; provided that neither Essential nor Technicoil may elect to rescind and terminate this Agreement pursuant to the conditions contained in Sections 6.1, 6.2 and 6.3 or exercise any termination right arising therefrom unless forthwith, and in any event prior to the issuance of the Certificate by the Registrar, the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, inaccuracies of representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition or the availability of a termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure any such matter capable of cure, no Party may terminate this Agreement until the expiration of a period of 5 business days from the date of receipt of such notice. If such notice has been delivered prior to the date of the Essential Shareholders' Meeting or the Technicoil Shareholders' Meeting, Essential or Technicoil, as the case may be, may elect to postpone the meeting of its shareholders until the expiry of such period.

## **6.5 Merger of Conditions**

Subject to Applicable Law, the conditions set out in Sections 6.1, 6.2 and 6.3 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

## **ARTICLE VII AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS**

### **7.1 Agreement as to Damages**

If at any time after the execution of this Agreement:

- (a) the board of directors of one Party has withdrawn, modified, qualified or changed any of its recommendations or determinations referred to in Section 2.2 or Section 2.3, as applicable, (including, for greater certainty, in the circumstances contemplated by Section 5.5(b)) in a manner adverse to the other Party or shall have resolved to do so prior to the Effective Date, or has failed to publicly reconfirm any such recommendation upon the request of the other Party prior to the earlier of ten days following such request or five days prior to the applicable shareholders' meeting (unless the Party requesting such reconfirmation is then in material breach of its obligations hereunder and such withdrawal, change or failure relates to such breach);
- (b) a bona fide Acquisition Proposal is publicly announced, proposed, offered or made to the shareholders of a Party or any Person shall have publicly announced

an intention to make a bona fide Acquisition Proposal in respect of a Party and, after such Acquisition Proposal shall have been made known, made or announced, Essential Shareholders (in the case of an Acquisition Proposal in respect of Essential) or Technicoil Shareholders (in the case of an Acquisition Proposal in respect of Technicoil), as the case may be, do not approve the Arrangement (or in the case of Essential, the issuance of the Essential Shares pursuant to the Arrangement) or vote upon the Arrangement Resolution, and such Acquisition Proposal or an amended version thereof relating to Essential or Technicoil, as the case may be, is consummated or effected as applicable within six months of the date the first Acquisition Proposal is publicly announced, proposed, offered or made; and for the purpose of this paragraph the references in the definition of "**Acquisition Proposal**" to "20% or more of the voting securities" shall be deemed to be references to "50.1% or more of the voting securities", and the references to "20% or more of the fair market value of the consolidated assets" shall be deemed to be references to "all or substantially all of the assets";

- (c) the board of directors of a Party accepts, recommends, approves or enters into an agreement to implement a Superior Proposal;
- (d) the board of directors of either Party recommends that any of the shareholders of such Party deposit their shares under, vote in favour of, or otherwise accept an Acquisition Proposal;
- (e) a Party breaches any of its covenants made in this Agreement, which breach, individually or in the aggregate, would or would reasonably be expected to result in a Material Adverse Change or have a Material Adverse Effect in respect of such Party or would or would reasonably be expected to materially impede completion of the Arrangement, provided that the other Party shall have given that Party written notice of and five Business Days to cure any such breach and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond June 30, 2011); or
- (f) a Party breaches any of its representations or warranties made in this Agreement, which breach, individually or in the aggregate, would or would reasonably be expected to result in a Material Adverse Change or have a Material Adverse Effect in respect of that Party or would or would reasonably be expected to materially impede completion of the Arrangement, provided that the other Party shall have given the Party written notice of and five Business Days to cure any such breach and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond June 30, 2011);

(each of the above being a "**Damages Event**") then in the event of the termination of this Agreement pursuant to Section 8.1 as a result thereof, (i) if Essential is the subject of any of the foregoing events, it shall pay to Technicoil, within ten business days of the first to occur of the foregoing, a fee in the amount of \$5 million as liquidated damages in immediately available

funds to an account designated by Technicoil and (ii) if Technicoil is the subject of any of the foregoing events, it shall pay to Essential, within ten business days of the first to occur of the foregoing, a fee in the amount of \$5 million as liquidated damages in immediately available funds to an account designated by Essential, and after such event but prior to payment of such amount, the Party required to make such payment shall be deemed to hold such funds in trust for the other Party; provided that in the case of a Damages Event pursuant to Section 7.1(c) such payment shall be made by a Party to the other Party concurrently with the acceptance, recommending, approving or entering into of the Superior Proposal by such Party. Essential shall only be obligated to pay a maximum of \$5 million pursuant to this Section 7.1 and Technicoil shall only be obligated to pay a maximum of \$5 million pursuant to this Section 7.1; provided that nothing herein shall preclude the Party other than the Party receiving an Acquisition Proposal from seeking injunctive relief to restrain any breach or threatened breach by the Party receiving an Acquisition Proposal of any of its obligations hereunder or otherwise to obtain specific performance without the necessity of posting bond or security in connection herewith. In addition, neither Party is precluded from seeking damages in respect of any breach of the Agreement by the other Party.

## **7.2 Liquidated Damages**

Each Party acknowledges that the payment of a fee in accordance with Section 7.1 on the termination of the Agreement upon the occurrence of a Damages Event is a payment of liquidated damages which is a genuine pre-estimate of the damages which Essential or Technicoil will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and is not a penalty. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that on the termination of this Agreement upon the occurrence of a Damages Event, the payment in full of any amount owing pursuant to Section 7.1 in respect of such Damages Event is the sole monetary remedy of the Party receiving such amount in respect of this Agreement, and the recipient of such amount shall not seek to obtain any recovery, judgment or damages of any kind, whether consequential, indirect or punitive, against the Party paying such amount or any of its Subsidiaries or Representatives in respect of this Agreement or the transactions contemplated hereby; provided that the foregoing limitation shall not apply in the event of fraud or wilful breach of this Agreement by a Party.

## **7.3 Financing Damages Event**

In the event that Essential does not obtain the Acquisition Credit Facility on or before May 5, 2011 it shall pay to Technicoil, on or before May 6, 2011, a fee in the amount of \$750,000 in immediately available funds to an account designated by Technicoil ("**Financing Damages Event**"). After such event but prior to payment of such amount, Essential is required to make such payment and shall be deemed to hold such funds in trust for Technicoil. Technicoil's right to claim the foregoing fee shall not prejudice or reduce its right to claim the fee provided for in Section 7.1 on the occurrence of a Damages Event.

#### **7.4 Fees and Expenses**

Each Party shall pay all fees, costs and expenses incurred by such Party in connection with this Agreement and the Arrangement. Essential and Technicoil shall share equally any filing fees and applicable Taxes payable for or in respect of any application, notification or other filing made in respect of any regulatory process in respect of the transactions contemplated by the Arrangement.

#### **7.5 Financial Advisors**

Essential and Technicoil represent and warrant to each other that, except for Wellington West Capital Markets Inc. in the case of Essential and Peters & Co. Limited in the case of Technicoil, no financial advisor, broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission, or to the reimbursement of any of its expenses, in connection with the Arrangement. Each Party agrees (a) not to amend the terms of any agreements relating to the arrangements between it and its financial advisors as are in existence at the date hereof in respect of the payment of fees and expenses or indemnification without the prior written approval of the other Party; and (b) not to disclose the terms of any such agreements between the other Party and its financial advisors to such Party's financial advisors.

### **ARTICLE VIII TERM, TERMINATION, AMENDMENT AND WAIVER**

#### **8.1 Termination**

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of Essential and Technicoil;
- (b) by either Essential or Technicoil if the Arrangement Resolution shall have failed to receive the requisite vote of the appropriate shareholders for approval at the Essential Shareholders' Meeting (including any adjournment or postponement thereof) or Technicoil Shareholders' Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;
- (c) by either Essential or Technicoil if the Effective Time shall not have occurred on or prior to June 30, 2011, except that the right to terminate this Agreement under this Section 8.1(c) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
- (d) as provided in Section 6.4; provided that the Party seeking termination is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Sections 6.2 or 6.3, as applicable, not to be satisfied;
- (e) by either Essential or Technicoil upon the occurrence of a Damages Event in respect of the other Party as provided in Section 7.1;

- (f) by either Essential or Technicoil to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with Section 5.5(b)(x), provided that such Party (i) has complied with its obligations set forth in Section 5.5(b) and (ii) concurrently pays the amount required pursuant to Section 7.1; or
- (g) by Technicoil upon the occurrence of a Financing Damages Event as provided in Section 7.3.

## **8.2 Effect of Termination**

In the event of the termination of this Agreement in the circumstances set out in paragraphs (a) through (g) of Section 8.1, this Agreement shall forthwith become void and neither Party shall have any liability or further obligation to the other Party hereunder, except with respect to the obligations set forth in Sections 7.1, 7.2, 7.3 and 7.4, where applicable. Nothing contained in this Section shall relieve any Party from liability for any breach of any provision of this Agreement. No termination of this Agreement shall affect the obligations of the Parties pursuant to the Confidentiality Agreement, except to the extent specified therein.

## **8.3 Amendment**

This Agreement may at any time and from time to time before or after the holding of the Essential Shareholder Meeting and the Technicoil Shareholder Meeting, be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of Essential or Technicoil;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of Essential or Technicoil; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or adversely affects the consideration to be received by a Technicoil Shareholder without approval by the affected Technicoil Shareholder given in the same manner as required for the approval of the Arrangement.

## **8.4 Waiver**

Either Party may (a) extend the time for the performance of any of the obligations or other acts of the other Party, (b) waive compliance with any of the other Party's agreements or the fulfillment of any conditions to its own obligations contained herein, and (c) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any

document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and such waiver shall apply only to the specific matters identified in such instrument.

## **ARTICLE IX GENERAL PROVISIONS**

### **9.1 Notices**

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile transmission, or as of the following business day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by either Party by notice to the other given in accordance with these provisions):

- (a) if to Essential:

Essential Energy Services Ltd.  
Livingston Place West  
1100, 250-2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 0C1  
Attention: Garnet Amundson  
Facsimile: (403) 263-6737

with a copy to:

Fasken Martineau Dumoulin LLP  
3400 First Canadian Centre  
350-7<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3N9  
Attention: Lloyd Symons  
Facsimile: (403) 261-5351

- (b) if to Technicoil:

Technicoil Corporation  
1700 , 555 – 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3E7  
Attention: Leonard Cornez  
Facsimile: (403) 509-0701

with a copy to:

Bennett Jones LLP  
4500 Bankers Hall East  
855 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4K7

Attention: Brent Kraus  
Facsimile: (403) 265-7219

## 9.2 Assignment

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns. This Agreement may not be assigned by one Party without the prior consent of the other Party.

## 9.3 Time of Essence

Time shall be of the essence in this Agreement.

## 9.4 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

## 9.5 Specific Performance

Essential and Technicoil agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement or the Confidentiality Agreement or any other subsequent written agreement that addresses confidentiality between the Parties were not performed by the other Party in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or the Confidentiality Agreement or any other subsequent written agreement that addresses confidentiality between the Parties or to otherwise obtain specific performance of any such provisions, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

## 9.6 Third Party Beneficiaries

The provisions of Sections 2.10 and Section 2.11 are: (a) intended for the benefit of all present and former directors and officers of Technicoil, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such Persons and his or her heirs, executors administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and Essential shall hold the rights and benefits of Sections 2.11 in trust for and on behalf of the Third Party Beneficiaries and Technicoil hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and (b) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise. Except as provided in this Section 9.7, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

**9.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Alberta and the laws of Canada applicable therein, and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

**9.8 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

**9.9 Counterparts**

This Agreement may be executed by facsimile or other electronic signature and in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

*[The remainder of this page is left blank intentionally]*

**IN WITNESS WHEREOF** the Parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**ESSENTIAL ENERGY SERVICES LTD.**

Per: (signed) "Garnet K. Amundson"  
Garnet K. Amundson  
President and Chief Executive Officer

Per: (signed) "Kevin W. Job"  
Kevin W. Job  
Vice President, Operations

**TECHNICOIL CORPORATION**

Per: (signed) "Marvin D. Clifton"  
Marvin D. Clifton  
President and Chief Executive Officer

Per: (signed) "Robert W. Sprinkhuysen"  
Robert W. Sprinkhuysen  
Chief Financial Officer

**SCHEDULE 1.1(a)**

**FORM OF ESSENTIAL SUPPORT AGREEMENT**

## LOCK-UP AGREEMENT

**THIS AGREEMENT** (the "**Agreement**") is made and entered into as of the 4th day of April, 2011 between Technicoil Corporation ("**Technicoil**") and the undersigned shareholder (the "**Shareholder**") of Essential Energy Services Ltd. (the "**Company**"). Certain capitalized terms used in this Agreement are defined in Section 1 hereof.

**WHEREAS**, the Shareholder is the owner of record and/or beneficial owner of securities of the Company;

**AND WHEREAS**, as a condition precedent to Technicoil entering into an arrangement agreement dated April 4, 2011 between Technicoil and the Company (the "**Arrangement Agreement**"), pursuant to which, among other things, Technicoil and the Company would combine their respective businesses and each shareholder of Technicoil would receive 0.7111 shares of Essential plus \$0.80 for each Common Share, pursuant to a plan of arrangement (the "**Arrangement**"), Technicoil has requested that the Shareholder, and the Shareholder has agreed to, enter into this Agreement with respect to all securities of the Company that the Shareholder owns or hereafter acquires ownership of;

**NOW THEREFORE**, in consideration of the foregoing, as well as other good and valuable consideration, the receipt and sufficiency of which are acknowledged and accepted, and intending to be legally bound, the parties agree as follows:

1. **Definitions.** For the purposes of this Agreement, the following capitalized terms shall have the following meanings:
  - (a) "**Acquisition Proposal**" has the meaning given to such term in the Arrangement Agreement.
  - (b) "**Common Shares**" means the common shares of the Company.
  - (c) "**Effective Date**" means the date that the Arrangement Agreement is executed and delivered.
  - (d) "**ESPP Shares**" means the Common Shares automatically purchased by the Shareholder on the Shareholder's payday pursuant to the Company's employee share purchase plan and which number of such Common Shares are not known until the following pay period is completed.
  - (e) "**Subject Securities**" shall mean (i) all securities of the Company (including all Common Shares and all options, warrants and other rights to acquire Common Shares) that are beneficially owned by the Shareholder as of the Effective Date and (ii) all additional securities of the Company (including all additional Common Shares and all additional options, warrants and other rights to acquire Common Shares) of which the Shareholder acquires ownership during the period commencing on the Effective Date and continuing until the Termination Date.
  - (f) "**Termination Date**" means the date that this Agreement is terminated pursuant to Section 8 hereof.
  - (g) The Shareholder shall be deemed to have effected a "**Transfer**" of a security if it directly or indirectly (i) sells, tenders, assigns, pledges, encumbers, grants an option with respect

to, transfers or disposes of such security or any interest in such security to any person, (ii) enters into an agreement or commitment contemplating the possible sale of, tender of, assignment of, pledge of, encumbrance of, grant of an option with respect to, transfer of or disposition of such security or any interest therein to any person, or (iii) reduces the Shareholder's beneficial ownership of or ownership interest in such security, other than, in the case of each of (i) and (ii) above a person controlled, directly or indirectly, by the Shareholder and who agrees to be bound by this Agreement as if an original party hereto.

2. **Agreement to Vote Subject Securities.** For the period commencing on the Effective Date and continuing until the Termination Date and subject to Sections 3 and 8 hereof, at every meeting of the shareholders of the Company called and held with respect to any of the following, and at every adjournment or postponement thereof, the Shareholder shall:
  - (a) vote or cause to be voted the Subject Securities eligible to be voted in favour of the approval of (i) the Arrangement, (ii) the issuance of Common Shares by the Company pursuant to the terms of the Arrangement, and (iii) any other transaction or matter contemplated by the Arrangement Agreement or that would reasonably be expected to facilitate the Arrangement; and
  - (b) not vote any of the Subject Securities in favour of, and shall vote the Subject Securities against, the approval of any other transaction, the approval or consummation of which would frustrate the purposes, or prevent or materially delay the approval or consummation, of the Arrangement or the other transactions contemplated by the Arrangement Agreement.
  
3. **Irrevocable Proxy.** The Shareholder hereby revokes any and all previous proxies granted with respect to the Subject Securities. For the period commencing on the Effective Date and continuing until the Termination Date, the Shareholder hereby agrees to execute all forms of proxy delivered to shareholders of the Company in connection with any shareholders' meeting contemplated in Section 2 hereof. It is acknowledged and agreed by the parties that any proxy granted by the Shareholder pursuant to this Section 3 shall be irrevocable and shall be granted in consideration of Technicoil entering into this Agreement and the Arrangement Agreement; provided, however, that any proxy granted by the Shareholder pursuant to this Section 3 shall be, and shall be deemed to be, without any further act of the Shareholder, revoked immediately upon termination of this Agreement in accordance with its terms.
  
4. **Restrictions on Transfer.** For the period commencing on the Effective Date and continuing until the Termination Date:
  - (a) the Shareholder shall not, directly or indirectly, cause or permit any Transfer of any of the Subject Securities to be effected, nor knowingly solicit, facilitate, initiate or encourage any Acquisition Proposal for the Company;
  - (b) the Shareholder shall not, directly or indirectly, knowingly enter into or participate in any discussions or negotiations regarding a competing transaction or furnish to any other person any information with respect to the businesses, securities, properties, operations, prospects or conditions (financial or otherwise) of the Company in connection with an Acquisition Proposal for the Company or otherwise cooperate in any way with, assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the forgoing; and

- (c) the Shareholder shall ensure that, without Technicoil's prior written consent, such consent not to be unreasonably withheld, (i) none of the Subject Securities is deposited into a voting trust and (ii) no proxy is granted, and no voting agreement or similar agreement is entered into, with respect to any of the Subject Securities, other than pursuant to the terms hereof,

except to the extent specifically permitted pursuant to the Arrangement Agreement and Section 9(n) hereof.

5. **Representations and Warranties of the Shareholder.** The Shareholder hereby represents and warrants as follows to Technicoil:

- (a) **Authorization, Execution and Enforceability.** All consents, approvals, authorizations and orders necessary for the execution and delivery by the Shareholder of this Agreement have been obtained, and the Shareholder has all legal capacity, full right, power and authority to enter into this Agreement, and perform the Shareholder's obligations hereunder. This Agreement has been duly executed and delivered by the Shareholder and constitutes a valid and binding agreement of the Shareholder, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally and subject to general principles of equity.
- (b) **No Conflict.** The execution and delivery of this Agreement by the Shareholder does not, and the performance by the Shareholder of its obligations under this Agreement will not, (i) conflict with or violate any law, rule, regulation, judgment, injunction, order or decree that is applicable to the Shareholder, (ii) require any consent or other action by any person or result in, give rise to or constitute a violation or breach of or a default (or any event which with notice or lapse of time or both would become a violation, breach or default) under any of the terms of any understanding, agreement or other instrument or obligation to which the Shareholder is a party or by which the Shareholder or any of the Subject Securities is or may be bound, or (iii) result in the imposition of a lien, encumbrance, limitation or restriction of any kind on any of the Subject Securities (other than those imposed hereunder).
- (c) **Ownership of Securities.** As of the date of this Agreement (i) the Shareholder beneficially owns or exercises control and direction over that number of Common Shares set forth under the heading "Common Shares Held" as set out on the signature page hereof, which number specifically excludes ESPP Shares, with the full power to vote or direct the voting of such shares (in all circumstances free and clear of any lien, encumbrance, limitation or restriction of any kind, including any restriction on the right to vote or otherwise dispose of the Subject Securities), (ii) other than as set out on the signature page hereof, and not including the ESPP Shares, the Shareholder does not directly or indirectly own any other securities of the Company (including any options, warrants or other rights to acquire Common Shares) and (iii) none of the Subject Securities is subject to any voting trust or voting agreement or similar agreement.
- (d) **Reliance by Technicoil.** The Shareholder understands and acknowledges that Technicoil is entering into the Arrangement Agreement in reliance upon the execution and delivery of this Agreement by the Shareholder, the performance by the Shareholder of its obligations under this Agreement and the compliance by the Shareholder with the terms hereof.

- (e) **Further Assurances.** From time to time and without additional consideration, the Shareholder shall execute and deliver, or cause to be executed and delivered, such additional instruments, and shall take such further actions, as Technicoil may reasonably request for the purpose of complying with its obligations hereunder.
  - (f) **Special Meeting and Circular.** In connection with the solicitation of proxies for any meeting to be held to consider the Arrangement and/or the issuance of Common Shares of the Company pursuant to the Arrangement (a "**Special Meeting**"), to use the Shareholders' reasonable commercial efforts to furnish to counsel to the Company the information relating to the Shareholder required by any applicable law or regulation to be set forth in any information circular (the "**Information Circular**") and in any other applicable regulatory filing. Information relating to the Shareholder furnished by the Shareholder for inclusion in the Information Circular will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. With respect to information furnished by the Shareholder relating to the Shareholder in connection with any other application, statement or filing relating to the Arrangement and/or the issuance of Common Shares of the Company pursuant to the Arrangement, such information at the time such information is furnished shall be correct in all material respects and shall not omit any material fact required to be stated therein or necessary to make the statements therein not misleading.
  - (g) **Appraisal Rights.** The Shareholder hereby waives any rights of appraisal or rights to dissent from the approval of the Arrangement Agreement, the Arrangement and/or the issuance of Common Shares of the Company pursuant to the Arrangement that it may have under applicable law and shall not permit any such rights of appraisal or rights of dissent to be exercised with respect to the Subject Securities.
  - (h) **Change in Representations and Warranties.** The Shareholder shall promptly notify Technicoil upon any of the Shareholders' representations or warranties contained in this Agreement becoming untrue or incorrect in any material respect prior to the Termination Date, and for the purposes of this provision, each representation and warranty shall be deemed to be given at and as of all times during such period (irrespective of any language which suggests that it is only being given as at the date hereof).
6. **Representations and Warranties of Technicoil.** Technicoil hereby represents and warrants as follows to the Shareholder:
- (a) **Authorization, Execution and Enforceability.** All consents, approvals, authorizations and orders necessary for the execution and delivery by Technicoil of this Agreement have been obtained, and Technicoil has all legal capacity, full right, power and authority to enter into this Agreement, and perform the Technicoil's obligations hereunder, other than any approval of Technicoil's shareholders and any court approval which may be required to complete the Arrangement. This Agreement has been duly executed and delivered by Technicoil and constitutes a valid and binding agreement of Technicoil, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally and subject to general principles of equity.
  - (b) **No Conflict.** The execution and delivery of this Agreement by Technicoil does not, and the performance by Technicoil of its obligations under this Agreement will not,

(i) conflict with or violate any law, rule, regulation, judgment, injunction, order or decree that is applicable to Technicoil, or (ii) require any consent or other action by any person or result in, give rise to or constitute a violation or breach of or a default (or any event which with notice or lapse of time or both would become a violation, breach or default) under any of the terms of any understanding, agreement or other instrument or obligation to which Technicoil is a party or by which Technicoil is or may be bound.

- (c) **Reliance by the Shareholder.** Technicoil understands and acknowledges that the Shareholder is entering into this Agreement in reliance upon the execution and delivery of the Arrangement Agreement by Technicoil, the performance by Technicoil of its obligations under the Arrangement Agreement and the compliance by Technicoil with the terms thereof.
- (d) **Change in Representations and Warranties.** Technicoil shall promptly notify the Shareholder upon any of Technicoil's representations or warranties contained in this Agreement becoming untrue or incorrect in any material respect prior to the Termination Date, and for the purposes of this provision, each representation and warranty shall be deemed to be given at and as of all times during such period (irrespective of any language which suggests that it is only being given as at the date hereof).
- (e) **Bring-Down Assurance.** All of the representations and warranties contained in this Section 6 shall be valid and true as if repeated as at the Effective Date.

7. **Covenants of Technicoil.** Technicoil covenants and agrees with the Shareholder that it will comply in all material respects with the terms of the Arrangement Agreement and it will, subject to the satisfaction or waiver of the conditions set forth in the Arrangement Agreement, complete the Arrangement in accordance with the terms and conditions of the Arrangement Agreement.

8. **Termination.** This Agreement, and all rights and obligations of the parties under this Agreement, shall terminate automatically without any further act of the parties: (a) if the Arrangement Agreement is terminated in accordance with its terms; (b) if the plan of arrangement contemplated by the Arrangement Agreement is not agreed to between Technicoil and the Company on or before 5:00 p.m. (Calgary time) on April 8, 2011, (c) if the Arrangement is not completed on or before June 30, 2011; or (d) there has been any breach or non-performance by Technicoil of any of its covenants or agreements in this Agreement in any material respect or any of the representations and warranties of Technicoil contained herein are not true and correct in a material respect.

9. **Miscellaneous.**

- (a) **Assignment; Binding Effect.** Except as provided herein, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by the Shareholder, and any attempted or purported assignment or delegation of any of such interests or obligations shall be null and void and of no force or effect whatsoever. Subject to the preceding sentence, this Agreement shall be binding upon the Shareholder and its respective successors and assigns, and shall inure to the benefit of Technicoil and its successors and assigns.
- (b) **No Third Party Beneficiaries.** Nothing in this Agreement is intended to confer on any person not party to this Agreement any rights or remedies of any nature.

- (c) **Fees and Expenses.** All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring any such cost or expense, whether or not the Arrangement is consummated.
- (d) **Specific Performance.** The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the parties hereto acknowledge and hereby agree that in the event of any breach or threatened breach by the Shareholder of any covenant or obligation of the Shareholder set forth in this Agreement, Technicoil shall be entitled to an injunction or injunctions to prevent or restrain any breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to prevent or restrain breaches or threatened of, or to enforce compliance with, the covenants and obligations of the Shareholder under this Agreement, in addition to any other remedy that may be available at law or in equity.
- (e) **Waiver.** No failure on the part of Technicoil to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of Technicoil in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. Technicoil shall not be deemed to have waived any claim available to it arising out of this Agreement, or any power, right, privilege or remedy of it under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of Technicoil and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.
- (f) **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed duly delivered (i) one business day after being sent for next business day delivery, fees prepaid, via a reputable international overnight courier service or (ii) on the date of confirmation of receipt (or the first business day following such receipt if the date of such receipt is not a business day) of transmission by facsimile or email, in each case to the party to be notified at such party's address, facsimile number or email address as set forth below, or as subsequently modified by written notice:

if to Technicoil:

Technicoil Corporation  
1510, 555 – 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3E7

Fax: +403.509.0701  
Attention: Leonard Cornez

with a copy to (which copy shall not constitute notice) to:

Bennett Jones LLP  
4500 Bankers Hall East  
855 – 2nd Street SW  
Calgary, AB T2P 4K7

Fax No.: +403 265 7219  
Attention: Brent Kraus

if to the Shareholder, at the contact details set forth on the execution page hereof.

- (g) **Disclosure.** Prior to first public disclosure of the existence and terms and conditions of this Agreement, neither party hereto shall disclose the existence of this Agreement or any details hereof, or the possibility of the Arrangement or any terms or conditions or other information concerning the Arrangement to any person other than the Shareholders' advisors and directors and officers of the Company, without the prior written consent of the other party hereto, except to the extent required by law or applicable stock exchange rules or policies of regulatory authorities. The existence and terms and conditions of this Agreement may be disclosed by the Company and Technicoil in the press release issued in connection with the execution of the Arrangement Agreement, and other public disclosure documents in accordance with applicable securities legislation.
- (h) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.
- (i) **Consent to Jurisdiction.** Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of the Province of Alberta in connection with any matter based upon or arising out of this Agreement or the transactions contemplated hereby. Each of the parties hereto agrees that process may be served upon them in any manner authorized by the laws of the Province of Alberta for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and process. Each of the parties hereto agrees not to commence any legal proceedings relating to or arising out of this Agreement or the transactions contemplated hereby in any jurisdiction or courts other than as provided herein.
- (j) **Counterparts.** This Agreement may be executed and delivered (including by facsimile) in separate counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.
- (k) **Severability.** In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as to reasonably effect the intent of the parties hereto. The parties further agree to replace such illegal, void or unenforceable provision of this Agreement with a legal, valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void or unenforceable provision.
- (l) **Amendments and Modification.** This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by each of the parties hereto. To the extent the Arrangement Agreement is amended, modified, restated, replaced or superseded from time to time, all references herein to the Arrangement Agreement shall be to the Arrangement Agreement as modified, amended or restated from time to time or to the agreement which has replaced or superseded it from time to time, and any and all references to particular section of the

Arrangement Agreement shall be deemed to be references to the analogous provision in the Arrangement Agreement as amended, modified or restated from time to time or to the agreement which has replaced it from time to time.

- (m) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect thereto. No addition to or modification of any provision of this Agreement shall be binding upon either party unless made in writing and signed by both parties.
- (n) **Fiduciary Duties.** Notwithstanding any other provision of this Agreement, nothing in this Agreement shall prevent the Shareholder or any other person who is a director or officer of the Shareholder (if such person is a director or officer of the Company), solely in his or her capacity as a director or officer of the Company, from acting in accordance with the exercise of his or her fiduciary duties or taking any action which is permitted by the terms of the Arrangement Agreement.
- (o) **Time of the Essence.** Time shall be of the essence in this Agreement.

***[Remainder of Page Intentionally Left Blank]***



**SCHEDULE 1.1(b)**

**FORM OF TECHNICOIL SUPPORT AGREEMENT**

## LOCK-UP AGREEMENT

**THIS AGREEMENT** (the "**Agreement**") is made and entered into as of the 4th day of April, 2011 between Essential Energy Services Ltd. ("**Essential**") and the undersigned shareholder (the "**Shareholder**") of Technicoil Corporation (the "**Company**"). Certain capitalized terms used in this Agreement are defined in Section 1 hereof.

**WHEREAS**, the Shareholder is the owner of record and/or beneficial owner of securities of the Company;

**AND WHEREAS**, as a condition precedent to Essential entering into an arrangement agreement dated April 4, 2011 between Essential and the Company (the "**Arrangement Agreement**"), pursuant to which, among other things, Essential and the Company would combine their respective businesses and each Shareholder would receive 0.7111 shares of Essential plus \$0.80 for each Common Share, pursuant to a plan of arrangement (the "**Arrangement**"), Essential has requested that the Shareholder, and the Shareholder has agreed to, enter into this Agreement with respect to all securities of the Company that the Shareholder owns or hereafter acquires ownership of;

**NOW THEREFORE**, in consideration of the foregoing, as well as other good and valuable consideration, the receipt and sufficiency of which are acknowledged and accepted, and intending to be legally bound, the parties agree as follows:

1. **Definitions.** For the purposes of this Agreement, the following capitalized terms shall have the following meanings:
  - (a) "**Acquisition Proposal**" has the meaning given to such term in the Arrangement Agreement.
  - (b) "**Common Shares**" means the common shares of the Company.
  - (c) "**Effective Date**" means the date that the Arrangement Agreement is executed and delivered.
  - (d) "**Subject Securities**" shall mean (i) all securities of the Company (including all Common Shares and all options, warrants and other rights to acquire Common Shares) that are beneficially owned by the Shareholder as of the Effective Date and (ii) all additional securities of the Company (including all additional Common Shares and all additional options, warrants and other rights to acquire Common Shares) of which the Shareholder acquires ownership during the period commencing on the Effective Date and continuing until the Termination Date.
  - (e) "**Termination Date**" means the date that this Agreement is terminated pursuant to Section 8 hereof.
  - (f) The Shareholder shall be deemed to have effected a "**Transfer**" of a security if it directly or indirectly (i) sells, tenders, assigns, pledges, encumbers, grants an option with respect to, transfers or disposes of such security or any interest in such security to any person, (ii) enters into an agreement or commitment contemplating the possible sale of, tender of, assignment of, pledge of, encumbrance of, grant of an option with respect to, transfer of or disposition of such security or any interest therein to any person, or (iii) reduces the Shareholder's beneficial ownership of or ownership interest in such security, other than,

in the case of each of (i) and (ii) above: (A) a person controlled, directly or indirectly, by the Shareholder and who agrees to be bound by this Agreement as if an original party hereto, or (b) Essential or an affiliate thereof.

2. **Agreement to Vote Subject Securities.** For the period commencing on the Effective Date and continuing until the Termination Date and subject to Sections 3 and 8 hereof, at every meeting of the shareholders of the Company called and held with respect to any of the following, and at every adjournment or postponement thereof, the Shareholder shall:
  - (a) vote or cause to be voted the Subject Securities eligible to be voted in favour of the approval of (i) the Arrangement and (ii) any other transaction or matter contemplated by the Arrangement Agreement or that would reasonably be expected to facilitate the Arrangement; and
  - (b) not vote any of the Subject Securities in favour of, and shall vote the Subject Securities against, the approval of any other transaction, the approval or consummation of which would frustrate the purposes, or prevent or materially delay the approval or consummation, of the Arrangement or the other transactions contemplated by the Arrangement Agreement.
3. **Irrevocable Proxy.** The Shareholder hereby revokes any and all previous proxies granted with respect to the Subject Securities. For the period commencing on the Effective Date and continuing until the Termination Date, the Shareholder hereby agrees to execute all forms of proxy delivered to shareholders of the Company in connection with any shareholders' meeting contemplated in Section 2 hereof. It is acknowledged and agreed by the parties that any proxy granted by the Shareholder pursuant to this Section 3 shall be irrevocable and shall be granted in consideration of Essential entering into this Agreement and the Arrangement Agreement; provided, however, that any proxy granted by the Shareholder pursuant to this Section 3 shall be, and shall be deemed to be, without any further act of the Shareholder, revoked immediately upon termination of this Agreement in accordance with its terms.
4. **Restrictions on Transfer.** For the period commencing on the Effective Date and continuing until the Termination Date:
  - (a) the Shareholder shall not, directly or indirectly, cause or permit any Transfer of any of the Subject Securities to be effected, nor knowingly solicit, facilitate, initiate or encourage any Acquisition Proposal for the Company;
  - (b) the Shareholder shall not, directly or indirectly, knowingly enter into or participate in any discussions or negotiations regarding a competing transaction or furnish to any other person any information with respect to the businesses, securities, properties, operations, prospects or conditions (financial or otherwise) of the Company in connection with an Acquisition Proposal for the Company or otherwise cooperate in any way with, assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing; and
  - (c) the Shareholder shall ensure that, without Essential's prior written consent, such consent not to be unreasonably withheld, (i) none of the Subject Securities is deposited into a voting trust and (ii) no proxy is granted, and no voting agreement or similar agreement is entered into, with respect to any of the Subject Securities, other than pursuant to the terms hereof,

except to the extent specifically permitted pursuant to the Arrangement Agreement and Section 9(n) hereof.

5. **Representations and Warranties of the Shareholder.** The Shareholder hereby represents and warrants as follows to Essential:

- (a) **Authorization, Execution and Enforceability.** All consents, approvals, authorizations and orders necessary for the execution and delivery by the Shareholder of this Agreement have been obtained, and the Shareholder has all legal capacity, full right, power and authority to enter into this Agreement, and perform the Shareholder's obligations hereunder. This Agreement has been duly executed and delivered by the Shareholder and constitutes a valid and binding agreement of the Shareholder, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally and subject to general principles of equity.
- (b) **No Conflict.** The execution and delivery of this Agreement by the Shareholder does not, and the performance by the Shareholder of its obligations under this Agreement will not, (i) conflict with or violate any law, rule, regulation, judgment, injunction, order or decree that is applicable to the Shareholder, (ii) require any consent or other action by any person or result in, give rise to or constitute a violation or breach of or a default (or any event which with notice or lapse of time or both would become a violation, breach or default) under any of the terms of any understanding, agreement or other instrument or obligation to which the Shareholder is a party or by which the Shareholder or any of the Subject Securities is or may be bound, or (iii) result in the imposition of a lien, encumbrance, limitation or restriction of any kind on any of the Subject Securities (other than those imposed hereunder).
- (c) **Ownership of Securities.** As of the date of this Agreement (i) the Shareholder beneficially owns or exercises control and direction over that number of Common Shares set forth under the heading "Common Shares Held" as set out on the signature page hereof, with the full power to vote or direct the voting of such shares (in all circumstances free and clear of any lien, encumbrance, limitation or restriction of any kind, including any restriction on the right to vote or otherwise dispose of the Subject Securities), (ii) other than as set out on the signature page hereof, the Shareholder does not directly or indirectly own any other securities of the Company (including any options, warrants or other rights to acquire Common Shares) and (iii) none of the Subject Securities is subject to any voting trust or voting agreement or similar agreement.
- (d) **Reliance by Essential.** The Shareholder understands and acknowledges that Essential is entering into the Arrangement Agreement in reliance upon the execution and delivery of this Agreement by the Shareholder, the performance by the Shareholder of its obligations under this Agreement and the compliance by the Shareholder with the terms hereof.
- (e) **Further Assurances.** From time to time and without additional consideration, the Shareholder shall execute and deliver, or cause to be executed and delivered, such additional instruments, and shall take such further actions, as Essential may reasonably request for the purpose of complying with its obligations hereunder.
- (f) **Special Meeting and Circular.** In connection with the solicitation of proxies for any meeting to be held to consider the Arrangement (a "**Special Meeting**"), to use the

Shareholders' reasonable commercial efforts to furnish to counsel to the Company the information relating to the Shareholder required by any applicable law or regulation to be set forth in any information circular (the "**Information Circular**") and in any other applicable regulatory filing. Information relating to the Shareholder furnished by the Shareholder for inclusion in the Information Circular will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. With respect to information furnished by the Shareholder relating to the Shareholder in connection with any other application, statement or filing relating to the Arrangement, such information at the time such information is furnished shall be correct in all material respects and shall not omit any material fact required to be stated therein or necessary to make the statements therein not misleading.

- (g) **Appraisal Rights.** The Shareholder hereby waives any rights of appraisal or rights to dissent from the approval of the Arrangement Agreement or the Arrangement that it may have under applicable law and shall not permit any such rights of appraisal or rights of dissent to be exercised with respect to the Subject Securities.
- (h) **Change in Representations and Warranties.** The Shareholder shall promptly notify Essential upon any of the Shareholders' representations or warranties contained in this Agreement becoming untrue or incorrect in any material respect prior to the Termination Date, and for the purposes of this provision, each representation and warranty shall be deemed to be given at and as of all times during such period (irrespective of any language which suggests that it is only being given as at the date hereof).

6. **Representations and Warranties of Essential.** Essential hereby represents and warrants as follows to the Shareholder:

- (a) **Authorization, Execution and Enforceability.** All consents, approvals, authorizations and orders necessary for the execution and delivery by Essential of this Agreement have been obtained, and Essential has all legal capacity, full right, power and authority to enter into this Agreement, and perform the Essential's obligations hereunder, other than any approval of Essential's shareholders which may be required to complete the Arrangement. This Agreement has been duly executed and delivered by Essential and constitutes a valid and binding agreement of Essential, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally and subject to general principles of equity.
- (b) **No Conflict.** The execution and delivery of this Agreement by Essential does not, and the performance by Essential of its obligations under this Agreement will not, (i) conflict with or violate any law, rule, regulation, judgment, injunction, order or decree that is applicable to Essential, or (ii) require any consent or other action by any person or result in, give rise to or constitute a violation or breach of or a default (or any event which with notice or lapse of time or both would become a violation, breach or default) under any of the terms of any understanding, agreement or other instrument or obligation to which Essential is a party or by which Essential is or may be bound.
- (c) **Reliance by the Shareholder.** Essential understands and acknowledges that the Shareholder is entering into this Agreement in reliance upon the execution and delivery of the Arrangement Agreement by Essential, the performance by Essential of its

obligations under the Arrangement Agreement and the compliance by Essential with the terms thereof.

- (d) **Valid Issuance of Securities.** Any and all securities that will be issued by Essential to the Shareholder pursuant to the Arrangement will be validly issued as fully paid and non-assessable.
  - (e) **Change in Representations and Warranties.** Essential shall promptly notify the Shareholder upon any of Essential's representations or warranties contained in this Agreement becoming untrue or incorrect in any material respect prior to the Termination Date, and for the purposes of this provision, each representation and warranty shall be deemed to be given at and as of all times during such period (irrespective of any language which suggests that it is only being given as at the date hereof).
  - (f) **Bring-Down Assurance.** All of the representations and warranties contained in this Section 6 shall be valid and true as if repeated as at the Effective Date.
7. **Covenants of Essential.** Essential covenants and agrees with the Shareholder that it will comply in all material respects with the terms of the Arrangement Agreement and it will, subject to the satisfaction or waiver of the conditions set forth in the Arrangement Agreement, complete the Arrangement in accordance with the terms and conditions of the Arrangement Agreement.
8. **Termination.** This Agreement, and all rights and obligations of the parties under this Agreement, shall terminate automatically without any further act of the parties: (a) if the Arrangement Agreement is terminated in accordance with its terms; (b) if the plan of arrangement contemplated by the Arrangement Agreement is not agreed to between Essential and the Company on or before 5:00 p.m. (Calgary time) on April 8, 2011, (c) if the Arrangement is not completed on or before **[June 30]**, 2011; or (d) there has been any breach or non-performance by Essential of any of its covenants or agreements in this Agreement in any material respect or any of the representations and warranties of Essential contained herein are not true and correct in a material respect.
9. **Miscellaneous.**
- (a) **Assignment; Binding Effect.** Except as provided herein, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by the Shareholder, and any attempted or purported assignment or delegation of any of such interests or obligations shall be null and void and of no force or effect whatsoever. Subject to the preceding sentence, this Agreement shall be binding upon the Shareholder and its respective successors and assigns, and shall inure to the benefit of Essential and its successors and assigns.
  - (b) **No Third Party Beneficiaries.** Nothing in this Agreement is intended to confer on any person not party to this Agreement any rights or remedies of any nature.
  - (c) **Fees and Expenses.** All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring any such cost or expense, whether or not the Arrangement is consummated.
  - (d) **Specific Performance.** The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its

specific terms or were otherwise breached. Accordingly, the parties hereto acknowledge and hereby agree that in the event of any breach or threatened breach by the Shareholder of any covenant or obligation of the Shareholder set forth in this Agreement, Essential shall be entitled to an injunction or injunctions to prevent or restrain any breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to prevent or restrain breaches or threatened of, or to enforce compliance with, the covenants and obligations of the Shareholder under this Agreement, in addition to any other remedy that may be available at law or in equity.

- (e) **Waiver**. No failure on the part of Essential to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of Essential in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. Essential shall not be deemed to have waived any claim available to it arising out of this Agreement, or any power, right, privilege or remedy of it under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of Essential and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.
- (f) **Notices**. Any notice required or permitted by this Agreement shall be in writing and shall be deemed duly delivered (i) one business day after being sent for next business day delivery, fees prepaid, via a reputable international overnight courier service or (ii) on the date of confirmation of receipt (or the first business day following such receipt if the date of such receipt is not a business day) of transmission by facsimile or email, in each case to the party to be notified at such party's address, facsimile number or email address as set forth below, or as subsequently modified by written notice:

if to Essential:

Essential Energy Services Ltd.  
Livingston Place West  
1100, 250 – 2 Street SW  
Calgary, Alberta T2P 0C1

Fax: +403.263.6737  
Attention: Garnet Amundson

with a copy to (which copy shall not constitute notice) to:

Fasken Martineau DuMoulin LLP  
3400 First Canadian Centre  
350 - 7th Avenue SW  
Calgary, AB T2P 3N9

Fax No.: +403 261 5351  
Attention: Michael Black

if to the Shareholder, at the contact details set forth on the execution page hereof.

- (g) **Disclosure.** Prior to first public disclosure of the existence and terms and conditions of this Agreement, neither party hereto shall disclose the existence of this Agreement or any details hereof, or the possibility of the Arrangement or any terms or conditions or other information concerning the Arrangement to any person other than the Shareholders' advisors and directors and officers of the Company, without the prior written consent of the other party hereto, except to the extent required by law or applicable stock exchange rules or policies of regulatory authorities. The existence and terms and conditions of this Agreement may be disclosed by the Company and Essential in the press release issued in connection with the execution of the Arrangement Agreement, and other public disclosure documents in accordance with applicable securities legislation.
- (h) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.
- (i) **Consent to Jurisdiction.** Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of the Province of Alberta in connection with any matter based upon or arising out of this Agreement or the transactions contemplated hereby. Each of the parties hereto agrees that process may be served upon them in any manner authorized by the laws of the Province of Alberta for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and process. Each of the parties hereto agrees not to commence any legal proceedings relating to or arising out of this Agreement or the transactions contemplated hereby in any jurisdiction or courts other than as provided herein.
- (j) **Counterparts.** This Agreement may be executed and delivered (including by facsimile) in separate counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.
- (k) **Severability.** In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as to reasonably effect the intent of the parties hereto. The parties further agree to replace such illegal, void or unenforceable provision of this Agreement with a legal, valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void or unenforceable provision.
- (l) **Amendments and Modification.** This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by each of the parties hereto. To the extent the Arrangement Agreement is amended, modified, restated, replaced or superseded from time to time, all references herein to the Arrangement Agreement shall be to the Arrangement Agreement as modified, amended or restated from time to time or to the agreement which has replaced or superseded it from time to time, and any and all references to particular section of the Arrangement Agreement shall be deemed to be references to the analogous provision in the Arrangement Agreement as amended, modified or restated from time to time or to the agreement which has replaced it from time to time.

- (m) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect thereto. No addition to or modification of any provision of this Agreement shall be binding upon either party unless made in writing and signed by both parties.
- (n) **Fiduciary Duties.** Notwithstanding any other provision of this Agreement, nothing in this Agreement shall prevent the Shareholder or any other person who is a director or officer of the Shareholder (if such person is a director or officer of the Company), solely in his or her capacity as a director or officer of the Company, from acting in accordance with the exercise of his or her fiduciary duties or taking any action which is permitted by the terms of the Arrangement Agreement.
- (o) **Time of the Essence.** Time shall be of the essence in this Agreement.

*[Remainder of Page Intentionally Left Blank]*



**SCHEDULE 3.1****REPRESENTATIONS AND WARRANTIES OF ESSENTIAL**

- (a) Organization and Qualification. Each of Essential and its Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the Laws of its jurisdiction of incorporation or continuance and has the requisite corporate or partnership power and authority to own its properties as now owned and to carry on its business as it is now being conducted. Essential is, and its Subsidiaries are, duly registered to do business and each is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
- (b) Authority Relative this Agreement. Essential has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the participation by Essential in the Arrangement contemplated hereby have been duly authorized by Essential's board of directors and, subject to such approval of Essential Shareholders as is stipulated by the Court in the Interim Order, no other corporate proceedings on the part of Essential are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Essential and constitutes a legal, valid and binding obligation of Essential enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Subsidiaries. Essential has no Subsidiaries other than those listed in the Essential Disclosure Letter. None of Essential's Subsidiaries is currently prohibited, directly or indirectly, from paying any dividends to Essential, from making any other distribution on such Subsidiary's share capital, from repaying to Essential any loans or advances to such Subsidiary from Essential.
- (d) Ownership of Subsidiaries. Essential is, except as pursuant to restrictions on transfer contained in constating documents, rights of first refusal and similar rights restricting transfer contained in shareholders, partnership or joint venture agreements for or pursuant to existing financing arrangements involving Subsidiaries which are not wholly owned, the beneficial direct or indirect owner of all of the outstanding shares and other ownership interests of Essential's Subsidiaries with good title thereto free and clear of any and all Encumbrances. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such shares of capital stock or other ownership interests in any of Essential's Subsidiaries. All of the outstanding shares of capital stock and other ownership interests in Essential's Subsidiaries are validly issued, fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.

(e) No Violation; Absence of Defaults and Conflicts.

- (i) Neither Essential nor any of its Subsidiaries is in violation of its constating documents or bylaws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Essential or any of its Subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Essential or any of its Subsidiaries is bound, except for such defaults which would not result in a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
- (ii) Neither the execution and delivery of this Agreement by Essential nor the consummation of the Arrangement contemplated hereby nor compliance by Essential with any of the provisions hereof will: (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the properties or assets of Essential or any of its Subsidiaries or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of (1) their respective articles, by-laws or other constating documents or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Essential or any of its Subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Essential or any of its Subsidiaries is bound; or (B) subject to compliance with the statutes and regulations referred to below, violate any Laws, judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Essential or any of its Subsidiaries or any of their respective properties or assets (except, in the case of each of clauses (A) and (B) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances which, or any consents, approvals or notices which if not given or received, would not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole or significantly impede the ability of Essential to consummate the Arrangement); or (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would have a Material Adverse Effect on Essential and its Subsidiaries, taken as a whole.
- (iii) Other than in connection with or in compliance with the provisions of Applicable Canadian Securities Laws, U.S. Securities Laws and the ABCA the terms of the Interim Order and the Final Order in respect of the Arrangement and the filing of the Articles of Arrangement, (A) there is no legal impediment to Essential's consummation of the Arrangement, and (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Essential in connection with the consummation of the

Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole or significantly impede the ability of Essential to consummate the Arrangement.

- (f) Litigation. There is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by any Governmental Entity, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative material matter or proceeding (collectively, "**proceedings**") against or involving Essential or in respect of the business, properties or assets of Essential (whether in progress or, to the knowledge of Essential, threatened), that if adversely determined, would reasonably be expected to have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole or significantly impede the completion of the transactions contemplated by this Agreement and, to the knowledge of Essential, no event has occurred which might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Entity outstanding against Essential in respect of its business, properties or assets that has had or would reasonably be expected to have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole or significantly impede the completion of the transactions contemplated by this Agreement.
- (g) Tax Returns Filed and Taxes Paid. All Tax Returns required to be filed by or on behalf of Essential and each of its Subsidiaries have been duly filed on a timely basis and such Tax Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis or are being contested in good faith and for which adequate reserves in accordance with Canadian generally accepted accounting principles have been established, and, other than Taxes being contested in good faith and for which adequate reserves in accordance with Canadian generally accepted accounting principles have been established, no amount of Taxes are payable by Essential or any of its Subsidiaries with respect to items or periods covered by such Tax Returns that would have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
- (h) Tax Reserves. Essential has paid or provided adequate accruals in its consolidated audited financial statements for the year ended December 31, 2010 for Taxes, including income Taxes and related future income Taxes, in conformity with Canadian generally accepted accounting principles.
- (i) Tax Deficiencies; Audits. No deficiencies exist or have been asserted with respect to Taxes of Essential or any of its Subsidiaries that would have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole. Neither Essential nor any of its Subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor, to the knowledge of Essential, has such an event been asserted or threatened against Essential or any of its Subsidiaries or any of their respective assets that would have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.

- (j) Board Approval and Recommendation. The board of directors of Essential has unanimously endorsed the Arrangement and approved this Agreement, has unanimously determined that the Arrangement is in the best interests of Essential, the Essential Shareholders and has resolved to unanimously recommend approval of the Arrangement (including the issuance of Essential Shares pursuant to the Arrangement) by the Essential Shareholders.
- (k) Reporting Issuer Status. Essential is a reporting issuer in all provinces of Canada other than Québec and is in material compliance with all Applicable Canadian Securities Laws therein. The Essential Shares are listed and posted for trading on the Exchange and Essential is in material compliance with the rules of the Exchange.
- (l) Capitalization. The authorized share capital of Essential consists of an unlimited number of Essential Shares and an unlimited number of preferred shares. There are issued and outstanding 71,446,627 Essential Shares, and there are no other shares of any class or series outstanding. There are no more than 6,515,584 Essential Shares issuable upon the exercise of options to purchase Essential Shares ("**Essential Options**"). Other than Essential Shares issuable pursuant to outstanding Essential Options, there are no options, warrants or other rights, shareholder rights plans, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Essential of any shares of Essential or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Essential. All outstanding Essential Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights, and all Essential Shares issuable upon exercise of outstanding stock options in accordance with their respective terms will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights.
- (m) Issuance of Essential Shares and Available Funds. The Essential Shares issued pursuant to the Arrangement have been validly authorized for issuance and, upon completion of the Arrangement, will be validly issued as fully paid and non-assessable common shares of Essential. Upon obtaining the Acquisition Credit Facility, Essential will have sufficient funds to satisfy its obligations under the Arrangement Agreement (including, but not limited to, its obligations under Section 2.1 hereof) and Essential will be, at the time the Technicoil Shares are to be paid for pursuant to the Arrangement, in a position to pay for all the Technicoil Shares acquired by Essential pursuant to the Arrangement.
- (n) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Essential Shares or any other securities of Essential has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of Essential, are contemplated or threatened under any Applicable Laws or by any other Governmental Entity.
- (o) No Violations. Essential has not received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations, and Essential holds and is in compliance with

all permits, licenses and other authorizations which are required under federal, provincial or local laws relating to the assets, business or operations of Essential, except where the failure to comply with the foregoing would not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole, the assets of Essential are operated and maintained by it in compliance with all terms and conditions of Applicable Laws, permits, licenses and authorizations in all material respects. Essential has complied with and is in compliance with all Laws applicable to the operation of its business, except where such non-compliance would not have a Material Adverse Effect with respect to Essential or on the ability of Essential to consummate the Arrangement.

- (p) Material Agreements. Essential has not entered into any material agreements which are required to be filed by Essential under National Instrument 51-102 *Continuous Disclosure Obligations*, except for those agreements which have been so filed by Essential.
- (q) Non-Competition Agreements. Neither Essential nor any of its Subsidiaries is a party to or bound by any non-competition agreement or any other agreement or obligation which purports to limit the manner or the localities in which all or any material portion of the business of Essential or its Subsidiaries is or is reasonably expected to be conducted.
- (r) Filings. Essential has made all material filings required by all applicable Governmental Entities and all such filings were, as of their respective dates, in compliance in all material respects with all Applicable Laws and, in respect of documents required to be filed under applicable securities Laws, at the time filed did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (s) Books and Records. The corporate records and minute books of Essential and its Subsidiaries have been maintained substantially in accordance with all Applicable Laws and are complete and accurate in all material respects.
- (t) Financial Statements. The Essential Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Essential on a consolidated basis at the dates thereof and the results of the operations of Essential on a consolidated basis for the periods then ended and reflect in accordance with generally accepted accounting principles in Canada, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Essential on a consolidated basis as at the dates thereof.
- (u) Public Record. The information and statements set forth in the Essential Public Disclosure were true, correct, and complete and did not contain any misrepresentation as of the respective dates of such information or statements.
- (v) Absence of Undisclosed Liabilities. Since December 31, 2010, except as disclosed in the Essential Public Disclosure as of the date hereof:

- (i) Essential has conducted its business only in the ordinary and normal course, consistent with past practice; and
  - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Essential has been incurred other than in the ordinary and normal course of business, consistent with past practice.
- (w) No Material Adverse Change. Since December 31, 2010, except as disclosed in the Essential Public Disclosure as of the date hereof:
  - (i) there has not been any Material Adverse Change in the assets, liabilities or financial condition of Essential, taken as a whole, from the position set forth in the Essential Financial Statements;
  - (ii) there has not been any Material Adverse Change in the business, capital, operations or results of the operations of Essential; and
  - (iii) there have been no material facts, transactions, events or occurrences which, to the knowledge of Essential, could reasonably be expected to result in a material adverse change in the assets, liabilities, financial condition, business, capital, operations or results of the operations of Essential.
- (x) Conduct of Business. Since December 31, 2010, neither Essential nor any of its Subsidiaries has taken any action that would be in violation of Section 5.1 if such provision had been in effect since that date, other than violations which would not have any Material Adverse Effect on Essential and its Subsidiaries taken as a whole or would not significantly impede Essential's ability to consummate the Arrangement contemplated hereby.
- (y) Residency. Essential is a "Canadian" as such term is defined in the *Investment Canada Act* (Canada).
- (z) United States Status. Essential (i) is a "foreign private issuer" as defined in Rule 405 under the U.S. Securities Act, (ii) has no class of securities registered or required to be registered under Section 12 of the U.S. Exchange Act, and (iii) is not required to file reports under Section 13 or 15(d) of the U.S. Exchange Act.
- (aa) Environmental. Except to the extent that any violation or other matter referred to in this subparagraph does not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole, in respect of Essential:
  - (i) it is not in violation of any Environmental Laws;
  - (ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

- (iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Essential that have not been remedied;
  - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Essential;
  - (v) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign the occurrence of any event which is required to be so reported by any Environmental Law; and
  - (vi) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under legislation in each jurisdiction in which it conducts its business, Essential has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.
- (bb) Title. Essential and its Material Subsidiaries have good and sufficient title to their real property interests including fee simple estate of and in real property, leases, easements, rights of way, permits or licenses from landowners or authorities permitting the use of land by Essential and its Material Subsidiaries necessary to permit the operation of its business as presently owned and conducted. Essential does not have any knowledge nor is aware of any defects, failures or impairments in the title of Essential to its assets, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which in aggregate would have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
- (cc) No Defaults under Leases and Agreements.
- (i) Essential has not received notice of any default under any of the leases and other title and operating documents or any other agreement or instrument pertaining to Essential's assets to which Essential is a party or by or to which Essential or any such assets are bound or subject except to the extent that such defaults would not in the aggregate have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
  - (ii) To its knowledge:
    - (1) Essential is in good standing under all, and is not in default under any; and

- (2) there is no existing condition, circumstance or matter which constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,

leases and other title and operating documents or any other agreements and instruments pertaining to its assets to which it is a party or by or to which it or such assets are bound or subject and, to their knowledge, all such leases, title and operating documents and other agreements and instruments are in good standing and in full force and effect and none of the counterparties to such leases, title and operating documents and other agreements and instruments is in default thereunder except to the extent that such defaults would not, individually or in the aggregate, have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.

- (dd) Licences. Each of Essential and its Subsidiaries has obtained and is in compliance with all licenses, permits, certificates, consents, orders, grants and other authorizations of or from any Governmental Entity necessary to conduct its businesses as they are now being or are proposed to be conducted, other than such permissions the absence of which would, individually or in the aggregate, not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
- (ee) Long Term and Derivative Transactions. Essential has no material obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions, except in the ordinary course of business consistent with past practice.
- (ff) Employee Benefit Plans.
- (i) Each material health, medical, dental, welfare, supplemental unemployment benefit, bonus, profit sharing, option, insurance, incentive, incentive compensation, deferred compensation, share purchase, share-based compensation, disability, pension, retirement or supplemental retirement plan and each other material employee or director compensation or benefit plan, agreement or arrangement for the benefit of directors or former directors of Essential and/or its Subsidiaries, consultants or former consultants of Essential and/or its Subsidiaries, employees or former employees of Essential and/or its Subsidiaries, which are maintained by, contributed to, or binding upon Essential or any Subsidiary thereof or in respect of which the Essential or any Subsidiary thereof has any actual or potential liability (the "**Essential Employee Plans**") has been maintained and administered and is funded in material compliance with its terms and Applicable Laws.

- (ii) Each Essential Employee Plan that is required or intended to be qualified under Applicable Law or registered or approved by a governmental agency or authority has been so qualified, registered or approved by the appropriate governmental agency or authority, and nothing has occurred since the date of the last qualification, registration or approval to materially adversely affect, or cause, the appropriate governmental agency or authority to revoke such qualification, registration or approval.
  - (iii) To Essential's knowledge, there are no pending or anticipated material claims against or otherwise involving any of the Essential Employee Plans and no material suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Essential Employee Plan activities) has been brought against or with respect to any Essential Employee Plan.
  - (iv) All material contributions, reserves or premium payments required to be made to the Essential Employee Plans have been made or accrued for in the books and records of Essential.
  - (v) Essential has no material obligations for retiree health and life benefits under any Essential Employee Plan.
  - (vi) The execution and delivery of this Agreement or the consummation of the transactions contemplated herein will not in and of itself under any Essential Employee Plan result in, cause the accelerated vesting of, funding or delivery of, or increase the amount or value of, any payment or benefit to any employee, officer, or director of Essential or any of its Subsidiaries, or will not limit the right of Essential or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Essential Employee Plan or related trust.
- (gg) Employment Agreements and Collective Agreements.
- (i) Neither Essential nor any Subsidiary of Essential is engaged in any negotiations with respect to any collective bargaining or union agreement, any actual or threatened application for certification or bargaining rights or letter of understanding, with respect to any current or former Essential employee.
  - (ii) To the knowledge of Essential, there is no labour strike, dispute, lock-out work slowdown or stoppage pending or involving or, to the knowledge of Essential, threatened against Essential or any Subsidiary of Essential.
  - (iii) Neither Essential nor any of its Subsidiaries has engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of Essential, threatened against Essential or any of its Subsidiaries, other than as in the aggregate do not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
  - (iv) Essential and each of its Subsidiaries are in material compliance with all terms and conditions of employment and all Laws respecting employment, including

pay equity, human rights, privacy, employment standards, worker's compensation and occupational health and safety, and there are no outstanding any actual or threatened claims, complaints, investigations or orders under any such Laws, other than as in the aggregate do not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.

- (v) There are no material outstanding assessments, penalties, fines liens, charges, surcharges, or other amounts due or owing by Essential or any of its Subsidiaries pursuant to any workers' compensation legislation and Essential has not been reassessed in any material respect under such legislation and, to the knowledge of Essential, no audit of any of Essential is currently being performed pursuant to any applicable worker's compensation legislation.
- (hh) Insurance. Policies of insurance are in force naming Essential as an insured that adequately cover all risks as are customarily covered by oilfield services companies in the industry in which Essential operates. All such policies shall remain in force and effect (subject to taking into account insurance market conditions and offerings and industry practices) and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement other than such cancellations as would not individually or in the aggregate have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
- (ii) Indebtedness To and By Officers, Directors and Others. Essential is not indebted to any of the directors, officers, employees or consultants or any of their respective associates or affiliates or other parties not at arm's length to Essential, except for amounts due as normal compensation or reimbursement of ordinary business expenses, nor is there any material indebtedness owing by any such parties to Essential.
- (jj) Compliance with Laws. Essential and its Subsidiaries have complied with and are not in violation of any Applicable Laws other than non-compliance or violations which would, individually or in the aggregate, not have a Material Adverse Effect on Essential and its Subsidiaries taken as a whole.
- (kk) Financial Advisors. Other than Wellington West Capital Markets Inc., Essential has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement.
- (ll) Credit Facilities. Other than pursuant to its credit facility with National Bank, Essential does not have any long term indebtedness or bank indebtedness. As of the date of this Agreement, the Essential Debt does not exceed \$7,000,000. Essential is not in default under its existing bank facility and, to the best of Essential's knowledge, its banker is not contemplating any reduction in Essential's borrowing base which is currently \$50,000,000, prior to giving effect to the Arrangement.
- (mm) Possession of Intellectual Property. Essential or its Subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions,

copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property necessary to carry on the business now operated by them, and neither Essential nor any Subsidiary has received any written notice or claim challenging Essential or its Subsidiaries respecting the validity of, use of or ownership of the processes and technology, and to the knowledge of Essential, there are no facts upon which such a challenge could be made.

(nn) Corrupt Practices Legislation.

(i) To the knowledge of Essential, neither it nor any of its Subsidiaries has, directly or indirectly, (A) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction or any official of any public international organization or (B) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *U.S. Foreign Corrupt Practices Act of 1977*, as amended, the *Corruption of Foreign Public Officials Act (Canada)* or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* or the rules and regulations promulgated thereunder.

(ii) During the periods of the Essential Financial Statements, the operations of Essential and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**"). To the knowledge of Essential, no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Essential or any of its Subsidiaries with respect to the Money Laundering Laws is pending or threatened.

(iii) To the knowledge of Essential, neither Essential nor any of its Subsidiaries nor any director, officer, agent, employee or affiliate of Essential or any of its Subsidiaries has had any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**") imposed upon such Person; and neither Essential nor any of its Subsidiaries is in violation of any of the economic sanctions of the United States administered by OFAC or any Law or executive order relating thereto (the "**U.S. Economic Sanctions**") or is conducting business with any Person subject to any U.S. Economic Sanctions.

(oo) Confidentiality Agreements. Essential has not waived the standstill or other provisions of any confidentiality or standstill agreements with respect to the sale of Essential or a substantial portion of its assets or any business combination or similar transaction with another party.

- (pp) Accuracy of Essential Information. The Essential Information will be true, complete and accurate in all material respects and shall not contain any misrepresentation (as defined in the *Securities Act* (Alberta)) and shall contain all information in respect of Essential required by Applicable Laws to be included in the Joint Proxy Circular.
- (qq) Disclosure. To the knowledge of Essential, Essential has not withheld from Technicoil any material information or documents concerning Essential or any of its Subsidiaries or their respective assets or liabilities during the course of Technicoil's review of Essential and its assets. No representation or warranty contained in this Agreement or other disclosure document provided or to be provided to Technicoil by Essential pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.

## SCHEDULE 4.1

### REPRESENTATIONS AND WARRANTIES OF TECHNICOIL

- (a) Organization and Qualification. Each of Technicoil and its Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the Laws of its jurisdiction of incorporation or continuance and has the requisite corporate or partnership power and authority to own its properties as now owned and to carry on its business as it is now being conducted. Technicoil is, and its Subsidiaries are, duly registered to do business and each is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole.
- (b) Authority Relative this Agreement. Technicoil has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the participation by Technicoil in the Arrangement contemplated hereby have been duly authorized by Technicoil 's board of directors and, subject to such approval of Technicoil Shareholders as is stipulated by the Court in the Interim Order, no other corporate proceedings on the part of Technicoil are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Technicoil and constitutes a legal, valid and binding obligation of Technicoil enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Subsidiaries. Technicoil has no Subsidiaries other than those listed in the Technicoil Disclosure Letter. None of Technicoil's Subsidiaries is currently prohibited, directly or indirectly, from paying any dividends to Technicoil, from making any other distribution on such Subsidiary's share capital, from repaying to Technicoil any loans or advances to such Subsidiary from Technicoil.
- (d) United States Subsidiary. Technicoil USA Corporation has not conducted business nor incurred any liabilities in the United States or elsewhere at any time during the seven immediately preceding years.
- (e) No Violation; Absence of Defaults and Conflicts.
  - (i) Neither Technicoil nor any of its Subsidiaries is in violation of its constating documents or bylaws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Technicoil or any of its Subsidiaries is a party or to which any of them, or any of their respective properties or assets, may

be subject or by which Technicoil or any of its Subsidiaries is bound, except for such defaults which would not result in a Material Adverse Effect.

- (ii) Except as set out in the Technicoil Disclosure Letter, neither the execution and delivery of this Agreement by Technicoil nor the consummation of the Arrangement contemplated hereby nor compliance by Technicoil with any of the provisions hereof will: (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the properties or assets of Technicoil or any of its Subsidiaries or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of (1) their respective articles, by-laws or other constating documents or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Technicoil or any of its Subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Technicoil or any of its Subsidiaries is bound; or (B) subject to compliance with the statutes and regulations referred to below, violate any Laws, judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Technicoil or any of its Subsidiaries or any of their respective properties or assets (except, in the case of each of clauses (A) and (B) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances which, or any consents, approvals or notices which if not given or received, would not have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole or significantly impede the ability of Technicoil to consummate the Arrangement); or (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole.
- (iii) Other than in connection with or in compliance with the provisions of Applicable Canadian Securities Laws, U.S. Securities Laws and the ABCA, the terms of the Interim Order and the Final Order in respect of the Arrangement and the filing of the Articles of Arrangement, (A) there is no legal impediment to Technicoil's consummation of the Arrangement, and (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Technicoil in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole or significantly impede the ability of Technicoil to consummate the Arrangement.
- (f) Litigation. Except as set out in the Technicoil Disclosure Letter, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by

any Governmental Entity, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative material matter or proceeding (collectively, "**proceedings**") against or involving Technicoil or in respect of the business, properties or assets of Technicoil (whether in progress or, to the knowledge of Technicoil, threatened), that if adversely determined, would reasonably be expected to have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole or significantly impede the completion of the transactions contemplated by this Agreement and, to the knowledge of Technicoil, no event has occurred which might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Entity outstanding against Technicoil in respect of its business, properties or assets that has had or would reasonably be expected to have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole or significantly impede the completion of the transactions contemplated by this Agreement.

- (g) Tax Returns Filed and Taxes Paid. All Tax Returns required to be filed by or on behalf of Technicoil and each of its Subsidiaries have been duly filed on a timely basis and such Tax Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis or are being contested in good faith and for which adequate reserves in accordance with Canadian generally accepted accounting principles have been established, and, other than Taxes being contested in good faith and for which adequate reserves in accordance with Canadian generally accepted accounting principles have been established, no amount of Taxes are payable by Technicoil or any of its Subsidiaries with respect to items or periods covered by such Tax Returns that would have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole.
- (h) Tax Reserves. Technicoil has paid or provided adequate accruals in its consolidated audited financial statements for the year ended December 31, 2010 for Taxes, including income Taxes and related future income Taxes, in conformity with Canadian generally accepted accounting principles.
- (i) Tax Deficiencies; Audits. No deficiencies exist or have been asserted with respect to Taxes of Technicoil or any of its Subsidiaries that would have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole. Neither Technicoil nor any of its Subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor, to the knowledge of Technicoil, has such an event been asserted or threatened against Technicoil or any of its Subsidiaries or any of their respective assets that would have a Material Adverse Effect on Technicoil.
- (j) Board Approval and Recommendation. The board of directors of Technicoil has unanimously endorsed the Arrangement and approved this Agreement, has unanimously determined that the Arrangement is in the best interests of Technicoil, the Technicoil Shareholders and has resolved to unanimously recommend approval of the Arrangement by the Technicoil Shareholders.

- (k) Reporting Issuer Status. Technicoil is a reporting issuer in the provinces of Alberta, British Columbia, Ontario and Québec and is in material compliance with all Applicable Canadian Securities Laws therein. The Technicoil Shares are listed and posted for trading on the Exchange and Technicoil is in material compliance with the rules of the Exchange.
- (l) Capitalization. The authorized share capital of Technicoil consists of an unlimited number of Technicoil Shares and an unlimited number of preferred shares. There are issued and outstanding 72,755,515 Technicoil Shares, and there are no other shares of any class or series outstanding. There are no more than 3,869,999 Technicoil Shares issuable upon the exercise of Technicoil Options. Other than Technicoil Shares issuable pursuant to outstanding Technicoil Options, there are no options, warrants or other rights, shareholder rights plans, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Technicoil of any shares of Technicoil or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Technicoil. All outstanding Technicoil Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights, and all Technicoil Shares issuable upon exercise of outstanding stock options in accordance with their respective terms will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights.
- (m) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Technicoil Shares or any other securities of Technicoil has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of Technicoil, are contemplated or threatened under any Applicable Laws or by any other Governmental Entity.
- (n) No Violations. Technicoil has not received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations, and Technicoil holds and is in compliance with all permits, licenses and other authorizations which are required under federal, provincial or local laws relating to the assets, business or operations of Technicoil, except where the failure to comply with the foregoing would not have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole, the assets of Technicoil are operated and maintained by it in compliance with all terms and conditions of Applicable Laws, permits, licenses and authorizations in all material respects. Technicoil has complied with and is in compliance with all Laws applicable to the operation of its business, except where such non-compliance would not have a Material Adverse Effect with respect to Technicoil or on the ability of Technicoil to consummate the Arrangement.
- (o) Material Agreements. Technicoil has not entered into any material agreements which are required to be filed by Technicoil under National Instrument 51-102 *Continuous Disclosure Obligations*, except for those agreements which have been so filed by Technicoil.

- (p) Non-Competition Agreements. Neither Technicoil nor any of its Subsidiaries is a party to or bound by any non-competition agreement or any other agreement or obligation which purports to limit the manner or the localities in which all or any material portion of the business of Technicoil or its Subsidiaries is or is reasonably expected to be conducted.
- (q) Filings. Technicoil has made all material filings required by all applicable Governmental Entities and all such filings were, as of their respective dates, in compliance in all material respects with all Applicable Laws and, in respect of documents required to be filed under applicable securities Laws, at the time filed did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (r) Books and Records. The corporate records and minute books of Technicoil and its Subsidiaries have been maintained substantially in accordance with all Applicable Laws and are complete and accurate in all material respects.
- (s) Financial Statements. The Technicoil Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Technicoil on a consolidated basis at the dates thereof and the results of the operations of Technicoil on a consolidated basis for the periods then ended and reflect in accordance with generally accepted accounting principles in Canada, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Technicoil on a consolidated basis as at the dates thereof.
- (t) Public Record. The information and statements set forth in the Technicoil Public Disclosure were true, correct, and complete and did not contain any misrepresentation as of the respective dates of such information or statements.
- (u) Absence of Undisclosed Liabilities. Since December 31, 2010, except as disclosed in the Technicoil Public Disclosure as of the date hereof:
- (i) Technicoil has conducted its business only in the ordinary and normal course, consistent with past practice; and
  - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Technicoil has been incurred other than in the ordinary and normal course of business, consistent with past practice.
- (v) No Material Adverse Change. Since December 31, 2010, except as disclosed in the Technicoil Public Disclosure as of the date hereof:
- (i) there has not been any Material Adverse Change in the assets, liabilities or financial condition of Technicoil, taken as a whole, from the position set forth in the Technicoil Financial Statements;
  - (ii) there has not been any Material Adverse Change in the business, capital, operations or results of the operations of Technicoil; and

- (iii) there have been no material facts, transactions, events or occurrences which, to the knowledge of Technicoil, could reasonably be expected to result in a material adverse change in the assets, liabilities, financial condition, business, capital, operations or results of the operations of Technicoil.
- (w) United States Status. Technicoil (i) is a "foreign private issuer" as defined in Rule 405 under the U.S. Securities Act, (ii) has no class of securities registered or required to be registered under Section 12 of the U.S. Exchange Act, and (iii) is not required to file reports under Section 13 or 15(d) of the U.S. Exchange Act.
- (x) Conduct of Business. Since December 31, 2010, neither Technicoil nor any of its Subsidiaries has taken any action that would be in violation of Section 5.1 if such provision had been in effect since that date, other than violations which would not have any Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole or would not significantly impede Technicoil's ability to consummate the Arrangement contemplated hereby.
- (y) Environmental. Except to the extent that any violation or other matter referred to in this subparagraph does not have a Material Adverse Effect on Technicoil, in respect of Technicoil:
  - (i) it is not in violation of any Environmental Laws;
  - (ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
  - (iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Technicoil that have not been remedied;
  - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Technicoil;
  - (v) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign the occurrence of any event which is required to be so reported by any Environmental Law; and
  - (vi) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under legislation in each jurisdiction in which it conducts its business, Technicoil has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any

Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.

- (z) Title. Technicoil has good and sufficient title to their real property interests including fee simple estate of and in real property, leases, easements, rights of way, permits or licenses from landowners or authorities permitting the use of land by Technicoil necessary to permit the operation of its business as presently owned and conducted. Technicoil does not have any knowledge nor is aware of any defects, failures or impairments in the title of Technicoil to its assets, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which in aggregate would have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole.
- (aa) No Defaults under Leases and Agreements.
- (i) Technicoil has not received notice of any default under any of the leases and other title and operating documents or any other agreement or instrument pertaining to Technicoil's assets to which Technicoil is a party or by or to which Technicoil or any such assets are bound or subject except to the extent that such defaults would not in the aggregate have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole.
- (ii) To its knowledge:
- (1) Technicoil is in good standing under all, and is not in default under any; and
- (2) there is no existing condition, circumstance or matter which constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,
- leases and other title and operating documents or any other agreements and instruments pertaining to its assets to which it is a party or by or to which it or such assets are bound or subject and, to their knowledge, all such leases, title and operating documents and other agreements and instruments are in good standing and in full force and effect and none of the counterparties to such leases, title and operating documents and other agreements and instruments is in default thereunder except to the extent that such defaults would not, individually or in the aggregate, have a Material Adverse Effect on Technicoil.
- (bb) Licences. Each of Technicoil and its Subsidiaries has obtained and is in compliance with all licenses, permits, certificates, consents, orders, grants and other authorizations of or from any Governmental Entity necessary to conduct its businesses as they are now being or are proposed to be conducted, other than such permissions the absence of which would, individually or in the aggregate, not have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole.

- (cc) Long Term and Derivative Transactions. Technicoil has no material obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions, except in the ordinary course of business consistent with past practice.
- (dd) Employee Benefit Plans.
- (i) each material health, medical, dental, welfare, supplemental unemployment benefit, bonus, profit sharing, option, insurance, incentive, incentive compensation, deferred compensation, share purchase, share-based compensation, disability, pension, retirement or supplemental retirement plan and each other material employee or director compensation or benefit plan, agreement or arrangement for the benefit of directors or former directors of Technicoil and/or its Subsidiaries, consultants or former consultants of Technicoil and/or its Subsidiaries, employees or former employees of Technicoil and/or its Subsidiaries, which are maintained by, contributed to, or binding upon Technicoil or any Subsidiary thereof or in respect of which the Technicoil or any Subsidiary thereof has any actual or potential liability (the "**Technicoil Employee Plans**") has been maintained and administered and is funded in material compliance with its terms and Applicable Laws;
  - (ii) each Technicoil Employee Plan that is required or intended to be qualified under Applicable Law or registered or approved by a governmental agency or authority has been so qualified, registered or approved by the appropriate governmental agency or authority, and nothing has occurred since the date of the last qualification, registration or approval to materially adversely affect, or cause, the appropriate governmental agency or authority to revoke such qualification, registration or approval;
  - (iii) to Technicoil's knowledge, there are no pending or anticipated material claims against or otherwise involving any of the Technicoil Employee Plans and no material suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Technicoil Employee Plan activities) has been brought against or with respect to any Technicoil Employee Plan;
  - (iv) all material contributions, reserves or premium payments required to be made to the Technicoil Employee Plans have been made or accrued for in the books and records of Technicoil;
  - (v) Technicoil has no material obligations for retiree health and life benefits under any Technicoil Employee Plan; and

- (vi) the execution and delivery of this Agreement or the consummation of the transactions contemplated herein will not in and of itself under any Technicoil Employee Plan result in, cause the accelerated vesting of, funding or delivery of, or increase the amount or value of, any payment or benefit to any employee, officer, or director of Technicoil or any of its Subsidiaries, or will not limit the right of Technicoil or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Technicoil Employee Plan or related trust.
- (ee) Severance and Change of Control. Other than severance, retention and change of control payments to officers and employees payable upon completion of the Arrangement set out in the Technicoil Disclosure Letter, or as otherwise contemplated in this Agreement, there are no payments owing or that will become owing in connection with the Arrangement to directors, officers, employees and consultants of Technicoil under any contract settlements, bonus plans, retention arrangements, change of control agreements or severance obligations (whether resulting from termination or alteration of duties).
- (ff) Employee Information. Technicoil has provided Essential with a correct and complete list (the "**Employment Information**") of each employee, director, independent contractor, consultant and agent of Technicoil who currently provides services to the administration, operation, maintenance and management of Technicoil pursuant to an agreement which may not be terminated with less than three months notice (or pay in lieu thereof), whether actively at work or not, their salaries or consulting fees, bonus arrangements, benefits, positions, status as full-time or part-time employees, location of employment and length of service. Except as set out in the Employment Information or except as disclosed in the Technicoil Disclosure Letter, no such person has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Applicable Laws from the employment of an employee without an agreement as to notice or severance.
- (gg) Amounts Due to Employees. All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, and other employee benefits in respect of any employee, director, independent contractor, consultant and agent of Technicoil which are attributable to the period before the Effective Date will be paid at or prior to the Effective Time in amounts in the ordinary course of business and consistent with past practice and are or shall be accurately reflected in the books and records of Technicoil.
- (hh) Employment Agreements and Collective Agreements.
  - (i) Neither Technicoil nor any Subsidiary of Technicoil is engaged in any negotiations with respect to any collective bargaining or union agreement, any actual or threatened application for certification or bargaining rights or letter of understanding, with respect to any current or former Technicoil employee.
  - (ii) To the knowledge of Technicoil, there is no labour strike, dispute, lock-out work slowdown or stoppage pending or involving or, to the knowledge of Technicoil, threatened against Technicoil or any Subsidiary of Technicoil.

- (iii) Neither Technicoil nor any of its Subsidiaries has engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of Technicoil, threatened against Technicoil or any of its Subsidiaries, other than as in the aggregate do not have a Material Adverse Effect on Technicoil.
- (iv) Technicoil and each of its Subsidiaries are in material compliance with all terms and conditions of employment and all Laws respecting employment, including pay equity, human rights, privacy, employment standards, worker's compensation and occupational health and safety, and there are no outstanding any actual or threatened claims, complaints, investigations or orders under any such Laws, other than as in the aggregate do not have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole.
- (v) There are no material outstanding assessments, penalties, fines liens, charges, surcharges, or other amounts due or owing by Technicoil or any of its Subsidiaries pursuant to any workers' compensation legislation and Technicoil has not been reassessed in any material respect under such legislation and, to the knowledge of Technicoil, no audit of any of Technicoil is currently being performed pursuant to any applicable worker's compensation legislation.
- (ii) Insurance. Policies of insurance are in force naming Technicoil as an insured that adequately cover all risks as are customarily covered by oilfield services companies in the industry in which Technicoil operates. All such policies shall remain in force and effect (subject to taking into account insurance market conditions and offerings and industry practices) and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement other than such cancellations as would not individually or in the aggregate have a Material Adverse Effect on Technicoil.
- (jj) Indebtedness To and By Officers, Directors and Others. Technicoil is not indebted to any of the directors, officers, employees or consultants or any of their respective associates or affiliates or other parties not at arm's length to Technicoil, except for amounts due as normal compensation or reimbursement of ordinary business expenses, nor is there any material indebtedness owing by any such parties to Technicoil.
- (kk) Compliance with Laws. Technicoil and its Subsidiaries have complied with and are not in violation of any Applicable Laws other than non-compliance or violations which would, individually or in the aggregate, not have a Material Adverse Effect on Technicoil and its Subsidiaries taken as a whole.
- (ll) Financial Advisors. Except for Peters & Co. Limited, Technicoil has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement.
- (mm) Credit Facilities. Other than pursuant to its credit facility with National Bank, Technicoil does not have any long term indebtedness or bank indebtedness. As of the date of this Agreement, the Technicoil Debt does not exceed \$1,000,000. Technicoil is not in default

under its existing bank facility and, to the best of Technicoil's knowledge, its banker is not contemplating any reduction in Technicoil's borrowing base which is currently \$25,000,000, prior to giving effect to the Arrangement.

- (nn) Possession of Intellectual Property. Technicoil or its Subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property necessary to carry on the business now operated by them, and neither Technicoil nor any Subsidiary has received any written notice or claim challenging Technicoil or its Subsidiaries respecting the validity of, use of or ownership of the processes and technology, and to the knowledge of Technicoil, there are no facts upon which such a challenge could be made.
- (oo) Corrupt Practices Legislation.
- (i) To the knowledge of Technicoil, neither it nor any of its Subsidiaries has, directly or indirectly, (A) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction or any official of any public international organization or (B) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the U.S. Foreign Corrupt Practices Act of 1977, as amended, the Corruption of Foreign Public Officials Act (Canada) or the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) or the rules and regulations promulgated thereunder.
- (ii) During the periods of the Technicoil Financial Statements, the operations of Technicoil and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements and the Money Laundering Laws. To the knowledge of Technicoil, no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Technicoil or any of its Subsidiaries with respect to the Money Laundering Laws is pending or threatened.
- (iii) To the knowledge of Technicoil, neither Technicoil nor any of its Subsidiaries nor any director, officer, agent, employee or affiliate of Technicoil or any of its Subsidiaries has had any sanctions administered by OFAC imposed upon such Person; and neither Technicoil nor any of its Subsidiaries is in violation of any of the economic sanctions of the United States administered by OFAC or any U.S. Economic Sanctions or is conducting business with any Person subject to any U.S. Economic Sanctions.
- (pp) Confidentiality Agreements. Technicoil has not waived the standstill or other provisions of any confidentiality or standstill agreements with respect to the sale of Technicoil or a substantial portion of its assets or any business combination or similar transaction with another party.

- (qq) Shareholder Rights Plan. Technicoil is not a party to any shareholder rights plan or any other form of plan, agreement, contract or instrument that shall trigger any rights to acquire Technicoil Shares or other securities of Technicoil or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.
- (rr) Voting Agreements. To the knowledge of Technicoil, none of the Technicoil Shares are the subject of any escrow, voting trust or other similar agreement, other than with respect to the Technicoil Support Agreements.
- (ss) Accuracy of Technicoil Information. The Technicoil Information will be true, complete and accurate in all material respects and shall not contain any misrepresentation (as defined in the *Securities Act* (Alberta)) and shall contain all information in respect of Technicoil required by Applicable Laws to be included in the Joint Proxy Circular.
- (tt) Disclosure. To the knowledge of Technicoil, Technicoil has not withheld from Essential any material information or documents concerning Technicoil or any of its Subsidiaries or their respective assets or liabilities during the course of Essential's review of Technicoil and its assets. No representation or warranty contained in this Agreement or other disclosure document provided or to be provided to Essential by Technicoil pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.

**APPENDIX E**  
**PLAN OF ARRANGEMENT**

## PLAN OF ARRANGEMENT

### PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

#### ARTICLE 1 INTERPRETATION

- 1.1 In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the respective meanings set out below and grammatical variations of those terms will have corresponding meanings:
- (a) “**ABCA**” means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
  - (b) “**Arrangement**” means an arrangement under the provisions of section 193 of the ABCA on the terms and conditions set forth in this Plan of Arrangement and any amendment, variation or supplement thereto made in accordance with Section 5.1;
  - (c) “**Arrangement Agreement**” means the arrangement agreement dated April 4, 2011 between Technicoil and Essential as the same may be supplemented or amended from time to time;
  - (d) “**Business Day**” means a day which is not a Saturday, Sunday or a day when commercial banks are not open for business in Calgary, Alberta;
  - (e) “**Cash Ratio**” means the number, rounded to four decimal places, equal to \$0.80 divided by the sum of \$0.80 and the product obtained by multiplying 0.7111 by the Weighted Average Trading Price of an Essential Share;
  - (f) “**Consideration**” means the consideration to be received by the Technicoil Shareholders pursuant to the Plan of Arrangement as consideration for their Technicoil Shares, all as set out in Section 2.2(b) hereof;
  - (g) “**Court**” means the Court of Queen's Bench of Alberta;
  - (h) “**Depository**” means Olympia Trust Company or such other institution as Essential may select;
  - (i) “**Dissent Rights**” has that meaning attributed to that term in Section 3.1;
  - (j) “**Dissenting Shareholder**” means a registered holder of Technicoil Shares who has duly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Technicoil Shares in respect of which Dissent Rights are validly exercised by such holder;
  - (k) “**Effective Date**” means the date the Arrangement becomes effective under the ABCA;
  - (l) “**Effective Time**” means 12:01 a.m. (Calgary time) on the Effective Date;
  - (m) “**Encumbrance**” includes any mortgage, pledge, assignment, charge, lien, security interest, adverse interest in property, other third party interest or encumbrance of any

kind whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

- (n) “**Essential**” means Essential Energy Services Ltd., a corporation subsisting under the laws of Alberta;
- (o) “**Essential Meeting**” means the annual and special meeting of Essential Shareholders, including any adjournment or postponement thereof, to be called for the purpose of, among other things, approving the Essential Resolution;
- (p) “**Essential Resolution**” means the ordinary resolution of the Essential Shareholders approving the issue of Essential Shares pursuant to the Arrangement;
- (q) “**Essential Shareholders**” means the holders of Essential Shares;
- (r) “**Essential Shares**” means common shares in the capital of Essential;
- (s) “**Final Order**” means the order made after application to the Court pursuant to section 193(9) of the ABCA approving the Arrangement as such order may be amended by the Court (with the consent of Essential and Technicoil, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of the Parties, acting reasonably) on appeal;
- (t) “**Governmental Entity**” means any: (a) multinational, federal, provincial, territory, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; (b) any subdivision, agent, commission, board or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (u) “**Holder**” means a registered holder of Technicoil Shares;
- (v) “**Interim Order**” means the order made after application to the Court pursuant to section 193(4) of the ABCA, providing for, among other things, the calling and holding of the Technicoil Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of Essential and Technicoil acting reasonably);
- (w) “**Joint Circular**” means the notice of the Essential Meeting and the notice of the Technicoil Meeting to be sent to Essential Shareholders and Technicoil Shareholders, respectively, and to holders of Technicoil Options, respectively, and the management proxy circular to be prepared in connection with the Essential Meeting and the Technicoil Meeting, together with any amendments thereto or supplements thereof;
- (x) “**Letter of Transmittal**” means the letter of transmittal forwarded by Technicoil to Technicoil Shareholders in connection with the Arrangement;
- (y) “**Law**” means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity (including the TSX) or self-regulatory

authority, to the extent each of the foregoing have the force of law, and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

- (z) “**Notice of Dissent**” means a notice given in respect of the Dissent Rights as contemplated in the Interim Order and as described in Article 3;
- (aa) “**Parties**” means Essential and Technicoil, and “**Party**” means any one of them;
- (bb) “**Person**” includes an individual, firm, trust, partnership, association, corporation, joint venture, trustee, executor, administrator, legal representative or government (including any Governmental Entity);
- (cc) “**Plan of Arrangement**”, “**hereof**”, “**herein**”, “**hereunder**” and similar expressions means this plan of arrangement, including the appendices hereto, and any amendments, variations or supplements hereto made in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court in the Final Order;
- (dd) “**Share Ratio**” means the number, rounded to four decimal places, equal to 1 minus the Cash Ratio;
- (ee) “**Tax Act**” means the *Income Tax Act*, R.S.C. 1985 (5<sup>th</sup> Supp.) C.1, and the regulations thereunder as amended;
- (ff) “**Technicoil**” means Technicoil Corporation, a corporation subsisting under the laws of Alberta;
- (gg) “**Technicoil Meeting**” means the annual and special meeting of the Technicoil Shareholders held for the purpose of, among other things, considering and approving the Technicoil Resolution;
- (hh) “**Technicoil Option Plan**” means Technicoil’s existing stock option plan, and any previous Technicoil stock option plan, as constituted as of the date hereof, that entitle participants to purchase Technicoil Shares;
- (ii) “**Technicoil Options**” means the options (whether or not vested) to purchase Technicoil Shares that are from time to time outstanding under the Technicoil Option Plan;
- (jj) “**Technicoil Resolution**” means the special resolution of the Technicoil Shareholders approving the Arrangement in accordance with section 193 of the ABCA;
- (kk) “**Technicoil Shareholder**” means a Holder of Technicoil Shares;
- (ll) “**Technicoil Shares**” means the common shares in the capital of Technicoil;
- (mm) “**TSX**” means the Toronto Stock Exchange;

- (nn) “**Weighted Average Closing Price of a Technicoil Share**” means the weighted average closing price of the Technicoil Shares on the Exchange for the five day period immediately preceding the Effective Date; and
- (oo) “**Weighted Average Trading Price of an Essential Share**” means the volume weighted average trading price of the Essential Shares on the Exchange for the five day period immediately preceding the Effective Date.

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Plan of Arrangement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an “**Article**” or “**Section**” followed by a number and/or a letter refer to the specified Article or Section of this Plan of Arrangement. The word “**including**”, when following a general statement or term, is not to be construed as limiting the general statement or term to any specific item or matter set forth or to similar items or matters, but rather as permitting the general statement or term to refer also to all other items or matters that could reasonably fall within its broadest possible scope. The word “**or**” is not exclusive.

## **1.3 Number and Gender**

In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa. Words importing gender include all genders.

## **1.4 Date of Any Action**

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## **1.5 Benefit of Plan of Arrangement**

This Plan of Arrangement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the Parties hereto.

## **1.6 Time**

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in the Joint Circular or the Letter of Transmittal are local time in Calgary, Alberta unless otherwise stipulated herein or therein.

## **1.7 Currency**

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

## ARTICLE 2 ARRANGEMENT

### 2.1 Binding Effect

This Plan of Arrangement and the Arrangement will become effective and be binding on Technicoil, Essential, all holders and beneficial owners of Technicoil Shares and Technicoil Options, at and after the Effective Time without any further act or formality required on the part of any Person, except as expressly provided herein.

### 2.2 The Arrangement

Subject to the terms and conditions of the Arrangement Agreement, the following events or transactions shall occur and shall be deemed to occur in the following sequence without any further act or formality:

- (a) At the Effective Time, each Technicoil Share held by a Dissenting Shareholder in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to Essential (free and clear of any Encumbrances) and:
  - (i) such Dissenting Shareholder shall cease to be the registered Holder of such Technicoil Shares and to have any rights as a registered Holder of such Technicoil Shares other than the right to be paid fair value for such Technicoil shares as set out in Section 3.1;
  - (ii) such Dissenting Shareholder's name shall be removed from the register of the holders of Technicoil Shares maintained by or on behalf of Technicoil; and
  - (iii) Essential shall be deemed to be the transferee of such Technicoil Shares (free and clear of any Encumbrances) and shall be entered in the register of Technicoil Shares maintained by or on behalf of Technicoil as the Holder of such Technicoil Shares.
- (b) Each Technicoil Share outstanding immediately prior to the Effective Time held by each Technicoil Shareholder (other than Technicoil Shares subject to Section 2.2(a)) shall be transferred without any further act or formality to Essential (free and clear of any Encumbrances) in exchange for:
  - (i) \$0.80 cash for a fraction of such Technicoil Share equal to the Cash Ratio; and
  - (ii) 0.7111 Essential Shares for a fraction of such Technicoil Share equal to the Share Ratio.
- (c) Notwithstanding any vesting or exercise provision to which a Technicoil Option might otherwise be subject, each Technicoil Option outstanding immediately prior to the Effective Time, whether or not vested, and in respect of which the holder thereof has not elected to surrender or exercise such Technicoil Option at the Effective Time in accordance with the Technicoil Option Plan, shall be treated as follows:
  - (i) each Technicoil Option with an exercise price less than the Weighted Average Closing Price of a Technicoil Share shall be deemed to be surrendered and

transferred to Technicoil and the holder of such Technicoil Option shall receive a cash payment from Technicoil in the amount of the difference between the Weighted Average Closing Price of a Technicoil Share and the exercise price of such Technicoil Option; and

- (ii) each Technicoil Option with an exercise price that is greater than or equal to the Weighted Average Closing Price of a Technicoil Share shall be deemed to be surrendered and transferred to Technicoil and the holder of such Technicoil Option shall receive a cash payment from Technicoil of \$0.01 per such Technicoil Option;

in all cases less all applicable withholdings for taxes.

### **2.3 Effect of the Arrangement**

- (a) Immediately upon the completion of the exchange provided for in Section 2.2(b):
  - (i) the holders of such Technicoil Shares immediately before the Effective Time shall cease to be the holders of such Technicoil Shares and to have any rights as holders of such Technicoil Shares;
  - (ii) such holders' names shall be removed from the register of Technicoil Shares maintained by or on behalf of Technicoil; and
  - (iii) Essential shall be deemed to be the transferee of such Technicoil Shares (free and clear of any Encumbrances) and shall be entered in the register of Technicoil Shares maintained by or on behalf of Technicoil as the Holder of such Technicoil shares.
- (b) Immediately upon the completion of the surrender provided for in Section 2.2(c), the Technicoil Options so surrendered and transferred shall be deemed to be cancelled (without any further action on the part of the holder of the Technicoil Option, Technicoil or Essential) with effective immediately prior to the Effective Time and any agreement or certificate evidencing the right of the holder of the Technicoil Option to any such Technicoil Options shall be void and of no effect as of such time and Technicoil and Essential and their respective affiliates shall cease to have any liability in respect thereof

## **ARTICLE 3 DISSENT RIGHTS**

### **3.1 Dissent Rights**

A Technicoil Shareholder may exercise dissent rights (“**Dissent Rights**”) conferred by the Interim Order in connection with the Arrangement as contemplated by section 191 of the ABCA, as modified by the Interim Order, provided the Notice of Dissent is received by Technicoil at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Technicoil Meeting. Without limiting the generality of the foregoing, Technicoil Shareholders who duly exercise such Dissent Rights and who are ultimately determined to be entitled to be paid fair value for their Technicoil Shares by Technicoil shall be deemed to have transferred such Technicoil Shares, immediately prior to the transactions in Section 2.2, as of the Effective Time, without any further act or formality, to Essential in consideration of a payment of cash by Essential equal to such fair value. In no case shall Essential or Technicoil be

required to recognize such Technicoil Shareholders as Technicoil Shareholders at and after the Effective Time, and the names of such Technicoil Shareholders shall be removed from the register of Technicoil Shares as of the Effective Time.

## ARTICLE 4 CONSIDERATION

### 4.1 Right to Consideration

- (a) Essential shall, as soon as practicable, and in any event within three Business Days, following the later of the Effective Date and the date of deposit with the Depository of a duly completed Letter of Transmittal and the certificates representing the Technicoil Shares or other documentation as provided in the Letter of Transmittal, cause the Depository to:
  - (i) forward or cause to be forwarded by first class mail (postage prepaid) to the Holder at the address specified in the Letter of Transmittal; or
  - (ii) if requested by the Holder in the Letter of Transmittal, to make available at the Depository for pick-up by the Holder; or
  - (iii) if the Letter of Transmittal neither specifies an address nor contains a request as described in (ii), to forward or cause to be forwarded by first class mail (postage prepaid) to the Holder at the address of such holder as shown on the register of Technicoil Shares maintained by or on behalf of Technicoil;

certificates representing the number of Essential Shares issuable, and cash payable, to such Technicoil Shareholder as determined in accordance with the provisions hereof.
- (b) Each Holder entitled in accordance with Section 2.2(b) to receive Consideration shall be deemed to be the registered holder for all purposes as of the Effective Time of the number of Essential Shares to which such Holder is entitled. All dividends paid or other distributions made on or after the Effective Time on or in respect of any Essential Shares which a Holder is entitled to receive pursuant to this Plan of Arrangement, but for which a certificate has not yet been delivered to such Holder in accordance with Section 4.1(a), shall be paid or made to such Holder when such certificate is delivered to such Holder in accordance with Section 4.1(a).
- (c) Subject to Article 3, after the Effective Time, any certificate formerly representing Technicoil Shares shall represent only the right to receive Consideration pursuant to Section 4.1(a) and any dividends or other distributions to which the Holder is entitled under Section 4.1(b), and any such certificate formerly representing Technicoil Shares not duly surrendered on or prior to the Business Day prior to the sixth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature, including a claim for dividends or other distributions under Section 4.1(b), against Essential or Technicoil by a former Holder. On such date, all Essential Shares and cash to which the former Holder of such certificates was entitled shall be deemed to have been surrendered to Essential for no consideration.

#### **4.2 Fractional Shares**

No fractional shares will be issued by Essential. Where a Holder would otherwise be entitled to receive a fractional Essential Share, the number of Essential Shares to be issued to such Holder will be rounded down to the nearest whole number.

#### **4.3 Lost Certificates**

If any certificate which prior to the Effective Time represented outstanding Technicoil Shares which were exchanged pursuant to Section 2.2(b) has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depository will issue in exchange for such lost, stolen or destroyed certificate, certificates representing Essential Shares deliverable in respect thereof as determined in accordance with Section 2.2(b). When seeking such certificate and payment in exchange for any lost, stolen or destroyed certificate, the person to whom Consideration is to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Essential and its transfer agent, in such sum as Essential may direct or otherwise indemnify Essential and its transfer agent in a manner satisfactory to Essential and its transfer agent against any claim that may be made against Essential or its transfer agent with respect to the certificate alleged to have been lost, stolen or destroyed.

### **ARTICLE 5 AMENDMENT**

#### **5.1 Amendment of Plan of Arrangement**

- (a) Technicoil may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by Essential, acting reasonably (iii) filed with the Court and, if made following the Technicoil Meeting, approved by the Court, and (iv) communicated to holders of Technicoil Shares if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Technicoil at any time prior to the Technicoil Meeting (provided that Essential shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Technicoil Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Technicoil Meeting shall be effective only if (i) it is consented to by each of Technicoil and Essential (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by holders of some or all of the Technicoil Shares voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Essential, provided that it concerns a matter which, in the reasonable opinion of Essential, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Technicoil Shares or Technicoil Options.

**ARTICLE 6  
GENERAL PROVISIONS**

**6.1 Further Assurances**

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

**APPENDIX F**

**PETERS & CO. FAIRNESS OPINION**



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April 4, 2011

Technicoil Corporation  
Suite 1700, 555 – 4<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2P 3E7

**Attention: Board of Directors of Technicoil Corporation**

Dear Sirs:

Peters & Co. Limited (“**Peters & Co.**”) understands that Technicoil Corporation (“**Technicoil**”) and Essential Energy Services Ltd. (“**Essential**”) have entered into an arrangement agreement dated April 4, 2011 (the “**Arrangement Agreement**”). The Arrangement Agreement contemplates that, pursuant to a plan of arrangement (the “**Arrangement**”), Essential will acquire all of the issued and outstanding common shares of Technicoil (the “**Technicoil Shares**”), including any Technicoil Shares which become outstanding upon the exercise of outstanding options to purchase Technicoil Shares (“**Technicoil Options**”). Pursuant to the Arrangement, holders of Technicoil Shares (the “**Technicoil Shareholders**”) shall receive for each Technicoil Share held: (i) 0.7111 of an Essential common share (“**Essential Shares**”); and (ii) \$0.80 in cash (the “**Consideration**”).

The Arrangement is subject to a number of terms and conditions which must be either satisfied or waived including, among other things: (i) the approval of the Arrangement (the “**Technicoil Arrangement Resolution**”) by at least 66 2/3% of the votes cast by holders of Technicoil Shares present in person or by proxy at a meeting of such shareholders held to approve the Technicoil Arrangement Resolution (the “**Technicoil Meeting**”); (ii) the approval of the Technicoil Arrangement Resolution by at least 66 2/3% of the votes cast by holders of Technicoil Shares and Technicoil Options, voting together as a single class at the Technicoil Meeting; (iii) the approval of the Arrangement by at least 50% of the votes cast by holders of Essential common shares (the “**Essential Arrangement Resolution**”) present in person or by proxy at a meeting of such shareholders held to approve the Essential Arrangement Resolution (the “**Essential Meeting**”); and (iv) the approval of the Arrangement by the Court of Queen’s Bench of Alberta and other regulatory, stock exchange, and third party approvals. The terms and conditions of the Arrangement will be more fully described in the joint information circular (the “**Joint Information Circular**”), which will be mailed to shareholders of Technicoil and Essential in connection with the Technicoil Meeting and Essential Meeting.

We understand that members of the board of directors (the “**Technicoil Board**”) and officers of Technicoil holding approximately 3.2% of the outstanding Technicoil Shares (on a non-diluted basis), have entered into support agreements pursuant to which they have agreed to vote the Technicoil Shares beneficially owned or controlled by them in favour of the Technicoil Arrangement Resolution.

We understand that members of the board of directors and officers of Essential holding approximately 2.6% of the outstanding Essential Shares (on a non-diluted basis), have entered into support agreements pursuant to which they have agreed to vote the Essential Shares beneficially owned or controlled by them in favour of the Essential Arrangement Resolution.

## **Fairness Opinion**

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### **Engagement of Peters & Co.**

Peters & Co. was engaged by the Special Committee of the Technicoil Board pursuant to an engagement agreement dated February 11, 2011 (the “**Engagement Agreement**”), to provide financial advisory services, including but not limited to, assistance in identifying and evaluating potential corporate transactions, discussion with potential purchasers of Technicoil. As part of such engagement, Peters & Co. was requested to prepare and provide its opinion as to the fairness (the “**Fairness Opinion**”), from a financial point of view, of the Consideration to be received by the holders of Technicoil Shares pursuant to the Arrangement.

Pursuant to the terms of the Engagement Agreement, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets, shares or options involved in the Arrangement and the Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which it considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in the Fairness Opinion. Technicoil has agreed to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use by Technicoil and the Technicoil Board of the Fairness Opinion.

The terms of the Engagement Agreement provide that Peters & Co. is to be paid fees for its financial advisory services, including fees that are contingent on the completion of the Arrangement.

### **Qualifications of Peters & Co.**

Peters & Co. is an independent, fully-integrated investment dealer headquartered in Calgary, Alberta, Canada. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a participating member of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian National Stock Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Industry Association of Canada and the Canadian Investor Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of Peters & Co., is a member of the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation and the Securities Industry and Financial Markets Association in the United States.

Peters & Co. provides investment services to institutional investors and individual private clients; employs its own sales and trading group; conducts specialized and comprehensive investment research on the oil and natural gas, infrastructure and oilfield services industries; and is an active underwriter for, and financial advisor to, companies and partnerships active in the Canadian and international energy industry. Peters & Co. and its principals have participated in a significant number of transactions involving oil and natural gas, infrastructure and oilfield services companies in Canada and internationally and have acted as financial advisors in a significant number of transactions involving evaluations of, and opinions for, private and publicly-traded companies and limited partnerships.

The opinion expressed herein is the opinion of Peters & Co. as a firm. The form and content of the Fairness Opinion have been reviewed and approved for release by certain senior corporate finance partners of Peters & Co., all of whom are experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

### **Relationship of Peters & Co. with Interested Parties**

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Technicoil or Essential. Neither Peters & Co. nor any of its affiliates is acting as an advisor to Technicoil in connection with any matter, other than acting as a financial advisor to Technicoil as described above.

## **Fairness Opinion**

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Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of Technicoil and/or Essential from time to time and has executed, or may execute, transactions in the securities of Technicoil and/or Essential for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its clients on investment matters, including the Technicoil Shares and the Arrangement. There are no understandings or agreements between Peters & Co., Technicoil and/or Essential with respect to any future business dealings.

### **Scope of Review**

In connection with rendering our Fairness Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

- (i) the Arrangement Agreement;
- (ii) the Audited Financial Statements and Management's Discussion and Analysis of Technicoil for the years ended December 31, 2010 and 2009, together with the notes thereto and the Auditors' Report thereon;
- (iii) the Annual Information Form of Technicoil dated March 14, 2011 for the year ended December 31, 2010;
- (iv) the Management Information Circular of Technicoil dated April 1, 2010 for the annual meeting of shareholders of Technicoil held on May 18, 2010;
- (v) the Audited Financial Statements and Management's Discussion and Analysis of Essential for the years ended December 31, 2010 and 2009, together with the notes thereto and the Auditors' Report thereon;
- (vi) the Annual Information Form of Essential dated March 8, 2011 for the year ended December 31, 2010;
- (vii) the Management Information Circular of Essential dated March 21, 2011 for the annual meeting of shareholders of Essential to be held on May 12, 2011;
- (viii) the internal budgets of Technicoil and Essential for the year ended December 31, 2011;
- (ix) information obtained in various discussions with senior management of Technicoil and Essential with respect to, among other things, the business, financial position, operations and future prospects of Technicoil and Essential, including views as to the outlook for Technicoil and Essential given the current and expected economic environment; and
- (x) certain other confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of Technicoil and Essential.

In addition to the information detailed above, Peters & Co. has:

- (i) reviewed and considered capital market conditions, both current and expected, for oilfield services companies in general, and for Technicoil and Essential specifically;
- (ii) reviewed the operating and financial performance and business characteristics of Technicoil relative to the performance of select relevant Canadian oilfield services companies;

## **Fairness Opinion**

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- (iii) received representations contained in certificates addressed to us from certain senior officers of Technicoil and Essential as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and
- (iv) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered necessary and appropriate in the circumstances.

Peters & Co. was granted access by Technicoil and Essential to their respective senior management groups and was, to the best of our knowledge, provided with all material information.

## **Assumptions and Limitations**

The Fairness Opinion is rendered on the basis of capital market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Technicoil and Essential as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of Technicoil and Essential. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the “**Information**”) obtained by it from public sources or received from Technicoil and Essential and its consultants or advisors or otherwise pursuant to our engagement, and the Fairness Opinion is conditional upon such completeness, accuracy and fairness. Subject to the exercise of our professional judgment, and except as expressly described herein, Peters & Co. has not attempted to verify independently the accuracy or completeness of any such Information.

The Arrangement will be subject to a number of conditions outside the control of Technicoil and Essential and we have assumed that all conditions precedent to the completion of the Arrangement can be satisfied in due course and in a reasonable amount of time and that all consents, permissions, exemptions or orders of regulatory authorities will be obtained, without adverse conditions or qualifications. In tendering the Fairness Opinion, we express no views as to the likelihood that the conditions with respect to the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the timeframe indicated in the Arrangement Agreement. The Fairness Opinion does not constitute a recommendation as to whether any holders of Technicoil Shares should vote their shares in favour of the Arrangement.

Certain senior officers of Technicoil and Essential have represented to us in certificates from Technicoil and Essential that, among other things, the Information provided to us on behalf of Technicoil and Essential is complete and correct at the date the Information was provided, and that since the date of the provision of the Information, there has been no material change, financial or otherwise, in the financial condition of Technicoil or Essential and their subsidiaries (taken as a whole) or their respective assets, liabilities (contingent or otherwise), business or operations (on a consolidated basis) and there has been no change of any material facts which is of a nature so as to render the Information, taken as a whole, untrue or misleading in any material respect. With respect to any financial forecasts and projections provided to Peters & Co. and used in our analyses, we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgments of the senior management of Technicoil and Essential, respectively, as to the matters covered thereby, and in rendering our Fairness Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

## **Fairness Opinion**

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### **Fairness Opinion and Reliance**

Based upon our analyses and subject to all of the foregoing, Peters & Co. is of the opinion that, as of the date hereof, the Consideration to be received by holders of Technicoil Shares pursuant to the Arrangement is fair, from a financial point of view, to the holders of Technicoil Shares.

This Fairness Opinion may be relied upon by the Technicoil Board solely for the purposes of considering the Arrangement and the Technicoil Board's recommendation to the holders of Technicoil Shares with respect to the Arrangement and may not be published, reproduced, disseminated, quoted from, or referred to, in whole or in part, or be used or relied upon by any other person, or for any other purpose, without our express prior written consent.

Yours truly,

signed "*Peters & Co. Limited*"

**PETERS & CO. LIMITED**

**APPENDIX G**

**WELLINGTON WEST FAIRNESS OPINION**

April 4, 2011

The Board of Directors  
Essential Energy Services Ltd.  
Livingston Place West  
Suite 1100, 250-2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 0C1

Dear Sirs:

We understand that Essential Energy Services Ltd. (“Essential” or the “Company”) has entered into an arrangement agreement dated April 4, 2011 (the “Arrangement Agreement”) with Technicoil Corporation (“Technicoil”) pursuant to which Essential will acquire, in accordance with a plan of arrangement (the “Arrangement”) pursuant to the Business Corporations Act (Alberta), all of the issued and outstanding common shares of Technicoil (the “Technicoil Shares”) including all Technicoil Shares which will become outstanding on the exercise of any unexercised Technicoil Share options to acquire Technicoil Shares. Under the terms of the Arrangement, each holder of a Technicoil Share will receive \$0.80 in cash and 0.7111 of a common share of Essential (“Essential Shares”) for each Technicoil Share held (collectively, the “Consideration”). Completion of the Arrangement will be subject to a number of terms and conditions which must either be satisfied or waived including, among other things, approval of not less than 66 2/3% of the Technicoil Shares voted by Technicoil Shareholders at the special meeting of Technicoil Shareholders to be held to consider the Arrangement, the granting of the final order of the Court of Queen’s Bench of Alberta in respect of the Arrangement, and receipt of all other consents and approvals. The terms and conditions of the Arrangement are more fully described in the Joint Information Circular of Essential and Technicoil to be dated May 4, 2011 (the “Information Circular”).

We understand that pursuant to agreements to vote (the “Technicoil Support Agreements”), certain Technicoil Shareholders, including certain of the officers and board of directors of Technicoil have agreed to vote their Technicoil Shares in favour of the Arrangement.

## **ENGAGEMENT**

The Board of Directors of Essential (the “Board of Directors”) has retained Wellington West Capital Markets Inc. (“WWCM”) pursuant to an engagement agreement dated April 1, 2011 (the “Engagement Agreement”) to provide its opinion (the “Fairness Opinion”) with respect to the fairness of the consideration to be paid by Essential pursuant to the Arrangement, from a financial point of view, to the holders of Essential Shares.

The terms of the Engagement Agreement provide that WWCM is to be paid a fee for its services for rendering this Fairness Opinion. In addition, WWCM is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Essential in certain circumstances. The fees payable to WWCM are not contingent in whole or in part upon the completion of the Arrangement or on the conclusions reached in the Fairness Opinion.

Under the terms of the Engagement Agreement, WWCM has consented to the inclusion of the text and description of the Fairness Opinion in the Information Circular, provided that the Information Circular is provided to WWCM and the disclosure therein relating to WWCM and the Fairness Opinion is approved by WWCM.

We understand that the Arrangement is not subject to the formal valuation requirements under applicable policies of corporate or securities regulatory authorities. Accordingly, we have not been engaged to provide a formal valuation of the Company or its principal assets or of the common shares of the Company or Technicoil and this Fairness Opinion should not be construed as such. We have, however, conducted such analyses, investigation, research, and testing of assumptions as were considered by us to be necessary in the preparation of this Fairness Opinion.

#### **CREDENTIALS OF WELLINGTON WEST CAPITAL MARKETS INC.**

WWCM is a Canadian investment dealer with a sales, trading, research and corporate finance focus providing services for both institutional investors and corporations. WWCM was founded in 2004 and is a member of the Toronto Stock Exchange, the TSX Venture Exchange, the Investment Industry Regulatory Organization of Canada ("IIROC"), and the Canadian Investor Protection Fund. WWCM has participated in many transactions involving both public and private companies.

The Fairness Opinion expressed herein represents the opinion of WWCM and the form and content thereof have been approved for release by a committee of directors and other professionals of WWCM, each of whom is experienced in mergers, business combinations, divestitures, valuations and fairness opinion matters.

#### **RELATIONSHIP OF WELLINGTON WEST TO ESSENTIAL AND TECHNICOIL**

None of WWCM, its associates or affiliates, is an insider, associate, affiliate or related entity (as those terms are defined in the Securities Act (Alberta)) of Essential, Technicoil or any of their respective associates or affiliates (collectively, "Interested Parties"). WWCM is not an advisor or independent valuator to any person or company other than to the Board of Directors with respect to the Arrangement. WWCM has not been engaged to provide any financial advisory services nor has it participated in any financings involving Essential, Technicoil or any of their respective affiliates or associates, within the past 24 months, other than (i) services provided pursuant to the Engagement Agreement and (ii) the trust unit equity financing of Essential Energy Services Trust, the predecessor to Essential, which closed on March 31, 2010. There are no understandings, agreements or commitments between WWCM and Essential, Technicoil or any other Interested Party, with respect to any future business dealings.

WWCM may, in the ordinary course of its business, provide financial advisory or investment banking services to Essential and Technicoil. In addition, during the ordinary course of business, WWCM may actively trade common shares and other securities of Essential and Technicoil for its own account and for the accounts of WWCM's clients and, accordingly, may at any time hold a long or short position in such securities. As an investment dealer, WWCM conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including those related to any of Essential, Technicoil or the Arrangement.

#### **SCOPE OF REVIEW**

In connection with our Fairness Opinion, we have reviewed and relied upon (without attempting to verify independently the completeness or accuracy of), or carried out review and analyses, among other things, the following:

- i. the Arrangement Agreement;
- ii. a draft of the Information Circular with respect to the Arrangement to be dated May 4, 2011;
- iii. the audited financial statements of Essential for the years ended December 31, 2010 and December 31, 2009 together with the notes thereto and the auditor's report thereon, and the accompanying management's discussion and analysis;

- iv. the unaudited financial statements of Essential Energy Services Trust for the three month periods ended March 31, 2010 and March 31, 2009, together with the notes thereto and the accompanying management's discussion and analysis;
- v. the unaudited financial statements of Essential for the three and six month periods ended June 30, 2010 and June 30, 2009, together with the notes thereto and the accompanying management's discussion and analysis;
- vi. the unaudited financial statements of Essential for the three and nine month periods ended September 30, 2010 and September 30, 2009, together with the notes thereto and the accompanying management's discussion and analysis;
- vii. the Annual Information Form of Essential for the year ended December 31, 2010 and dated March 8, 2011;
- viii. the Information Circular and Form of Proxy of Essential dated March 21, 2011;
- ix. discussions with management of Essential with regard to, among other things, the business, operations, quality of assets and future potential of Essential;
- x. certain internal information made available by Essential concerning the business, operations, assets, liabilities, and prospects of Essential prepared by management of Essential;
- xi. the audited financial statements of Technicoil for the years ended December 31, 2010 and December 31, 2009 together with the notes thereto and the auditor's report thereon, and the accompanying management's discussion and analysis;
- xii. the unaudited financial statements of Technicoil for the three month periods ended March 31, 2010 and March 31, 2009, together with the notes thereto and the accompanying management's discussion and analysis;
- xiii. the unaudited financial statements of Technicoil for the three and six month periods ended June 30, 2010 and June 30, 2009, together with the notes thereto and the accompanying management's discussion and analysis;
- xiv. the unaudited financial statements of Technicoil for the three and nine month periods ended September 30, 2010 and September 30, 2009, together with the notes thereto and the accompanying management's discussion and analysis;
- xv. the Annual Information Form of Technicoil for the year ended December 31, 2010 and dated March 14, 2011;
- xvi. the Management Information Circular and Form of Proxy of Technicoil dated April 1, 2010;
- xvii. discussions with management of Technicoil with regard to, among other things, the business, operations, quality of assets and future potential of Technicoil;
- xviii. certain internal information made available by Technicoil concerning the business, operations, assets, liabilities, and prospects of Technicoil prepared by management of Technicoil;
- xix. public information (including corporate presentations and that information prepared by industry research analysts) related to the business, operations, financial performance and trading history of Essential and Technicoil and other selected energy services companies, as we considered relevant;
- xx. public information of other transactions of a comparable nature considered by us to be relevant;
- xxi. representations contained in certificates addressed to us from senior officers of Essential and Technicoil as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and

- xxii. such other corporate, industry and financial markets information, investigations and analyses as WWCM considered necessary or appropriate in the circumstances.

WWCM has not, to the best of its knowledge, been denied access by Essential or Technicoil to any information requested by us.

Our Fairness Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada but that organization was not involved in the preparation of our Fairness Opinion.

## **ASSUMPTIONS AND LIMITATIONS**

WWCM has not been asked to prepare and has not prepared a formal valuation or appraisal of the securities or assets of Essential, Technicoil, or any of their respective associates or affiliates, and this opinion should not be construed as such. We have, however, conducted such analyses necessary in the circumstances. In addition, this Fairness Opinion is not, and should not be construed as, advice to the price at which common shares of Essential, after giving effect to the Arrangement, may trade at a future date. The Arrangement is subject to a number of conditions outside the control of Essential and we have assumed that all conditions precedent to the completion of the Arrangement can be satisfied in due course and all consents, permissions, exemptions or orders of relevant regulatory authorities will be obtained, without adverse conditions or qualification. In rendering this Fairness Opinion we express no view as to the likelihood that the conditions respecting the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the time frame indicated in the Information Circular. WWCM was similarly not engaged to review any legal, tax or accounting aspects of the Arrangement.

With the Board of Directors' approval and as provided for in the Engagement Agreement, WWCM has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions or representations obtained by it from public sources, and senior management of Essential and Technicoil and their respective consultants and advisors (collectively, the "Information"). The Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information. In rendering this Fairness Opinion, we have assumed that there are no undisclosed material facts relating to Essential or Technicoil or their businesses, operations, capital or future prospects. Any changes therein may affect the Fairness Opinion and, although we reserve the right to change or withdraw the Fairness Opinion in such an event, we disclaim any obligation to advise any person of any change that may come to our attention or to update the Fairness Opinion after today.

Senior officers of the Company and Technicoil have represented to WWCM in a certificate, among other things, that (i) the Information provided orally by, or in the presence of, an officer or employee of the Company or in writing by the Company to WWCM relating to the Company or the Arrangement for the purpose of preparing this Fairness Opinion was, at the date the Information was provided to WWCM, and is, except as has been disclosed in writing to WWCM, complete, true and correct in all material respects, and did not and does not contain any untrue statement of material fact (as such term is defined in the Securities Act (Ontario) the ("Act")) in respect of the Company or the Arrangement, necessary to make the information not misleading in light of the circumstances under which the Information was made or provided; and (ii) since the dates on which the Information was provided to WWCM, except as disclosed in writing to WWCM, there has been no material change (as such term is defined in the Act), financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion.

The Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Essential

and Technicoil, and their respective subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to WWCM in discussions with management of Essential and Technicoil. In its analyses and in preparing the Fairness Opinion, WWCM made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of WWCM or any party involved in the Arrangement.

The Fairness Opinion has been provided for the use of the Board of Directors and may not be used by any other person or relied upon by any other person other than the Board of Directors without the express prior written consent of WWCM. The Fairness Opinion is not intended to be, and does not constitute, recommendation to purchase or sell Essential Shares or a recommendation to vote in favour of the Arrangement. The Fairness Opinion is given as of the date hereof, and WWCM disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to WWCM's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, WWCM reserves the right to change, modify or withdraw the Fairness Opinion.

#### **FAIRNESS ANALYSIS**

In rendering this Fairness Opinion, WWCM has considered and performed a variety of financial analyses. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant assumptions and methods of financial analysis and the application of these methods to the particular circumstances and, therefore, a fairness opinion is not necessarily susceptible to partial analysis or summary description. Qualitative judgments were made based upon WWCM's assessment of the surrounding factual circumstances relating to the Arrangement and WWCM's analysis of such factual circumstances in its best judgment. Any attempt to select portions of WWCM's analysis or of the factors considered, without considering all of the analysis employed and factors considered, would likely create an incomplete and misleading view of the process underlying this Fairness Opinion. This Fairness Opinion should be read in its entirety.

#### **FAIRNESS CONCLUSION**

Based upon and subject to the foregoing, WWCM is of the opinion that, as of the date hereof, the consideration to be paid by Essential pursuant to the Arrangement is fair, from a financial point of view, to the holders of Essential Shares.

Yours very truly,

A handwritten signature in blue ink that reads "Wellington West Capital Markets Inc." in a cursive script.

WELLINGTON WEST CAPITAL MARKETS INC.

**APPENDIX H**

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**ESSENTIAL ENERGY SERVICES LTD.**  
**PRO-FORMA CONSOLIDATED BALANCE SHEET**  
**AS AT DECEMBER 31, 2010**  
*(unaudited)*

<i>(Thousands)</i>	Essential Energy Services Ltd.	Technicoil Corporation	Pro-forma Adjustments	Notes	Pro-forma Consolidated
<b>Assets</b>					
Current assets					
Cash	\$ 2,392	\$ 837	\$ (3,229)	2(e)	\$ -
Accounts receivable	40,111	26,011	-		66,122
Inventory	10,587	1,593	-		12,180
Prepaid expenses and deposits	2,783	536	-		3,319
	55,873	28,977	(3,229)		81,621
Property and equipment	127,039	75,215	-	2(a)	202,254
Intangible assets	3,122	-	-	2(a)	3,122
Unallocated consideration transferred	-	-	99,246	2(a)	99,246
Future income tax asset	1,018	-	-		1,018
	\$ 187,052	\$ 104,192	\$ 96,017		\$ 387,261
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 23,451	\$ 14,627	\$ 6,705	2(b)	\$ 44,783
Current portion of long-term debt	-	-	11,696	2(f)	11,696
Income taxes payable	-	3,131	-		3,131
	23,451	17,758	18,401		59,610
Long-term debt	-	-	48,454	2(c - f)	48,454
Future income tax liabilities	194	10,550	-	2(a)	10,744
	23,645	28,308	66,855		118,808
<b>Shareholders' Equity</b>					
Share capital	279,762	51,570	(51,570)	2(g)	
			111,751	2(g)	391,513
Contributed surplus	7,843	2,197	(2,197)	2(g)	7,843
Retained earnings (accumulated deficit)	(124,566)	22,117	(22,117)	2(g)	
			(6,705)	2(b)	(131,271)
Equity attributable to shareholders	163,039	75,884	29,162		268,085
Non-controlling interest	368	-	-		368
	163,407	75,884	29,162		268,453
	\$ 187,052	\$ 104,192	\$ 96,017		\$ 387,261

See accompanying notes to the unaudited pro-forma consolidated financial statements.

**ESSENTIAL ENERGY SERVICES LTD.**  
**PRO-FORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
*(unaudited)*

<i>(Thousands)</i>	Essential Energy Services Ltd.	Technicoil Corporation	Pro-forma Adjustments	Notes	Pro-forma Consolidated
Revenue	\$ 166,601	\$ 94,591	\$ -		\$ 261,192
Operating expenses	125,644	65,497	-		191,141
	40,957	29,094	-		70,051
Expenses					
General and administrative	11,950	3,409	-		15,359
Share-based compensation	1,169	1,979	(1,979)	3(c)	1,169
Depreciation and amortization	18,675	8,740	-	3(a,b)	27,415
Interest on long-term debt	663	445	2,265	3(d)	3,373
Gain on disposal of assets	(259)	(97)	-		(356)
Loss on foreign currency translation	30	-	-		30
Earnings before income taxes and non-controlling interest	8,729	14,618	(286)		23,061
Income tax expense					
Current	-	3,131	-		3,131
Future	3,999	1,395	(566)	3(e)	4,828
Earnings before non-controlling interest	4,730	10,092	280		15,102
Loss attributable to non-controlling interest	(13)	-	-		(13)
Net earnings loss attributable to shareholders	\$ 4,743	\$ 10,092	\$ 280		\$ 15,115
Net earnings per share					
Basic and diluted	\$0.07	\$0.14			\$0.13
Weighted average shares outstanding:					
Basic	68,546,244	72,691,898		3(f)	120,282,691
Diluted	69,057,777	74,064,913		3(f)	120,794,224

See accompanying notes to the unaudited pro-forma consolidated financial statements.

**ESSENTIAL ENERGY SERVICES LTD.**  
**NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**1. BASIS OF PRESENTATION**

On April 4, 2011, Essential Energy Services Ltd. ("Essential") and Technicoil Corporation ("Technicoil") entered into a definitive arrangement agreement (the "Agreement") providing for the combination of their businesses (the "Combination"). The combination will be completed by way of a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement"). The accompanying unaudited pro-forma consolidated financial statements of Essential have been prepared for the inclusion in the Joint Management Information Circular dated May 4, 2011, in connection with the shareholder meetings of Essential and Technicoil to approve the Arrangement. The unaudited pro-forma consolidated financial statements have been prepared by management of Essential ("Management") to give effect to the proposed Arrangement.

The unaudited pro-forma consolidated financial statements have been prepared from Essential's and Technicoil's audited consolidated financial statements as at December 31, 2010 and for the year then ended and other supplementary information to reflect the acquisition of Technicoil by Essential. These unaudited pro-forma consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Essential and Technicoil for the year ended December 31, 2010, including the notes thereto, which are specifically incorporated by reference in this Joint Information Circular and can be found at [www.sedar.com](http://www.sedar.com).

Accounting policies used in the preparation of the unaudited pro-forma consolidated financial statements are in accordance with those used in the preparation of the audited consolidated financial statements for Essential for the year ended December 31, 2010. In the opinion of Management, the unaudited pro-forma consolidated financial statements include all the adjustments necessary for fair presentation in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Additionally, Essential's financial statements in the period of acquisition will be prepared in accordance with International Financial Reporting Standards rather than in accordance with Canadian GAAP.

The unaudited pro-forma consolidated balance sheet gives effect to the transactions outlined in Note 2 as if they occurred on December 31, 2010. The preliminary allocation of the consideration transferred to working capital, property and equipment, future tax liabilities and long-term debt is based on preliminary valuation data and these estimates and assumptions may change by a material amount. Any changes in the final determination of the fair value of the net assets of Technicoil will change the final purchase price allocation used to account for this transaction. The unaudited pro-forma consolidated statement of operations for the year ended December 31, 2010 gives effect to the transactions outlined in Note 3 as if they occurred on January 1, 2010.

The unaudited pro-forma consolidated financial statements may not necessarily be indicative of the financial results or operations that would have occurred if the acquisition and related events reflected herein and described in Notes 2 and 3 to the unaudited pro-forma consolidated financial statements had occurred on the assumed dates or the results that may be obtained in future periods. In preparing these unaudited pro-forma consolidated financial statements, no adjustments have been made to reflect the synergies and related cost savings and restructuring and integration costs that may result from combining the operations and administration of Essential and Technicoil.

All amounts are expressed in Canadian dollars.

## 2. PRO-FORMA CONSOLIDATED BALANCE SHEET ASSUMPTIONS AND ADJUSTMENTS

The proposed combination of Essential and Technicoil is detailed in the Arrangement. The Arrangement must be approved by (i) not less than 66-2/3% of the votes cast by the Technicoil Shareholders and Technicoil Optionholders, voting together as a single class, present in person or by proxy, and (ii) not less than 66-2/3% of the votes cast by the Technicoil Shareholders present in person or by proxy, at the Technicoil Shareholder meeting to consider the proposed combination. Completion of the Arrangement is also conditional upon approval by not less than 50% of the votes cast by Essential Shareholders present in person or by proxy at the Essential Shareholder meeting to consider the proposed combination.

Under the Arrangement, Essential will acquire all of the outstanding shares of Technicoil ("Technicoil Shares"). For the purposes of these unaudited pro-forma consolidated financial statements, the number of outstanding Technicoil Shares is considered to be 72,755,515 based on the shares outstanding as at April 29, 2011. The 3,869,999 Technicoil options outstanding as at April 29, 2011 were deemed to be settled for cash. Each Technicoil Share will be exchanged for 0.7111 shares of Essential ("Essential Shares"), resulting in the issuance of 51,736,447 Essential Shares, and \$0.80 in cash, for an estimated total consideration of \$170 million based on the closing price of Essential Shares on April 29, 2011.

The Arrangement will be accounted for using the acquisition method, with Essential being the acquirer for accounting purposes, whereby the assets and liabilities are recorded at their fair values with the excess of the aggregate consideration over the fair value of the identifiable net assets allocated to goodwill, if applicable.

The fair values of the net assets acquired and liabilities assumed will be finalized subsequent to the closing of the transaction. The consideration paid for Technicoil will be subject to further refinement as the share component of the purchase price is dependent on Essential's share price at the time of closing. Additionally the allocation of the consideration transferred will be subject to further adjustments as certain cost estimates are realized and tax balances finalized.

For purposes of preparing the unaudited pro-forma consolidated balance sheet, the market value of the Essential Shares issued was determined based on the closing share price on April 29, 2011. The estimated consideration transferred has been allocated to Technicoil's net assets acquired and liabilities assumed based on the estimated fair values at December 31, 2010 as follows:

Consideration:

(000's)

Market value of Essential Shares issued	\$	111,751
Cash paid on closing (note 2(f))		58,204
	\$	<b>169,955</b>

Net assets acquired and liabilities assumed:

(000's)

Net working capital (including cash of \$837)	\$	11,219
Property and equipment		75,215
Unallocated consideration transferred		99,246
Long-term debt (note 2(c))		(5,175)
Future income tax liabilities		(10,550)
	\$	<b>169,955</b>

The following pro-forma adjustments have been made to the unaudited pro-forma consolidated balance sheet to reflect Essential's acquisition of Technicoil assuming the Arrangement occurred on December 31, 2010:

- (a) At the time of preparation of the unaudited pro-forma consolidated financial statements Essential had not determined the fair value of the net assets acquired or related future income tax impacts. Accordingly, for the purposes of the unaudited pro-forma consolidated financial statements in applying the acquisition method of accounting, the excess of the consideration transferred over the estimated fair value of the net assets acquired has been allocated to "unallocated consideration transferred". Essential expects that some of the unallocated consideration transferred will be allocated to property and equipment, intangible assets, goodwill, and related future income tax balances. Some property and equipment and intangible assets are expected to be finite-lived and accordingly subject to amortization. Management expects that the actual amount assigned to the fair values of the identifiable assets and liabilities acquired will result in changes to earnings in periods subsequent to the Technicoil acquisition and that those changes could be material.
- (b) The estimated transaction costs of \$2.6 million incurred by Essential and the estimated transaction costs of \$4.1 million incurred by Technicoil have been included in accounts payable.
- (c) In conjunction with the transaction, 3,869,999 Technicoil share options were deemed to have been settled for cash of \$5.2 million, prior to the exchange for Essential Shares. The cash required to settle the Technicoil share options will be based on the weighted average closing price of a Technicoil Share for the five trading day period prior to the time of closing. For the purposes of preparing the unaudited pro-forma consolidated financial statements, the closing share price of Technicoil on April 29, 2011 was used to determine the cash settlement amount, and has been included as an increase in long-term debt.
- (d) The cash paid on closing of \$58.2 million has been included as an increase in long-term debt.
- (e) The existing cash positions of Essential (\$2.4 million) and Technicoil (\$0.8 million) were considered to be used as repayments on the long-term debt.
- (f) The current portion of long-term debt, calculated using the terms in Essential's current credit facility, has been reclassified to current liabilities. The pro-forma adjustments to long-term debt from (c) to (e) are as follows:

Settlement of Technicoil options	(c)	\$	5,175
Cash paid on closing	(d)		58,204
Repayment on long-term debt	(e)		(3,229)
Total long-term debt			60,150
Current portion	(f)		(11,696)
Long-term portion		\$	48,454

- (g) The increase in Essential's share capital of \$111.8 million represents the market value of issuing 51,736,447 Essential Shares based on the closing price of Essential on April 29, 2011 as consideration for the acquisition of the outstanding Technicoil Shares. The other components of Technicoil's shareholders' equity, consisting of share capital, contributed surplus and retained earnings, have been removed. The pro-forma adjustments to Essential Shares from December 31, 2010 are as follows:

	Number of Essential Shares		Amount (000's)
Balance at December 31, 2010	71,443,294	\$	279,762
Essential shares issued on Technicoil acquisition	51,736,447		111,751
Balance per Unaudited Pro-forma Consolidated Balance Sheet	<b>123,179,741</b>	<b>\$</b>	<b>391,513</b>

- (h) Following the completion of the Arrangement, the net assets, liabilities and operations of Technicoil's operating entities will be combined with Essential's operating entities and continue as Essential Energy Services Ltd.

### **3. PRO-FORMA CONSOLIDATED STATEMENT OF OPERATIONS ASSUMPTIONS AND ADJUSTMENTS**

The unaudited pro-forma consolidated statement of operations for the year ended December 31, 2010 has been prepared to reflect the combined operations of Essential and Technicoil assuming the Arrangement was completed on January 1, 2010, based on the purchase price allocation as detailed in Note 2.

The unaudited pro-forma consolidated statement of operations for the year ended December 31, 2010 has been adjusted as follows:

- (a) For the purpose of these statements, the consideration transferred has not been allocated and as a result no change to depreciation expense has been recorded in these statements.
- (b) For the purpose of these statements, the consideration transferred has not been allocated and as a result no change to amortization expense associated with intangibles has been recorded in these statements.
- (c) Share-based compensation related to Technicoil share options has been reduced to \$nil to reflect the cash settlement of all outstanding Technicoil share options at closing.
- (d) Interest expense has increased by \$2.3 million, based on the average interest rate for Essential during 2010, to reflect the additional long-term debt net of existing cash positions, required to fund the cash portion of the consideration paid to Technicoil shareholders and the cash settlement of outstanding Technicoil share options.
- (e) Future income taxes related to the above pro-forma adjustments have been calculated using an effective tax rate of 25%.
- (f) The pro-forma basic and diluted weighted average number of Essential Shares outstanding for the year ended December 31, 2010 are 120,282,291 and 120,794,224, respectively, including 51,736,447 Essential Shares issued in connection with the Arrangement, with the Arrangement assumed to have been completed at the beginning of the year.
- (g) The estimated transaction costs of \$2.6 million incurred by Essential and \$4.1 million incurred by Technicoil have been excluded from the unaudited pro-forma consolidated statement of operations on the basis that these amounts are non-recurring and not indicative of normal operating costs.

## **APPENDIX I**

### **SECTION 191 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)**

#### **Shareholder's right to dissent**

**191(1)** Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under section 184 or 187,
- (d) be continued under the laws of another jurisdiction under section 189, or
- (e) sell, lease or exchange all or substantially all its property under section 190.

**(2)** A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

**(3)** In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

**(4)** A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

**(5)** A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

**(6)** An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or
- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

- (a) be made on the same terms, and
- (b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

**(14)** On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

**(15)** Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

**(16)** Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

**(17)** The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

**(18)** If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

**(19)** Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

**(20)** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

## APPENDIX J

### INFORMATION CONCERNING TECHNICOIL

#### TABLE OF CONTENTS

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

#### General

Technicoil is a Calgary-based oil and natural gas services company operating in the western Canadian sedimentary basin ("**WCSB**"). Technicoil's business is conducted through two segments: well servicing and drilling. The well servicing segment is comprised of 17 coil tubing service rigs and nine conventional service rigs. The drilling segment is comprised of five hybrid drilling rigs.

#### *Well Servicing*

The well servicing segment provides coil tubing and conventional service rigs to the WCSB. Well servicing is the largest segment of Technicoil. The key performance indicators for this segment include rig utilization, revenue and gross margin percentage. At December 31, 2010, Technicoil had a modern rig fleet comprised of 17 masted coil tubing service units and nine conventional service units, with an average age of approximately five years. The operational footprint of the well servicing segment spans the key resource plays in the WCSB from north-eastern British Columbia to south-western Manitoba.

#### *Coil Tubing Service Rig Fleet*

Technicoil's coil tubing service rigs are capable of performing a broad array of services. These services include "rigless" completions on new oil and natural gas wells, such as the setting of plugs and shooting perforations, stimulation services such as acidizing, well clean-outs, and fracturing through coil operations. Technicoil's masted coil tubing rigs have provided oil and natural gas companies with an efficient and safe alternative to a traditional conventional service rig providing such services. In addition, these rigs are utilized in steam assisted gravity drainage ("**SAGD**") drilling support operations.

Technicoil's high capacity masted coil tubing units are actively deployed in the key resource plays across the WCSB, including the Shaunovan, Cardium and the Bakken oil plays, the Montney and Horn River gas plays, and the oil sands.

#### Well Completion Operations

Technicoil's coil tubing units are commonly used for the completion of deep horizontal wellbores. Often these wellbores require multiple zones to be perforated and subsequently fractured before the reservoir is capable of producing. With the continued development and technology of bottom-hole assemblies ("**BHA**"), Technicoil's coil tubing units are capable of fracturing multiple zones in a horizontal well in a more time and cost effective manner than conventional service rigs. These benefits are accomplished through the use of a combination perforating gun and isolation plug BHA. The isolation plug is first set and pressure tested at a targeted depth prior to hydraulically firing the perforating gun to perforate the targeted zone. The coil is retracted from the wellbore and the zone is fractured. This process is repeated multiple times until all target zones are perforated and fractured. Using the coil tubing, a drilling motor and bit are run in the hole and the isolation plugs for all zones are subsequently milled out enabling each interval to produce to surface.

## SAGD Drilling Support Operations

Technicoil also deploys its coil tubing service rigs in SAGD drilling operations. By equipping the coil with electrical line services, or "e-line", Technicoil is able to transmit a signal via a magnetic guidance tool attached to the end of the e-line to the drilling operator to guide the drilling of the producing well pair.

## Pumping Services

Technicoil commenced pumping operations in the first quarter of 2011. The pumping equipment will initially complement Technicoil's coil tubing service rigs in the performance of completion services, including the setting of plugs, perforations and the drill-out of plugs.

## Fracturing Through Coil Services

Technicoil's coil tubing service rigs are used by pressure pumping companies to pump high-pressure fluids and sand into well bores in order to fracture a well formation. Fracturing is a form of well stimulation that is used to create fractures in well formations to allow hydrocarbons to flow. Fracturing overcomes low permeability by creating new flow channels or enlarging old ones and involves the injection of fracturing fluid, liquid or gas into the well at a high pressure in order to split or fracture the rock.

Coil tubing service rigs enable a well with multiple producing zones to have every zone fractured in a single trip. This is due to the ability of the rigs to fracture a well while under full operating pressure when using coil tubing technology. The coil tubing forms a continuous closed loop system, with one end of the coil being attached to the high pressure pumping equipment and the bottom end of the coil being attached to the down hole equipment in the well bore. Coil tubing technology also allows the down hole equipment to be moved up and down the well bore while the well is still under full pressure, thus allowing multiple producing zones to be fractured in a single trip.

## Operational Advantages – Masted Rig Design

Technicoil's masted coil tubing rig design offers a safe and efficient platform from which to perform downhole servicing and completion operations. These rigs are well suited for use on longer reach horizontal wells requiring larger diameter coil tubing (greater than 2" in diameter). The masted rig design allows Technicoil's rigs to arrive on location, raise the mast and be ready for well operations in 30 to 40 minutes of arrival for traditional frac-through coil operations. A key distinction in comparison with other coil tubing service rigs is the injector is secured in a fixed mast rather than being suspended by a separate crane unit which often requires supporting wires to stabilize the injector above the wellhead.

The crew configuration for Technicoil's coil tubing units is generally comprised of three man crews, including a rig manager, working 12 hour shifts. Work often occurs on a 24 hour per day basis and as such, multiple crew shifts may be utilized.

Wells have traditionally been completed and fractured using conventional jointed pipe rig technology. This method involves the connection of 10 to 13 meter lengths of pipe together until the desired depth is reached. Unlike coil tubing technology, a continuous closed loop system does not exist, therefore, the well must be "shut off" prior to fracturing a zone. This is done by loading the well bore with fluid having a hydrostatic pressure that is greater than the formation pressure. This fluid prevents the gas and hydrocarbons from entering the well bore when perforating and fracturing. In addition, all zones must be isolated from each other by inserting a plug immediately below the zone to be fractured. Once the zone is fractured, the jointed pipe and down hole equipment must be removed from the well bore and then the plug is moved to the next zone to be fractured. The jointed pipe and down hole equipment will then be re-inserted into the well bore and the zone will be fractured accordingly. This process will be repeated until all the zones are fractured within the well bore. This is a very time consuming process in comparison to using coil tubing.

### *Conventional Service Rig Fleet*

Technicoil operates a modern fleet of conventional service rigs under the trade name "Storm Service Rigs" ("**Storm**"). The Storm fleet is comprised of eight free-standing mobile single rigs capable of working on Class III (sour gas) wells up to depths of 2,700 meters and one free-standing mobile double rig with a depth capacity of 4,000 meters. The rigs predominantly operate in areas north of Edmonton, Alberta, however they are capable of operating throughout the WCSB, including the oil sands. These rigs are used to provide services such as completions, workovers and maintenance on oil and natural gas wells.

Completion services involves preparing a newly drilled well for production and may involve cleaning out the well bore and the installation of production tubing, downhole equipment and wellheads. Demand for these services is tied directly to industry drilling activity levels. These services may require a few days to several weeks for each well.

Workover and well maintenance services are performed on existing wells and therefore are not directly related to industry drilling activity levels but rather to the number of producing wells. Workover services are generally provided according to preventative maintenance schedules or on a call-out basis when a well needs major repairs or modifications. These services may involve restoring or enhancing production in an existing production zone, changing to a new production zone, plugging or abandoning a well, or major subsurface repairs such as casing repairs or recovery of tubing. Workover activities may require a few days to several weeks to complete.

Well maintenance services include routine mechanical repairs such as repairing broken pumping equipment and are generally required throughout the life of a producing well. These services are typically provided more often on oil wells than natural gas wells. Well maintenance services may require a few hours to several days to complete.

Technicoil's conventional rigs generally operate in daylight hours utilizing a five person crew. The services for these rigs are billed to customers on a per hour basis and vary based on the services provided. The Storm rigs are generally contracted directly to oil and natural gas exploration companies.

### ***Drilling***

Technicoil's second business segment is oil and natural gas well drilling. This segment utilizes Technicoil's hybrid coil tubing drilling technology that was introduced in 2002. Technicoil actively markets a fleet of five hybrid drilling rigs. Since the introduction of the hybrid coil tubing rig in 2002, coil tubing quickly became the rig of choice for a number of exploration and production companies for shallow natural gas and oil well drilling in the WCSB. The majority of activity for these rigs is drilling shallow natural gas wells, heavy oil wells, and oil sands coring.

Technicoil's masted rig design incorporates both a top drive for drilling with jointed pipe and an injector, which slides fore and aft, for drilling with coil tubing. This dual purpose design allows Technicoil to drill the surface hole using conventional drilling methods and then convert quickly to coil tubing drilling to complete the well bore. Due to the lack of stiffness in the coil tubing, coil tubing is seldom used to drill surface holes. Technicoil's fleet of hybrid drilling rigs are capable of drilling to 1,600 meters with jointed pipe and 2,000 meters when drilling with coil.

There are several advantages offered by the use of coil tubing drilling technology as compared to the jointed pipe used by conventional drilling rigs. Coil tubing drilling technology allows the continued advancement of pipe without the requirement of connecting 10 to 13 meter straight sections of pipe one at a time while drilling the well bore. Not having to connect sections of pipe allows Technicoil to continuously drill, resulting in the ability to drill wells in less time than a typical conventional drilling rig. In addition, as a result of not having to connect sections of pipe together, there is no requirement to have drilling staff on the rig floor. This reduces the exposure of field staff to many of the hazards inherent in a conventional drilling environment.

There are limitations to coil tubing drilling that are mainly based on total weight and height limits for transportation and the fact that repeated bending and straightening of the coil off the reel limits the life of the coil

compared to conventional drill pipe. Due to these weight and height limits imposed on objects transported on roadways, coil tubing drilling operations have traditionally been limited to operations on wells less than 2,000 meters in depth.

Technicoil's drilling rigs operate on a 24 hour per day basis utilizing five to six person crews on eight to 12 hour shifts. These rigs are contracted directly to the oil and natural gas exploration companies and are charged out on a per day rate basis. Technicoil's drilling customers range from small private corporations to a number of large multinational companies.

### **Documents Incorporated by Reference**

Information in respect of Technicoil has been incorporated by reference in this Information Circular from documents filed with the Canadian securities regulatory authorities. Copies of the documents incorporated herein by reference may be obtained on request without charge from Technicoil at Technicoil's business office, located at 1700 Selkirk House, 555 – 4th Avenue S.W., Calgary, Alberta T2P 3E7, by telephone at (403) 509-0700 or email at [info@technicoilcorp.com](mailto:info@technicoilcorp.com). In addition, copies of the documents incorporated herein by reference may be obtained through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents of Technicoil, filed with the Canadian securities regulatory authorities, are specifically incorporated by reference into, and form an integral part of, this Information Circular:

- (a) the annual information form of Technicoil, dated March 14, 2011, for the year ended December 31, 2010;
- (b) the audited consolidated financial statements of Technicoil as at and for the years ended December 31, 2010 and 2009, together with the notes thereto and the auditors' report thereon;
- (c) management's discussion and analysis of financial condition and results of operations of Technicoil for the year ended December 31, 2010;
- (d) the material change report, dated April 8, 2011, relating to the Arrangement; and
- (e) the management information circular of Technicoil, dated April 1, 2010, relating to the annual meeting of shareholders of Technicoil held on May 18, 2010.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by Technicoil with the Canadian securities regulatory authorities subsequent to the date of this Information Circular and prior to the Effective Date will be deemed to be incorporated by reference in this Information Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.**

## Voting of Technicoil Shares and Principal Holders of Voting Securities

The authorized capital of Technicoil consists of an unlimited number of Technicoil Shares, first preferred shares and second preferred shares. As at the date of the Information Circular, 72,755,515 Technicoil Shares and no first preferred shares or second preferred shares were issued and outstanding.

Each Technicoil Share entitles the holder thereof to one vote on all matters to come before the Technicoil Meeting. The Technicoil Board has fixed May 4, 2011 as the record date for the determination of the persons entitled to receive notice of, and to vote at, the Technicoil Meeting or any adjournment thereof.

Technicoil Shareholders and Technicoil Optionholders on the Record Date are entitled to vote their Technicoil Shares or Technicoil Options, as applicable, at the Technicoil Meeting except to the extent that they have transferred the ownership of any of their Technicoil Shares after the Record Date and the transferees of those Technicoil Shares have produced properly endorsed share certificates or otherwise established that they own the Technicoil Shares and have demanded, not later than 10 days before the Technicoil Meeting, that their name be included on the shareholder list before the Technicoil Meeting, in which case the transferees are entitled to vote such Technicoil Shares at the Technicoil Meeting.

To the knowledge of the directors and executive officers of Technicoil, the only persons or corporations that beneficially own, control or direct, directly or indirectly, Technicoil Shares carrying 10% or more of the voting rights attached to all of the issued and outstanding Technicoil Shares are as follows:

<u>Name</u>	<u>Number of Shares Beneficially Owned<sup>(1)</sup></u>	<u>Percent of Shares<sup>(2)</sup></u>
William B. Wheeler <sup>(3)</sup>	7,284,300	10.0%

**Notes:**

- (1) The information as to Technicoil Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of Technicoil, has been obtained either directly from the shareholder or from the System for Electronic Disclosure by Insiders (SEDI) on May 3, 2011.
- (2) Determined on a non-diluted basis.
- (3) William Wheeler owns or controls, directly or indirectly, a total of 7,284,300 common shares of Technicoil, representing 10.0% of the issued and outstanding common shares of Technicoil. Of these shares, 4,234,000 are held by West Coast Soft Wear Ltd., 787,300 are held by Eileen Wheeler and 2,263,000 are held directly by William Wheeler.

## Consolidated Capitalization

See "Part IV — Pro Forma Information of Essential After Giving Effect to the Arrangement" for the consolidated capitalization of Technicoil and Essential after giving effect to the Arrangement.

## Prior Sales

During the 12-month period preceding the date of this Information Circular, Technicoil issued the Technicoil Shares and Technicoil Options set out below:

<u>Date</u>	<u>Type of Securities</u>	<u>Number of Securities</u>	<u>Exercise or Issue Price</u>
June 24, 2010	Technicoil Shares	6,666	\$0.45 <sup>(1)</sup>
November 17, 2010	Technicoil Options	1,059,000	\$1.25
November 29, 2010	Technicoil Shares	20,000	\$0.59 <sup>(1)</sup>
November 29, 2010	Technicoil Shares	20,000	\$0.45 <sup>(1)</sup>
December 3, 2010	Technicoil Options	40,000	\$1.30
December 9, 2010	Technicoil Shares	5,000	\$1.28 <sup>(1)</sup>
December 9, 2010	Technicoil Shares	5,000	\$0.59 <sup>(1)</sup>
December 9, 2010	Technicoil Shares	5,001	\$0.45 <sup>(1)</sup>
February 24, 2011	Technicoil Shares	10,000	\$0.45 <sup>(1)</sup>

### Note:

- (1) Technicoil Shares issued on the exercise of Technicoil Options. Price reflects the exercise price of such Technicoil Options.

## Market For Securities

The Technicoil Shares are listed for trading on the TSX under the symbol "TEC". The table below sets forth the monthly price range and volume traded for the Technicoil Shares on the TSX for the periods indicated.

	<u>High \$</u>	<u>Low \$</u>	<u>Volume</u>
<b>2010</b>			
May.....	0.84	0.55	2,010,796
June.....	0.94	0.76	1,122,416
July.....	0.91	0.76	943,597
August.....	1.00	0.80	938,143
September.....	0.94	0.83	870,765
October.....	1.24	0.90	5,648,102
November.....	1.40	1.12	4,561,862
December.....	1.56	1.28	7,348,567
<b>2011</b>			
January.....	1.87	1.36	8,337,546
February.....	2.09	1.69	7,025,618
March.....	2.45	1.75	8,224,914
April.....	2.62	1.98	11,976,173
May 1 – 4.....	2.15	2.08	603,225

## Risk Factors

An investment in the Technicoil Shares is subject to certain risks. Investors should carefully consider the risk factors described under the heading "Risk Factors" in the Technicoil AIF and the risk factors discussed throughout Technicoil's management's discussion and analysis for the year ended December 31, 2010 all of which are incorporated by reference in this Information Circular, as well as the risk factors set forth elsewhere in this Information Circular.

## **Statement of Executive Compensation**

This disclosure is intended to communicate the compensation provided to the directors and certain executive officers of Technicoil. The executive officers for whom compensation disclosure is required are referred to as the "Named Executive Officers" of Technicoil (the "**Technicoil NEOs**") and include the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**").

### ***Determining Compensation***

#### *Compensation & Corporate Governance Committee*

The Compensation and Corporate Governance Committee of Technicoil ("**C&CG Committee**") is comprised of three directors, being Mr. Roderick W. Graham (Chairman), Mr. Edward C. Grimes and Mr. Robert D. Steele. All of the members of the C&CG Committee are "independent" as that term is defined in National Instrument 58-101 — *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators ("**NI 58-101**"). The Technicoil Board, as a whole, reviews the recommendations of the C&CG Committee.

Compensation of executive officers of Technicoil, including the Technicoil NEOs, is generally recommended to the Technicoil Board by the C&CG Committee. The Technicoil Board has adopted a formal mandate for the C&CG Committee, which provides that the C&CG Committee is responsible for reviewing and recommending for approval by the Technicoil Board the compensation of the directors and officers of Technicoil. The C&CG Committee also reviews, and recommends for approval by the Technicoil Board, changes to Technicoil's compensation philosophy and the appointment of executive management.

#### *Compensation Philosophy and Objectives*

Technicoil's executive compensation program is intended to attract, motivate and retain high performing senior executives, encourage and reward superior performance and align management's interest with those of Technicoil Shareholders. This is accomplished by providing the opportunity for total compensation that is competitive with the compensation received by a group of comparable companies, by ensuring that a significant proportion of executive compensation is linked to performance and by providing executives with equity-based incentives, including pursuant to the Technicoil Option Plan.

The compensation philosophy of Technicoil incorporates a strong pay-for-performance approach by providing competitive cash compensation and benefits with upside potential that is linked directly to shareholder value creation. In general, Technicoil attempts to provide competitive pay (market averages) for achieving target or expected performance, with additional compensation when Technicoil has achieved superior performance results when compared to the business plan approved by the Technicoil Board.

#### *Benchmark Practices*

In order to meet Technicoil's objectives of providing market competitive compensation opportunities, Technicoil's compensation practices are benchmarked against compensation data from organizations of comparable size and other companies that Technicoil competes with for talent (the "**Peer Group**"). The primary Peer Group of oilfield services companies and trusts was comprised of Central Alberta Well Services Corp., IROC Energy Services Corp., Pure Energy Services Limited, Essential Energy Services Ltd. and Stoneham Drilling Trust. Complementing the Peer Group data, an industry survey conducted by Watson Wyatt Worldwide entitled "Petroleum Services Association of Canada 2010 Total Compensation Survey Report" was considered. The compensation of the Peer Group is reviewed by the C&CG Committee for its ongoing relevance to Technicoil. As part of this benchmarking process, the C&CG Committee reviews compensation data gathered from management information circulars of other publicly traded companies and from data provided by external advisors on executive compensation.

## ***Compensation Discussion and Analysis***

### ***Compensation Elements***

The executive compensation program is comprised of fixed and variable components and covers four elements: (i) a base salary; (ii) equity incentives, comprised of stock options granted pursuant to the Technicoil Option Plan; (iii) non-equity incentives, consisting of a cash bonus linked to corporate and individual performance; and (iv) other elements of compensation, including benefits and other perquisites. Each compensation component has a different function, but all elements work in concert to maximize corporate and individual performance by establishing specific, competitive operational and financial goals and by providing financial incentives to employees based on the achievement of these goals.

#### ***Base Salary***

The C&CG Committee recognizes that the size of Technicoil prohibits base salary compensation from matching larger industry competitors. Base salary is intended to be competitive with the Peer Group. In setting base compensation levels, consideration is given to objective factors, including level of responsibility, experience and expertise and to subjective factors, such as leadership, commitment and attitude.

#### ***Non-Equity Incentive Plans***

Technicoil's annual bonus plan is designed to align behaviours with objectives measured by the achievement of corporate financial and operational performance metrics recommended by the C&CG Committee and approved by the Technicoil Board. The annual bonus plan payout is determined by comparing the results of pre-determined goals against the metrics which have been established. Bonuses paid will also be determined based on subjective criteria, including Technicoil's ability to pay such bonuses. A discretionary bonus may be awarded for extraordinary contributions as recommended by the C&CG Committee and approved by the Technicoil Board.

For 2010, the key measurement criteria for the annual bonus plan were based on achieving a pre-determined EBITDA target. EBITDA, calculated as earnings before interest, taxes, depreciation and amortization, stock-based compensation, and impairment of property plant and equipment and goodwill, is considered to be a non-GAAP measure that does not have a standardized meaning prescribed by Generally Accepted Accounting Principles and therefore may not be comparable to similar measures presented by other issuers. Management believes EBITDA is useful for providing investors with a measure of results generated by the Corporation's principal business activities prior to consideration of how these activities are financed, taxed or depreciated. The measurement criteria has a minimum hurdle rate of 65% of target before the annual bonus plan is funded. Funding at a higher rate occurs for results in excess of the measurement criteria.

Each Technicoil NEO participating in the annual bonus plan is awarded "points" as recommended by the C&CG Committee and approved by the Technicoil Board upon adoption of the annual measurement criteria. All other participants in the annual bonus plan are awarded points as approved by the CEO and the CFO. The total of all points are divided in to the actual plan funding to determine the value per point earned. For 2010, the actual value per point equated to \$939. The points awarded to each Technicoil NEO for the 2010 program is summarized in the following table:

<b>NEO</b>	<b>Plan Points</b>
CEO	200
CFO	115

In 2010, Technicoil achieved record annual EBITDA of \$25.8 million, exceeding the pre-determined target by 141%.

In addition to the objective financial and operational criteria established, special consideration was given for the following key accomplishments in 2010: continued to strengthen the balance sheet, resulting in no drawings against the bank facilities as at December 31, 2010; commenced a strategic expansion of complementary pumping

services; improved upon the already strong safety record of Technicoil; and increased the market interest in Technicoil as measured by higher trading volumes of Technicoil.

The following table outlines the composition of the annual bonus earned by each Technicoil NEO:

NEO	Percentage of Bonus Earned Related to Plan Points	Percentage of Bonus Earned Related to Special Consideration
CEO	82%	18%
CFO	94%	6%

### *Equity Incentives*

The equity-based incentives of Technicoil's executive compensation program are designed to:

- increase the proprietary interest of such executive in Technicoil;
- align the interest of such executive with the interests of Technicoil Shareholders generally;
- encourage such executives to remain associated with Technicoil; and
- furnish such executives with an additional incentive in their efforts on behalf of Technicoil.

Grants of Technicoil Options are approved by the Technicoil Board, based on the recommendations of the C&CG Committee after considering the recommendations of the CEO, with the exception that any grant of Technicoil Options to the CEO is determined and approved independently of any input from him. Past grants are not considered in determining the current grants.

Technicoil Options typically vest over three years and expire after five years. See the discussion entitled "*Security Based Compensation Arrangements – Stock Option Plan*" for a description of the current Stock Option Plan.

### *Benefits and Other Perquisites*

Technicoil's executive employee benefit program includes such items as life insurance, disability, medical, dental, health and accident plans, annual paid vacation, vehicle costs and parking. Technicoil also makes contributions to Technicoil's group RRSP. These benefits and perquisites are designed to be competitive overall with equivalent positions in the Peer Group.

### *Compensation of Technicoil NEOs*

#### *Summary Compensation Table*

The following table sets forth all compensation, in Canadian dollars, earned by the Technicoil NEOs for services rendered in all capacities during the fiscal years ended December 31, 2010, December 31, 2009, and December 31, 2008.

Named executive officer and principal position	Year	Salary (\$)	Annual incentive plan <sup>(1)</sup> (\$)	All other compensation <sup>(2)</sup> (\$)	Total non-equity compensation (\$)	Option-based awards <sup>(3)</sup> (\$)	Total compensation (\$)
Marvin D. Clifton <sup>(4)</sup> President & Chief Executive Officer	2010	265,000	228,900	59,030	552,930	125,440	678,370
	2009	238,209	80,000	52,439	370,648	55,376	426,024
	2008	261,350	115,000	55,650	432,000	55,744	487,744
Robert W. Sprinkhuysen <sup>(5)</sup> Chief Financial Officer	2010	190,000	115,000	39,264	344,264	62,720	406,984
	2009	181,662	30,000	34,810	246,472	27,688	274,160
	2008	76,265	6,000	4,020	82,265	27,432	109,697

**Notes:**

- (1) All amounts disclosed under the heading "Annual incentive plan" represent payments under Technicoil's bonus plan. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Compensation Elements – Non-Equity Incentive Plans".
- (2) All other compensation includes Technicoil's payments under the group registered retirement savings plan and perquisites.
- (3) The options granted typically vest over a three-year period and expire after five years. The value of option based awards is based on the fair value of the options awarded on the grant date based on the Black-Scholes valuation model. Key assumptions used for the Black-Scholes based valuation of options includes a risk free rate based on Government of Canada bonds for the equivalent term of the option on the date of grant, average expected life of five years, no expected dividend yield and 76 percent volatility. The Black-Scholes methodology is a widely used and accepted options pricing methodology.
- (4) Amounts for 2008 for Mr. Clifton reflect his earnings as President and CEO as well as his earnings from his predecessor role with Technicoil as President and Chief Operating Officer, a position he held from December 2002 until February 1, 2008. Mr. Clifton was awarded a bonus of \$40,000 when he was appointed President and CEO in 2008. This amount is included under the heading "Salary". Mr. Clifton is a director of Technicoil but does not receive any compensation in that capacity as it is Technicoil's policy not to provide additional compensation to executive officers who serve on the Technicoil Board.
- (5) Mr. Sprinkhuysen was appointed Chief Financial Officer of Technicoil on October 8, 2008. Mr. Sprinkhuysen received a signing bonus of \$36,000, of which \$30,000 was paid in 2008 and \$6,000 was paid in January 2009. This amount is included under the heading "Salary" in 2008.

**Incentive Plan Awards — Outstanding Option-based Awards – Technicoil NEOs**

The following table sets forth, for each Technicoil NEO, all unexercised option-based awards and the in-the-money amount thereof outstanding as at December 31, 2010.

Named Executive Officer	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Marvin D. Clifton	140,000	1.28	November 15, 2011	28,000
	160,000	0.59	November 21, 2012	142,400
	160,000	0.45	November 19, 2013	164,800
	160,000	0.45	November 18, 2014	164,800
	160,000	1.25	November 17, 2015	36,800
Robert W. Sprinkhuysen	40,000	0.49	October 8, 2013	39,600
	40,000	0.45	November 19, 2013	41,200
	80,000	0.45	November 18, 2014	82,400
	80,000	1.25	November 17, 2015	18,400

**Note:**

- (1) The dollar value of the in-the-money unexercised options held at December 31, 2010 is calculated based on the difference between the exercise price of the options and \$1.48, which was the closing price of the Technicoil Shares on the TSX on December 31, 2010.

**Incentive Plan Awards – Value Vested or Earned During the Year — NEOs**

The following table sets forth, for each Technicoil NEO, option-based awards that vested during the year ended December 31, 2010.

Named Executive Officer	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)
Marvin D. Clifton	125,867
Robert W. Sprinkhuysen	39,200

**Note:**

- (1) The amounts represent the aggregate dollar value that would have been realized if the options had been exercised on the date they vested, and is based on the difference between the closing price of the Technicoil Shares on the vesting date and the exercise price.

### ***Employment and Change of Control Agreements***

Each of the Technicoil NEOs has entered into employment agreements with Technicoil. These employment agreements set out the principal terms of the employment relationship with Technicoil, including the individual's overall roll, the expectations of Technicoil around business practices including confidentiality, ethical behaviour and conflict of interest, and financial terms. In addition, the contracts detail the severance payments that will be provided on termination of employment and the consequent non-competition and non-solicitation obligations.

#### ***Employment Agreement with Marvin D. Clifton***

Technicoil has entered into an employment agreement with Mr. Clifton, which provides for defined payments in the event of: (i) termination of Mr. Clifton's employment without cause; (ii) the resignation by Mr. Clifton as a result of constructive dismissal (which includes a material change to Mr. Clifton's duties, responsibilities and status, a reduction in Mr. Clifton's salary, the termination by the Corporation of any then existing bonus, benefit or incentive plans or the mandatory relocation of Mr. Clifton); or (iii) a change of control of Technicoil (which includes a change in the control of the Technicoil Shares resulting from a take-over bid, merger, plan of arrangement or other transaction, the liquidation or winding-up of Technicoil's assets or business, or a change in the constitution of the majority of the Technicoil Board following a contested shareholder meeting).

In the event of any of the foregoing occurrences, Mr. Clifton shall be entitled to: (i) 230% of his base annual salary; and (ii) two times the average of the bonus received over the immediately preceding three years, which in aggregate equates to \$892,100.

The agreement prohibits the disclosure of any confidential information while Mr. Clifton serves as an executive or any time thereafter. The agreement further prohibits Mr. Clifton from obtaining employment with, or otherwise forming or participating in, a business competitive to the business of Technicoil either during his employment with Technicoil or for a period of one year thereafter.

#### ***Employment Agreement with Robert W. Sprinkhuysen***

Technicoil has entered into an employment agreement with Mr. Sprinkhuysen, which provides for defined payments in the event of: (1) termination of Mr. Sprinkhuysen's employment without cause; (ii) the resignation of Mr. Sprinkhuysen as a result of constructive dismissal (which includes a material change to Mr. Sprinkhuysen's duties, responsibilities and status, a reduction in Mr. Sprinkhuysen's salary, the termination by the Corporation of any then existing bonus, benefit or incentive plans or the mandatory relocation of Mr. Sprinkhuysen); or (iii) a change of control of Technicoil (which includes a change of control of the Technicoil Shares resulting from a take-over bid, merger, plan of arrangement or other transaction, the liquidation or winding-up of Technicoil's assets or business, or a change in the constitution of the majority of the Technicoil Board following a contested shareholder meeting).

In the event of any of the foregoing occurrences, Mr. Sprinkhuysen shall be entitled to: (i) 172.5% of his base annual salary; and (ii) one-and-a-half times the average of the bonus received over the immediately preceding three years, which in aggregate equates to \$430,250.

The agreement prohibits the disclosure of any confidential information while Mr. Sprinkhuysen serves as an executive or any time thereafter.

### Summary of Change of Control Payments

The following table sets out the payments that would have been made to each of the Technicoil NEOs if a change of control had occurred on December 31, 2010:

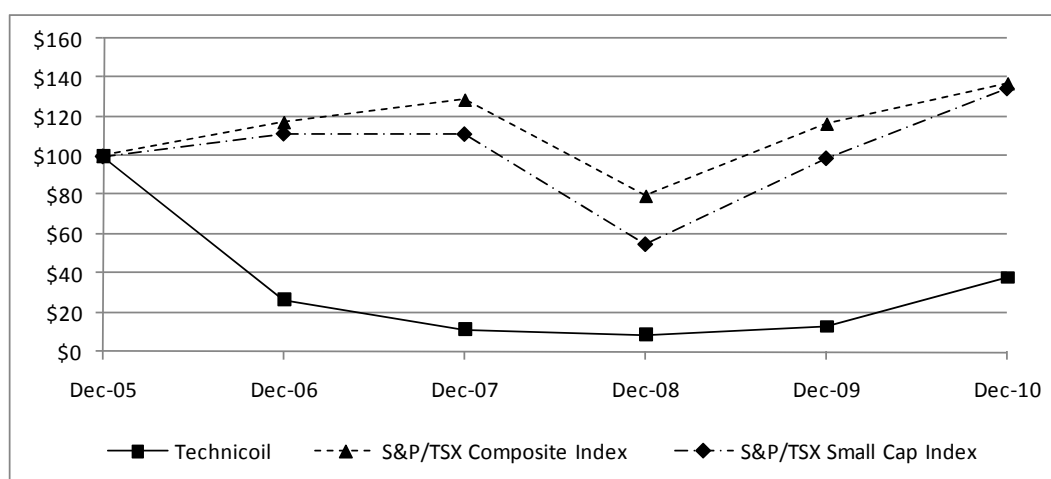
NEO	Cash Portion (\$)	Option-based awards (\$) <sup>(1)</sup>	Total payment (\$)
Marvin D. Clifton	892,100	536,800	1,428,900
Robert W. Sprinkhuysen	430,250	181,600	611,850

**Note:**

(1) Represents the dollar value of the in-the-money unexercised Technicoil Options held at December 31, 2010 and is calculated based on the difference between the exercise price of the Technicoil Options and \$1.48, which was the closing price of the Technicoil Shares on the TSX on December 31, 2010.

### Share Performance Graph

The following graph compares the cumulative total Technicoil Shareholder return for the period commencing December 31, 2005 and ending December 31, 2010 of a \$100 investment made on December 31, 2005 in Technicoil Shares with the cumulative return of the S&P/TSX Composite Index for the same period.



	Dec 31/05	Dec 31/06	Dec 31/07	Dec 31/08	Dec 31/09	Dec 31/10
Technicoil Corporation	100	26.92	11.41	8.72	12.82	37.95
S&P/TSX Composite Index	100	117.26	128.68	79.66	116.47	137.05
S&P/TSX Small Cap Index	100	111.61	111.37	55.15	99.03	134.67

Technicoil believes that the effectiveness of management is one factor, among many, that affects the market value of the Technicoil Shares. However, there is little control that management can have over broad financial market reaction to broad economic issues and investors' attitude toward investment in the oil and natural gas services sector. It is Technicoil's view that the performance of the Technicoil Shares from 2005 to 2006 is a result of changing dynamics of natural gas resources in the WCSB related to the shallow gas and coal-bed methane market. Technicoil initiated a repositioning program commencing in 2006 to become a diversified well servicing provider in the WCSB. This repositioning resulted in improved stability of Technicoil's financial affairs and the ability to capitalize on the changing trend in the WCSB resulting in Technicoil achieving record financial and operating results in 2010. In addition, it is Technicoil's view that volatile commodity prices and general pessimism in the investment community's view of small cap companies and the broad economic climate contributed to the variation in Technicoil's share performance. During this period, the performance of the Technicoil Shares has been comparable to the performance of issuers of similar size and product mix.

The compensation paid by Technicoil to the Technicoil NEOs is determined by corporate performance and is benchmarked against other issuers of similar size and staff levels, as further described above under the heading "Statement of Executive Compensation – Determining Compensation" and "Statement of Executive Compensation – Compensation Discussion and Analysis". Compensation paid to Technicoil NEOs reflects the increasing size and complexity of Technicoil's business and operations and to ensure that Technicoil is retaining skilled senior management. Technicoil does not believe that executive compensation should directly track movement in its stock price in good or bad times.

### **Compensation of Directors**

The following tables sets forth all compensation provided to the directors of Technicoil during the fiscal year ending December 31, 2010, excluding those directors who were Technicoil NEOs. Technicoil NEOs do not earn added remuneration for their activities as directors.

<b>Director</b>	<b>Fees earned (\$)</b>		<b>Total non-equity compensation (\$)</b>	<b>Option- based awards<sup>(1)</sup> (\$)</b>	<b>Total compensation (\$)</b>
	<b>Retainer</b>	<b>Attendance</b>			
Leonard A. Cornez	27,200	10,500	37,700	23,520	61,220
Arthur E. Dumont	21,500	10,500	32,000	23,520	55,520
Roderick W. Graham	25,300	14,300	39,600	23,520	63,120
Edward C. Grimes	21,500	13,400	34,900	23,520	58,420
Peter J. Gross <sup>(2)</sup>	7,500	4,500	12,000	23,520	35,520
Robert D. Steele	31,000	10,500	41,500	23,520	65,020
Andrew B. Zaleski	25,300	14,300	39,600	23,520	63,120

#### **Notes:**

- (1) The value of option based awards is based on the fair value of the options awarded on the grant date based on the Black-Scholes valuation model. Key assumptions used for the Black-Scholes based valuation of options includes a risk free rate based on Government of Canada bonds for the equivalent term of the option on the date of grant, average expected life of five years, no expected dividend yield and 76 percent volatility. The Black-Scholes methodology is a widely used and accepted options pricing methodology.
- (2) Mr. Gross did not stand for re-election at the May 18, 2010 annual meeting of shareholders.

During 2010, each director, other than the CEO, was paid an annual retainer. The CEO did not receive any compensation for serving as a director. In addition to the annual retainer, the Chairman of the Board, the Chair of the Audit Committee and the Chairs of all other committees received an additional supplemental fee as compensation for the additional responsibilities and obligations assumed by these positions. In 2009, all director fees (retainers and meeting fees) were reduced by 10% in comparison with the prior year in response to the economic downturn. During 2010, director fees were adjusted. Effective October 1, 2010, the annual retainer for each Technicoil Board member was increased to \$30,000 per annum. In addition, effective October 1, 2010, the annual supplemental fee was increased to \$10,000 for the Chairman of the Board, \$6,000 for the Chair of the Audit Committee and \$4,000 for each of the Chairs of the other committees. In addition to the annual retainers, each Technicoil Board member receives a fee of \$1,000 for each Technicoil Board and committee meeting attended.

*Outstanding Option-based Awards — Directors*

The following table sets forth, for each Technicoil Director other than a Technicoil Director that is a Technicoil NEO, all unexercised option-based awards outstanding as at December 31, 2010.

<b>Option-based Awards</b>				
<b>Director</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (%)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options<sup>(1)</sup> (\$)</b>
Leonard A. Cornez	30,000	0.62	August 21, 2012	25,800
	30,000	0.59	November 21, 2012	26,700
	30,000	0.45	November 19, 2013	30,900
	30,000	0.45	November 18, 2014	30,900
	30,000	1.25	November 17, 2015	6,900
Arthur E. Dumont	100,000	1.28	November 15, 2011	20,000
	100,000	0.59	November 21, 2012	89,000
	30,000	0.45	November 19, 2013	30,900
	30,000	0.45	November 18, 2014	30,900
	30,000	1.25	November 17, 2015	6,900
Roderick W. Graham	30,000	0.45	November 18, 2014	30,900
	30,000	1.25	November 17, 2015	6,900
Edward C. Grimes	30,000	0.62	August 20, 2012	25,800
	30,000	0.59	November 21, 2012	26,700
	30,000	0.45	November 19, 2013	30,900
	30,000	0.45	November 18, 2014	30,900
	30,000	1.25	November 17, 2015	6,900
Robert D. Steele	50,000	1.28	November 15, 2011	10,000
	30,000	0.62	August 20, 2012	25,800
	30,000	0.59	November 21, 2012	26,700
	30,000	0.45	November 19, 2013	30,900
	30,000	0.45	November 18, 2014	30,900
	30,000	1.25	November 17, 2015	6,900
Andrew B. Zaleski	30,000	0.62	August 20, 2012	25,800
	30,000	0.59	November 21, 2012	26,700
	30,000	0.45	November 19, 2013	30,900
	30,000	0.45	November 18, 2014	30,900
	30,000	1.25	November 17, 2015	6,900

**Note:**

- (1) The dollar value of the in-the-money unexercised options held at December 31, 2010 is calculated based on the difference between the exercise price of the Technicoil Options and \$1.48, which was the closing price of the Technicoil Shares on the TSX on December 31, 2010.

### *Incentive Plan Awards – Value Vested or Earned During the Year - Directors*

The following table sets forth, for each Technicoil Director other than a Technicoil Director that is a Technicoil NEO, option-based awards that vested during the year ended December 31, 2010.

<b>Director</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup> (\$)</b>
Leonard A. Cornez	26,400
Arthur E. Dumont	39,933
Roderick W. Graham	8,200
Edward C. Grimes	26,400
Peter J. Gross <sup>(2)</sup>	-
Robert D. Steele	26,400
Andrew B. Zaleski	26,400

#### **Notes:**

- (1) The amounts represent the aggregate dollar value that would have been realized if the options had been exercised on the date they vested, and is based on the difference between the closing price of the Technicoil Shares on the vesting date and the exercise price.
- (2) Mr. Gross did not stand for election at the May 18, 2010 annual meeting of shareholders.

### **Securities Authorized for Issuance Under Equity Compensation Plans**

The following table sets forth certain information with respect to the number of Technicoil Shares authorized for issuance under all compensation plans of Technicoil as of December 31, 2010.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options</b>	<b>Weighted-average Exercise Price of Outstanding Options</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity Compensation Plans Approved by Securityholders	3,890,666	\$0.81	792,184

### **Indebtedness of Directors and Executive Officers**

No director or executive officer of Technicoil, or any associate of any such director or executive officer is or has been, at any time in 2010, indebted to Technicoil, nor is or has been, at any time in 2010, any indebtedness of such persons been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Technicoil.

### **Interest of Informed Persons in Material Transactions**

Except as set forth herein, there were no material interests, direct or indirect, of directors or executive officers of Technicoil, proposed nominees for election as director, or any known associate or affiliate of such persons in any transaction since January 1, 2010 or in any proposed transaction which has materially affected or would materially affect Technicoil.

**Interests of Experts**

As at the date hereof, the partners and associates of each of Bennett Jones and Peters & Co., as a group, beneficially own, directly, or indirectly, less than 1% of the securities of Technicoil and its associates and Affiliates.

Technicoil's auditors KPMG LLP, Chartered Accountants, have advised that they are independent with respect to Technicoil within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

**Additional Information**

Additional information relating to Technicoil is available through the Internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com). Financial information of Technicoil is provided in the comparative financial statements and management's discussion and analysis of Technicoil for the most recently completed financial year. Copies of the financial statements and management's discussion and analysis of Technicoil may be requested from Technicoil Corporation at 1700 Selkirk House, 555 – 4th Avenue S.W., Calgary, Alberta T2P 3E7, by email at [info@technicoilcorp.com](mailto:info@technicoilcorp.com) or by facsimile at (403) 509-0701.

## APPENDIX K

### INFORMATION CONCERNING ESSENTIAL

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

#### General

Essential was incorporated under the ABCA in February, 2010. It was created in connection with the Conversion, which was completed on April 29, 2010. Upon closing of the Conversion, Essential assumed the business of the Trust, including control of the Trust's subsidiaries, with no changes to the operation of the underlying business. The Conversion also resulted in the existing management and board of directors of the Manager becoming the management and Board of Directors of Essential, and the Unitholders becoming the Essential Shareholders.

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

The principal undertaking of Essential, through its indirect wholly-owned subsidiaries, is to provide oilfield services to customers involved in oil and natural gas exploration, development and production in the WCSB. In November 2010, Essential announced plans to expand its operations into Colombia.

Essential provides services by supplying specialized staff and equipment to oil and natural gas exploration, development and production entities. These services include supporting drilling activity and servicing existing wells with service rigs, rod rigs, coil tubing rigs, nitrogen pumpers, wireline services, equipment rentals and downhole tools and services. At April 30, 2011 Essential employed 760 employees. Essential provides services through two operating segments: Well Servicing and Downhole Services & Rentals. A summary of revenue by segment is set out below.

#### Revenue Summary by Segment

<i>(Thousands)</i>	<b>For the year ended December 31, 2010</b>	<b>For the year ended December 31, 2009</b>
Revenue by segment:		
Well Servicing	\$ 102,070	\$ 72,415
Downhole Services & Rentals	64,531	39,307
Revenue	\$ 166,601	\$ 111,722

#### Well Servicing

The Well Servicing segment provides production and completion services through its fleet of service rigs, rod rigs, coil tubing rigs and nitrogen pumpers. Service rigs are typically used to repair and stimulate existing oil and gas wells and perform completion work on new wells. A rod rig is a light service rig that specializes in servicing pumping oil wells. In Canada, Essential's service rigs and rod rigs provide services in north eastern British Columbia, throughout Alberta and in southern Saskatchewan. Essential's fleet includes 53 service rigs and 23 rod rigs. Essential expects to provide service rig and rod rig services in Colombia in 2011.

Coil tubing rigs have continuous coil tubing that is used to transmit inert gas or other fluids through the tubing to clean out blockages in oil and natural gas wells or treat specific problems and conditions within the well

bore. Coil tubing is also used to convey various downhole tools, extract debris, for fishing operations and to drill out multi-stage fracturing components in horizontal wells. Coil tubing is widely used in horizontal wells where the nature of the well bore limits the use of traditional well servicing techniques. Essential is focusing on increasing the depth capacity of its fleet in response to changing industry conditions toward deeper vertical and longer horizontal wells. Since October, 2009 Essential has put three deep coil tubing rigs in service and converted two shallow rigs to intermediate depth. In 2011, Essential plans to convert four more shallow rigs to intermediate depth, and fabricate an additional intermediate rig. Essential's coil tubing fleet includes 34 coil tubing rigs, 16 nitrogen pumpers and bulkers and a cement and acid unit. The Canadian coil tubing fleet operates in north eastern British Columbia, throughout Alberta and across southern Saskatchewan. Essential expects to provide coil tubing and nitrogen services in Colombia in 2011.

### **Downhole Services & Rentals**

Essential's Downhole Services & Rentals segment includes downhole tool sales and rentals including the Tryton MSFS, retrievable and permanent packers, flow control accessories, liner hanger systems and workover tools such as bridge plugs, casing scrapers, cement retainers and selective/straddle simulation tools. It also offers oilfield equipment rentals including drill pipe, heavy weight pipe, collars, degassers, blowout preventer rams, spools, pipe racks, handling tools, stabilizers and reamers. Services are provided throughout Alberta and south-eastern Saskatchewan.

Since its introduction in the second quarter of 2009, the Tryton MSFS has become an increasingly important part of Essential's business. The Tryton MSFS allows producers to isolate and fracture several intervals of a horizontal section of a well separately and continuously. The system is an efficient and cost effective solution for horizontal fracturing and is used for both oil and natural gas wells.

Essential offers wireline services which perform logging and perforating services. These services are delivered from a fleet of 14 wireline trucks. The Canadian wireline fleet is operated primarily in northern, central and eastern Alberta. Essential expects to provide wireline services in Colombia in 2011.

### **Colombia**

Essential began its expansion into Colombia at the end of 2010, and has transported the following equipment to Colombia: one double service rig, three double rod rigs, one intermediate coil tubing rig, one shallow coil tubing rig, two nitrogen pumpers, one nitrogen bulker, two wireline trucks and various support equipment and operating supplies. An operating base has been established in Barrancabermeja, in the mid Magdalena Basin in northern Colombia. Essential Colombia is in the process of negotiating two contracts with a major operator in Colombia.

Colombia is the third largest oil and gas producer in South America offering a favourable royalty regime. The Colombian government is targeting a production increase from 1 million barrels per day ("**bpd**") to 1.5 million bpd by 2015. A meaningful percentage of this increase is expected to come from increasing production in current wells through stimulation and workover programs, thus increasing the demand for oilfield services. Well depths and pressures in Colombia are believed to be similar to those found in the WCSB. Essential believes there is a strong demand for its services in Colombia as both the Canadian equipment design and proven Canadian services practices will offer operators in Colombia a competitive advantage in terms of efficiencies and cost savings.

For further information regarding Essential, its Subsidiaries and their business activities, see the Essential AIF which is incorporated by reference in this Information Circular.

## Documents Incorporated by Reference

Information in respect of Essential has been incorporated by reference in this Information Circular from documents filed with the Canadian Securities Administrators. Copies of the documents incorporated herein by reference may be obtained on request without charge from Karen Perasalo of Essential at Suite 1100, 250 - 2nd Street S.W., Calgary, Alberta, T2P 0C1, or by calling (403) 513-7272, or by email request to [service@essentialenergy.ca](mailto:service@essentialenergy.ca). In addition, copies of the documents incorporated herein by reference may be obtained through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents of Essential, filed with the Canadian Securities Administrators, are specifically incorporated by reference into, and form an integral part of, this Information Circular:

- (a) the Essential AIF;
- (b) the audited annual consolidated financial statements of Essential, as at and for the years ended December 31, 2010 and 2009, together with the notes thereto, the auditors' report thereon and the management's discussion and analysis in respect thereof;
- (c) the Essential Annual Circular;
- (d) the material change report, dated April 14, 2011, in respect of the Arrangement and the Arrangement Agreement; and
- (e) the material change report dated April 20, 2011 in respect of the change of date for Essential's 2011 annual meeting of shareholders.

Any documents of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* filed by Essential with the Canadian Securities Administrators subsequent to the date of this Information Circular and prior to the Effective Date will be deemed to be incorporated by reference in this Information Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.**

## Voting of Essential Shares and Principal Holders of Voting Securities

The authorized capital of Essential consists of an unlimited number of Essential Shares and preferred shares. As at the date of the Information Circular, 71,446,627 Essential Shares and no preferred shares were issued and outstanding.

Each Essential Share entitles the holder thereof to one vote on all matters to come before the Essential Meeting. The Essential Board has fixed May 4, 2011 as the Record Date for the determination of the persons entitled to receive notice of, and to vote at, the Essential Meeting or any adjournment thereof.

Essential Shareholders on the Record Date are entitled to vote their Essential Shares at the Essential Meeting except to the extent that they have transferred the ownership of any of their Essential Shares after the Record Date and the transferees of those Essential Shares have produced properly endorsed share certificates or

otherwise established that they own the Essential Shares and have demanded, not later than 10 days before the Essential Meeting, that their name be included on the shareholder list before the Essential Meeting, in which case the transferees are entitled to vote such Essential Shares at the Essential Meeting.

To the best of the knowledge of Essential, there is no person or corporation which beneficially owns, directly or indirectly, or exercises control or direction over Shares carrying more than 10% of the voting rights attached to the issued and outstanding Shares.

### Consolidated Capitalization

See "*Part IV — Pro Forma Information of Essential After Giving Effect to the Arrangement*" for the consolidated capitalization of Technicoil and Essential after giving effect to the Arrangement.

### Dividend History

Although Essential does not currently pay a dividend there are no restrictions in its governing documents to prevent the same. Prior to the Conversion, the Trust paid distributions until November 10, 2009. On that date, in response to the prolonged downturn in the oilfield services sector, the Trust's decision to convert to a growth-oriented corporation and the uncertain outlook for 2010, the Trust announced elimination of the distribution.

The following table summarizes the cash distributions for the last three fiscal years.

<b>Period</b>	<b>Date of record</b>	<b>Date of Payment</b>	<b>Per unit \$</b>
January 2008	January 31, 2008	February 15, 2008	\$0.050
February 2008	February 29, 2008	March 17, 2008	\$0.050
March 2008	March 31, 2008	April 15, 2008	\$0.050
April 2008	April 30, 2008	May 15, 2008	\$0.050
May 2008	May 30, 2008	June 16, 2008	\$0.050
June 2008	June 30, 2008	July 15, 2008	\$0.015
July 2008	July 31, 2008	August 15, 2008	\$0.015
August 2008	August 29, 2008	September 15, 2008	\$0.015
September 2008	September 30, 2008	October 15, 2008	\$0.015
October 2008	October 31, 2008	November 17, 2008	\$0.015
November 2008	November 28, 2008	December 15, 2008	\$0.015
December 2008	December 31, 2008	January 15, 2009	\$0.015
January 2009	January 30, 2009	February 16, 2009	\$0.015
February 2009	February 27, 2009	March 16, 2009	\$0.015
March 2009	March 31, 2009	April 15, 2009	\$0.0033
April – June 2009	June 30, 2009	July 15, 2009	\$0.01
July – September 2009	September 30, 2009	October 15, 2009	\$0.01

The declaration of dividends on Essential Shares is within the discretion of the Essential Board and will depend upon their assessment of Essential's earnings, capital requirements, operating and financial condition and other factors it considers to be appropriate. Essential presently has no intention to declare or pay a dividend.

## Prior Sales

The following summarizes the issuance of Essential Shares, and securities convertible into Essential Shares, within the 12 months prior to the date hereof.

<u>Date</u>	<u>Type of Securities</u>	<u>Number of Securities</u>	<u>Exercise or Issue Price</u>
May 18, 2010	Essential Shares	2,666	\$1.02 <sup>(1)</sup>
May 19, 2010	Essential Shares	10,000	\$1.09 <sup>(1)</sup>
June 23, 2010	Essential Shares	16,666	\$1.09 <sup>(1)</sup>
June 28, 2010	Essential options	38,000	\$1.15
July 27, 2010	Essential Shares	12,666	\$1.09 <sup>(1)</sup>
August 19, 2010	Essential options	375,000	\$1.20
September 10, 2010	Essential Shares	3,333	\$1.00 <sup>(1)</sup>
September 13, 2010	Essential options	15,000	\$1.27
November 30, 2010	Essential Shares	1,666	\$1.00 <sup>(1)</sup>
December 1, 2010	Essential Shares	5,000	\$1.09 <sup>(1)</sup>
December 8, 2010	Essential Shares	3,333	\$1.19 <sup>(1)</sup>
December 9, 2010	Essential Shares	10,000	\$1.09 <sup>(1)</sup>
December 9, 2010	Essential Shares	6,666	\$1.00 <sup>(1)</sup>
December 16, 2010	Essential Shares	10,000	\$1.09 <sup>(1)</sup>
December 23, 2010	Essential Shares	3,333	\$1.09 <sup>(1)</sup>
January 11, 2011	Essential options	1,515,000	\$2.16
January 19, 2011	Essential options	15,000	\$2.14
February 17, 2011	Essential Shares	3,333	\$1.00 <sup>(1)</sup>

### Note:

(1) Essential Shares issued on the exercise of Essential options. Price reflects the exercise price of such Essential options.

## Market for Securities

The Essential Shares are traded on the TSX under the trading symbol "ESN". The following table sets forth the price range and trading volume of the Essential Shares as reported by the TSX for the periods indicated.

	<u>Toronto Stock Exchange</u>		
	<u>High</u> <u>(\$)</u>	<u>Low</u> <u>(\$)</u>	<u>Volume</u>
May 2010.....	1.39	1.07	2,495,318
June 2010.....	1.25	1.10	2,063,238
July 2010.....	1.24	1.10	1,235,578
August 2010.....	1.24	1.13	2,793,357
September 2010.....	1.60	1.20	4,091,325
October 2010.....	1.74	1.41	3,740,422
November 2010.....	1.85	1.50	6,188,415
December 2010.....	2.23	1.66	8,096,046
January 2011.....	2.32	2.09	4,491,561
February 2011.....	2.49	2.20	3,916,230
March 2011.....	2.50	2.01	4,772,358
April 2011.....	2.36	1.86	6,483,538
May 1 – 4.....	2.16	2.00	241,971

On April 1, 2011, the last trading day on which the Essential Shares traded prior to announcement of the Arrangement, the closing price of the Essential Shares on the TSX was \$2.31. On May 4, 2011, the closing price of the Essential Shares on the TSX was \$2.01.

## **Risk Factors**

An investment in the Essential Shares is subject to certain risks. Investors should carefully consider the risk factors described under the heading "Risk Factors" in the Essential AIF and the risk factors discussed throughout Essential's management's discussion and analysis for the year ended December 31, 2010 all of which are incorporated by reference in this Information Circular, as well as the risk factors set forth elsewhere in this Information Circular.

## **Executive Compensation**

### ***Mandate and Composition of the Compensation and Governance Committee***

Essential's executive compensation program is administered by the Compensation and Governance Committee of the Essential Board. The purpose of the Compensation and Governance Committee is to assist the Essential Board in fulfilling its oversight obligations relating to human resources, compensation and governance matters with a view toward making recommendations to the Essential Board as appropriate. Such matters include the compensation of senior management as well as a continuity plan with respect to senior management.

The members of the Compensation and Governance Committee are Michael J. Black (Chair), James A. Banister and Nicholas G. Kirton. All of the current members of the Compensation and Governance Committee are "independent" for the purposes of National Instrument 58-101 — *Disclosure of Corporate Governance Practices*.

### ***Compensation Discussion and Analysis***

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

The Essential NEOs for the year ended December 31, 2010 are:

Garnet K. Amundson	President and Chief Executive Officer
Jeff B. Newman	Vice President, Finance and Chief Financial Officer
Kevin W. Job	Vice President, Operations
Don A.K. Webster	Vice President, Operations

The Essential NEOs were the NEOs of the Manager immediately prior to the Conversion. Following completion of the Conversion, Essential adopted the Trust's business strategy. Therefore, Essential inherited the Trust's executive compensation program which had put in place certain wage reductions and suspended certain other compensation programs in response to sector and industry challenges. As part of the cost management program, both the Trust, prior to the Conversion, and Essential, after the Conversion, declined participation in any third party compensation surveys for both 2009 and 2010. In 2010, industry activity and Essential's business results improved, allowing Essential to reinstate suspended programs and salary reductions during the year.

### ***Compensation Philosophy***

The Compensation and Governance Committee believes a compensation program should align the interests of management with the interests of Essential Shareholders. Further, Essential's policies and practices for executive compensation are linked to strategic business objectives. The philosophy is to pay for performance and compensate executives in consideration of the following:

- business performance;
- achievement of annual goals and objectives;
- competitiveness with Essential's peers; and

- ability to attract and retain talented executives.

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

The Compensation and Governance Committee reviews all programs to ensure Essential continues to attract and retain high-performing executives to achieve Essential's business objectives.

### ***Benchmark Review***

Prior to 2009, Essential used a combination of third party compensation surveys and a review of annual information circulars to compare pay levels and practices to Essential's peers including base pay, annual cash incentives and long-term incentives. In 2009, the compensation reductions that were applied to the Essential NEOs precluded the need for market and peer group analyses. In 2010, Essential elected not to participate in third party compensation surveys due to their cost, the timing of required data collection and perceived limited value in a dynamic and rapidly changing industry environment. For Essential NEOs, the Compensation and Governance Committee reviewed 2008 and 2009 data disclosed in information circulars.

The composition of the peer group is typically reviewed by the Compensation and Governance Committee for continued relevance and is modified in some cases to reflect changes in company size as well as to reflect industry mergers and acquisitions. Essential's primary peer group in 2010 was comprised of the following 15 publicly-traded oilfield services companies:

Black Diamond Group	Petrowest Energy Services
Calmena Energy Services	PHX Energy Services
Canyon Services Group	Pure Energy Services
Cathedral Energy Services	Savanna Energy Services
Central Alberta Well Servicing	Stoneham Drilling
Horizon North Logistics	Technicoil Corporation
IROC Energy Services	Total Energy Services
Peak Energy Services	

### ***Compensation Approval Process***

In determining executives' base salary, annual bonus and share options, the Compensation and Governance Committee considers information circulars for similar positions within the peer group and the President and Chief Executive Officer makes recommendations for all Essential NEOs reporting directly to him.

The Compensation and Governance Committee reviews the various compensation elements both individually and in total to ensure they align with the program objectives. The Compensation and Governance Committee then approves all executive payments and reports to the Essential Board. Share option grant recommendations for Essential NEOs are submitted by the Compensation and Governance Committee to the Essential Board for approval. Typically, share option grants occur in January while annual bonus payments are accrued during the year and paid in April for performance in the previous year.

### ***Compensation Objectives and Components***

Essential's executive compensation program includes three components: base salary, annual bonus and share options. In addition, Essential NEOs are eligible for an employee benefit program, savings plan and certain other benefits and perquisites. Essential's goal is to provide total cash compensation for executives between the 50th and 75th percentile of peer group data. In a year of strong business performance, high performing Essential NEOs with years of experience in the role should generally be at or above the 75th percentile on an annual basis. Base salary provides a competitive foundation considering performance of the Essential and the individual. The annual bonus rewards the delivery of results against objectives and performance measures within a one year period. Share

options reward sustained performance as seen in Essential Share price appreciation. Essential does not have a target ratio for the three individual compensation components but does assign discretion to the Compensation and Governance Committee to ensure the aforementioned objectives of the compensation program are met.

### ***Base Salaries***

External market data, which in 2010 was limited to information circular data of Essential's peers, is considered when setting base salaries. The Compensation and Governance Committee also considers the executive's experience and skills relative to performance expectations and the scope of the executive's role. The 10% base pay reductions initiated on April 1, 2009 were re-evaluated effective June 1, 2010. At that time, the Compensation and Governance Committee reviewed the Essential NEOs salaries, and the Essential NEOs received base salary increases as indicated in the notes to the Summary Compensation Table below. The Essential NEOs base salaries will typically be reviewed after information circulars for Essential's peer group have been released.

### ***Annual Bonus Plan***

Essential's Annual Bonus Plan ("**ABP**") is designed to provide a competitive annual cash incentive that reflects business results and employee performance. It was introduced in November 2010 to replace the short term incentive ("**STI**") program that Essential and the Trust used in prior years. Following suspension of the STI program in 2009, the Compensation and Governance Committee determined it should change to a less complicated and more flexible plan. In comparison to the STI program, the ABP is a simpler plan that provides greater discretion to the Compensation and Governance Committee and senior management in allocating awards to Essential NEOs and employees.

The dollar value of the ABP award potential, as a percentage of the employee's base salary, increases as the scope of responsibility increases so that the percentage of at-risk versus fixed compensation correlates with increased responsibilities. The more senior the employee, the greater the percentage of cash compensation that is attributable to the ABP and therefore tied to performance. The Compensation and Governance Committee takes into account business results and the achievement of various objectives in determining the appropriate ABP awards for each employee that participates in the ABP, including the Essential NEOs.

### ***Share Option Plan***

Essential's share option plan provides employees and executives with a long-term incentive in the form of share options to reward high performance and to align the interests of management and employees with the interests of Shareholders. As Essential's share price rises, share option grants increase in value. Share options granted pursuant to the share option plan are primarily granted to employees and executives whose actions directly impact Essential's business results. Share options may also be granted to achieve market competitive compensation practices.

In determining the number of share options to grant each year, Essential considers the share option plan's parameters and its dilutive impact on Essential Shareholders in combination with market information on share options. Market information and employee and executive attraction and retention considerations largely determine the extent of share option grants to employees and Essential NEOs at different levels.

The share option plan is described in detail in the Essential Annual Circular under the heading "Options to Purchase Securities – The Share Option Plan". More information regarding share options granted to Essential NEOs is available in the table under the heading "Outstanding Share-Based Awards and Share Option-Based Awards".

### ***Employee Benefits and Savings Plans***

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

### Group Health Benefits Plan

Essential's group health benefits plan is designed to protect the health of its employees and that of their dependents and provide some coverage in the event of disability or death. It is a standard, industry plan that provides employee life and accidental death and dismemberment insurance, disability insurance as well as extended health, vision and dental coverage. Essential NEOs participate in these plans.

### Employee Savings Plan

In the employee savings plan, all eligible employees may contribute, through payroll deduction, up to a pre-determined percentage of their base salary to purchase Essential Shares, contribute to the group registered retirement savings plan ("**Group RRSP**"), or a combination of both. Essential matches employee contributions in the form of Shares and/or by contributions to the Group RRSP to a prescribed maximum.

The matching component of the employee savings plan was suspended on April 1, 2009 and was reinstated July 1, 2010.

### Summary Compensation Table for Essential NEOs

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

<b>Non-Equity Incentive Plan Compensation (\$)</b>										
<b>Name and Principal Position</b>	<b>Year<sup>(1)</sup></b>	<b>Salary(\$)</b>	<b>Share-Based Awards (\$)</b>	<b>Share Option-Based Awards<sup>(2)</sup> (\$)</b>	<b>Annual Incentive Plans<sup>(3)</sup></b>	<b>Special Bonus</b>	<b>Long-Term Incentive Plans</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation<sup>(4)</sup> (\$)</b>	<b>Total Compensation (\$)</b>
Garnet K. Amundson	2010	\$271,250 <sup>(5)</sup>	n/a	\$186,006	\$590,000	Nil	n/a	n/a	\$49,761	\$1,097,017
President & Chief Executive Officer	2009	\$244,750 <sup>(6)</sup>	n/a	Nil	Nil	Nil	n/a	n/a	\$35,267	\$280,017
	2008	\$190,082	n/a	\$606,000	\$367,000	\$100,000	n/a	n/a	\$29,639	\$1,292,721
Jeff B. Newman	2010	\$201,667 <sup>(7)</sup>	n/a	\$104,163	\$260,000	Nil	n/a	n/a	\$38,010	\$604,840
VP, Finance & CFO	2009	\$180,750 <sup>(8)</sup>	n/a	Nil	Nil	Nil	n/a	n/a	\$26,884	\$207,634
	2008	\$140,384	n/a	\$199,400	\$140,000	\$40,000	n/a	n/a	\$6,375	\$526,159
Kevin W. Job	2010	\$201,250 <sup>(9)</sup>	n/a	\$89,283	\$260,000	Nil	n/a	n/a	\$27,779	\$578,312
VP, Operations	2009	\$187,000 <sup>(10)</sup>	n/a	Nil	Nil	Nil	n/a	n/a	\$18,482	\$205,482
	2008	\$147,079	n/a	\$245,200	\$180,000	\$50,000	n/a	n/a	\$13,162	\$635,441
Don A.K. Webster	2010	\$198,750 <sup>(11)</sup>	n/a	\$89,283	\$260,000	Nil	n/a	n/a	\$41,656	\$589,689
VP, Operations	2009	\$180,750 <sup>(12)</sup>	n/a	Nil	Nil	Nil	n/a	n/a	\$30,141	\$210,891
	2008	\$190,068	n/a	\$90,200	\$120,000	\$30,000	n/a	n/a	\$9,489	\$439,757

#### Notes:

- (1) The compensation summarized in the table reflects compensation earned by the Essential NEOs as employees of Builders Energy Services Ltd. from January 1, 2008 to April 3, 2008 and then employees of the Manager from April 4, 2008 to April 28, 2010 prior to the Conversion and as employees of Essential from April 29, 2010 to December 31, 2010.
- (2) 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.
- (3) Reflects the value of awards earned and paid in each year under Essential's annual bonus plan. The awards are typically paid to the executives in April of the following calendar year. For 2008, incentive awards for Messrs. Amundson, Newman and Job reflect 12 months of performance including reward for the period January 1 to April 3, 2008 with Builders Energy Services Ltd. and paid concurrent with the Trust's 2008 short term incentive plan for the balance of that year.
- (4) The total value of All Other Compensation provided to each executive reflects amounts contributed by Essential on behalf of the executive pursuant to the Employees Savings Plan plus the value of perquisites.

- (5) Effective June 1, 2010, Mr. Amundson's base salary reduction ended and following a review of Essential's peer group, his annual salary was increased to \$295,000. \$271,250 is the prorated amount earned in 2010.
- (6) From April 1, 2009 to May 31, 2010, Mr. Amundson's annual salary was reduced to \$238,000 as a cost reduction measure. Mr. Amundson's prorated salary in 2009 was \$244,750.
- (7) Effective June 1, 2010, Mr. Newman's base salary reduction ended and following a review of Essential's peer group, his annual salary was increased to \$220,000. \$201,667 is the prorated amount earned in 2010.
- (8) From April 1, 2009 to May 31, 2010 Mr. Newman's annual salary was reduced to \$176,000 as a cost reduction measure. Mr. Newman's prorated salary in 2009 was \$180,750.
- (9) Effective June 1, 2010, Mr. Job's base salary reduction ended and following a review of Essential's peer group, his annual salary was increased to \$215,000. \$201,250 is the prorated amount earned in 2010.
- (10) From April 1, 2009 to May 31, 2010, Mr. Job's annual salary was reduced to \$182,000 as a cost reduction measure. Mr. Job's prorated salary in 2009 was \$187,000.
- (11) Effective June 1, 2010, Mr. Webster's 2009 base salary reduction ended and following a review of Essential's peer group, his annual salary was increased to \$215,000. \$198,750 is the prorated amount earned in 2010.
- (12) From April 1, 2009 to May 31, 2010, Mr. Webster's annual salary was reduced to \$175,500 as a cost reduction measure. Mr. Webster's prorated salary in 2009 was \$180,750.

### ***Outstanding Share-Based Awards and Share Option-Based Awards***

The following table outlines for each Essential NEO all share option-based awards outstanding for the year ended December 31, 2010.

Name	Share Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Share Options <sup>(1)(2)</sup> (#)	Share Option Grant Price (\$)	Share Option Expiration Date	Value of Unexercised In-the-Money Share Options <sup>(3)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Garnet K. Amundson	40,625	\$11.56	June 12, 2012	Nil	n/a	n/a
	250,000	\$2.67	July 8, 2013	Nil	n/a	n/a
	400,000	\$1.09	Dec. 11, 2013	\$420,000	n/a	n/a
	250,000	\$1.15	Jan. 8, 2015	\$247,500	n/a	n/a
Jeff B. Newman	125,000	\$2.67	July 8, 2013	Nil	n/a	n/a
	60,000	\$1.09	Dec. 11, 2013	\$63,000	n/a	n/a
	140,000	\$1.15	Jan. 8, 2015	\$138,600	n/a	n/a
Kevin W. Job	15,625	\$11.56	June 12, 2012	Nil	n/a	n/a
	150,000	\$2.67	July 8, 2013	Nil	n/a	n/a
	80,000	\$1.09	Dec. 11, 2013	\$84,000	n/a	n/a
	120,000	\$1.15	Jan. 8, 2015	\$118,800	n/a	n/a
Don A.K. Webster	100,000	\$3.00	Dec. 11, 2012	Nil	n/a	n/a
	25,000	\$2.67	July 8, 2013	Nil	n/a	n/a
	80,000	\$1.09	Dec. 11, 2013	\$84,000	n/a	n/a
	120,000	\$1.15	Jan. 8, 2015	\$118,800	n/a	n/a

#### **Notes:**

- (1) Upon the completion of the plan of arrangement between the Trust and Builders Energy Services Trust ("**Builders**"), each unexercised option under the Builders unit option plan was exchanged for 1.25 unexercised options under the Trust's unit option plan.
- (2) Upon the Conversion, all rights under the Trust unit option plan converted to rights under the share option plan.
- (3) Based on a market price of \$2.14 as at December 31, 2010 including vested and unvested share options.

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

The following table sets forth the value of share option-based awards for each NEO which vested during the year ended December 31, 2010 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2010.

<b>Name</b>	<b>Share Option-Based Awards – Value Vested During the Year<sup>(1)</sup> (\$)</b>	<b>Share-Based Awards – Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
Garnet K. Amundson	\$128,000	n/a	\$590,000
Jeff B. Newman	\$19,200	n/a	\$260,000
Kevin W. Job	\$25,600	n/a	\$260,000
Don A.K. Webster	\$25,600	n/a	\$260,000

**Note:**

(1) On December 11, 2010, one third of the share options from the grant dated December 11, 2008 vested. The value is calculated based on the difference between the market price of shares underlying the share options at the vesting date and the exercise price of the share options on the vesting date. The market price at the time of vest was \$2.05 and the exercise price of the grant is \$1.09. Share options vesting for Messrs. Amundson – 133,333; Newman – 20,000; Job – 26,667 and Webster – 26,667.

***Employment Contracts and Termination and Change of Control Benefits***

Essential recognizes that the Essential NEOs are critical to Essential's ongoing business. Each of the Essential NEOs has an employment contract 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 of the Essential NEOs in the event of a change in their employment status.

<b>Name</b>	<b>Change of Control</b>	<b>Involuntary Termination</b>		<b>Voluntary Termination</b>	
	<b>% Change in Securities Ownership Required</b>	<b>Payment Obligation</b>	<b>Without Cause</b>	<b>With Cause</b>	<b>Resignation</b>
Garnet K. Amundson	more than 50%	<ul style="list-style-type: none"> <li>▪ 24 months pay in lieu of notice at current base salary;</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 2;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year; and</li> <li>▪ 20% of the pay in lieu amount for lost benefits</li> <li>▪ accelerated vesting of share options</li> </ul>	<ul style="list-style-type: none"> <li>▪ 24 months pay in lieu of notice at current base salary</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 2;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year;</li> <li>▪ 20% of the pay in lieu amount for lost benefits; and</li> <li>▪ accelerated vesting of share options</li> </ul>	Nil	Nil
		<ul style="list-style-type: none"> <li>▪ 24 months pay in lieu of notice at current base salary;</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 2;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year;</li> <li>▪ 20% of the pay in lieu amount for lost benefits; and</li> <li>▪ accelerated vesting of share options</li> </ul>			

Name	Change of Control		Involuntary Termination		Voluntary Termination	
	% Change in Securities Ownership Required	Payment Obligation	Without Cause	With Cause	Resignation	Death/Disability
Jeff B. Newman	more than 50%	<ul style="list-style-type: none"> <li>▪ Should a 'good reason' exist (as defined in the employment contract) in addition to a 'change of control', the executive would be entitled to the payment described under 'Involuntary Termination – Without Cause'.</li> <li>▪ accelerated vesting of share options</li> </ul>	<ul style="list-style-type: none"> <li>▪ 18 months pay in lieu of notice at current base salary</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 1.5;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year;</li> <li>▪ 20% of the pay in lieu amount for lost benefits; and</li> <li>▪ accelerated vesting of share options</li> </ul>	Nil	Nil	<ul style="list-style-type: none"> <li>▪ 18 months pay in lieu of notice at current base salary;</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 1.5;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year;</li> <li>▪ 20% of the pay in lieu amount for lost benefits; and</li> <li>▪ accelerated vesting of share options</li> </ul>
Kevin W. Job	more than 30%	<ul style="list-style-type: none"> <li>▪ Should a 'good reason' exist (as defined in the employment contract) in addition to a 'change of control', the executive would be entitled to the payment described under 'Involuntary Termination – Without Cause'.</li> <li>▪ accelerated vesting of share options</li> </ul>	<ul style="list-style-type: none"> <li>▪ 18 months pay in lieu of notice at current base salary</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 1.5;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year;</li> <li>▪ 20% of the pay in lieu amount for lost benefits; and</li> <li>▪ accelerated vesting of share options</li> </ul>	Nil	Nil	<ul style="list-style-type: none"> <li>▪ 18 months pay in lieu of notice at current base salary;</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 1.5;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year;</li> <li>▪ 20% of the pay in lieu amount for lost benefits; and</li> <li>▪ accelerated vesting of share options</li> </ul>
Don A.K. Webster	more than 50%	<ul style="list-style-type: none"> <li>▪ Should a 'good reason' exist (as defined in the employment contract) in addition to a 'change of control', the executive would be entitled to the payment described under 'Involuntary Termination – Without Cause'.</li> <li>▪ accelerated vesting of share options</li> </ul>	<ul style="list-style-type: none"> <li>▪ 18 months pay in lieu of notice at current base salary</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 1.5;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year;</li> <li>▪ 20% of the pay in lieu amount for lost benefits; and</li> <li>▪ accelerated vesting of share options</li> </ul>	Nil	Nil	<ul style="list-style-type: none"> <li>▪ 18 months pay in lieu of notice at current base salary;</li> <li>▪ the average of the bonus payments for the preceding two years multiplied by 1.5;</li> <li>▪ the pro-rata amount of any earned bonus at the level accrued by Essential for the current fiscal year;</li> <li>▪ 20% of the pay in lieu amount for lost benefits; and</li> <li>▪ accelerated vesting of share options</li> </ul>

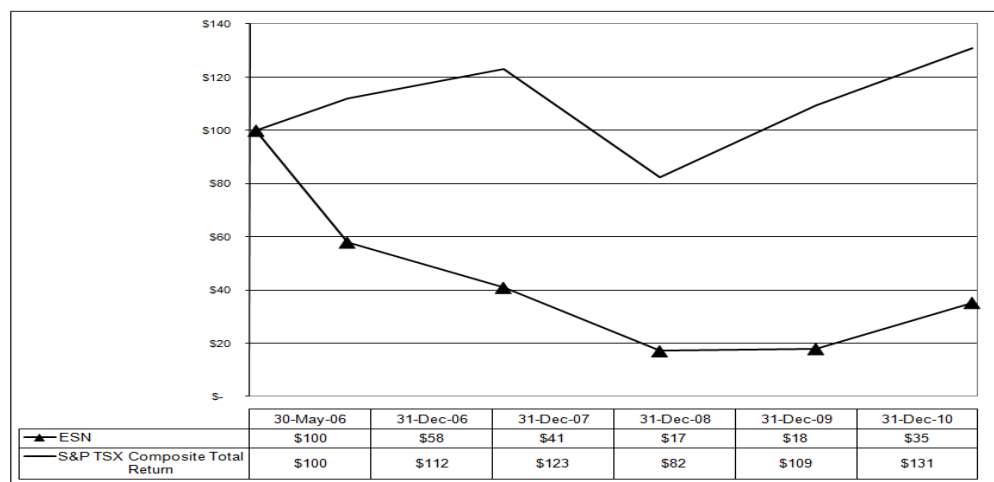
In cases of change of control or without cause termination, and for purposes of calculating the severance benefits payable to the Essential NEOs pursuant to the above noted employment terms, the 2009 compensation amounts used in the severance calculation will be calculated based on the Essential NEOs compensation, including salary and the expected 2009 STI award, as it was prior to the 2009 compensation reduction measures.

The following table outlines the estimated incremental payments the Essential 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, 2010.

<u>Name</u>	<u>Severance Period (# of months)</u>	<u>Total Incremental Obligation</u>
Garnet K. Amundson	24	\$1,695,500
Jeff B. Newman	18	\$708,000
Kevin W. Job	18	\$703,200
Don A.K. Webster	18	\$699,000

### *Performance Graph*

The following graph illustrates the comparison between the cumulative total shareholder return for \$100 invested in trust units of the Trust, the predecessor of Essential, effective May 30, 2006 compared to the S&P TSX Composite Total Return Index for the applicable period, assuming all distributions and dividends are reinvested.



The Essential Shares increased 96% from December 31, 2009 to December 31, 2010 compared to a 20% increase for the S&P TSX Composite Total Return Index. Some of the factors that contributed to this increase include: improved industry activity, improved equipment utilization and significant EBITDAS improvement year over year.

In 2009, although there was very little change to the Trust's year-over-year unit price, in response to the industry downturn the Trust implemented a number of cost saving initiatives including a significant reduction in NEO compensation. Specifically, the NEOs agreed to a voluntary 10% base salary reduction, a suspension of the short term incentive program and suspension of the employer match to the employee savings plan. There was also no Share Option grant awarded to NEOs in 2009.

In keeping with Essential's executive compensation principles, a significant portion of an Essential NEOs pay is at risk. The majority of an Essential NEOs target compensation is in the form of an ABP award and share option value potential. The actual reward received from share options by an Essential NEO is directly in relation to any increase (or decrease) in the Share price. In 2009 and 2010, there is a direct correlation between Essential Share performance and actual value available to the individual. There is no actual compensation available to an Essential NEO until he exercises the share options.

## Director Compensation

Essential provides its non Essential NEO directors with a comprehensive compensation package consisting of an annual cash retainer, meeting fees and long term incentives in the form of share options granted pursuant to the share option plan. All elements of director compensation are reviewed annually for competitiveness against Essential's peer group by the Compensation and Governance Committee and the Essential Board. Essential's director compensation philosophy targets and currently provides total cash compensation between the 50<sup>th</sup> and 75<sup>th</sup> percentile with the objective of attracting and retaining qualified members to serve on the Essential Board.

### Summary Director Compensation Table

The following table outlines for the year ended December 31, 2010, information concerning the compensation earned by members of the Essential Board other than Mr. Amundson. Mr. Amundson is also an Essential NEO and is not separately compensated for his duties as a director.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Share Option-Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
James Banister <sup>(2)</sup>	\$35,750	n/a	\$38,801	n/a	n/a	n/a	\$74,551
Michael Black <sup>(3)</sup>	\$29,292	n/a	\$31,747	n/a	n/a	n/a	\$61,039
Nicholas Kirton <sup>(4)</sup>	\$38,250	n/a	\$31,747	n/a	n/a	n/a	\$69,997
William Lynch <sup>(5)</sup>	\$25,083	n/a	\$31,747	n/a	n/a	\$5,108 <sup>(8)</sup>	\$61,938
Jeffrey Scott <sup>(6)</sup>	\$33,292	n/a	\$31,747	n/a	n/a	n/a	\$65,039
Directors not active at December 31, 2010							
Verne Johnson <sup>(7)</sup>	\$6,278	n/a	n/a	n/a	n/a	n/a	\$6,278

#### Notes:

- (1) Reflects the estimated fair value on the grant date under the Black-Scholes pricing model of share options granted in the year.
- (2) James Banister is the Chairman of the Board of Directors.
- (3) Michael Black is the Chairman of the Compensation and Governance Committee.
- (4) Nicholas Kirton is the Chairman of the Audit Committee.
- (5) William Lynch was appointed to the Board of Directors April 28, 2010
- (6) Jeffrey Scott is the Chairman of the HSE Committee.
- (7) Verne Johnson resigned from the Board of Directors April 28, 2010.
- (8) Paid for an executive course for Mr. Lynch during 2010.

### Director Retainers and Fees Summary

Annual board of director 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.

	2010	
	January -May	July - December
Board of Directors Chair	\$15,000	\$30,000
Board of Directors Member	\$10,000	\$20,000
Audit Committee Chair	\$5,000	\$10,000
Other Committee Chair	\$2,500	\$5,000
Board of Directors and Committee Meeting (per meeting)	\$500	\$1,000

In December, 2009, the Essential Board volunteered a 50% reduction in their 2010 annual retainers and fees which took effect in January, 2010. In June, 2010, annual retainers and meeting fees were reinstated at 100%.

**Director Retainers and Fees Earned in 2010**

<b>Name</b>	<b>Chairman Retainer (\$)</b>	<b>Board Member Retainer (\$)</b>	<b>Committee Chair Retainer (\$)</b>	<b>Board Meetings (\$)</b>	<b>Committee Meetings (\$)</b>	<b>Total (\$)</b>
James Banister	\$23,750	-	-	\$6,500	\$5,500	\$35,750
Michael Black	-	\$15,834	\$3,958	\$6,500	\$3,000	\$29,292
Nicholas Kirton	-	\$15,834	\$7,916	\$6,500	\$8,000	\$38,250
William Lynch <sup>1</sup>	-	\$12,583	-	\$5,500	\$7,000	\$25,083
Jeffrey Scott	-	\$15,834	\$3,958	\$6,000	\$7,500	\$33,292
<b>Directors not active at December 31, 2010</b>						
Verne Johnson	-	\$3,278	-	\$2,000	\$1,000	\$6,278

**Note:**

- (1) William Lynch was an observer at the March 2010 Essential Board, Audit and Health, Safety and Environment committee meetings and received compensation for his attendance.

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

The following table outlines for each member of the Essential Board, other than Mr. Amundson who is an Essential NEO, all share option-based awards outstanding for the year ended December 31, 2010.

<b>Name</b>	<b>Share Option-Based Awards</b>			<b>Share-Based Awards</b>		
	<b>Number of Securities Underlying Unexercised Share Options <sup>(1)(2)</sup> (#)</b>	<b>Share Option Grant Price (\$)</b>	<b>Share Option Expiration Date</b>	<b>Value of Unexercised In-the-Money Share Options <sup>(3)</sup> (\$)</b>	<b>Number of Shares or Units of Shares that have not Vested (#)</b>	<b>Market or Payout Value of Share-Based Awards that have not Vested (\$)</b>
James Banister	31,250	\$11.56	June 12, 2012	Nil	n/a	n/a
	10,000	\$2.67	July 8, 2013	Nil	n/a	n/a
	48,000	\$1.09	Dec. 11, 2013	\$50,400	n/a	n/a
	30,000	\$1.14	Sept. 28, 2014	\$30,000	n/a	n/a
	55,000	\$1.20	Aug. 19, 2015	\$51,700	n/a	n/a
Michael Black	18,750	\$11.56	June 12, 2012	Nil	n/a	n/a
	10,000	\$2.67	July 8, 2013	Nil	n/a	n/a
	38,000	\$1.09	Dec. 11, 2013	\$39,900	n/a	n/a
	20,000	\$1.14	Sept. 28, 2014	\$20,000	n/a	n/a
	45,000	\$1.20	Aug. 19, 2015	\$42,300	n/a	n/a
Nicholas Kirton	38,000	\$0.91	May 20, 2014	\$46,740	n/a	n/a
	20,000	\$1.14	Sept. 28, 2014	\$20,000	n/a	n/a
	45,000	\$1.20	Aug. 19, 2015	\$42,300	n/a	n/a
William Lynch	38,000	\$1.15	June 28, 2015	\$37,620	n/a	n/a
	45,000	\$1.20	Aug. 19, 2015	\$42,300	n/a	n/a
Jeffrey Scott	25,000	\$10.00	June 1, 2011	Nil	n/a	n/a
	75,000	\$5.87	Mar. 26, 2012	Nil	n/a	n/a
	38,000	\$1.09	Dec. 11, 2013	\$39,900	n/a	n/a
	20,000	\$1.14	Sept. 28, 2014	\$20,000	n/a	n/a
	45,000	\$1.20	Aug. 19, 2015	\$42,300	n/a	n/a

**Notes:**

- (1) Upon the completion of the plan of arrangement between the Trust and Builders, each unexercised option under the Builders unit option plan was exchanged for 1.25 unexercised options under the Trust's unit option plan.
- (2) Upon the Conversion, all rights under the Trust unit option plan converted to rights under the share option plan.
- (3) Based on the market price of \$2.14 as at December 31, 2010 including vested and unvested share options.

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

The following table sets forth the value of share option-based awards which vested during the year ended December 31, 2010 for each member of the Essential Board, other than Mr. Amundson who is an Essential NEO, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2010. Essential does not have a non-equity incentive plan in place for members of the Essential Board.

Name	Share Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
James Banister (2)(3)	\$18,460	n/a	n/a
Michael Black <sup>(2)(3)</sup>	\$14,227	n/a	n/a
Nicholas Kirton (3)(4)	\$5,106	n/a	n/a
Jeffrey Scott <sup>(2)(3)</sup>	\$14,227	n/a	n/a

**Notes:**

- (1) The value is calculated based on the difference between the market price of Essential Shares underlying the share options at the vesting date and the exercise price of the Share Option on the vesting date.
- (2) On December 11, 2010 one third of the share options from the grant dated December 11, 2008 vested. The market price on the TSX at the time of vest was \$2.05 and the exercise price of the grant is \$1.09. Share options vesting for Messrs. Banister – 16,000; Black – 12,667 and Scott – 12,667
- (3) On September 28, 2010 one third of the share options from the grant dated September 28, 2009 vested. The market price on the TSX at the time of vest was \$1.45 and the exercise price of the grant is \$1.14. Share options vesting for Messrs. Banister – 10,000; Black – 6,666; Kirton – 6,666 and Scott – 6,666.
- (4) On May 20, 2010 one third of the share options from the grant dated May 20, 2009 vested. The market price on the TSX at the time of vest was \$1.15 and the exercise price of the grant is \$0.91. Share options vesting for Mr. Kirton – 12,666.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following table sets forth information with respect to the share option plan of Essential as at December 31, 2010:

Plan Category	Number of shares to be issued upon exercise of outstanding options at December 31, 2010	Weighted-average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by Essential Shareholders	5,034,001	\$2.61	2,110,328
Equity compensation plans not approved by Essential Shareholders	-	-	-
<b>Total</b>	<b>5,034,001</b>	<b>\$2.61</b>	<b>2,110,328</b>

## 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**").

### Essential Board

***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 section 1.4 of National Instrument 52-110 – *Audit Committees* ("**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 and the nominee director, Mr. German, are independent, except for Mr. Amundson. Mr. Amundson is considered to have a material relationship with Essential by virtue of this position as President and Chief Executive Officer of Essential.

***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, and the nominee director, Mr. German, who are presently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name</u>	<u>Name of Reporting Issuer</u>
Michael J. Black	UNX Energy Corp.
Robert T. German	Horizon North Logistics Inc.
Nicholas G. Kirton	Canexus Income Fund Gran Tierra Energy Inc. Grand Cache Coal Corporation
Jeffrey J. Scott	Gallic Energy Ltd. Gran Tierra Energy Inc. Petromanas Energy Inc. Tuscany International Drilling Inc.

***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.***

Essential has a policy to hold regularly scheduled meetings at which only independent directors are in attendance, typically in conjunction with each regularly scheduled meeting of the Essential Board or its committees. At each Essential Board and committee meeting, management and the non-independent director are excused from a portion of the meeting. In 2010, eight meetings of the Essential Board and 10 committee meetings were held where members of management and the non-independent director was not in attendance for a portion of the meeting. From January 1, 2011 to May 4, 2011, four meetings of the Essential Board and three committee meetings were held where members of management and the non-independent director was not in attendance for a portion of the meeting. In addition, at each Health, Safety and Environment Committee meeting, it is typical for the independent directors to

meet without senior management but with the Director, Environment, Health, Safety, the highest level non-executive employee responsible for this area.

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

The chairman of the Essential Board ("Board Chair") is Mr. Banister and he is an independent director. The Board Chair's primary role is to manage the Essential Board and ensure that the Essential Board is organized properly, functions effectively to meet its obligations and responsibilities. The Board Chair works with the Chief Executive Officer of Essential to ensure effective relations with members of the Essential Board, 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 during the most recently completed financial year is indicated in the following table.

<b>Name</b>	<b>2010 Board Meetings Attended</b>	<b>2011 Board Meetings Attended<sup>(3)</sup></b>
Garnet Amundson	9 of 9	4 of 4
James Banister	9 of 9	4 of 4
Michael Black	9 of 9	4 of 4
Nicholas Kirton	9 of 9	4 of 4
William Lynch <sup>(1)</sup>	6 of 6	4 of 4
Jeffrey Scott	8 of 9	4 of 4
<b>Directors not active at December 31, 2010</b>		
Verne Johnson <sup>(2)</sup>	3 of 3	

**Notes:**

- (1) Mr. Lynch was appointed to the Essential Board on April 28, 2010.
- (2) Mr. Johnson ceased to be a member of the Essential Board on April 28, 2010.
- (3) From January 1, 2011 to May 4, 2011.

**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 Essential Board is attached as Schedule "A" to this Appendix.

**Position Descriptions**

***Disclose whether or not the board of directors has developed written position descriptions for the 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 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 Essential Board has developed written position descriptions or terms of reference for the Board Chair and the Chair of each committee of the Essential Board (which include terms of reference for the chair for each of the Audit Committee, the Compensation and Governance Committee and the Health, Safety and Environment 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 Essential Board delineates the role and responsibilities of the Chief Executive Officer.*

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

### **Orientation and Continuing Education**

*Briefly describe what measures the board of directors takes to orient new directors regarding:*

- (i) the role of the board of directors, its committees and its directors; and*
- (ii) the nature and operation of the issuer's business.*

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

- Mandates for the Essential Board and committees;
- Position descriptions and terms of reference;
- Governance Guidelines;
- Code of Business Conduct and Ethics ("Corporate Code of Conduct");
- Code of Conduct and Conflict of Interest Guidelines for Directors and Officers ("Code for Directors and Officers");
- Disclosure and Confidentiality Policy;
- Insider Trading Policy;
- Privacy Policy; and
- Whistleblower Policy.

New directors are invited to meet with senior management to learn about the business and are also invited to sit as an observer at the Essential Board meeting and relevant committee meetings just prior to their anticipated approval as a director. New directors are also encouraged to attend relevant third party development courses. Through these means, the Essential Board attempts to ensure that all new directors receive a comprehensive orientation regarding both the business of Essential and the duties of a director. In April 2010, Mr. Lynch attended a two-day Financial Literacy for Directors and Executives Program.

*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 Essential Board to keep the directors apprised of current industry conditions and business operations on a historical and prospective basis. Members of the Essential Board 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 Compensation and Governance Committee makes recommendations regarding ongoing professional development programs for directors and directors are encouraged to participate in continuing education programs that are focused on enhancing individual director's skills and abilities as directors and maintaining and enhancing the currency of their knowledge and understanding of Essential's business and affairs.

Management arranged education sessions for the members of the Essential Board in 2009 and an update session for the Audit Committee in 2010, regarding International Financial Reporting Standards. In 2009, the Essential Board

spent a day at one of the field offices in direct dialogue with business unit managers to further enhance their understanding of business operations. The Essential Board field education day was cancelled in Spring, 2010 due to field activity. Another field education day is planned in 2011.

### **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 which is applicable to Essential's directors, officers and employees and the Code for Directors and Officers which is applicable to the directors and officers of Essential. The Corporate Code of Conduct 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](http://www.essentialenergy.ca) and via SEDAR at [www.sedar.com](http://www.sedar.com). Essential requires annual sign-off of the Corporate Code of Conduct, or the Code for Directors and Officers, as applicable, by the members of the Essential Board, officers, certain head office employees and operational managers.

Employees with questions about the Corporate Code of Conduct are encouraged to refer the matter to a General Manager, Vice President of Operations, Chief Financial Officer, President and Chief Executive Officer, Corporate Secretary or the Chair of the Compensation and Governance Committee. Employees and directors are required to promptly report violations to the President and Chief Executive Officer or the Chair of the Compensation and Governance 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 Compensation and Governance Committee all interests and relationships that the nominee director is aware of at the time which will or may give rise to a conflict of interest. If such interest or relationship arises while the individual is a director, there is a positive onus on the director to disclose relevant facts to the Corporate Secretary or the Board Chair. Each director is also required by the Code for Directors and Officers to report any known or suspected breach of the Corporate Code of Conduct to the Board Chair, and is annually required to review and sign an executed copy of the Code for Directors and Officers.

Essential has not experienced any known conduct of a director or officer that constitutes a departure from the Code for Directors and Officers requiring the filing of a material change report since the beginning of Essential'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. In addition, see "Conflicts of Interest" in the Essential AIF for further information regarding potential conflicts of interests involving members of the Essential Board.

***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 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 Essential's business.

#### **Nomination of Directors**

***Describe the process by which the board of directors identifies new candidates for nomination to the board of directors.***

The nominees for directors are initially considered and recommended by the Compensation and Governance Committee, after consultation with the President and Chief Executive Officer, to the Essential Board, approved by the Essential Board and appointed annually by the Shareholders of Essential. Selection of nominees for election takes into consideration such matters that the Compensation and Governance Committee deems relevant including any gaps in competencies and skills of the Essential Board and the competencies and skills each nominee will bring to the Essential Board along with the ability of any such nominee to devote sufficient time and resources to their duties as a member of the Essential Board.

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

The Essential Board does not have a nominating committee. The Essential Board has a Compensation and Governance Committee which carries out the duties of a nominating committee and which is comprised entirely of independent directors. The Compensation and Governance Committee is responsible for overseeing and assessing the functioning of the Essential Board and the committees of the Essential Board; development, recommendation to the Essential Board, implementation, and assessment of effective governance principles; and nomination of candidates to serve on the Essential Board, as Board Chair, as committee members and as committee chairs. In addition, the Compensation and Governance Committee will undertake on behalf of the Essential Board other governance initiatives to enable the Essential Board to provide effective governance for Essential. The Compensation and Governance Committee will also review and/or approve any other matters specifically delegated to the Compensation and Governance Committee by the Essential Board.

#### **Compensation**

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

The Compensation and Governance Committee has the responsibility to annually review the directors' and officers' compensation program and indemnification and insurance programs and make any recommendations to the Essential Board for approval. Further details are outlined in this Appendix "K" under the heading "*Executive Compensation*".

***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 Essential Board has a Compensation and Governance Committee 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 Compensation and Governance Committee as it relates to compensation matters is to assist the Essential Board in fulfilling its oversight obligations relating to human resource and compensation matters including the succession plan for senior management. The Compensation and Governance Committee will also review and/or approve any other matters specifically delegated to the Compensation and Governance Committee by the Essential Board.

Subject to the powers and duties of the Essential Board, the Compensation and Governance 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 including reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation and, when approved, ensure the process is implemented including the evaluation of the Chief Executive Officer's performance in light of those goals and objectives;
- (b) review and approve the Chief Executive Officer's compensation including incentives, bonuses and benefit plans, and report to the Essential Board;
- (c) establish and review annually the compensation philosophy, guidelines and plans for Essential employees and executives in conjunction with periodic reviews of peer group compensation policies to permit effective comparison with those of Essential;
- (d) receive and approve the recommendations of the Chief Executive Officer regarding compensation including incentives, bonuses and benefit plans for Essential employees including the executive team other than the Chief Executive Officer;
- (e) receive and approve the recommendation of the Chief Executive Officer regarding any share option plan(s) and option pools for Essential employees other than the executive team and the Chief Executive Officer;
- (f) recommend to the Essential Board any share option plan(s) and Share awards for the executive team and the Chief Executive Officer;
- (g) recommend to the Essential Board any incentive compensation plans and equity based plans;
- (h) review with the Chief Executive Officer existing management resources and plans, including recruitment and training programs, to ensure that qualified personnel are attracted and developed with a view toward becoming available for succession to executive positions at Essential, and report on this matter to the Essential Board;
- (i) review and recommend to the Essential Board for approval, all executive compensation information for inclusion in public disclosure documents; and
- (j) review director compensation and recommend compensation terms that adequately reflect the responsibilities of the Essential Board, the Board Chair, committee chairs and members.

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

***If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.***

Since the beginning of the most recently completed financial year, no compensation consultant or advisor has been retained to assist in determining compensation for any of the directors or officers.

#### **Other Essential 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 Essential Board also has an Health, Safety and Environment Committee. The primary function of this committee is to assist the Essential Board in carrying out its oversight and due diligence responsibilities by reviewing, reporting and making recommendations to the Essential Board on the development and implementation of the policies, standards and practices of Essential with respect to health, safety and the environment.

In addition to the disclosure contained in this document, please see the Essential AIF for the year ended December 31, 2010 filed on SEDAR at [www.sedar.com](http://www.sedar.com) for further details regarding the Audit Committee and the mandate of the Audit Committee of Essential.

#### **Assessments**

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

The Essential Board 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 Essential Board's execution of its responsibilities. The assessments are conducted using a questionnaire that has been approved by, and then administered by the Compensation and Governance Committee. The review has regard to the mandate of the Essential Board and the applicable committee and identifies areas where the directors believe the Essential Board could improve their collective contribution to overseeing the business and operation of Essential. The Essential Board also assesses the effectiveness, contribution, competencies and skills of the individual directors.

#### **Indebtedness of Directors and Executive Officers**

No director or executive officer of Essential, or any associate of any such director or executive officer is or has been, at any time in 2010, indebted to Essential, nor is or has been, at any time in 2010, any indebtedness of such persons been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Essential.

#### **Interest of Informed Persons in Material Transactions**

Except as set forth herein, there were no material interests, direct or indirect, of directors or executive officers of Essential, proposed nominees for election as director, or any known associate or affiliate of such persons in any transaction since January 1, 2010 or in any proposed transaction which has materially affected or would materially affect Essential.

#### **Legal Proceedings and Regulatory Actions**

Essential is not the subject of any material legal proceedings, nor is Essential or any of its properties a party to or the subject of any such proceedings and no such proceedings are known to be contemplated. However, from time to time, Essential may become party to routine litigation incidental to Essential's business.

No penalties or sanctions were imposed by a court relating to securities legislation or by a securities regulatory authority during Essential's recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against Essential that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during Essential's recently completed financial year.

### **Interests of Experts**

As at the date hereof, the partners and associates of each of Faskens and Wellington West, as a group, beneficially own, directly, or indirectly, less than 1% of the securities of Essential and its associates and Affiliates.

Essential's auditors Ernst & Young LLP, Chartered Accountants, have advised that they are independent with respect to Essential within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

### **Additional Information**

The information contained in this Information Circular is given as of May 4, 2011, except as otherwise indicated. Financial information is provided in Essential's consolidated financial statements and management's discussion and analysis for its most recently completed financial year. Copies of the financial statements and management's discussion and analysis may be obtained by contacting Karen Perasalo of Essential at Suite 1100, 250 - 2nd Street S.W., Calgary, Alberta, T2P 0C1, or by calling (403) 513-7272, or by email request to [service@essentialenergy.ca](mailto:service@essentialenergy.ca). Information contained in or otherwise accessible through Essential's website, though referenced in this Information Circular, is not incorporated by reference into this Information Circular.

Interested persons may also access disclosure documents and any reports, statements or other information that Essential files with the Canadian Securities Administrators through the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **SCHEDULE "A"**

### **MANDATE OF THE BOARD OF DIRECTORS**

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

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

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

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

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

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

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

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

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

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

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

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

#### **Introduction to Stewardship Duties**

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

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

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

#### **General Legal Obligations of the Board**

1. The Board is responsible for the following legal matter oversight:
  - (a) overseeing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
  - (b) approving changes in the By-laws, Articles of Incorporation, matters requiring shareholder or shareholder approval, and agendas for shareholder and shareholder meetings;
  - (c) approving Essential's legal structure, names and brands, mission statement and vision statement, and any amendments thereto;

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

### **Composition and Board Organization**

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

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

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

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

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

### **Duties and Responsibilities**

#### 3. Managing the Affairs of the Board and Governance

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

- (a) developing the Board's approach to governance, including the development and maintenance of the Board Manual and the Governance Guidelines, which may be delegated to the Compensation and Governance Committee;
- (b) planning its composition and size;
- (c) selecting the Board Chair, or, as applicable, a "Lead Director";
- (d) nominating candidates for election to the Board;
- (e) appointing Committees;
- (f) determining Director compensation;
- (g) developing position descriptions or terms of reference for the Board Chair and the Chair of each Committee of the Board, as well as for the President, Chief Executive Officer and for individual Directors; and

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

#### 4. Management and Human Resources

The Board has oversight responsibility for:

- (a) the appointment and succession of the Chief Executive Officer and evaluating the Chief Executive Officer's performance, approving Chief Executive Officer compensation and providing advice and counsel to the Chief Executive Officer in the execution of the Chief Executive Officer's duties;
- (b) satisfying itself as to the integrity of the Chief Executive Officer and that the Chief Executive Officer and other Executive Officers create a culture of integrity throughout the organization;

- (c) approving a position description or terms of reference for the Chief Executive Officer;
- (d) reviewing Chief Executive Officer performance at least annually against agreed upon written goals and objectives that the Chief Executive Officer is responsible for meeting and that have been approved by the Board;
- (e) approving decisions relating to senior management, including appointment and discharge of Officers, compensation and benefits for Executive Officers, acceptance of outside directorships on public companies by Executive Officers (other than not-for-profit organizations), and special arrangements with Executive Officers, or other employee groups;
- (f) ensuring succession planning programs are in place, including programs to train and develop management; and
- (g) approving certain matters relating to all employees, including:
  - (i) the annual salary policy/program for employees;
  - (ii) new benefit programs or material changes to existing programs; and
  - (iii) material benefits granted to retiring employees outside of benefits received under any approved pension and other benefit programs.

## 5. Strategy and Plans

The Board has oversight responsibility to:

- (a) participate with management in the development of, and ultimately approve, Essential's strategic plan, which strategic plan will take into account, among other things, the opportunities and risks of the business;
- (b) approve the annual business plans that enable Essential to realize its objectives;
- (c) approve annual capital and operating budgets that support Essential's ability to meet its strategic objectives;
- (d) approve any political or charitable donations policy or budget;
- (e) approve the entering into, or withdrawing from, lines of business or geographic markets that are, or are likely to be, material to Essential;
- (f) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (g) approve material divestitures and acquisitions;
- (h) approve major leases; and
- (i) monitor Essential's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

## 6. Financial and Corporate Issues

The Board has oversight responsibility to:

- (a) take reasonable steps to ensure the implementation and integrity of Essential's internal control and management information systems;
- (b) monitor operational and financial results;
- (c) approve the Audit Committee recommendation to recommend appointment of external Auditors and approve Auditors' fees;
- (d) approve annual and quarterly financial results as approved by the Audit Committee and to approve release thereof by management;
- (e) approve any management proxy circular, annual information form and any documents incorporated by reference therein;
- (f) approve dividends in respect of the Shares;
- (g) approve financings, changes in authorized capital, issue and repurchase of Shares, issue, reissue, sell or pledge debt obligations of the Corporation, listing of shares and other securities, issue of commercial paper, and related prospectuses;
- (h) approve banking resolutions and significant changes in banking relationships;
- (i) review coverage, deductibles and key issues regarding corporate insurance policies;
- (j) approve contracts, arrangements or commitments that may have a material impact on Essential;
- (k) approve the commencement or settlement of litigation that may have a material impact on Essential; and

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.

## APPENDIX L

### CONSENTS

#### Consent of Ernst & Young LLP

We have read the joint information circular of Technicoil Corporation ("**Technicoil**") and Essential Energy Services Ltd. ("**Essential**") dated May 4, 2011 concerning the acquisition of Technicoil by Essential. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above mentioned information circular of our report to the shareholders of Essential on the consolidated balance sheets of Essential as at December 31, 2010 and 2009 and the consolidated statements of operations and deficit and cash flows for each of the years in the two year period ended December 31, 2010. Our report is dated March 8, 2011.

Calgary, Canada  
May 4, 2011

(signed) ERNST & YOUNG LLP  
Chartered Accountants

#### Consent of KPMG LLP

We have read the joint information circular of Technicoil Corporation ("**Technicoil**") and Essential Energy Services Ltd. ("**Essential**") dated May 4, 2011 concerning the acquisition of Technicoil by Essential. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above mentioned information circular of our report to the shareholders of Technicoil on the consolidated balance sheets of Technicoil as at December 31, 2010 and 2009 and the consolidated statements of operations and retained earnings and cash flows for the years then ended. Our report is dated March 14, 2011.

Calgary, Canada  
May 4, 2011

(signed) KPMG LLP  
Chartered Accountants

#### Consent of Peters & Co. Limited

We refer to the fairness opinion dated April 4, 2011 which we prepared for the Board of Directors of Technicoil Corporation ("**Technicoil**") in connection with the acquisition of Technicoil by Essential Energy Services Ltd. ("**Essential**"). We consent to the inclusion of the fairness opinion and a summary of the fairness opinion in the joint information circular of Technicoil and Essential dated May 4, 2011.

Calgary, Canada  
May 4, 2011

(signed) PETERS & CO. LIMITED

#### Consent of Wellington West Capital Markets Inc.

We refer to the fairness opinion dated April 4, 2011, which we prepared for the Board of Directors of Essential Energy Services Ltd. ("**Essential**") in connection with the acquisition of Technicoil Corporation ("**Technicoil**") by Essential. We consent to the inclusion of the fairness opinion and a summary of the fairness opinion in the joint information circular of Technicoil and Essential dated May 4, 2011.

Calgary, Canada  
May 4, 2011

(signed) WELLINGTON WEST CAPITAL MARKETS INC.

**Consent of Bennett Jones LLP**

We refer to our opinion under the heading "Certain Canadian Federal Income Tax Considerations" in the joint information circular of Technicoil Corporation ("**Technicoil**") and Essential Energy Services Ltd. ("**Essential**") dated May 4, 2011 concerning the acquisition of Technicoil by Essential (the "**Information Circular**"). We consent to the inclusion of our opinion under the heading "Certain Canadian Federal Income Tax Considerations" in the Information Circular.

Calgary, Canada  
May 4, 2011

(signed) BENNETT JONES LLP

**Consent of Fasken Martineau DuMoulin LLP**

We refer to our opinion under the heading "Certain Canadian Federal Income Tax Considerations" in the joint information circular of Technicoil Corporation ("**Technicoil**") and Essential Energy Services Ltd. ("**Essential**") dated May 4, 2011 concerning the acquisition of Technicoil by Essential (the "**Information Circular**"). We consent to the inclusion of our opinion under the heading "Certain Canadian Federal Income Tax Considerations" in the Information Circular.

Calgary, Canada  
May 4, 2011

(signed) FASKEN MARTINEAU DUMOULIN LLP