



HIGH ARCTIC
ENERGY SERVICES



Corporate Presentation

November 2019

TSX : HWO



CORPORATE SNAPSHOT



■ Cyrus Capital 44%
 ■ Insiders 4%
 ■ Public 52%

Shares Outstanding (Nov 8, 2019): **49.6 million**

Share Price (Nov 8, 2019): **\$2.26**

Market Cap (Nov 8, 2019): **\$112.5 million**

Cash Balances (September 30, 2019): **\$12.1 million**

Working Capital (September 30, 2019): **\$41.5 million**

Adjusted EBITDA (Three Months September 30, 2019): **\$6.3 million**

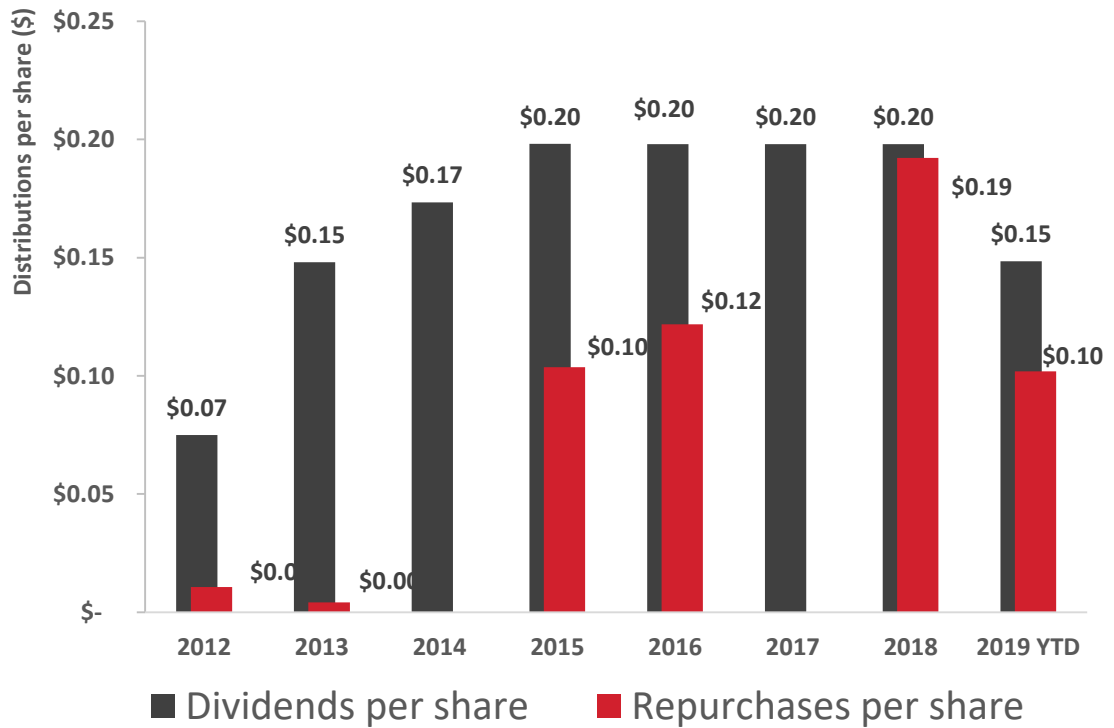
Annual Dividend: **\$0.198**

Dividend Yield (Nov 8, 2019): **8.8%**



TRACK RECORD OF Shareholder Returns

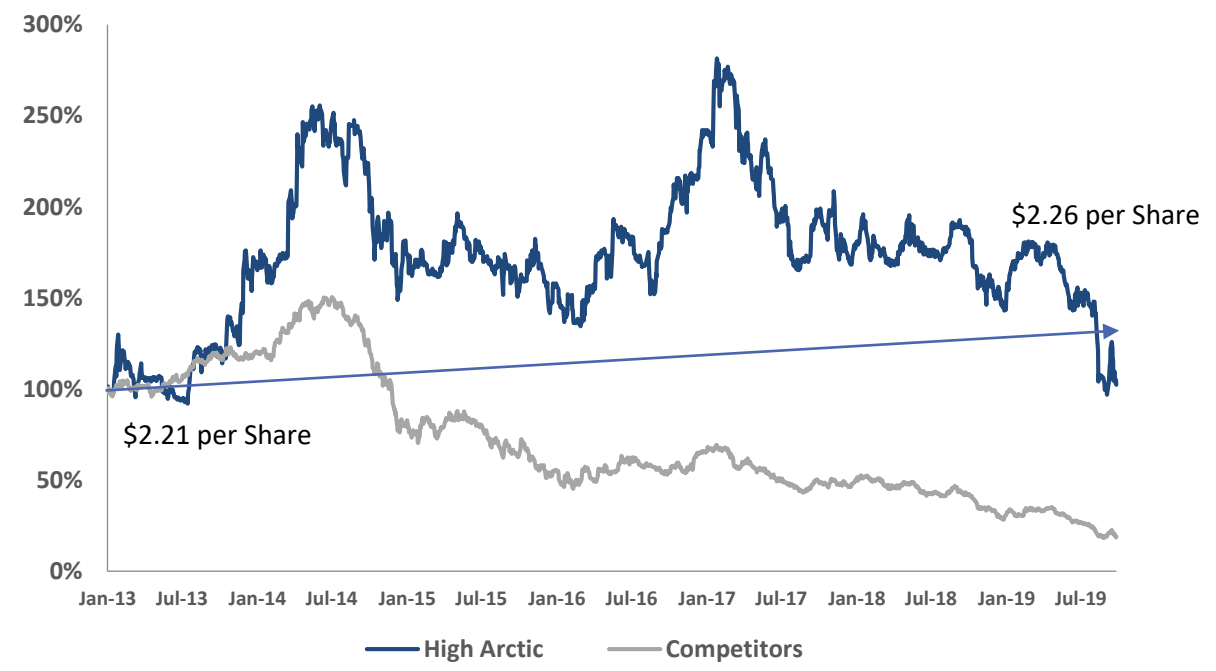
DISTRIBUTIONS TO SHAREHOLDERS (per share)



Sources: Company Reports

- \$1.87 per share of Shareholder Distributions over the past 7.5 years
- \$0.84 per Share of Working Capital (as at September 30, 2019)

INDEXED SHARE PRICE PERFORMANCE



Comps include ESI, PD, TOT, WRG, AKT.A, CWC

- High Arctic has maintained disciplined distributions, without sacrificing capital to execute on growth opportunities
- High Arctic has delivered industry leading returns to shareholders-
- Competitors' share prices have decreased 79% since January 2013

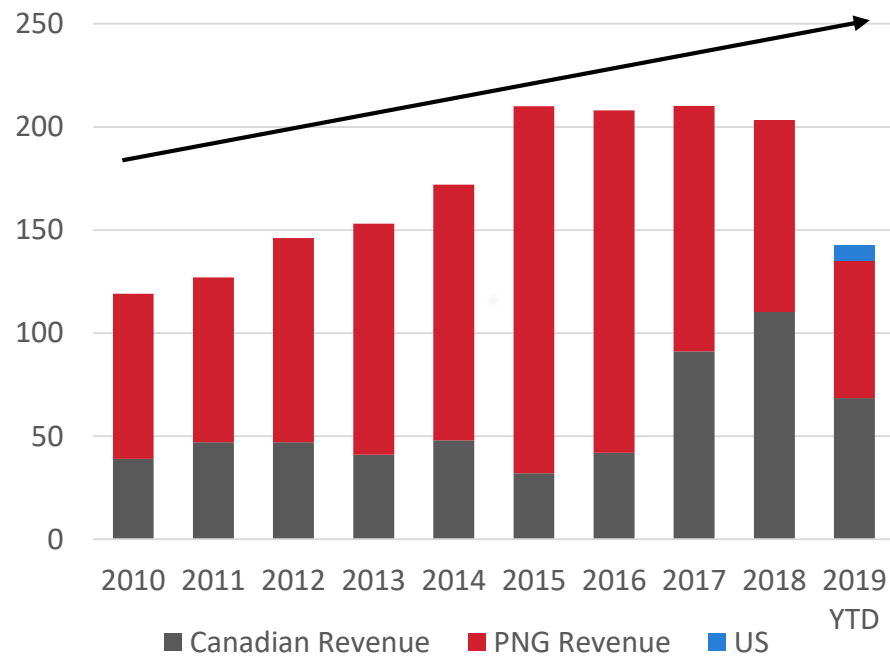
TIER 1 STRATEGY: DEFENSIBLE NICHES, BETTER MARGIN, SAFETY & PERFORMANCE

TIER 1 RESULTS LEADS TO PERFORMANCE IN TRACK RECORD OF:

Track Record of Profitable Growth

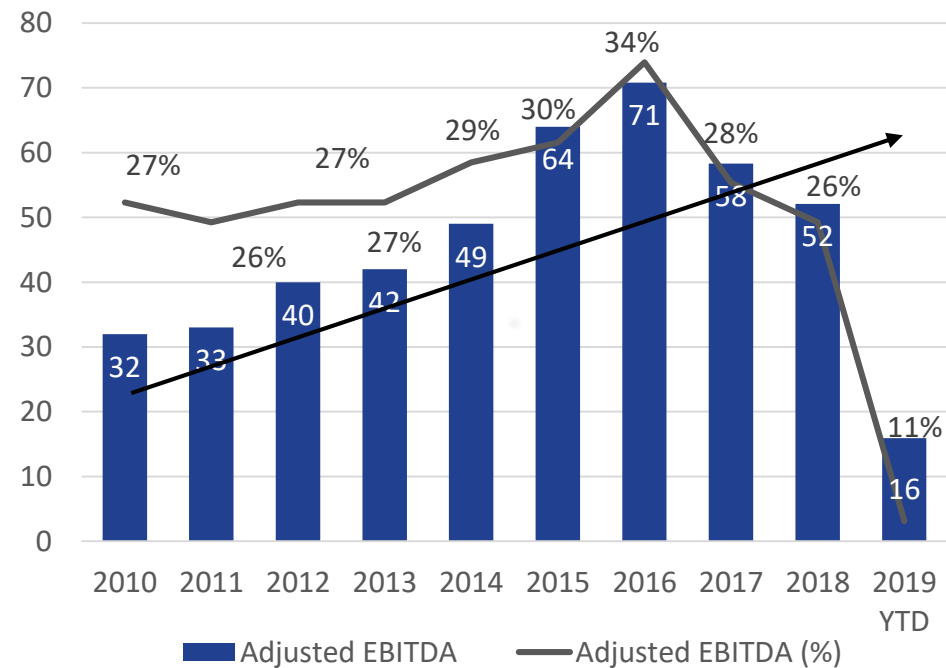
REVENUE

(as at Sep 30, 2019)



ADJUSTED EBITDA

(as at Sep 30, 2019)



Why High Arctic

- ❑ Specialty niche operations with significant barriers to entry
- ❑ Ten year history of profitable operations with superior returns on equity
- ❑ Very strong balance sheet with access to in excess of \$60 million in liquidity, which includes non-cash Working Capital
- ❑ Continued growth in Canada and recent expansion into the US
- ❑ Seven years of consistent growing dividends with low payout ratio <30%



Business Overview

High Arctic Energy Services is a tier one drilling and service rig provider to the leading exploration and production companies in Papua New Guinea (PNG), Canada and the United States

2019 Q3 Revenue

PNG \$22.3 m
Canada \$23.2 m
US \$4.1 m



LNG

PNG



- Dominant market position for contract drilling, well completion and rental services in PNG
- Provides services in PNG to super majors and regional energy companies under long-term contracts
- PNG's enviable position as a low cost provider of LNG to Asia reduces exposure to lower world energy prices.

Oil+Liquids

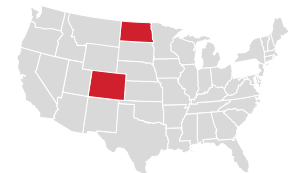
Canada



- Owns and operates Canada's largest fleet of stand alone snubbing units-*original niche market*
- Acquired a tier 1 service rig platform in Q3 2016 that works for large Canadian E&P's and international supermajors
- Solid platform established for growth across completion & production services landscape

Oil+Liquids

US



- In August 2018, High Arctic acquired PowerStroke Well Control, through which will roll out US expansion plan in North Dakota, Colorado and Pennsylvania
- In April 2019, High Arctic acquired Precision Drilling's snubbing division, which further strengthens High Arctic's leading position in the snubbing market in Canada and complements PowerStroke's expansion effort in the US

Canadian Operations

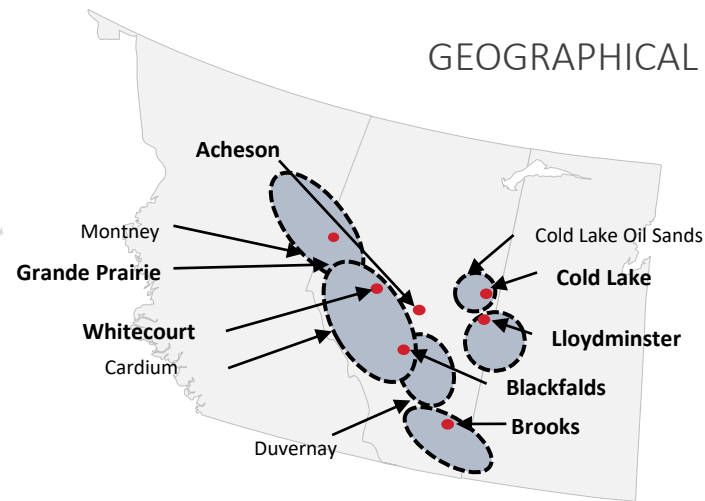
Quality Equipment

	Total	Marketed
Service Rigs	85	59
Snubbing	33	24
Nitrogen Pumpers	12	7
Nitrogen Bulkers	5	3
Rental Equipment	1,050	1,050

Oil+Liquids



GEOGRAPHICAL FOOTPRINT



OUR CUSTOMERS



Shell



REPSOL

encana

Imperial Oil

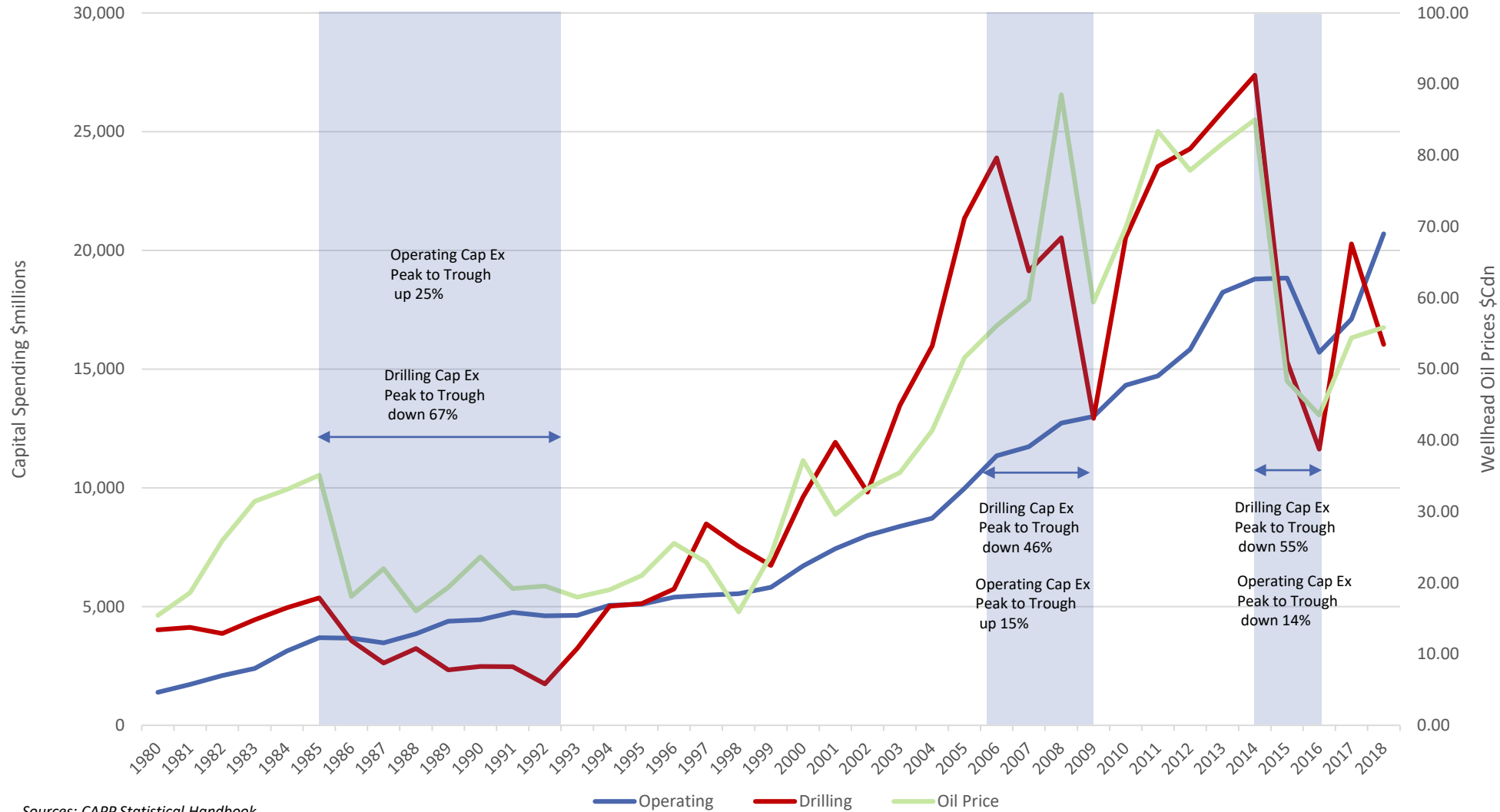


Geographical Footprint

- Facilities strategically located to cover major basins in WCSB
- Exposure to heavy oil, light oil and natural gas basins

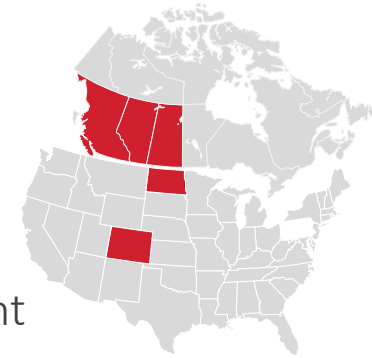
84% of Canada Revenue derived from Contracted Arrangements
 95% Well Servicing Related to Oil Production

Canadian Industry Capital Expenditures



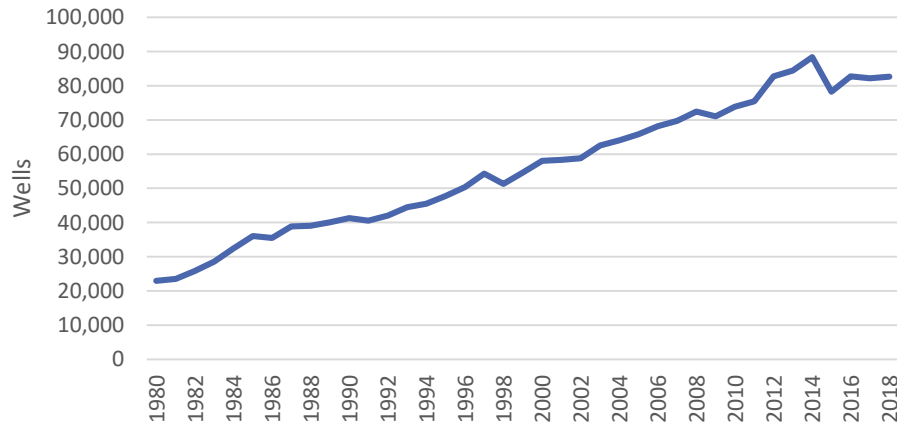
Sources: CAPP Statistical Handbook

Well Servicing Market – Producing Oil Wells



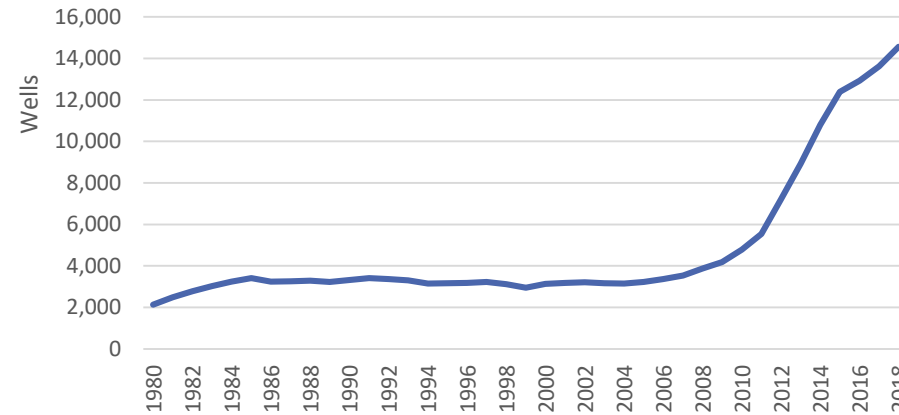
- Well Servicing market is based on the number of existing wells and not as dependent on Rig Count or new well drilling.
- The Compound Growth Rate over the past 10 years of Oil Wells
 - In Canada – 2% per annum
 - In North Dakota – 13%

Producing Oil Wells In Canada



Sources: CAPP Statistical Handbook

Producing Oil Wells In North Dakota



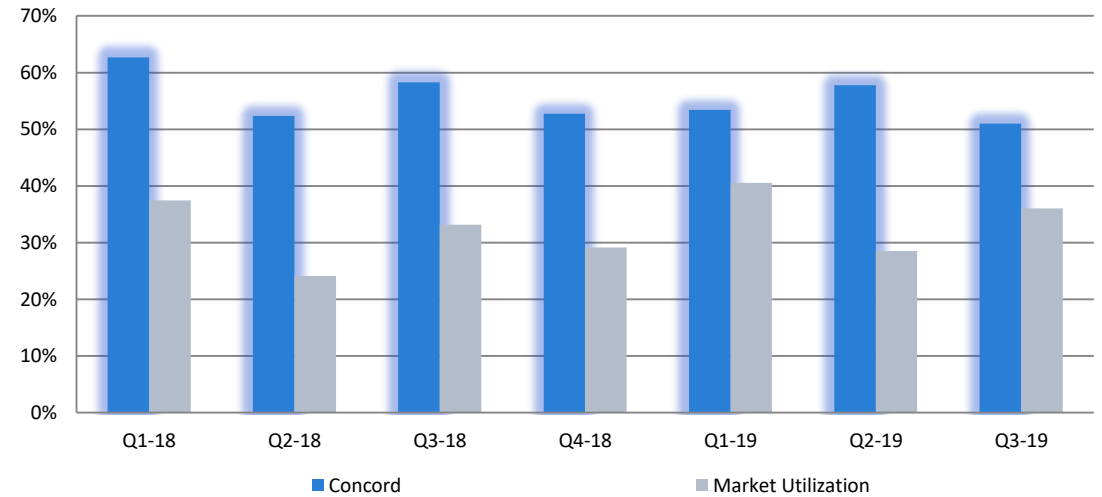
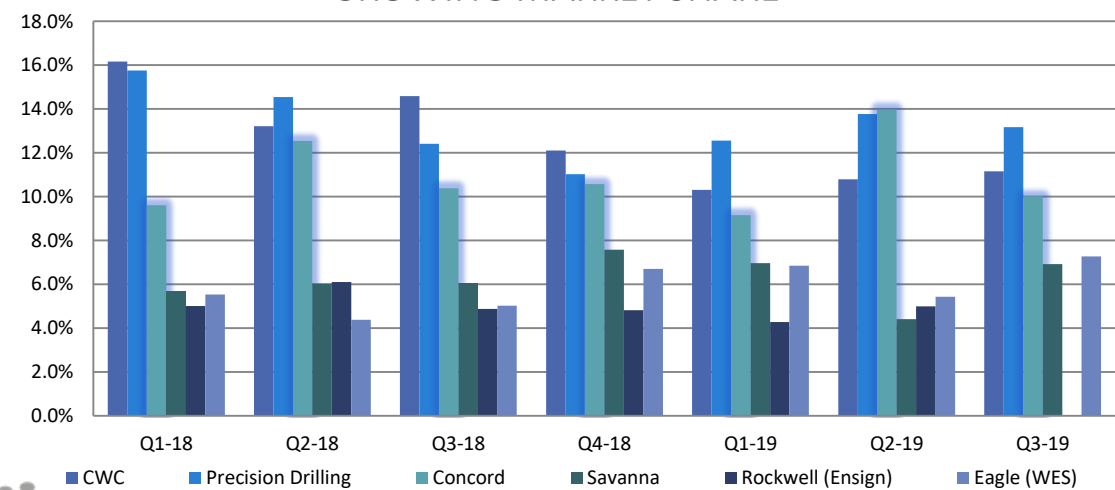
Sources: North Dakota Mineral Resources



Concord Well Servicing

- High quality asset base, defensive barrier to entry, superior utilization and top tier safety and performance
- Operates one of the largest fleets of service rigs in WCSB
- Solid client base that includes international supermajors top tier Canadian E&P companies
- Operate 6% of rigs available and over 10% of total industry hours
- Pricing and market fundamentals improving as market supply compresses with labor shortages

GROWING MARKET SHARE



Utilization figures based on number of registered rigs
Source: CAODC

Papua New Guinea

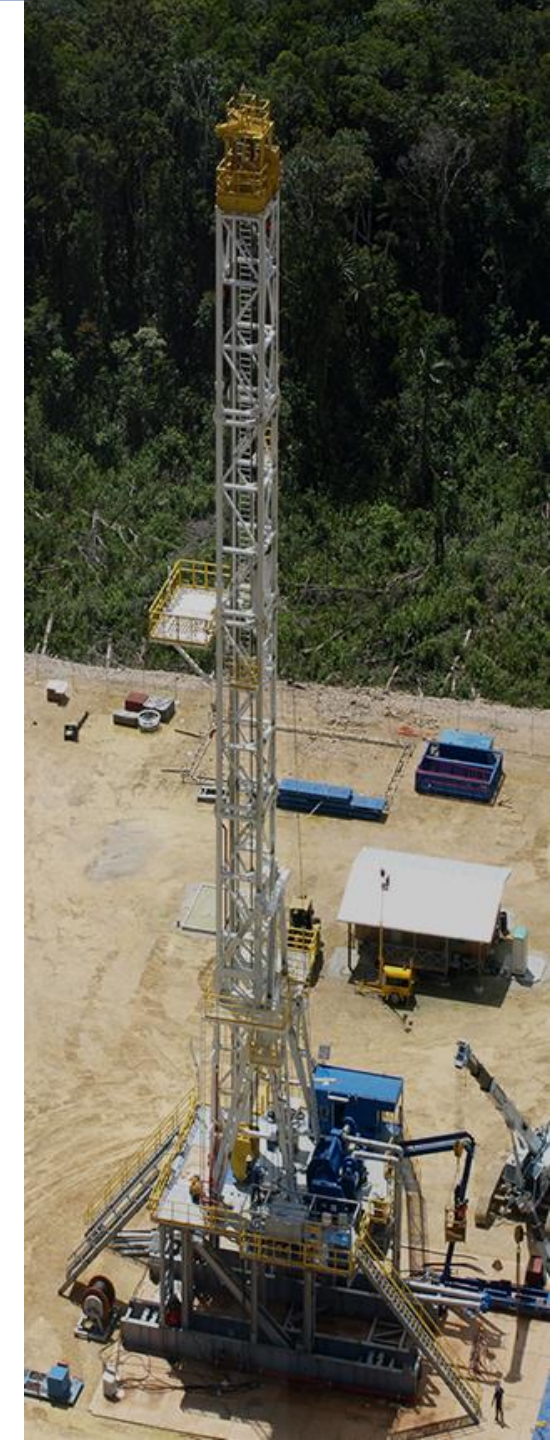


LNG

- Overview – One of the world’s great emerging markets
 - Part of the British Commonwealth with a parliamentary government

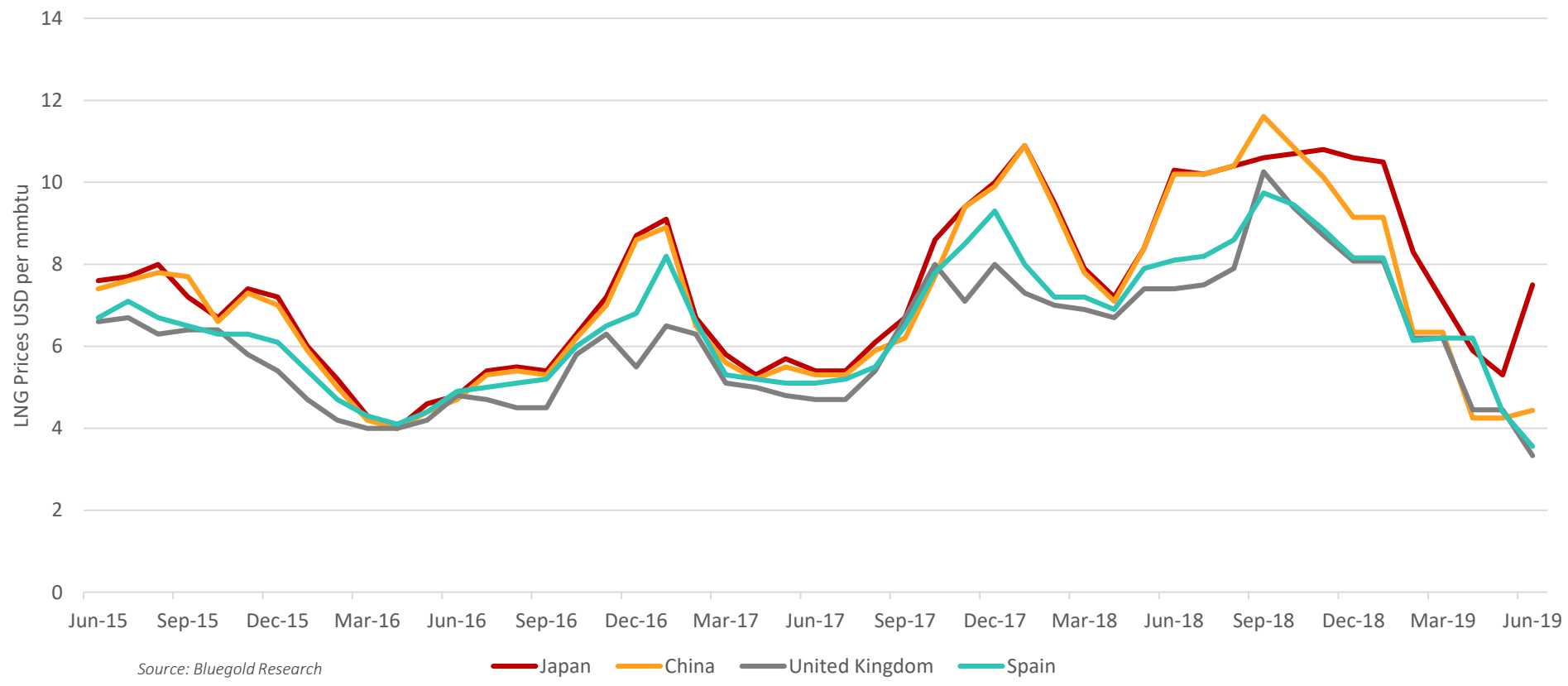
- Oil and Gas Activities – Long History, with New Growth
 - After early years of “Turner Valley-type” exploration, PNG found it’s Leduc
 - World class wells
 - Drilling for decades and High Arctic is the first mover
 - Remote jungle locations requires specialized logistics skills and experience
 - Largest Natural Gas Well – Elk/Antelope

- Macro Drivers for Growth
 - Low cost source of LNG to Asian markets
 - Recent OSL/Exxon discovery at Muruk opens new development area
 - Exxon carrying out large seismic program to support a long term exploration program
 - ExxonMobil, Total and partners announced expansion with three new LNG trains to develop Elk-Antelope and the P’nyang fields.



LNG Development

THE LONG TERM PNG ADVANTAGE



Proximity to growing Asian market's provides incentive to develop LNG projects despite industry downturn

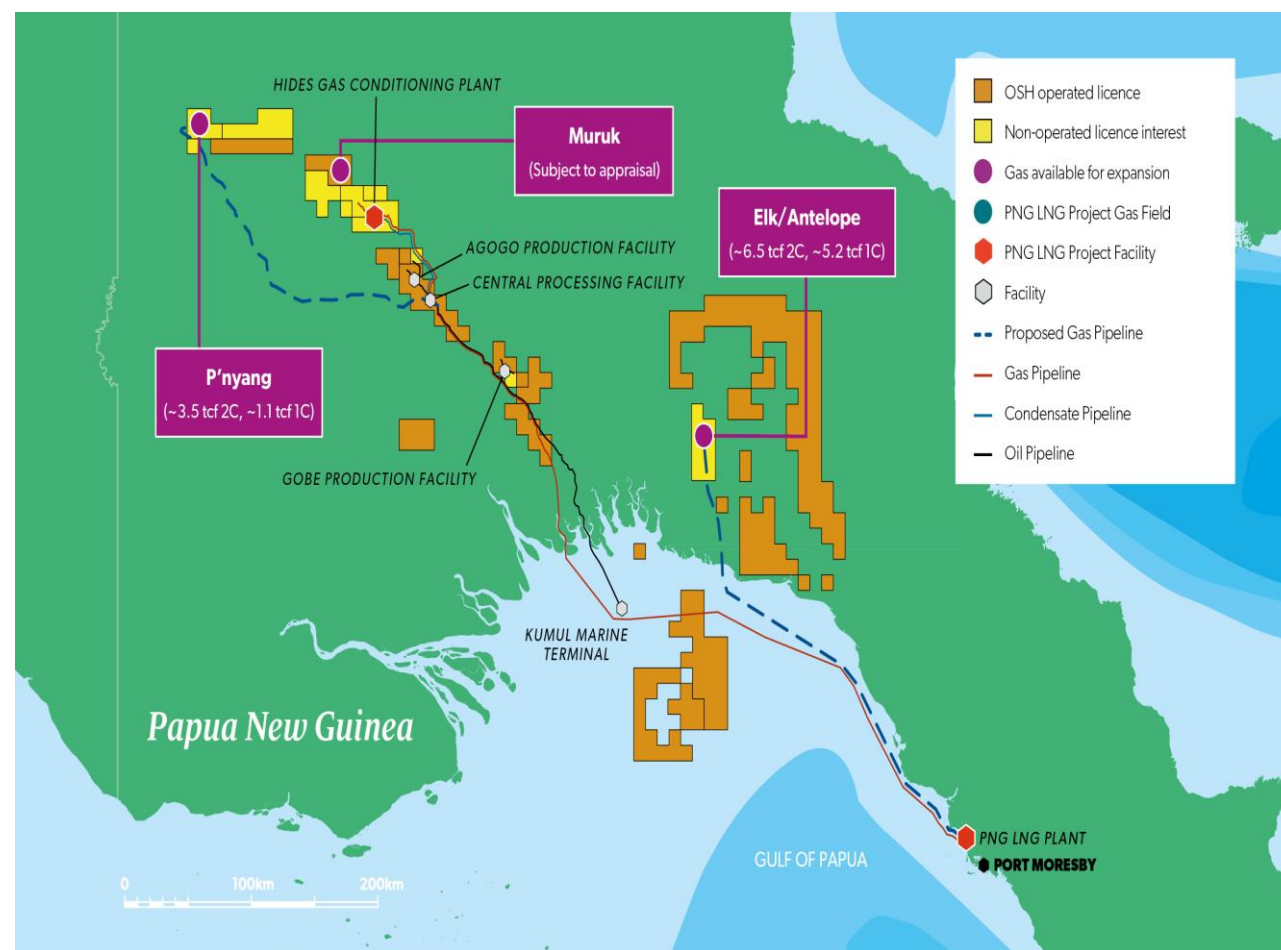
PNG Outlook & Development: Building a Country

- PNG LNG: Completed 2014
 - Exxon is the operator
 - 9.0 tcf of natural gas and 200+ million bbls of associated liquids over 30 years
 - 1.0bcf/d Capacity – 2 trains
 - Double Capacity to 2bcf/d with addition of 3 Trains in 2023

- OSL:
 - 4 to 6 exploration wells/yr
 - Ongoing / planned drilling programs in Elk-Antelope, Muruk and P'nyang
 - Muruk gas discovery – confirmation of very good quality reservoir leading to potential appraisal program in 2019.
 - Focusing investment in PNG to support 10 year growth platform

- Elk-Antelope:
 - Ownership: TOTAL, Exxon and OSL
 - Proven gas reserve of 5.2tcf

- Exxon:
 - Completed acquisition of InterOil 2016
 - Significant unexplored acreage



Exxon

Oil Search

TOTAL

REPSOL

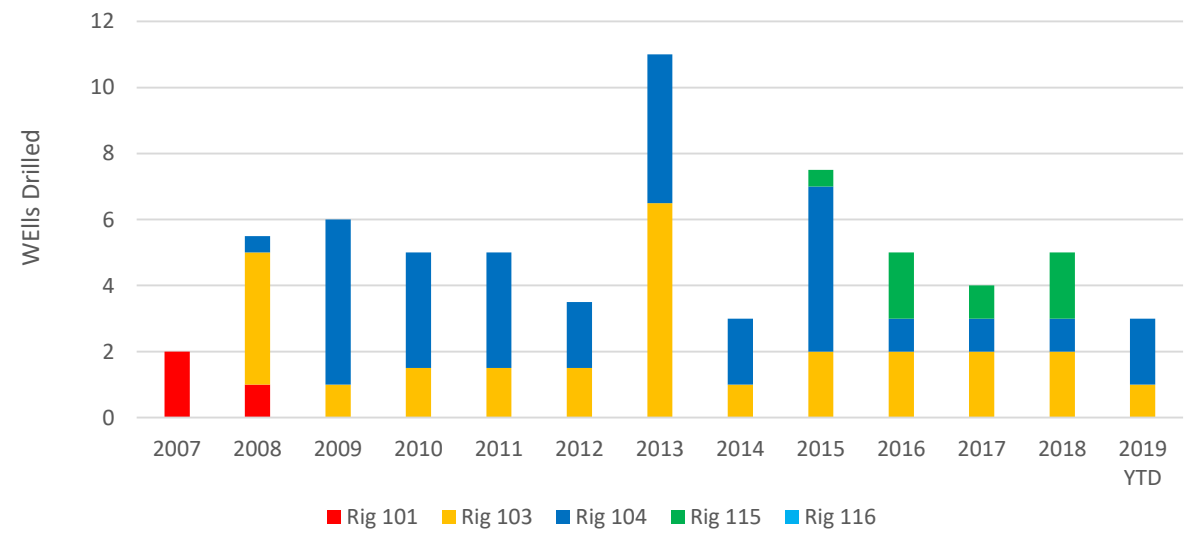
Papua New Guinea



LNG

- High Arctic has drilled 70 wells in PNG since 2007
- Over 300 loads to locate a Heli Rig on location

Annual Well Count



Rigs 101 / 103 / 104 Customer owned – HAES operated

Rigs 115 / 116 HAES owned



LNG



PNG Equipment Rentals

□ Matting

- Inventory exceeding 5,000 rental mats in PNG
- High Arctic has PNG distributor rights
- Possible expansion into other countries with similar challenging environments

□ Camp Services

- Owns and manages two 103 man Heli-portable man camps
- Operates and manages two 93 man Heli- portable drilling rig camps

□ Other Rental Equipment

- Cranes (ranging from 30 ton to 160 ton)
- Rig moving trucks and other rolling stock
- Forklifts
- River pumps



US Operations

- Acquired PowerStroke Well Control Ltd. enabling expansion into the US
- High Arctic now operates the largest snubbing fleet in Canada with 33 high-spec snubbing units, of which 6 are being marketed in US
- Begun deploying Well Service Rigs with 2 currently operating and with 3 additional Rigs being prepared to move
- Established fully operational facilities in Williston, ND and Greeley, CO

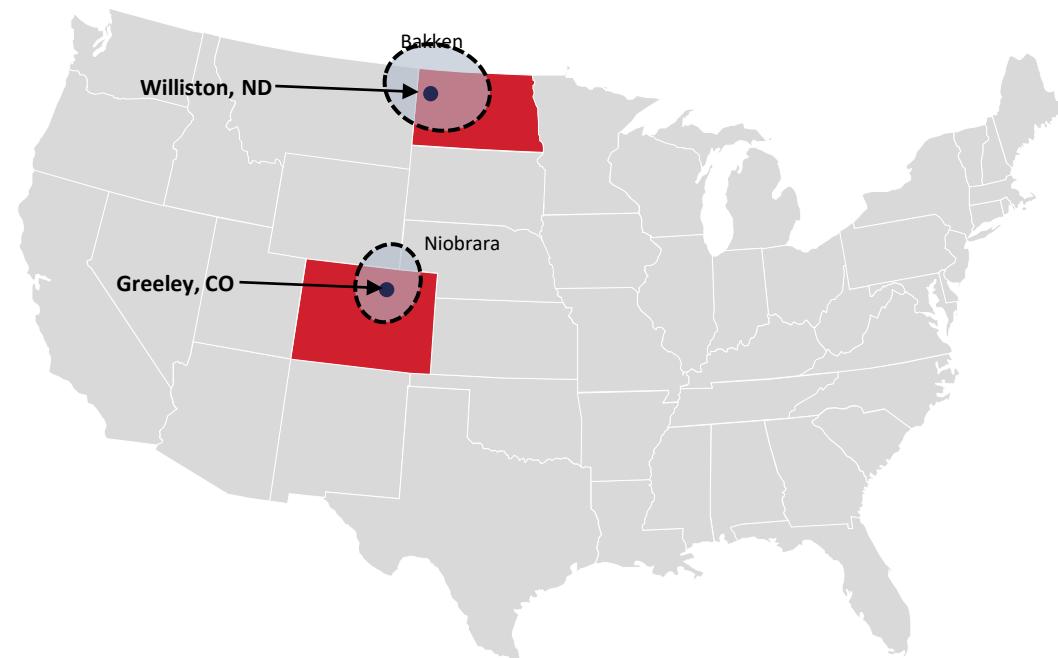
Equipment Deployment Plan

	Currently In US	Moving from Canada	Total US Planned
Service Rigs	2	3	5
Snubbing	6	2	8

EXPANSION FOOTPRINT



Oil+Liquids



Precision Snubbing Acquisition

- On April 16, 2019, High Arctic acquired Precision Drilling's snubbing assets for \$8.25m
- Part of a continued growth plan which strengthen High Arctic's leading position in the snubbing
- 12 additional marketed snubbing units as well as certain patent rights related to the design and spare equipment
- Post acquisition, High Arctic operates the largest snubbing fleet in Canada with 33 high-spec snubbing units – 60% Market share
- As of Aug 2019, High Arctic has 6 active snubbing units working in Colorado and North Dakota.



Financial Summary

\$m (except per share amounts)	<u>2019</u>	<u>2018</u>	<i>% Change</i>
	Nine Months Ended Sept 30	Nine Months Ended Sept 30	
Consolidated Revenue	142.7	155.5	<i>(8%)</i>
Canada	66.8	69.3	<i>(4%)</i>
US	7.4	0.4	<i>1750%</i>
International	68.5	86.2	<i>(21%)</i>
Adjusted EBITDA	15.8	45	<i>(65%)</i>
Adjusted EBITDA % of Revenue	11%	29%	<i>(62%)</i>
Net Earnings per Share (basic and diluted)	-0.08	0.26	<i>(131%)</i>
Funds from Operations per Share (basic and diluted)	0.24	0.66	<i>(64%)</i>
Dividends per Share	0.15	0.15	<i>0.0%</i>

Outlook



Solidify High Arctic's leading position in PNG as the driller of choice



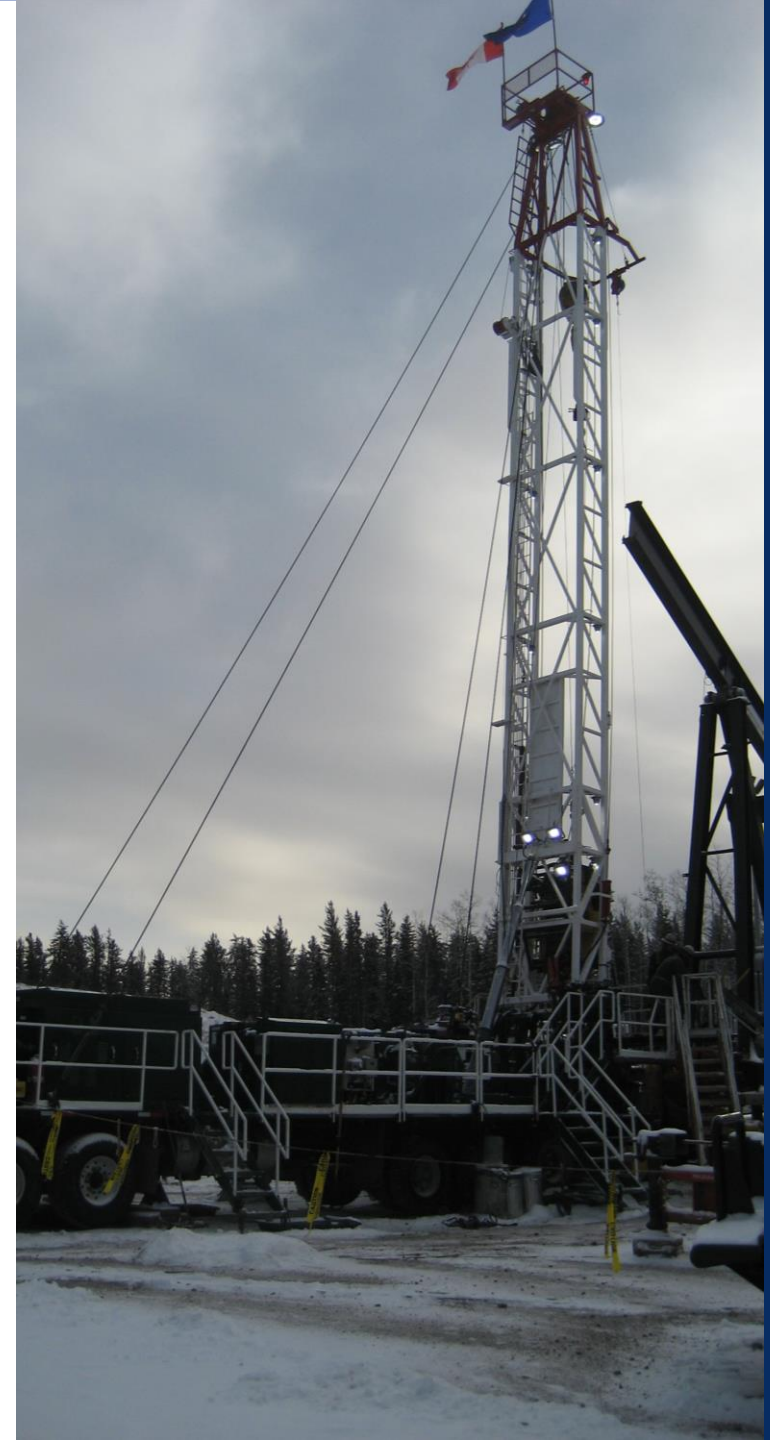
Continue organic roll out opportunities in Canada and the US



Actively pursue accretive acquisition opportunities within the North American energy services sector



Geographically and Operationally Diversified Energy Services Company



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