



# HIGH ARCTIC ENERGY SERVICES

Excellence in Safety and Service

August 2021 Investor Presentation

TSX : HWO

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# Presentation Outline

- Corporate Profile | Energy Services
- Vision | Strategic Priorities
- High Arctic Snapshot
- Business Outlook
- Our Quality Difference
- Geographic Markets | Service Capability
  - Papua New Guinea (“PNG”)
  - Canada
- Financial Overview



Readers are cautioned that this Presentation contains certain forward-looking information and should refer to the disclaimer on slide #15.

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# Corporate Profile | Energy Services

## TSX : HWO

### Shareholder Composition



■ FBC Holdings S.A.R.L. 45%
 ■ Insiders 5%
 ■ Public 50%

Shares Outstanding (Aug 12, 2021): 48.8 million

Share Price (Aug 12, 2021): \$1.31

Market Cap (Aug 12, 2021): \$63.9 million

Shareholders equity per share (June 30, 2021): \$3.41

Working Capital (June 30, 2021): <sup>1</sup> \$34.0 million

12 months trailing adjusted EBITDA (June 30, 2021): <sup>1</sup> \$6.3 million

Available Liquidity (June 30, 2021): <sup>2</sup> \$66.7 million

1. See Non IFRS Measures at end of presentation
2. Comprised of cash and full balance of undrawn bank loan facility, which is subject to covenants

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# Vision | 2021 Strategic Priorities

## Vision

With a relentless focus on quality, be recognized as a trusted provider of energy services.

## 2021 Strategic Priorities

- Safety excellence and focus on quality
- Cost control focused on cash flow to fuel growth
- Prudent deployment of capital on low emissions technology
- Careful consideration of growth prospects in well understood markets
- Capital stewardship to drive shareholder value, including share buybacks

# High Arctic snapshot

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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) and Canada

## Assets Deployed

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June 30, 2021

PNG	\$77.2 m
Canada	\$107.0 m



LNG

PNG



- Dominant market position for contract drilling, well completion and rental services in PNG
- Provide services to super majors and large 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 + Natural  
Gas

CANADA



- Own and operate Canada's largest fleet of snubbing packages - *original business*
- Leading service rig customer base – large Canadian and international supermajor E&P's
- Independent Rental services and Nitrogen pumping
- Cornerstone contracts in Western Canada's thermal wells
- Solid platform established for growth

# Business Outlook



**Drilling Services** in PNG are primarily driven by LNG fundamentals. While currently inactive, High Arctic’s hi-tech heli-portable drilling rig fleet is contracted and poised for quick customer reactivation.



**Production Services** in Canada has broad geographic and customer base. Service rig activity is expected to continue to rise as customers bring oil production back online and prioritize well abandonments.



**Ancillary Services** through rentals in Canada and PNG are well positioned to benefit from higher drilling rig activity and growth associated with investment decisions to increase LNG and oil export capacity.



**Partnership** with a mission to create opportunity for local indigenous communities and individuals, focused on environmental stewardship while delivering high quality energy services.

Geographically and Operationally Diversified Energy Services Company

## Positioned for growth

High Arctic has the footprint, service offerings, customer base and access to capital, to grow organically and be a consolidator in the energy services sector.

# The High Arctic Quality Difference

## Quality Underpins Everything we do

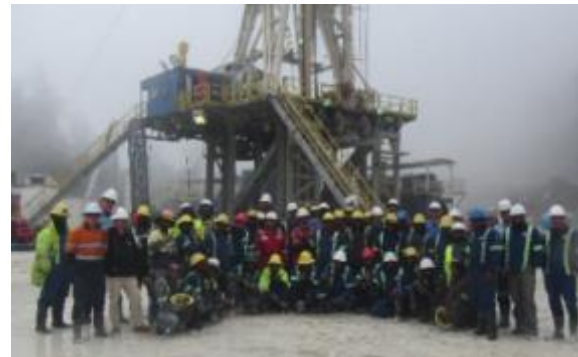
At High Arctic, it is quality, as measured by our safe work statistics and customer satisfaction, that drives our business forward.

## Our Values define us

Customers | Community  
People | Professionalism

***It is our Mission to:***

***“Create superior value for investors through the delivery of dependable and innovative energy services consistent with the best interests of employees, customers and community”.***



## PNG

- Winner – IADC –AC Safety Statistics Award
  - 2015, 2017, 2018, 2019
- 4.9 Years Total Recordable Incident Free operations
- 2.5 Million Recordable Incident Free Man Hours



## CANADA

- Cold Lake 8 Years Total Recordable Incident Free
- Rig 80 is 12 Years Total Recordable Incident Free
- HAES Rental Services LTI Free since 2016



# Papua New Guinea



## LNG

- Overview – One of the world’s great emerging markets
  - Part of the British Commonwealth with a parliamentary democracy
  - Remote mountainous jungle locations require specialized logistics skills & experience
  
- Oil and Gas Activities – Long History, with New Growth
  - PNG has found its place as a low-cost LNG exporter
    - World class wells
    - World Record Natural Gas Exploration Well Flow Rate – Antelope Field
  - Drilling for decades and High Arctic is the dominant provider
  
- Macro Drivers for Growth
  - Low-cost source of LNG to Asian markets
  - Papua LNG project stands to double LNG footprint
  - PNG-LNG expansion in discussions underpinned by P’nyang gas field
  - Discovery at Muruk opens new development areas near LNG infrastructure





# Development of LNG : PNG's Leading Export



## PNG LNG: Completed 2014

- ExxonMobil is the operator
- 9.0 tcf of natural gas and 200+ million bbls of associated liquids over 30 years
- 1.0 bcf/d Capacity – 2 trains
- Additional train under consideration – P'nyang expansion



## OilSearch:

- Average 4 to 6 exploration wells/yr, pre-covid
- Operate all of the discovered Oil Fields
- Muruk gas discovery –very good quality reservoir



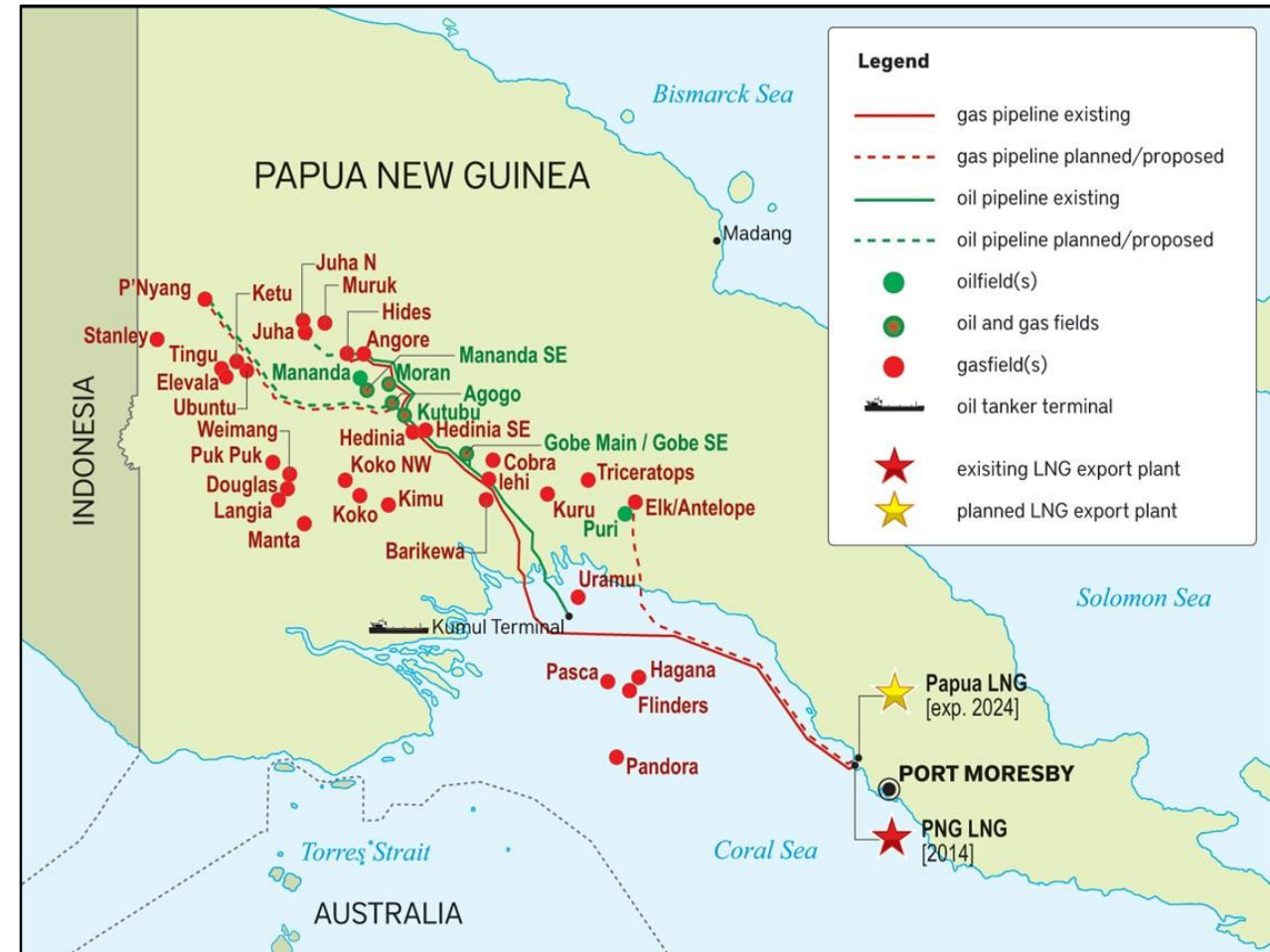
## Elk-Antelope:

- Ownership: TOTALenergies, ExxonMobil and OilSearch
- Proven gas reserve of 5.2 tcf
- 2 train LNG plant under FEED
- Significant surrounding unexplored acreage



## Western Corridor:

- Significant number of gas discoveries
- Potential to aggregate and develop



Exxon

Oil Search

TotalEnergies

Santos

# PNG, more than drilling

LNG



- ❑ Worksite Matting
  - Inventory exceeding 5,000 rental mats
  - Game changing productivity improvement in tropical rainfall environment
- ❑ Camp Services
  - Own and manage two 103 bed Heli-portable camps
  - Operate and manage two 93 bed + two 34 bed Heli-portable camps
  - Smaller “Pioneer” – first deployment camps
- ❑ Other Rental Equipment
  - Cranes (ranging from 30 ton to 160 ton)
  - Rig moving trucks, Forklifts and other rolling stock
  - River pumps, generators & lighting towers
  - Assorted oilfield equipment and tubulars



**BEFORE**



**AFTER**

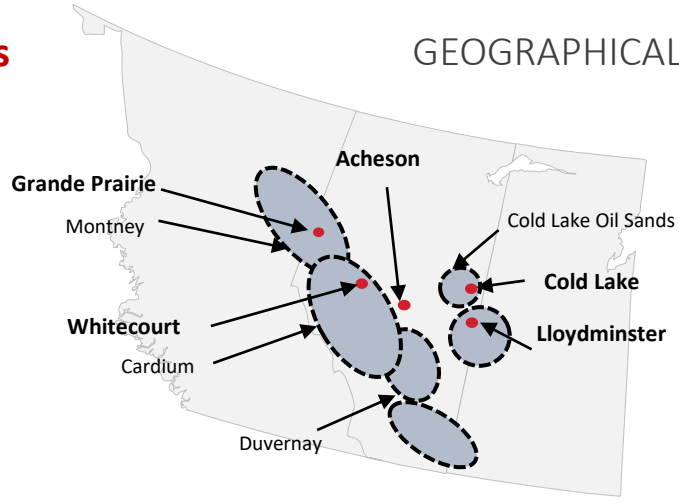


A Division of High Arctic Energy Services Inc.

# CANADA

## Oil+Natural Gas

## GEOGRAPHICAL FOOTPRINT



### Quality Equipment June 30, 2021

	Total Marketed
Service Rigs	49
Snubbing Packages	14
Nitrogen Pumpers	5
Nitrogen Bulkers	2
Rental Equipment	1,067

### OUR CUSTOMERS



### Geographical Footprint

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

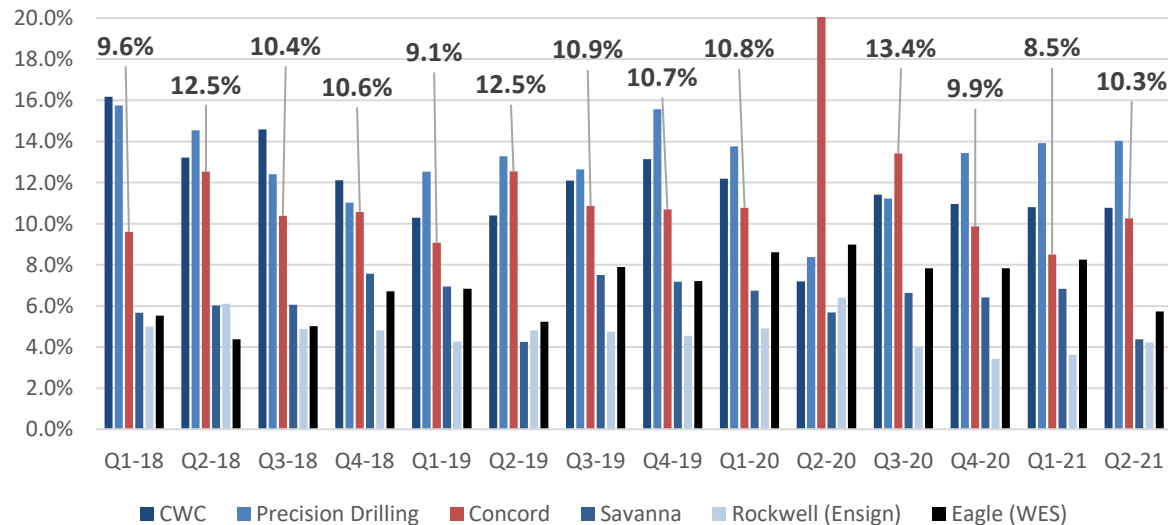
Majority of Canada revenue derived from contracted arrangements providing production, completion and abandonment services

# CANADA | Service Rigs



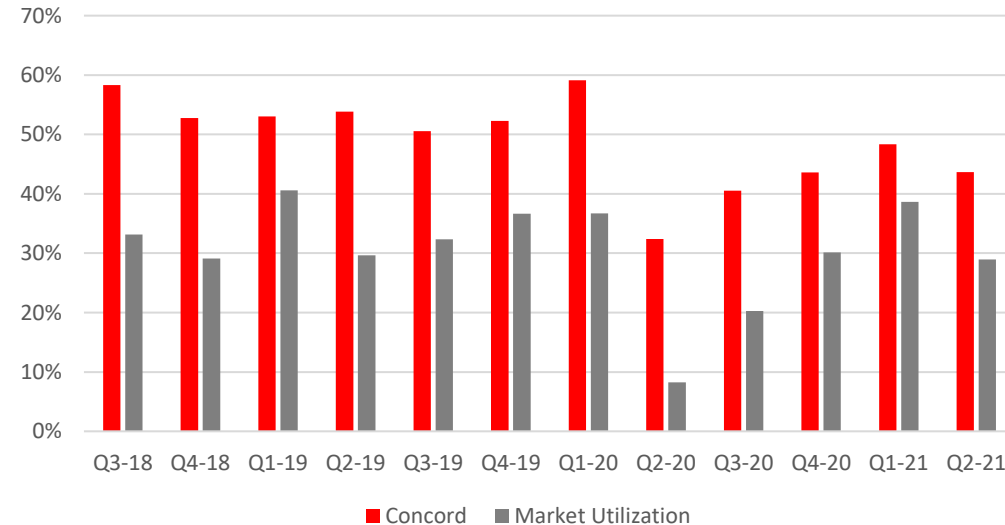
- Well Servicing market is primarily based on the number of wells in production
- High quality asset base, superior utilization and top tier safety and performance
- Operate one of the largest fleets of service rigs in WCSB
- Large multi-year contracts with investment grade customers
- Utilization stabilized from the Q2 2020 lows

MARKET SHARE



Utilization figures based on number of registered rigs  
Source: CAODC

INDUSTRY LEADING UTILIZATION



Utilization figures based on number of registered rigs  
Source: CAODC

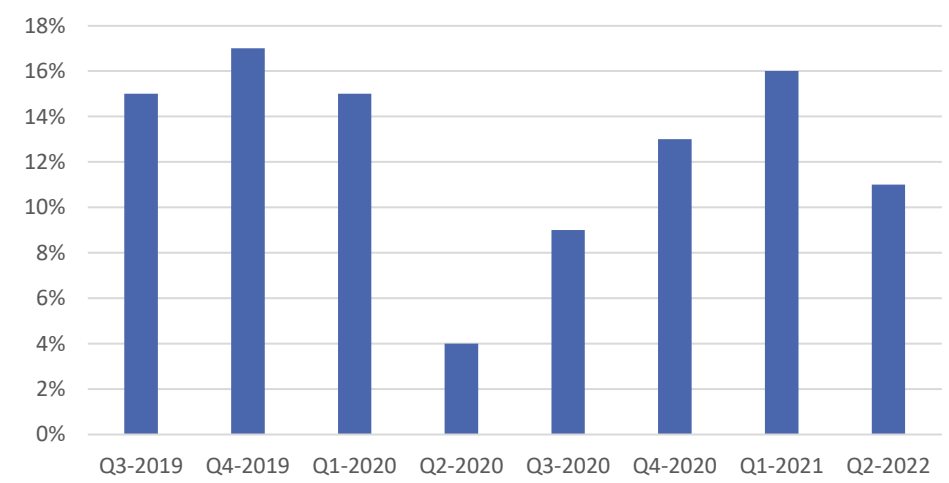
# CANADA | Snubbing



- ❑ Largest fleet of snubbing packages, over 50% of available market in WCSB
- ❑ High quality asset base, superior design and top tier performance
- ❑ Consolidated market with acquisition of top two competitors over past 3 years
- ❑ Client base includes investment grade E&P Companies
- ❑ Positioned well for rebound in natural gas well completions



### Snubbing Package Utilization



Utilization figures include both the Canadian assets and idle packages in the United States.

# Financial Summary

	<i>\$ millions</i> <i>(except per share amounts)</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>
		6 Months to Jun 30	12 Months to Dec 31	12 Months to Dec 31
Consolidated Revenue		34.1	90.8	185.5
	Canada	31.6	59.2	90.1
	US	-	2.9	11.0
	PNG	2.5	28.7	84.4
Adjusted EBITDA <sup>(1)</sup>		1.7	8.5	19.4
Adjusted EBITDA <sup>(1)</sup> as % revenue		4.9%	9%	10%
Net Earnings (loss) per share <sup>(2)</sup>		(0.19)	(0.52)	(0.18)
Funds provided from Operations per share <sup>(2)</sup>		0.03	0.12	0.31
Dividends per share <sup>(3)</sup>		-	0.03	0.20
Long-term debt		-	10.0	-

1. See Non IFRS Measures at end of presentation
2. Basic and diluted shares outstanding
3. Dividends were suspended in March 2020

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*Adjusted EBITDA* or (adjusted earnings before interest, tax, depreciation and amortization) and *Working Capital* (Current assets less current liabilities) do not have standardized meanings prescribed by IFRS and are presented to provide a more meaningful understanding of High Arctic Energy Services Inc.'s underlying financial performance. These non-IFRS financial measures are derived from the financial statements, which have been subject to review by the Corporation's auditor and are available on our website [www.haes.ca](http://www.haes.ca) and are not intended to represent IFRS measures such as net earnings.



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