



# HIGH ARCTIC ENERGY SERVICES

*the trusted provider of energy services*

## November 2022 Investor Presentation

TSX : HWO

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# PRESENTATION OUTLINE

Vision | Mission | Values

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High Arctic Overview

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Geographic Markets | Service Capability

Papua New Guinea (“PNG”)

Drivers of future work

Differentiation

Canada

Partnerships

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Our Quality Difference

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Strategic Priorities

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Returns to Shareholders & Financial Summary

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Corporate Profile

*“Divestment of High Arctic’s Canadian Production Services allows our management to streamline and develop a longer-term strategy for the remaining Canadian business and focus attention on the growth opportunities in PNG.”*

*- Mike Maguire CEO*



## VISION

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

## MISSION

providing services that unlock sustainable, reliable and affordable energy in demanding locations

## VALUES

**People** we care for our people

**Community** we respect the people, cultures and places where we work

**Trust** we do what we say

**Challenge** we seek bespoke and innovative solutions

**Customers** we use our expertise to meet our customers objectives

# HIGH ARCTIC OVERVIEW

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High Arctic Energy Services is a tier one well site services provider to the leading exploration and production companies in Papua New Guinea and Canada



## PAPUA NEW GUINEA (PNG) **LNG Sector**

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Drilling Services

Dominant market position, long term contracts

Provide services to super majors and large regional energy companies

15 Years of experience in PNG, in all producing and prospective areas

PNG is a low-cost provider of LNG to Asia markets

## CANADA

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### **Oil + Natural Gas Sector**

Well established brands in a highly active market

Multinational and large Canadian Investment grade customers

Well positioned in the Western Canadian sedimentary basin

Corporate headquarters in Calgary





Our Customers



## One of the world's great emerging markets

- Part of the British Commonwealth with a parliamentary democracy
- Natural Resources is primary GDP contributor
- Low-cost reliable source of LNG to Asian markets
- Positioned on the *Ring-of-fire* - untapped geothermal energy source

## Frontier environment requires specialists

- Remote mountainous tropical jungle locations
- No road and communications infrastructure
- Culturally diverse – home to over 10% of the world's languages
- Ongoing community engagement essential

*“We are excited about the opportunities for our Drilling Services segment in PNG as the next round of gas development projects materialize there.”*

*- Mike Maguire CEO*

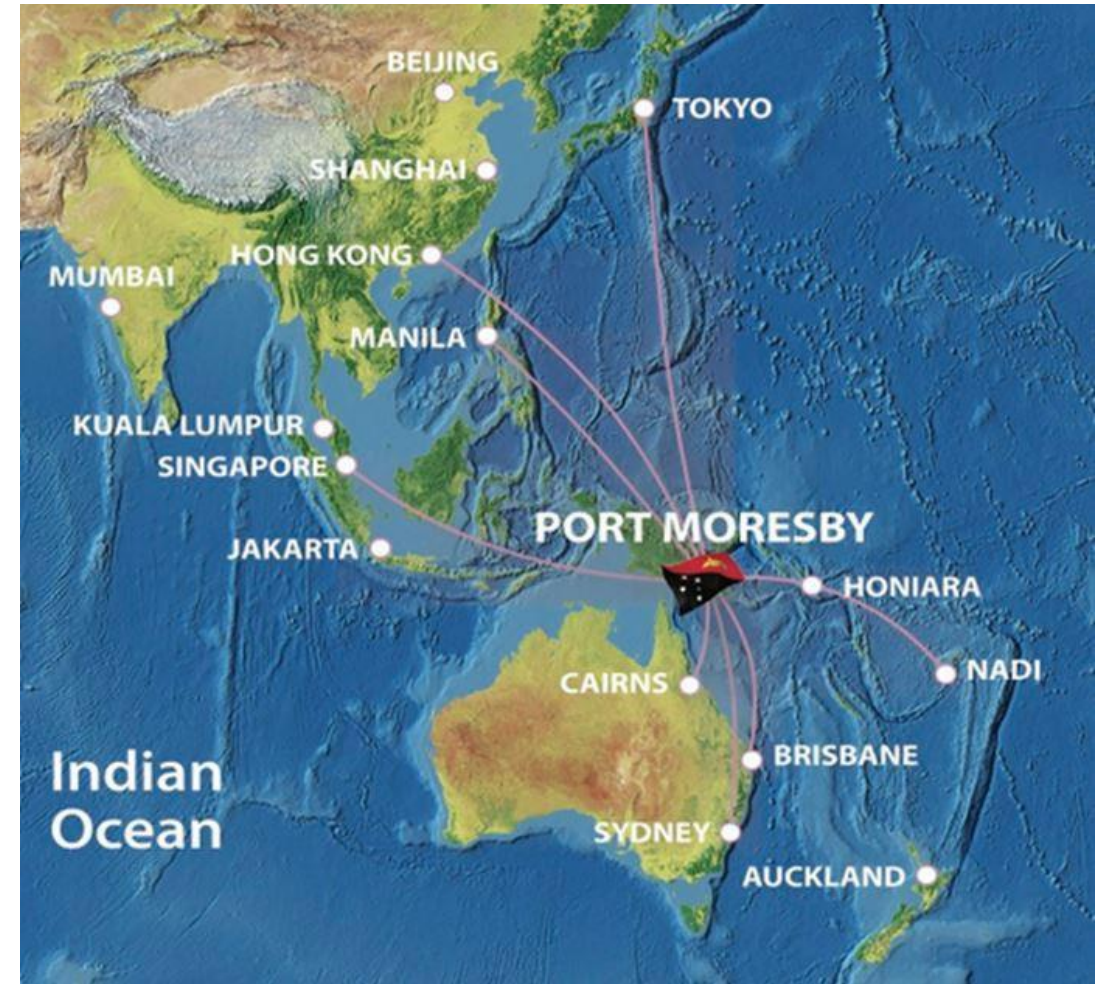


# PNG - DEVELOPMENT OF LNG

## PNG'S LEADING EXPORT

### PNG LNG

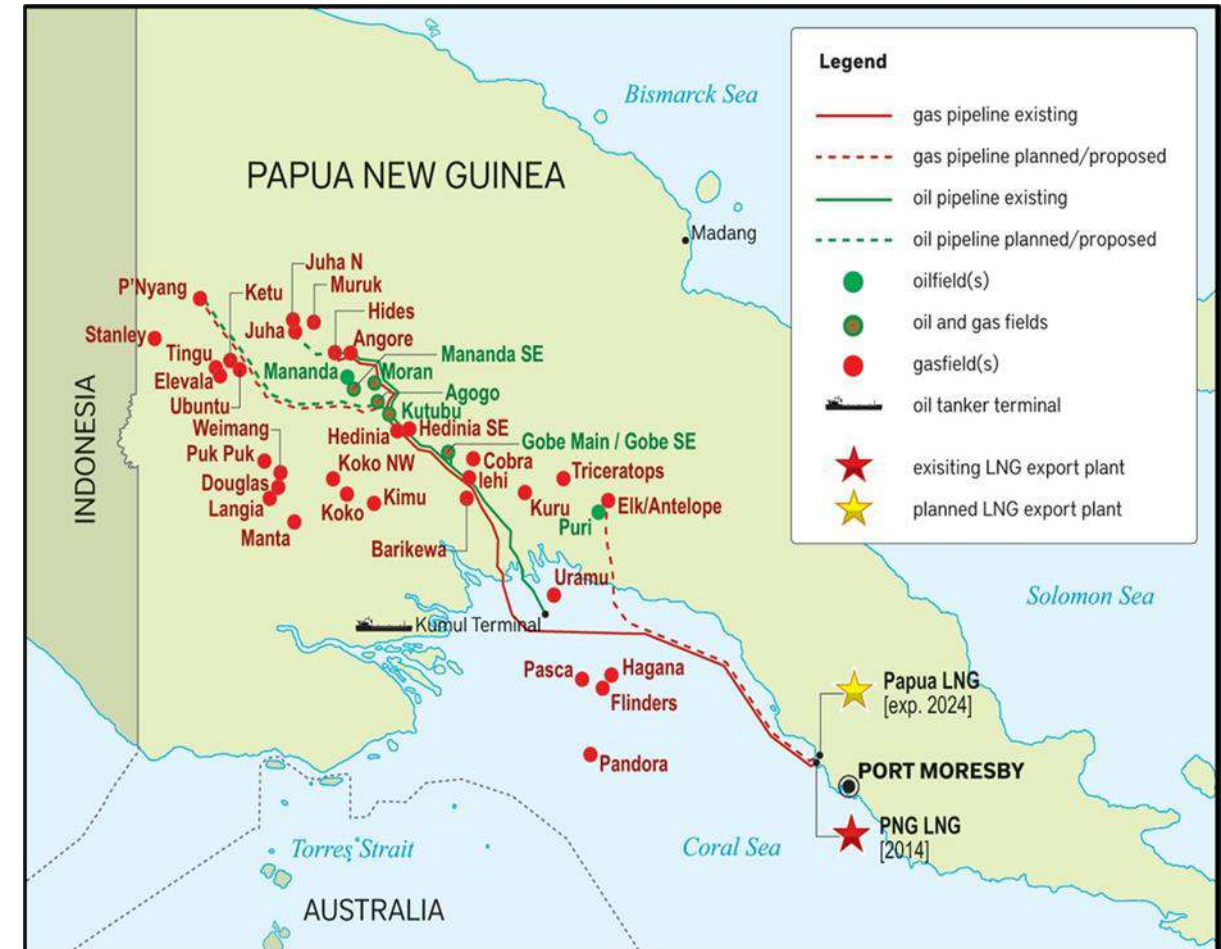
- De-risked PNG for major capital projects
- ExxonMobil is the operator, Santos is largest stakeholder
- Completed 2014
- 9.0 tcf of natural gas
- 200+ million bbls of associated liquids over 30 Years
- 1.0 bcf/d Capacity – 2 trains
- P'nyang gas development agreement signed 2022
  - additional LNG train with 3<sup>rd</sup> party access



# Papua LNG Project

- Doubles the current LNG footprint in PNG
- Ownership: TotalEnergies (operator), ExxonMobil and Santos
- Elk-Antelope fields
- Proven gas reserve of 5.2 tcf
- 2 train plant under FEED
- FID expected in 2023, targeting first gas export in 2027
- Significant surrounding unexplored acreage

- Significant number of gas discoveries with potential to aggregate
- Arran Energy underway with FEED on condensate stripping plant



bbl = US barrel; bcf = billion cubic feet; tcf = trillion cubic feet.



# HIGH ARCTIC'S WORLD CLASS OPERATION



**PNG - one of the most challenging places on earth**



## High Arctic Rigs

- Rig 115 and Rig 116
  - Tier – 1, 1500 HP, 750,000 lbs hookload
  - Highly versatile – road, light helicopter, heavy helicopter
  - Ideal exploration and appraisal workhorses
- Rig 102 - 340,000 lbs midsize hydraulic workover unit

## Customer Rigs

- Rig 103 and Rig 104
  - Tier – 1, 1500 HP, 750,000 lbs hookload
  - Road and heavy helicopter only
  - Proven efficient appraisal and development rigs

“Leapfrog” rig designs substantially improve time between completion of drilling activity and start of the next well.





## MORE THAN DRILLING



### 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



### 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

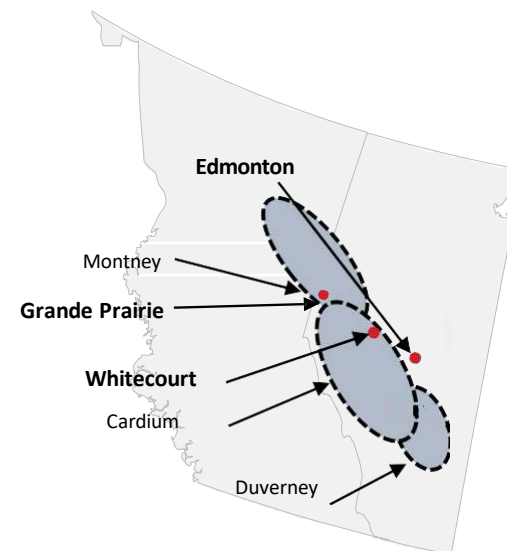


## HAES Rental Services

- Leading provider of pressure control equipment
- Customers include contractors and energy companies
- Platform for Canadian growth

## Nitrogen Supply and Pumping Services

- Modern fleet of energy efficient mobile pumpers
- Constructed for safe pumping at the well site



Equipment	Total
Nitrogen Pumpers	5
Nitrogen Bulklers	2
Blow Out Preventors	66
Accumulators	2
Lighting Towers	40
General Rental Equipment	820





## Partnerships



We choose partners who share our values and bring market differentiation



### Team Snubbing Services Inc.

- Largest fleet of snubbing equipment in Canada
- Opportunities to expand internationally
  - Examining growth prospects in the USA and elsewhere
- Management invested in ownership
- High Arctic owns 42%, and holds 2 seats on 5-person board

### Seh' Chene

- Saa Dene Group of northern Alberta is the majority partner
- High Arctic is primary service supplier
- Growing list of third-party supplier partners

*Mission: to execute dependable high-quality energy services, focused on environmental stewardship, while creating opportunity for local Indigenous communities and individuals*

# THE HIGH ARCTIC QUALITY DIFFERENCE

## Relentless Focus on Quality Underpins Everything we do

- Winner of IADC–AC Safety Statistics Award  
2015, 2017, 2018, 2019
  - 6 Years Recordable Incident Free operations
  - 3 Million Recordable Incident Free Work Hours
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- Nitrogen over 5 Years Recordable Incident Free
  - HAES Rental Services LTI Free since 2016

**PNG**

**CANADA**





# 2022 STRATEGIC PRIORITIES

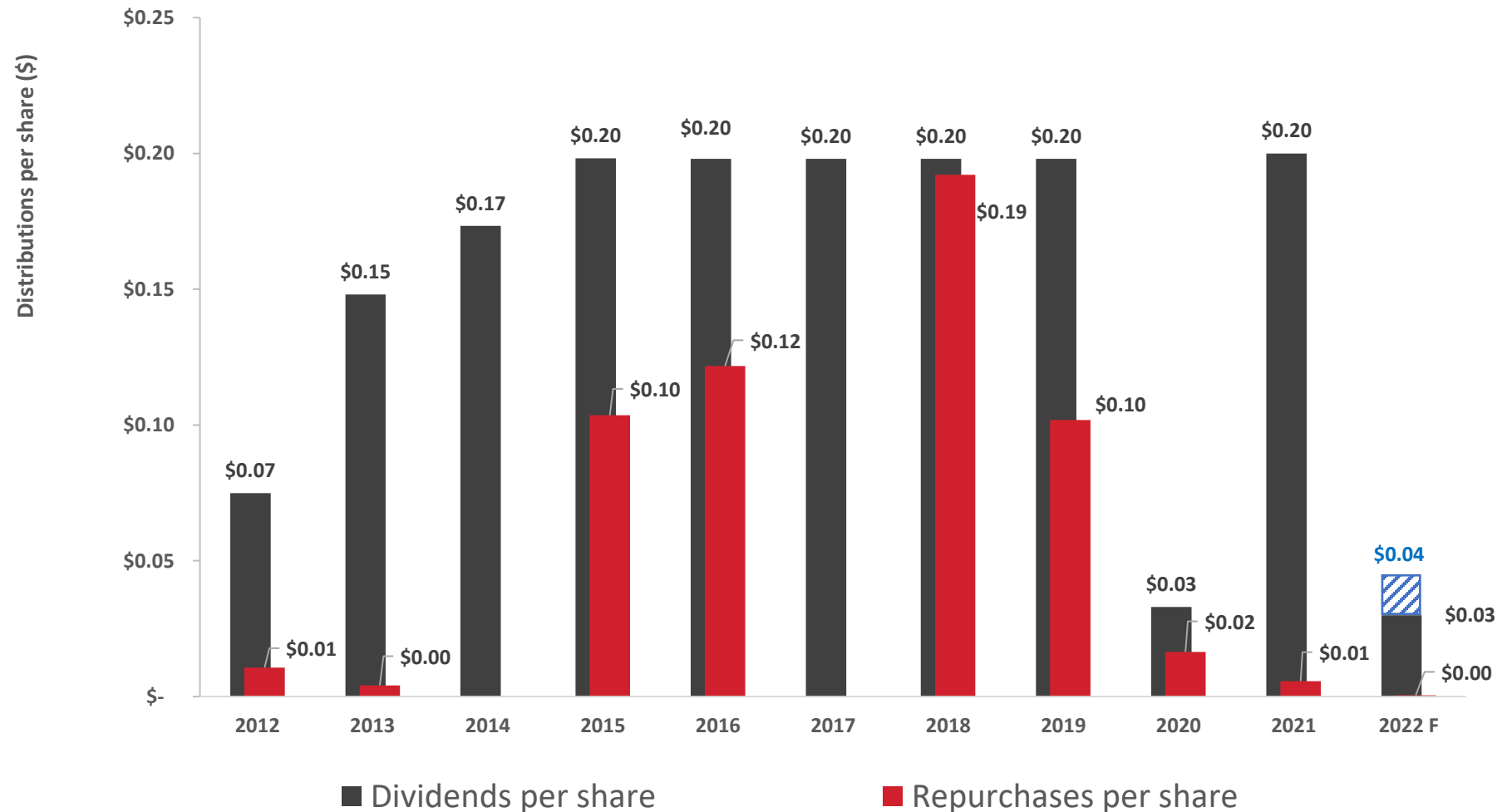
## Production Services divestment and renewed focus on PNG delivers on our established priorities

- 🔥 Safety excellence and quality service delivery
- 🔥 Actions aimed at generating free cash flow:
  - Increased utilization of the Corporation's world-class fleet of equipment
  - Improved efficiency and work force productivity
  - Operating cost control
- 🔥 Development of new and existing employees to meet demand
- 🔥 Prudent deployment of capital on low emissions technology
- 🔥 Careful consideration of growth prospects in well understood markets
- 🔥 Capital stewardship to drive shareholder value, including dividends and share buybacks



# RETURNS TO SHAREHOLDERS

Historically driven by PNG business activity





# FINANCIAL SUMMARY

*Excellence in Safety and Service*



	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>\$ millions</i> <i>(except per share amounts)</i>	9 Months to Sep 30	12 Months to Dec 31	12 Months to Dec 31
Consolidated Revenue	66.9	76.4	90.8
Canada	39.9	61.6	59.2
US	-	-	2.9
PNG	27.0	14.8	28.7
Adjusted EBITDA <sup>(1)</sup>	6.6	4.9	8.5
Adjusted EBITDA <sup>(1)</sup> as % revenue	10%	6%	9%
Net loss per share <sup>(2)</sup>	(0.56)	(0.38)	(0.52)
Adjusted net loss per share <sup>(2)(4)</sup>	(0.21)	(0.38)	(0.52)
Funds provided by operations per share <sup>(2)</sup>	0.10	0.08	0.13
Dividends per share <sup>(3)</sup>	0.03	0.20	0.03
Long-term debt <sup>(5)</sup>	7.9	8.1	10.0

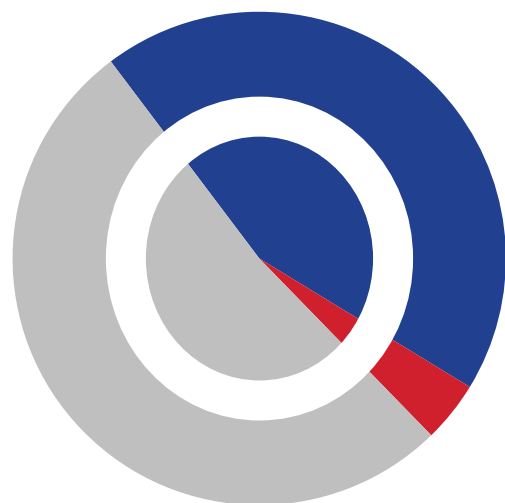
1. See Non IFRS Measures at end of presentation
2. Basic and diluted shares outstanding
3. Dividends were reinstated starting May 2022


4. Adjusted for write down of deferred tax asset (\$7.7m) and impairment on assets held for sale (\$9.6m)
5. Includes current portion of long-term debt


# CORPORATE PROFILE


## TSX : HWO

### Shareholder Composition



  
FBC Holdings  
S.A.R.L.  
45%

  
Insiders  
5%

  
Public  
50%

Shares Outstanding (Nov 10, 2022):	48.7 million
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Share Price (Nov 10, 2022):	\$1.55
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Market Cap (Nov 10, 2022):	\$75.5 million
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Monthly Dividend (Recommended in May 2022):	\$0.005 (3.9% annualized yield)
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Working Capital (Sep 30, 2022):	<sup>1</sup> \$65.4 million
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3 months trailing adjusted EBITDA (Sep 30, 2022):	<sup>1</sup> \$0.6 million
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Cash and Cash Equivalents (Sep 30, 2022):	\$23.4 million
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Net Cash (Sep 30, 2022):	<sup>1</sup> \$15.5 million
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Outstanding Proceeds of Well Servicing Sale:	<sup>2</sup> \$28.0 million
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1. See Non IFRS Measures at end of presentation

2. \$10.2 million received July 2022, \$28.0 million receivable January 2023



## & NOTICE OF FORWARD LOOKING STATEMENTS

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*Adjusted EBITDA* or (adjusted earnings before interest, tax, depreciation and amortization), *Funds Flow from Operating Activities* or (net cash from operating activities adjusted for changes in non-cash working capital), *Net Cash* (cash less long-term and short-term debt) 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, refer to "Non-IFRS Measures" section in our Management's Discussion and Analysis.

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## AUDITOR

KPMG

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## BOARD OF DIRECTORS

Michael Binnion – *Board Chair*  
Daniel Bordessa  
Ember Shmitt

Simon Batcup  
Joseph Oliver  
Doug Strong

## SENIOR MANAGEMENT

Mike Maguire *Chief Executive Officer*  
Lance Mierendorf *Chief Financial Officer*  
Steve Lambert *Chief Operations Officer*