MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED
September 30, 2024 and 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") is a summary review of core operations, strategy, outlook, risks, the results of operations, liquidity, and capital resources of High Arctic Energy Services Inc. ("High Arctic" or the "Corporation"). This MD&A is based on information available to November 14, 2024 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes for the three and nine months ended September 30, 2024 and 2023 (the "Financial Statements") and the audited consolidated financial statements and notes for the years ended December 31, 2023 and 2022. Additional information relating to the Corporation including the Corporation's Annual Information Form ("AIF") for the year ended December 31, 2023 is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca. This MD&A and the Financial Statements were reviewed by High Arctic's Audit Committee and approved by the Board of Directors on November 14, 2024. Throughout the MD&A all amounts are expressed in thousands of Canadian dollars ("CAD") unless otherwise noted and have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

Readers are cautioned that this MD&A contains certain forward-looking information. Please refer to the "Forward-Looking Statements" section of this MD&A for the Corporation's discussion on forward looking information including risk factors that could cause actual results to differ materially and certain assumptions used to underlie the forward-looking information. Definitions of certain non-IFRS financial measures are included under the "Non-IFRS Measures" section of this MD&A. Please refer to abbreviations listed on the last page of this MD&A.

In the following discussion, the three months ended September 30, 2024 may be referred to as the "quarter" or "Q3 2024" and the comparative three months ended September 30, 2023 may be referred to as "Q3 2023". References to other quarters may be presented as "QX 20XX" with X/XX being the quarter/year to which the commentary relates. Additionally, the nine months ended September 30, 2024 may be referred to as "YTD" or "YTD 2024". References to other nine-month periods ended September 30 may be presented as "YTD 20XX" with XX being the year to which the nine-month period ended September 30 commentary relates.

CORPORATE REORGANIZATION AND SPINOFF OF THE PNG BUSINESS

On June 17, 2024, the Corporation held its Annual and Special General Meeting where the Corporation's shareholders approved, amongst other things, a special resolution approving a reorganization of the Corporation by way of a plan of arrangement ("the Arrangement") and a return of capital of $0.76 per pre-Arrangement common share of High Arctic. The reorganization was completed on August 12, 2024, and resulted in the spinoff of the Corporation's former PNG business to High Arctic shareholders through a new publicly listed entity High Arctic Overseas Holdings Corp. ("SpinCo") that trades on the TSX Venture Exchange under the trading symbol HOH. The approved return of capital of $0.76 per pre-Arrangement common share ($37.8 million) was distributed to shareholders on July 17, 2024. Finally, as part of the Arrangement, the Corporation effected a de facto four-to-one share consolidation whereby each High Arctic shareholder received one-quarter of one post-Arrangement common share for every pre-Arrangement common share held prior to August 12, 2024.

For this MD&A the legacy PNG business has been presented as discontinued operations.

ACQUISTIONS AND DISPOSITIONS

On December 28, 2023, High Arctic completed the acquisition (the "Delta Acquisition") of all the shares of Delta Rental Services Ltd. ("Delta") for cash consideration of $3,430 and contingent consideration of $2,952 that includes a combination of cash and shares, payable over a three-year period.

On June 19, 2023, High Arctic entered into an agreement to sell its Canadian Nitrogen transportation, hauling and pumping services business to a private company (the "Nitrogen Transaction") for cash consideration of $1,350. The transaction closed on July 31, 2023. For this MD&A the legacy High Arctic Canadian Nitrogen transportation, hauling and pumping services business has been presented as discontinued operations.

CORPORATE PROFILE

Headquartered in Calgary, Alberta, Canada, High Arctic's continuing operations involve the provision of pressure control equipment and equipment supporting the high-pressure stimulation of oil and gas wells and other oilfield equipment on a rental basis to exploration and production companies in Canada. High Arctic conducts its continuing business operations in two separate operating segments: Rental Services (previously reported as "Ancillary Services") and Production Services, supported by a Corporate segment.

2024 THIRD QUARTER OVERVIEW

- Transformational developments that took place in the quarter included the:
  - $37.8 million return of capital to shareholders that was completed on July 17, 2024 and funded through sale proceeds on the 2022 disposal of Canadian well servicing assets, and
  - Reorganization of capital structure to provide shareholders separate holdings in two publicly-traded entities, with dedicated leadership, governance structure and solid financial positioning.
    - The continuing High Arctic Canadian business and listing on the TSX (ticker HWO), and
    - The spinoff of the PNG business and new listing on the TSX Venture Exchange (ticker HOH).
- Continued integration of the Delta Acquisition with the legacy High Arctic rental business that now operates under the Delta Rental Services banner with deployment of additional underutilized assets into our expanded geographical coverage in Alberta.
- Working capital on September 30, 2024 was $4,933 which represents an increase of $565 in the quarter. This positioning supports both organic growth and provides an initial basis for acquisition growth through selective investments.
- Long-term debt on September 30, 2024 was $3,222, a reduction of $43 in the quarter and $130 year-to-date.

Select Comparative Financial Information

The following is a summary of select financial information of the Corporation:

(thousands of Canadian Dollars, except per share amounts)	Three months ended September 30 2024	Three months ended September 30 2023	Nine months ended September 30 2024	Nine months ended September 30 2023
Operating results from continuing operations:				
Revenue – continuing operations	**2,506**	1,015	**8,027**	2,347
Net income (loss) - continuing operations	**125**	498	**(1,402)**	(1,208)
Per share (basic & diluted) (1)	***0.01***	*0.04*	***(0.11)***	*(0.10)*
Oilfield services operating margin - continuing operations (2)	**1,335**	634	**4,064**	1,394
Oilfield services operating margin as a % of revenue (2)	***53.3%***	*62.5%*	***50.6%***	*59.4%*
EBITDA - continuing operations (2)	**528**	362	**(705)**	(1,393)
Adjusted EBITDA - continuing operations (2)	**383**	(700)	**662**	(2,031)
Operating income (loss) - continuing operations (2)	**1**	(1,317)	**(2,432)**	(3,755)
Cash flow from continuing operations:				
Cash flow from (used in) continuing operating activities	**487**	172	**(42)**	359
Per share (basic & diluted) (1)	***0.04***	*0.01*	***0.00***	*0.03*
Funds flow from (used in) continuing operating activities (2)	**640**	(331)	**(46)**	(957)
Per share (basic & diluted) (1)	***0.05***	*(0.03)*	***0.00***	*(0.08)*
2024 Return of capital/2023 dividends (3)	**37,842**	730	**37,842**	2,190
Capital expenditures	**630**	80	**1,445**	505

(thousands of Canadian Dollars, except per share amounts and common shares outstanding)	As at Sept 30, 2024	As at Dec 31, 2023
Financial position:		
Working capital (2)	**4,933**	62,985
Cash and cash equivalents	**4,106**	50,331
Total assets	**32,977**	123,137
Long-term debt (non-current)	**3,222**	3,352
Shareholders' equity	**23,083**	99,332
Per share (basic) (1)	***1.87***	*8.16*
Per share (fully diluted) (1)	***1.85***	*7.81*
Common shares outstanding (4)	**12,448,166**	12,280,568

(1) The number of common shares used in calculating net loss per share, cash flow from (used in) operating activities, funds flow from operating activities per share, dividend payments per share, and shareholders' equity per share is determined as explained in Note 13 of the Financial Statements (continuing operations).

(2) Readers are cautioned that Oilfield services operating margin, EBITDA (Earnings before interest, tax, depreciation, and amortization), Adjusted EBITDA, Operating income (loss), Funds flow from operating activities and Working capital do not have standardized meanings prescribed by IFRS – see the "Non IFRS Measures" section in this MD&A for calculations of these measures.

(3) 2023 figures are cash dividends declared.

(4) Pursuant to the de facto four-to-one consolidation of the Corporation's outstanding common shares effective August 12, 2024, the number of common shares outstanding and all per-share amounts have been retroactively adjusted to effect the stock consolidation.

Outlook

With the spinoff of the PNG business complete, the resultant High Arctic operations now consist of a high-margin equipment rental business centered upon pressure control and well stimulation, a minority interest in Canada's largest oilfield snubbing services business, Team Snubbing Services Inc., ("Team Snubbing") and industrial properties at Clairmont and Whitecourt in Alberta. With the current equipment rental business generating steady funds flow from operations combined with the Corporation's working capital position, High Arctic is positioned to begin executing on an exciting new chapter in its corporate history.

The 2024 transformational developments returned capital to shareholders and enabled a reset of the Corporation's strategic direction. High Arctic looks to grow its Canadian business and position itself to benefit from positive industry developments. These developments are principally underpinned by upstream activity dynamics to meet, and then sustain, growing oil and natural gas export capacity. This capacity expansion is evident in the commercial start-up of the TransMountain oil pipeline expansion during 2024 and the widely-anticipated LNG expansion in 2025 through tidewater access.

The Corporation has begun executing on its strategic business plan as it has recently made selective investments in its rental business and has started the process of identifying new leadership and potential acquisition candidates for High Arctic.

2024 Strategic Objectives

With the corporate restructure and spinoff of the PNG business complete, the Corporation's strategic objectives include:

- Relentless focus on safety excellence and quality service delivery,
- Grow the core businesses through selective and opportunistic investments,
- Steward capital to preserve balance sheet strength and financial flexibility, and
- Execute on accretive acquisitions in Canada to drive shareholder value and optimize available tax loss carry-forwards.

Discussion of Operations

Third Quarter 2024 Summary

- Increased revenue from continuing operations by $1,491 or 147% in the quarter when compared to revenue of $1,015 from Q3 2023 as a result of the impact of the Delta Acquisition on the 2024 results.
- Generated net income from continuing operations of $125 in the quarter as compared to $498 in Q3 2023. The decrease is primarily due to the 2023 $615 gain on sale of the nitrogen business, $373 lower interest income with the return of capital to shareholders, and $403 lower equity investment income from Team Snubbing in the quarter.
- Achieved positive Adjusted EBITDA from continuing operations of $383 in the quarter versus negative Adjusted EBITDA for Q3 2023 of $700.
- Production Service's 42% equity investment share of Team Snubbing Services Inc. net income returned to positive earnings of $105 in the quarter compared to a loss of $889 in Q2 2024 and earnings of $508 in the comparative third quarter of 2023.

Year to Date 2024 Summary

- Similar to the discrete quarter results, High Arctic's revenue from continuing operations increased 242% to $8,027 compared to revenue of $2,347 achieved in the first nine months of 2023 as a result of the Delta Acquisition on 2024 results.
- Generated a net loss from continuing operations of $1,402 in the quarter as compared to $1,208 in Q3 2023. The higher loss, despite an improvement of $1,323 in operating income, is primarily due to the 2023 $615 gain on sale of the nitrogen business, $262 lower interest income with the July 2024 return of capital to shareholders, and $745 lower equity investment income from Team Snubbing in the year-to-date period.
- Achieved strong oilfield services operating margins from continuing operations of 50.6% for the nine months in 2024.
- Production Service's 42% equity investment share of Team Snubbing Services Inc. net loss was $294 for the nine months ended September 30, 2024 as compared to positive net income of $451 in the comparative period in 2023. Regional expansion into Alaska has weighed on earnings during the past twelve months.
- Cash from operating activities from continuing operations was $487 in the quarter and a use of $42 for the nine months ended September 30, 2024, an improvement for the quarter as compared to the respective prior year comparatives of $172 and $359.
- Significantly lowered the use of funds flow from operations from continuing operating activities as the nine months of 2024 generated a use of funds of $46 compared to a use of funds of $957 for the nine months of 2023 driven by strong operational performance from the Delta Acquisition partially offset by the significant additional G&A expenses incurred in 2024 due to the corporate reorganization initiatives.

Operating Results

Rental Services segment

(thousands of Canadian Dollars, unless otherwise noted)	Three months ended Sept 30		Nine months ended Sept 30	
	2024	2023	2024	2023
Revenue	**2,506**	1,015	**8,027**	2,347
Oilfield services expense	**(1,171)**	(381)	**(3,963)**	(953)
Oilfield services operating margin[1]	**1,335**	634	**4,064**	1,394
Operating margin (%)	***53.3%***	*62.5%*	***50.6%***	*59.4%*

(1) See "Non-IFRS Measures"

The Rental Services segment consists of High Arctic's oilfield rental equipment in Canada centred upon pressure control equipment and equipment supporting the high-pressure stimulation of oil and gas wells in the WCSB.

The significant increase in revenue for the three- and nine-month periods ended September 30, 2024 versus the comparable periods in 2023 is a direct result of the contribution from the Delta business that was acquired in late 2023. Specifically, revenues increased $1,491 or 147% in the quarter when compared to Q3 2023 and increased $5,680 or 242% when compared to year-to-date revenues from 2023. Operating margins of 53.3% and 50.6% for the three and nine months ended September 30, 2024, respectively, are approximately nine percent lower to the comparable periods in 2023 due to the impact of the Delta Acquisition as Delta utilizes some third-party rental equipment in its operations, increasing operating expenses.

Production Services segment

The Production Services segment operations consist of High Arctic's idled snubbing units in Colorado, U.S., and its equity investments in the Seh' Chene Partnership and Team Snubbing Services Inc. in Canada. Though the Seh' Chene Partnership has experienced limited business activity since the 2022 Canadian sales transactions, the partnership is still active and the Corporation together with its partner look to reposition its customer offerings and explore other avenues for business activity.

Team Snubbing Services Inc.

Also included in High Arctic's Production Services segment is its equity investment in Team Snubbing. High Arctic accounts for the results of its 42% equity interest in Team Snubbing using the equity method of accounting, with Team Snubbing's net earnings recorded as income from equity investments in the respective reporting period. As reported in the Corporation's Q3 2024 Financial Statements (Note 7), Team Snubbing achieved gross revenues of $6,070 for Q3 2024 versus gross revenues of $5,385 for the comparative period in 2023. This increase in revenues is primarily a result of the consolidation of Team International in Q3 2024 as the results of Team International were not consolidated into Team Snubbing's results in Q3 2023.

High Arctic's proportionate share of Team Snubbing's net loss for the nine months in 2024 was $294 versus an income inclusion of $451 for the comparable period in 2023, representing a decrease in income from equity investment $745 or 165%. This year-over-year decline in income from equity investment realized in 2024 was primarily due to Team Snubbing's consolidation of Team International for the first time following their April 1, 2024 acquisition of control of Team International. Team International's operations experienced lower than anticipated year to date activity levels in the Alaskan market in both Q3 2024, and year to date 2024. In addition, during Q2 of 2024, Team International incurred additional costs for restructuring the management and operational teams. The restructuring initiative consolidated Team International's workforce, "right sizing" it to the needs of the overall customer base and aligning the service delivery with Team Snubbing's successful Canadian model. Team Snubbing's domestic Canadian operations experienced similar activity levels in both Q3 2024 and year to date 2024, when compared to the same periods of 2023.

PNG Business Spinoff – Discontinued Operations

The operating results of the Corporation's PNG business, which includes activity from its Drilling Services and international Rental Services segments, reported herein as discontinued operations for the three and nine months ended September 30, 2024 and 2023 are as follows.

(thousands of Canadian Dollars)	Three months ended Sept 30,		Nine months ended Sept 30,	
	2024[1]	2023	2024[1]	2023
Revenue	**1,904**	16,799	**27,352**	41,472

Oilfield services expense	**(1,357)**	(11,577)	**(16,890)**	(27,651)
General and administrative expense	**(1,324)**	(1,213)	**(4,192)**	(3,003)
Depreciation and amortization expenses	**(476)**	(2,384)	**(2,713)**	(7,436)
Interest income and finance expense	**(150)**	(40)	**(65)**	(167)
Foreign exchange gain (loss)	**(25)**	(37)	**(12)**	(41)
Gain (loss) on sale of property and equipment	**-**	-	**-**	7
Asset impairment loss	**-**	(20,500)	**(878)**	(20,500)
Reclassification of cumulative foreign currency translation gain on distribution to SpinCo	**28,686**	-	**28,686**	-
Pre-tax income (loss) for the period	**27,258**	(18,952)	**31,288**	(17,319)
Income tax recovery (expense)	**(161)**	3,415	**(860)**	2,947
Net income (loss) from discontinued operations	**27,097**	(15,537)	**30,428**	(14,372)

(1) The 2024 operating results of the Corporation's PNG business for the three- and nine-month periods ended September 30, 2024 includes operating results from July 1, 2024 and January 1, 2024 to August 12, 2024 respectively.

Revenues and oilfield services expenses from discontinued operations declined in both Q3 2024 and YTD 2024 when compared to the comparable 2023 periods as a result of lower PNG rig utilization and the fact that the quarter and year to date periods include only operating results up to August 12, 2024. General and administrative relating to discontinued operations costs were higher in both Q3 2024 and YTD 2024 when compared to the comparable 2023 periods as a result of professional fees and other costs incurred relating specifically to the reorganization. Depreciation and amortization expenses relating to discontinued operations were lower in both Q3 2024 and YTD 2024 when compared to the comparable 2023 periods primarily as a result of the $20,500 asset impairment loss incurred in Q3 2023. On the distribution of PNG business to SpinCo the cumulative foreign currency translation gain recorded in High Arctic's accumulated other comprehensive income account was reclassified to net income resulting in a gain of $28,686. This significant gain was recorded in the quarter and was the primary driver of the net income from discontinued operations for both the three and nine months ended September 30, 2024.

Nitrogen Business Assets – Discontinued Operations

On July 31, 2023, the Corporation closed the sale of all nitrogen business assets, which were located in Canada, previously included in its Ancillary Services segment (which beginning this quarter has been renamed "Rental Services"). Accordingly, the operating results of the Corporation's nitrogen assets have been presented as discontinued operations.

The results of the operations of the disposed nitrogen assets are as follows:

	Three months ended Sept 30		Nine months ended Sept 30	
(thousands of Canadian Dollars, unless otherwise noted)	2024	2023	2024	2023
Revenue	-	105	-	1,307
Oilfield services expenses	-	(132)	-	(1,191)
General and administrative expenses	-	(79)	-	(292)
Depreciation expense	-	(18)	-	(129)
Net loss from discontinued operations	**-**	(124)	**-**	(305)

General and Administrative Expenses ("G&A")

	Three months ended Sept 30		Nine months ended Sept 30	
(thousands of Canadian Dollars, unless otherwise noted)	2024	2023	2024	2023
G&A	**759**	1,441	**4,454**	3,656
Percent of revenue (%)	***30.3%***	*142.0%*	***55.5%***	*155.8%*

Through 2023 and 2024, the Corporation's G&A levels have been elevated as a result of professional fees and other costs associated with the Arrangement and other aspects of the corporate reorganization that was completed in the quarter. High Arctic has incurred the majority of the reorganization costs and during 2024 and prior to the completion of the Arrangement, charged SpinCo for some of the costs incurred that related to SpinCo-specific financial, legal and tax matters. These charges totaled $558 and $1,066 for the three- and nine-month periods in 2024 and are included in G&A in discontinued operations.

High Arctic recorded G&A costs of $759 in Q3 2024 which was net of $558 SpinCo-related costs that were invoiced to SpinCo in the quarter. This reduction in G&A costs compared to Q3 2023 is a result of lower headcount and the Corporation realizing on its initiatives to right-size its G&A costs. For the nine months ended September 30, 2024, G&A was $4,454 which was net of $1,066 SpinCo-related reorganization costs.

With the completion of the reorganization in the quarter and the focus of management on the remaining business in Canada, High Arctic will look to further right-size its G&A costs to align with its Canadian-only focus building on the lower G&A trend demonstrated in the recent results.

Depreciation

Depreciation expenses on property and equipment, intangibles and right-of-use assets totaled $575 in Q3 2024 compared to $394 during Q3 2023, an increase of $181 or 46%. Depreciation expense for the nine months ended September 30, 2024 totaled $1,903, compared to $1,225 during the same period in 2023, an increase of $678 or 55%. These increases are a direct result of the additional property and equipment cost base associated with the Delta Acquisition which has, in turn, increased depreciation expense.

Share-based compensation

Share-based compensation expense is the charge to income over the service period relating to stock option or unit plans which generally contemplate the issuance of common shares upon vesting. The Corporation recorded $nil of expense in Q3 2024 compared to $116 in Q3 2023 and $139 of expense for the nine months ended September 30, 2024, compared to $268 for the comparative period. On July 2, 2024, the Corporation settled the last remaining equity-based incentive plans it had outstanding prior to the completion of the reorganization. Given there were no equity-based incentive plans in place for effectively the entire quarter, the share-based compensation expense was nil in Q3 2024. The decrease in the year-to-date share-based compensation expense in 2024 when compared to 2023 was due to the departure of two directors in 2023 and the fact that no new share unit or option grants to management or directors throughout 2023 and during the first nine months of 2024.

Interest, finance expenses and income (loss) from equity investments

	Three months ended Sept 30		Nine months ended Sept 30,	
(thousands of Canadian Dollars)	2024	2023	2024	2023
Interest on long-term debt and standby fees	**38**	41	**114**	134
Finance expense – lease liabilities	**20**	16	**62**	27
Other expenses	**3**	-	**11**	30
Interest and finance expense	**61**	57	**187**	191
Notes receivable accretion	**69**	50	**199**	141
Interest income	**165**	538	**1,203**	1,465
Income (loss) from equity investments	**105**	508	**(294)**	451

Interest expense is pursuant to a mortgage secured by lands and buildings owned by High Arctic located within Alberta, Canada. The mortgage has a remaining initial term of less than three years with a fixed interest rate of 4.30% and payments occurring monthly. The Corporation's mortgage financing contains certain non-financial covenants requiring lenders' consent including changes to the underlying business. As at September 30, 2024, the long-term debt principal balance was $3,397.

Finance expense on lease liabilities associated with the time value of money for Q3 2024 was $20 versus $16 in Q3 2023 and $62 for the nine months ended September 30, 2024, versus $27 for the same period the year prior. The increase is due to the additional lease obligations in 2024 recognized as part of the Delta Acquisition.

As part of the sale of the Canadian snubbing assets in 2022, the Corporation received a convertible promissory note for $3,365 with a five-year term, annual interest rate of 4.5% accruing from January 1, 2023, and principal payments commencing in July 2024. In 2023, as part of the consideration for the Delta Acquisition, High Arctic received an interest-free note receivable for $880 with a three-year term, accruing from December 28, 2023, and principal repayments commencing December 2024. The carrying value of the note is determined by discounting the anticipated future cash flow impact of the note using an effective interest rate of 5.0% which approximates the credit risk associated with the principal amount outstanding of the note. The carrying value of each note is being adjusted for accretion over the individual note terms with $69 and $199 recorded during the three- and nine-month periods ended September 30, 2024 ($50 and $141 for the three and nine months ended September 30, 2023).

Interest income from cash invested in high-interest accounts and Guaranteed Investment Certificates ("GICs") totalled $165 during Q3 2024 (Q3 2023 – $538) and $1,203 for the first nine months of 2024 (2023: $1,465). As at September 30, 2024, the Corporation had $4,106 maintained in a high-interest savings account earning an interest rate of 5.0%.

Income (loss) from equity investments represents High Arctic's equity interest in Team Snubbing and the Seh' Chene Partnership using the equity method of accounting. High Arctic records its proportionate interest of net income or loss generated from these investments into its earnings in the respective reporting period. In the third quarter of 2024, the Corporation recorded income from its equity investments of $105 (2023: $508) and a loss of $294 for the nine months ended September 30, 2024 (2023: income of $451). On April 1, 2024, Team Snubbing acquired control of Team International and as a result, was required to consolidate Team International's 2024 financial results with its own starting from April 1, 2024. The inclusion of losses from Team International for the second and third quarters of 2024 more than offset the net income generated by Team Snubbing for the first nine months of 2024.

Liquidity and capital resources

	Three months ended Sept 30		Nine months ended Sept 30	
(thousands of Canadian Dollars)	2024	2023	2024	2023
Cash provided by (used in) continued operations:				
Operating activities	**487**	172	**(42)**	359
Investing activities	**(461)**	1,155	**(1,276)**	28,798
Financing activities	**(37,382)**	(1,336)	**(37,640)**	(3,012)
Effect of exchange rate changes on cash	**67**	142	**1,186**	25
Increase (decrease) in cash from continuing operations	**(37,289)**	133	**(37,772)**	26,170

(thousands of Canadian Dollars, unless otherwise noted)	As at Sept 30, 2024 (2)	As at Dec 31, 2023
Current assets	**8,375**	79,438
Working capital(1)	**4,933**	62,985
Working capital ratio(1)	**2.4:1**	4.8:1
Cash and cash equivalents	**4,106**	50,331
Net cash(1)	**709**	46,804

(1) See "Non-IFRS Measures"
(2) Continuing operations

Operating Activities
In Q3 2024, cash from operating activities from continuing operations was $487, as compared with $172 from operating activities from continuing operations in Q3 2023. Funds flow from operating activities from continuing operations totaled $640 in the quarter versus funds used of $331 for Q3 2023 (see "Non-IFRS Measures"). In Q3 2024, changes in non-cash operating working capital from continuing operations totaled an outflow of $153 versus an inflow of $503 in Q3 2023.

For the nine months ended September 30, 2024, cash used in operating activities from continuing operations was $42 as compared with $359 of cash flow from operating activities from continuing operations in 2023. Funds used in operating activities from continuing operations totaled $46 for the nine months ended September 30, 2024, versus a use of funds of $957 for the same period in 2023. Over the nine months ended September 30, 2024, changes in non-cash operating working capital from continuing operations totaled an inflow of $4 versus $1,316 for the comparable period in 2023.

The general increase in cash from operating activities from continuing operations for both the three and nine months ended September 30, 2024, when compared to the same periods in 2024, was largely the result of the positive impact on the business from the Delta Acquisition, partially offset by higher G&A costs related to the Corporation's reorganization that was completed in the quarter.

Investing Activities
During the quarter, the Corporation's cash spent on investing activities from continuing operations totaled $461 compared to $1,155 generated from investing activities for the same period the year prior mainly due to proceeds from asset sales of $1,350 in 2023. In addition to sustaining and growth capital spending related to its rental business, the Corporation's Q3 2024 investing activity also included spending on new information systems and information technology infrastructure necessary to support the Canadian business going forward after the completion of the Arrangement. Year-to-date spending through September 30, 2024 totaled $1,445 on these same projects.

Financing Activities
During the quarter, the Corporation's cash used in financing activities from continuing operations was an elevated $37,382, primarily a result of the $37,842 return of capital distribution High Arctic paid to its shareholders in the quarter. In addition, Team Snubbing began

making its scheduled repayments in the quarter on the note receivable amounts owed to High Arctic. These payments totaled $589 in the quarter (Q3 2023 - nil). The Corporation also paid $43 (Q3 2023: $544) towards principal payments on its mortgage financing (see "Long-term debt" below) and $86 in lease liability payments (Q3 2023: $62).

For the nine months ended 2024, the Corporation's cash used in financing activities from continuing operations was also an elevated amount totaling $37,640. The reasons for the elevated amount of cash used in financing activities from continuing operations are the same as above with additional mortgage and lease payments for nine months increasing the total amount of cash used.

Long-term debt

(thousands of Canadian Dollars)	As at Sept 30, 2024	As at Dec 31, 2023
Current	**175**	175
Non-current	**3,222**	3,352
Total	**3,397**	3,527

The Corporation has mortgage financing secured by lands and buildings owned by High Arctic located within Alberta, Canada. The mortgage has a remaining initial term of under three years with a fixed interest rate of 4.30% with payments occurring monthly. The Corporation's mortgage financing contains certain non-financial covenants requiring lenders' consent including changes to the underlying business. At September 30, 2024, the Corporation was compliant with all covenants associated with the mortgage financing.

Outstanding Share Data

The Corporation's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares. Directors, officers, and certain employees have been granted stock options and incentive shares and units under the Corporation's approved equity compensation plans.

	Nine months ended Sept 30, 2024		Year ended Dec 31, 2023	
(Common shares issued and outstanding)	Shares(1)	Amount	Shares(1	Amount
Balance, beginning of period	**12,280,568**	**$169,992**	12,172,958	$169,554
Exercise of performance share units	**70,545**	**422**	112,184	502
Exercise of deferred share units	**97,053**	**581**	-	-
Return of capital(2)	**-**	**(37,842)**	-	-
Purchase of common shares for cancellation	**-**	**-**	(4,574)	(64)
Balance, end of period	**12,448,166**	**$133,153**	12,280,568	$169,992

(1) Pursuant to the de facto four-to-one consolidation of the Corporation's outstanding common shares effective August 12, 2024, the number of common shares outstanding and all per-share amounts have been retroactively adjusted to effect the stock consolidation.

(2) On June 28, 2024, the Corporation announced the reduction of stated capital of the common shares for the purpose of distribution to shareholders of a return of capital of $0.76 per pre-Arrangement common share of High Arctic. The return of capital, which totaled $37.8 million, was paid to the Corporation's shareholders on July 17, 2024.

The common shares do not have a par value and all issued shares are fully paid.

On December 13, 2023, the Corporation received approval from the Toronto Stock Exchange to acquire for cancellation up to 250,000 common shares, or approximately 2.0 percent of the Corporation's outstanding shares, under a Normal Course Issuer Bid ("NCIB"). Upon completion of the Arrangement, the NCIB was terminated on August 12, 2024. No shares were purchased and cancelled pursuant to the NCIB prior to its termination.

The Corporation's previous NCIB commenced on December 15, 2022 and terminated on December 14, 2023. Pursuant to this previous NCIB, 4,574 common shares were purchased and cancelled in Q1 2023.

As at the date of this MD&A, no units under the Corporation's Stock Option Plan, Performance Share Unit Plan nor Deferred Share Unit plan were outstanding. On November 14, 2024, the Board of Directors approved the issuance of 575,000 stock options to directors and officers of the Corporation.

On August 12, 2024, each shareholder of the Corporation ("Shareholder") received as consideration, one-quarter of one (1/4) common share of SpinCo ("SpinCo Common Share") and one-quarter of one (1/4) post-Arrangement common share of High Arctic (for each pre-Arrangement common share of High Arctic held. Following completion of the Arrangement, the Corporation had 12,448,166 post-Arrangement Common Shares outstanding.

A total of 167,598 common shares were issued between December 31, 2023 to the date of the spinoff transaction (August 11, 2024) and no further common shares were issued after the spinoff transaction to the date of this MD&A.

Summary of Quarterly Results – Continuing operations

The following is a summary of selected consolidated financial information from continuing operations of the Corporation for the last eight completed quarters:

	Three months ended							
(thousands of Canadian Dollars) (except per share)	Sept 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Revenue	**2,506**	2,533	2,988	1,038	1,015	664	668	418
Net income (loss)	**126**	(1,709)	182	(684)	498	(1,546)	(160)	(1,649)
Earnings (loss) per share – basic and diluted(1)	**0.01**	(0.14)	0.01	(0.06)	0.04	(0.13)	(0.01)	(0.14)

(1) See "Non-IFRS Measures"

Seasonality of Operations

The Western Canadian oil and gas industry is subject to seasonality with drilling and well completion activity usually peaking during the winter months in the first and last quarters of any given calendar year. As temperatures rise in the spring, the ground thaws and becomes unstable, resulting in government road bans, which severely restrict activity in the second quarter. These seasonal trends typically lead to quarterly fluctuations in the Corporation's operating results, including the results of the Corporation's equity investment in Team Snubbing, which should be considered in any quarter over quarter analysis of the Company.

Revenue in Q3 2024 was comparable to the prior quarter and lower than anticipated as some of High Arctic's larger customers delayed their major drilling and completion activities until later into July which was later than planned. For the periods from Q4 2022 to Q4 2023, the Corporation reported a modest increase in revenue from its Rental Services segment (Canadian oilfield equipment rentals), the large increase from Q4 2023 to Q1 2024 was attributed to the addition of revenue from the Delta Acquisition which closed in late December 2023.

Fluctuations in net income reported quarter-over-quarter are largely due to the impacts of Corporate-segment administrative spending related to the reorganization and income and losses associated with the Corporation's major equity investment in Team Snubbing. The significant losses reported In the second quarters of both 2024 and 2023 are driven in part by the net losses associated with Team Snubbing which totaled $889 and $430 respectively as this is the lowest period of annual activity for Team Snubbing. As reported in this MD&A, the G&A related to the reorganization peaked in Q2 2024 driving the large net loss for Q2 2024. The net income recorded in Q3 2024 represents a more normalized quarter for the Corporation as with the completion in Q3 2024 of the reorganization the focus of management has been able to shift its focus exclusively on managing the remaining business in Canada.

Industry Indicators and Market Trends

The following table provides information for the last eight quarters to assist with the understanding of the Canadian oilfield services industry and the effect that commodity prices have on industry activity levels.

	Three months ended							
	Sept 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Oil and natural gas prices – Average for each period:								
West Texas Intermediate (WTI) (USD/bbl)[(1)]	**75**	81	77	78	82	74	76	83
West Canada Select (WCS) (CAD/bbl)[(1)]	**85**	92	78	77	93	79	69	77
Canada Light Sweet Oil (CLS) (CAD/bbl)[(1)]	**98**	106	95	98	107	95	100	108
AECO (CAD/mmbtu)[(1)]	**0.70**	1.17	2.18	2.30	2.61	2.43	3.23	5.24
USDCAD Exchange Rate	**1.3637**	1.3684	1.3488	1.3619	1.3412	1.3431	1.3518	1.3580
Cdn Average Rig Count [(2)]	**207**	134	208	180	187	116	221	187

(1) Source: Sproule
(2) Source: JuneWarren-Nickles

In Q3 2024, WTI, WCS and CLS index pricing consistently declined 7-8% from the prior quarter. While oil prices were volatile in the quarter with geopolitical events from the middle east often driving significant daily and weekly price swings, overall oil pricing trended down in the quarter on softer market demand fundamentals juxtaposed against a steady US and OPEC supply backdrop.

The Q3 2024 Canadian average rig count rebounded back to Q1 2024 levels as the oil pricing environment in Canada remains in a profitable range and has been assisted by the favourable USD/CAD exchange rate and the startup on May 1, 2024 of the TransMountain pipeline expansion that increased takeaway capacity from Canada which reduced the price differential on Canadian oil products. These factors are favourable to the Canadian energy industry and provide impetus to justify continued upstream capital investment.

Low AECO and US natural gas pricing was again witnessed in Canada and North America for the quarter, with Canada pricing being impacted disproportionately given the greater distance Canada's AECO pricing point is from the natural gas markets. This lower pricing trend has accelerated over the last several quarters. The main driver for this lower pricing environment is due to a significantly oversupplied natural gas market in North America as both US and Canadian natural gas inventory levels remain high, while key LNG export projects face delays and the primary export markets of Europe, have maintained adequate gas inventories.

Financial Risk Management

Financial and other risks

The Corporation is exposed to financial risks arising from its financial assets and liabilities. This includes pandemic and/or endemic disease risk or the risk that operations and/or administration are forced to run at less than full capacity due to an absence or reduction of members of the workforce, either through forced closures by government both within countries and across national borders, by internally imposed rotational schedules and/or quarantine or illness of the workforce. This risk was significant in 2021 in relation to COVID-19. Further, geopolitical risks are the potential risks that a business may face due to changes in global events, policies, or regulations. These could impact the Corporation's workforce and operations by limiting market access and increasing costs. Also, cyber-security risks increase as the Corporation outsources its IT servers to cloud providers and employees work remotely. Such restrictions could significantly impact the ability of the Corporation to operate, and therefore impact financial results.

Market and other related risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market rates:

a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Corporation currently has mortgage financing with a fixed interest rate of 4.30%. The Corporation is exposed to interest rate risk upon renewal or expiration of the initial term. In addition, the Corporation is also exposed to interest rate risk on any future borrowing as rates fluctuate in response to changes in monetary policy and the prime interest rates. The Corporation had no risk management contracts that would be affected by interest rates in place at September 30, 2024.

b) Commodity price risk

Commodity price risk is the risk that the Corporation's future cash flows will fluctuate due to changes in demand for High Arctic's services, given that almost all the Corporation's customers are oil and gas producers. High Arctic's customer's activity and strategic decisions are impacted by the fluctuations of oil and gas pricing.

These prices are sensitive to not only the relationship between the Canadian and US dollar, but more importantly local, regional and world economic and geopolitical events. This includes implications from changing oil demand and supply, policy direction taken by OPEC including the role taken by Russia, climate change driven transitions to lower emission energy sources, and the implications of changes to government and government policy.

While the Corporation recognizes it will be impacted by these risks, the Corporation also strongly believes that there is a significant role for the energy services industry in the current, transitionary, and future phases of energy industry changes.

The Corporation had no risk management contracts that would be affected by commodity prices in place at September 30, 2024.

Credit risk, customers, and economic dependence

Credit risk is the risk of a financial loss occurring as a result of a default by a counter party on its obligation to the Corporation. The Corporation's financial instruments that are exposed to credit risk consist primarily of accounts receivable and cash balances held in banks. The Corporation mitigates credit risk by regularly monitoring its accounts receivable position and depositing cash in properly capitalized banks. The Corporation also institutes credit reviews prior to commencement of contractual arrangements.

The Corporation's accounts receivable is predominantly with customers who explore for and develop petroleum reserves and are subject to industry credit risk consistent with the industry. The Corporation assesses the creditworthiness of its customers on an ongoing basis and monitors the amount and age of balances outstanding.

In providing for expected credit losses, the Corporation uses the historical default rates within the industry between investment grade and non-investment grade customers as well as forward-looking information to determine the appropriate loss allowance provision.

The net carrying amount of accounts receivable represents the estimated maximum credit exposure on the accounts receivable balance. The Corporation has a range of customers comprised of small independent, intermediate and large multinational oil and gas producers in North America.

The Corporation's continuing operations provided services to one large customer who individually accounted for greater than 10% of its consolidated revenues during the three months ended September 30, 2024 with total sales of $323 (2023: two customers with total sales of $548).

The Corporation's continuing operations provided services to one large customer who individually accounted for greater than 10% of its consolidated revenues during the nine months ended September 30, 2024 with total sales of $1,099 (2023: five customers with total sales of $1,952).

As at September 30, 2024, one customer represented a total of $774 or 26% of outstanding accounts receivable (December 31, 2023 and inclusive of the Corporation's discontinued operations – two customers represented a total of $15,139 or 92% of outstanding accounts receivable).

The aging of the Corporation's accounts receivable is as follows:

(thousands of Canadian Dollars)	As at Sept 30, 2024	As at Dec 31, 2023
Less than 31 days	**1,636**	6,680
31 days to 60 days	**417**	6,842
61 days to 90 days	**168**	2,854
Greater than 90 days	**838**	1,284
Provision for expected credit losses	**(112)**	(192)
Total	**2,947**	17,468

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Corporation's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, working capital management, coordinating, and authorizing project expenditures, authorization of contractual agreements, managing compliance to debt finance agreements, and remaining attentive to the relationship with High Arctic's bankers and other creditors. The Corporation seeks to manage its financing based on the results of these processes.

Following the $37.8 million return of capital paid out to shareholders this quarter, the Corporation has a lower level of working capital available to support its continuing operations. The Corporation's future financial results and longer-term success are dependent upon its working capital, and its ability to secure additional capital from debt or equity financings or completing other arrangements to fund the Corporation's activities while the Corporation attempts to generate recurring positive cash flows from operations. The Corporation will continue to monitor its liquidity position in future periods.

Critical Accounting Judgements and Estimates

Information on the Corporation's critical accounting judgements and estimates can be found in Note 2 Basis of Presentation – Critical Accounting Judgements and Estimates in the audited annual consolidated financial statements for the year ended December 31, 2023. Although estimates and assumptions must be made during the financial statement preparation process, it is management's opinion that none of the estimates or assumptions were highly uncertain at the time they were made.

Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR")

ICFR is a process designed by or under the supervision of management and effected by the Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR, which no matter how well designed, has inherent limitations and can provide only reasonable assurance with respect to the preparation and fair presentation of published financial statements. There have been no changes to High Arctic's internal controls over financial reporting during the three and nine months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

For information regarding the corporate governance policies and practices of High Arctic, the reader should refer to High Arctic's 2023 Annual Report, High Arctic's Annual Information Form dated April 8, 2024 in respect of the year ended December 31, 2023, High Arctic's Information Circular in respect of the June 17, 2024 Annual General and Special Meeting of shareholders and High Arctic's Information Circular in respect of the January 10, 2024 Special Meeting of shareholders each of which is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Business Risks and Uncertainties

In addition to the financial risks discussed above under "Financial Risk Management", below under "Forward Looking Statements" and elsewhere in this MD&A, High Arctic is exposed to a number of business risks and uncertainties that could have a material impact on the Corporation. Readers of the Corporation's MD&A should carefully consider the risks described under the heading "Risk Factors" in the Corporation's December 31, 2023 AIF, which are specifically incorporated by reference herein. The AIF is available on SEDAR+ at www.sedarplus.ca, and copies of the AIF can be obtained on request, from the Corporation.

Non-IFRS Measures

This MD&A contains references to certain financial measures that do not have a standardized meaning prescribed by IFRS and may not be comparable to the same or similar measures used by other companies. High Arctic uses these financial measures to assess performance and believes these measures provide useful supplemental information to shareholders and investors. These financial measures are computed on a consistent basis for each reporting period and include the following:

Earnings from continuing operations before interest, taxes, depreciation, and amortization ("EBITDA from continuing operations")

EBITDA from continuing operations is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. EBITDA from continuing operations is defined as net loss adjusted for income taxes, interest and finance expense, depreciation and amortization expenses. Management believes that, in addition to net income (loss) reported in the consolidated statements of income (loss)and comprehensive income (loss), EBITDA from continuing operations is a useful supplemental measure of the Corporation's performance prior to consideration of how operations are financed or how results are taxed or how depreciation and amortization affects results. EBITDA from continuing operations is not intended to represent or be construed as an alternative to net income (loss) calculated in accordance with IFRS. Refer to table in Adjusted EBITDA from continuing operations below that provides a reconciliation of net income (loss), as disclosed in the consolidated statements of comprehensive income (loss) to EBITDA from continuing operations.

Adjusted EBITDA from continuing operations

Adjusted EBITDA from continuing operations is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Adjusted EBITDA from continuing operations is defined based on EBITDA from continuing operations (as defined above) prior to the effect of share-based compensation, gains or losses on sales or purchases of assets or investments, business acquisition costs, impairment charges, equity earnings from investments, foreign exchange gains or losses and other costs related to reorganization or restructurings, consolidating facilities or excess of insurance proceeds over costs.

Management believes the addback for these items provides a more comparable measure of the Corporation's operational financial performance between periods. Adjusted EBITDA from continuing operations as presented is not intended to represent or be construed as an alternative to net income (loss) in accordance with IFRS.

The following table provides a quantitative reconciliation of consolidated net income (loss) from continuing operations, as disclosed in the consolidated statements of comprehensive income (loss), to EBITDA from continuing operations and Adjusted EBITDA from continuing operations for the three and nine months ended September 30, 2024 and 2023:

	Three months ended Sept 30		Nine months ended Sept 30	
(thousands of Canadian Dollars)	2024	2023	2024	2023
Net income (loss) from continuing operations	**125**	498	**(1,402)**	(1,208)
Adjustments to net income (loss):				
Interest income	**(165)**	(538)	**(1,203)**	(1,465)
Interest and finance expense	**61**	57	**187**	191
Accretion on notes receivable	**(69)**	(50)	**(199)**	(141)
Income tax expense	**1**	1	**9**	5
Depreciation and amortization from continuing operations	**575**	394	**1,903**	1,225
EBITDA from continuing operations	**528**	362	**(705)**	(1,393)
Adjustments to EBITDA:				
Share-based compensation expense	**-**	116	**139**	268
Loss (income) from equity investments	**(105)**	(508)	**294**	(451)
Loss (gain) on sale of property and equipment	**16**	34	**16**	(102)
Gain on sale of nitrogen business	**-**	(615)	**-**	(615)
Foreign exchange (gain) loss	**137**	(196)	**(134)**	31
G&A related to reorganization[1]	**(193)**	107	**1,052**	231
Adjusted EBITDA from continuing operations	**383**	(700)	**662**	(2,031)

[1] G&A costs related to the reorganization, net of any recoveries from SpinCo.

Oilfield services operating margin

Oilfield services operating margin is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Oilfield services operating margin is used by management to analyze overall operating performance. Management believes this non-IFRS financial measure provides useful information to investors and others in understanding the Corporation's operating performance. Oilfield services operating margin is calculated as revenue less oilfield services expense. Oilfield services operating margin as presented is not intended to represent or be construed as an alternative to revenue or net income (loss) or other measures of financial performance calculated in accordance with IFRS. The table disclosed under "Oilfield services operating margin %" below provides a quantitative reconciliation of revenue, as disclosed in the consolidated statements comprehensive income (loss), to oilfield services operating margin and oilfield operating margin % for the three and nine months ended September 30, 2024 and 2023.

Oilfield services operating margin %

Oilfield services operating margin % is a non-IFRS measure in line with oilfield services operating margin discussed above. Oilfield services operating margin % is used by management to analyze overall operating performance. Oilfield services operating margin % is calculated as oilfield services operating margin divided by revenue.

The following table provides a quantitative calculation of oilfield services operating margin and %:

	Three months ended Sept 30		Nine months ended Sept 30	
(thousands of Canadian Dollars, unless otherwise noted)	2024	2023	2024	2023
Revenue from continuing operations	**2,506**	1,015	**8,027**	2,347
Oilfield services expenses from continuing operations	**(1,171)**	(381)	**(3,963)**	(953)
Oilfield services operating margin	**1,335**	634	**4,064**	1,394
Oilfield services operating margin %	**53.3%**	62.5%	**50.6%**	59.4%

Operating income (loss) from continuing operations

Operating income (loss) from continuing operations is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Operating income (loss) from continuing operations is used by management to analyze overall operating performance. Management believes this non-IFRS financial measure provides useful information to investors and others in understating the Corporation's operating performance. Operating income (loss) from continuing operations is calculated as revenue less oilfield services expenses, general and administrative expenses, depreciation and amortization expenses, and share-based compensation expense. Operating income (loss) from continuing operations as presented is not intended to represent or be construed as an alternative to revenue or net earnings (loss) or other measures of financial performance calculated in accordance with IFRS.

The table disclosed below provides a quantitative reconciliation of revenue, as disclosed in the consolidated statements of comprehensive income (loss) to operating income (loss) from continuing operations for the three and nine months ended September 30, 2024 and 2023:

	Three months ended Sept 30		Nine months ended Sept 30	
(thousands of Canadian Dollars)	2024	2023	2024	2023
Revenue from continuing operations	**2,506**	1,015	**8,027**	2,347
Oilfield services expenses from continuing operations	**(1,171)**	(381)	**(3,963)**	(953)
G&A expenses from continuing operations	**(759)**	(1,441)	**(4,454)**	(3,656)
Depreciation from continuing operations	**(575)**	(394)	**(1,903)**	(1,225)
Share based compensation	**-**	(116)	**(139)**	(268)
Operating income (loss) from continuing operations	**1**	(1,317)	**(2,432)**	(3,755)

Percentage of revenue

Certain figures are stated as a percentage of revenue and are used by management to analyze individual components of expenses to evaluate the Corporation's performance from prior periods and to compare its performance to other companies.

Funds flow from continuing operations

Funds flow from continuing operations is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Funds flow from continuing operations is defined as net cash generated (used in) from continuing operating activities adjusted for changes in non-cash working capital. Management believes that, in addition to net cash generated from operating activities as reported in the consolidated statements of cash flows, cash generated from operating activities before changes in non-cash working capital adjustments is a useful supplemental measure as it provides an indication of the funds generated by High Arctic's principal business activities prior to consideration of changes in items of working capital. This measure is not intended to represent or be construed as an alternative to net cash generated from operating activities as calculated in accordance with IFRS.

The following tables provide a quantitative reconciliation of net cash generated from (used in) operating activities, as disclosed in the consolidated statements of cash flows, to funds flow from (used in) continuing operations for the three and nine months ended September 30, 2024 and 2023:

	Three months ended Sept 30		Nine months ended Sept 30	
(thousands of Canadian Dollars)	2024	2023	2024	2023
Net cash generated from (used in) continuing operating activities	**487**	172	**(42)**	359
Less: Changes in non-cash working capital balances - operating	**(153)**	503	**4**	1,316
Funds flow from (used in) continuing operations	**640**	(331)	**(46)**	(957)

Working capital

Working capital is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Working capital is used by management as another measure to analyze the operating liquidity available to the Corporation. It is defined as current assets less current liabilities. Working capital ratio is defined as current assets divided by current liabilities. This measure is not intended to represent or be construed as an alternative to current assets as calculated in accordance with IFRS.

The following tables provide a quantitative reconciliation of current assets, as disclosed in the consolidated statements of financial position, to working capital as at September 30, 2024 and December 31, 2023:

(thousands of Canadian Dollars)	As at Sept 30, 2024	As at Dec 31, 2023
Current assets	**8,375**	79,438
Current liabilities	**(3,442)**	(16,453)
Working capital	**4,933**	62,985
Working capital ratio	**2.4:1**	4.8:1

Net cash

Net cash is a non-IFRS financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Net cash is used by management to analyze the amount by which cash and cash equivalents (if applicable) exceed the total amount of long-term debt and bank indebtedness, or vice versa. The amount, if any, is defined as cash and cash equivalents less total long-term debt.

The following tables provide a quantitative reconciliation of cash, as disclosed in the consolidated statements of financial position, to net cash:

(thousands of Canadian Dollars)	As at Sept 30, 2024	As at Dec 31, 2023
Cash and cash equivalents	**4,106**	50,331
Less: Long term debt(1)	**(3,397)**	(3,527)
Net cash	**709**	46,804

(1) Long-term debt includes current portion of $175 (December 31, 2023: $175) and non-current portion of $3,222 (December 31, 2023: $3,352)

Forward-Looking Statements

This MD&A contains forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions are intended to identify forward-looking statements. Such statements reflect the Corporation's current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Corporation's actual results, performance, or achievements to vary from those described in this MD&A.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. Specific forward-looking statements in this MD&A include, among others, statements pertaining to the following: general economic and business conditions which will include, among other things, the outlook for energy services; fluctuations in interest rates and commodity prices; expectations regarding the Corporation's ability to manage its liquidity risk; raise capital and manage its debt finance agreements; projections of market prices and costs; factors upon which the Corporation will decide whether or not to undertake a specific course of operational action or expansion; the Corporation's ongoing relationship with its major customers; right sizing of the general and administrative infrastructure; the performance of the Corporation's investment in Team Snubbing, and whether Team Snubbing can realize high utilization in its Canadian operations and for its snubbing packages in Alaska in 2024; demand for the Corporation's Canadian rental equipment in 2024, scaling the Canadian business, executing on one or more corporate transactions; and estimated credit risks.

With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions regarding, among other things, its ability to: maintain its ongoing relationship with major customers; successfully market its services to current and new customers; devise methods for, and achieve its primary objectives; source and obtain equipment from suppliers; successfully manage, operate, and thrive in an environment which is facing much uncertainty; remain competitive in all its operations; attract and retain skilled employees; obtain equity and debt financing on satisfactory terms and manage its liquidity risk.

The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and elsewhere in this MD&A, along with the risk factors set out in the most recent Annual Information Form filed on SEDAR+ at www.sedarplus.ca.

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. These statements are given only as of the date of this MD&A. The Corporation does not assume any obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

Abbreviations

The following is a summary of abbreviations used in this Management Discussion and Analysis:

AIF	- Annual information form
AUD	- Australian dollars
bbl	- Barrel
CAD	- Canadian dollars
CLS	- Canadian Light Sweet
DCP	- Disclosure controls and procedures
EBITDA	- Earnings before interest, tax, depreciation, and amortization
FY	- Financial Year
ESG	- Environmental, Social and Corporate Governance
ICFR	- Internal controls over financial reporting
IFRS	- International Financial Reporting Standards
MD&A	- Management discussion and analysis
Nm	- Not meaningful
mmbtu	- Million British thermal units
NCIB	- Normal course issuer bid
OPEC	- Organization of Petroleum Exporting Countries
PNG	- Papua New Guinea
US	- United States of America
USD	- United States dollars
USDCAD	- Exchange rate that represents the amount of CAD required to buy one USD
WCS	- West Canada Select
WCSB	- Western Canadian Sedimentary Basin
WTI	- West Texas Intermediate
YTD	- Year to date