

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED
September 30, 2026 and 2025

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 12, 2026 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, 2026 and 2025 (the "Financial Statements") and the audited consolidated financial statements and notes for the years ended December 31, 2025 and 2024. Additional information relating to the Corporation, including the Corporation's Annual Information Form ("AIF") for the year ended December 31, 2025, 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 12, 2026. Throughout the MD&A, all amounts are expressed in thousands of Canadian dollars ("CAD") unless otherwise noted and have been prepared in accordance with IFRS Accounting Standard - IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board.

Readers are cautioned that this MD&A contains certain forward-looking information and forward-looking statements (collectively "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, 2026 may be referred to as the "quarter" or "Q3 2026" and the comparative three months ended September 30, 2025 may be referred to as "Q3 2025". 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, 2026 may be referred to as "YTD" or "YTD-2026". 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 Profile

Headquartered in Calgary, Alberta, Canada, High Arctic's operations involve the provision of pressure control equipment and equipment and related labour services 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 is also vested in the energy service pressure control well servicing business in Western Canada and Alaska, US, through a minority interest equity investment in Team Snubbing Services Inc. ("Team Snubbing").

High Arctic conducts its business activities through two reporting segments. The rental services segment consists of its rental equipment assets and related labour services in Western Canada. The investments and corporate segment contain all other assets and activity, namely, High Arctic's equity investment in Team Snubbing, industrial property, head office functional support, and other monetary investments and borrowings.

Highlights

- Strong operational results driven by higher activity levels were achieved from the rental services segment as revenue increased 60% year over in the quarter,
- Operating income of $788 in the quarter increased 630% over Q3 2025 result as margin and activity increased profitability and the resultant operating income,
- G&A expenses declined significantly as a percentage of revenue with the growing scope and scale of equipment and service capabilities,
- Positive net income contribution from Team Snubbing representing five successive quarters of positive earnings as business development has meaningfully advanced, and
- Improved working capital position and liquidity position in the quarter to $5.7 and $5.1 million respectively.

Third Quarter 2026 Summary

- Revenue of $4,676 was achieved for Q3 2026, an increase of $1,746 or 60% compared to Q3 2025. The increase in revenue over Q3 2025 is a result of High Arctic planning for and matching its customer's busy completion schedule in the quarter.
- High Arctic generated oilfield services operating margin of $2,219 for Q3 2026 with a corresponding operating margin percentage of 48.8% compared to $1,541 and 54.4% for the prior year comparative quarter. Operating margin was impacted by higher revenues as noted, offset by the reduction in operating margin percentage which was primarily driven by a higher level of modestly lower margin well stimulation services. Well stimulation services typically involve a higher labour component which are at times contracted through a third-party.
- Adjusted EBITDA for Q3 2026 was $1,429, or 31% of revenue, compared to the prior year comparative quarter of $757 and 26% of revenue. Adjusted EBITDA was primarily impacted by the same factors impacting oilfield services operating margin as noted above.
- Operating income was $788 in the current year quarter compared to $108 in Q3 2025. The increase in operating income is attributable to the same factors impacting oilfield services operating margins.
- Net income was $1,034 in Q3 2026 compared to $931 in Q3 2025. This increase in net income was impacted by the same factors impacting oilfield services operating margin as noted above partially offset with reduced income contribution from Team Snubbing as their Q3 2026 financial performance was muted due to cost pressures incurred on multiple start-up activities in the quarter.
- The Corporation maintained operational excellence and safety throughout the quarter as evidenced by the continuation of lost time incident free work.
- High Arctic exited Q3 2026 with an increased net working capital position of $5,694, including $3,063 of cash and cash equivalents, an undrawn credit facility and $2,872 in long-term debt.

YTD-2026 Summary

- YTD revenue of $10,352 increased by $2,696 or 35% compared to YTD-2025. Consistent with the Q3 2026 results, the increase in revenue is attributable to increased customer activity levels and a stable pricing environment for our rental service offerings.
- High Arctic generated oilfield services operating margin of $4,643 for YTD-2026 with a corresponding operating margin percentage of 46.5% compared to $3,854 and 52.4% for the prior year comparative period. Operating margin was impacted by higher revenues as noted above, offset by the reduction in operating margin percentage which was driven by a higher concentration of slightly lower margin well stimulation services combined with increased equipment repairs and maintenance expenses incurred in Q1 2026.
- Adjusted EBITDA for YTD-2026 was $2,321, or 22% of revenue, compared to the prior year comparative period of $1,743 and 23% of revenue. The YTD-2026 increase in adjusted EBITDA was a result of the same factors impacting oilfield services operating margin.
- Operating income for YTD-2026 was $457 compared to a loss of $274 for YTD-2025. This increase in operating income is also attributable to the same factors impacting oilfield services operating margin, as noted above.
- Net income was $1,892 for YTD-2026 compared to $516 for YTD-2025. This $1,376 increase was driven by he same factors impacting oilfield services operating margin, Team Snubbing's stronger YTD-2026 performance, gains realized on equipment disposals partially offset by the gain recorded in YTD-2025 on the fair value adjustment on the contingent consideration payable to pursuant to the 2023 Delta acquisition.
- During the first nine months of 2026, working capital has increased $2,050 while long-term debt has decreased by $131.

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, 2026	2025	Nine months ended September 30, 2026	2025
Results from operations:				
Revenue	4,676	2,930	10,352	7,656
Net income	1,034	931	1,892	516
Per share (basic & diluted) [1] [3]	*0.08*	*0.07*	*0.15*	*0.04*
Oilfield services operating margin [2]	2,219	1,541	4,643	3,854
Oilfield services operating margin as a % of revenue [2]	*48.8%*	*54.4%*	*46.5%*	*52.4%*
EBITDA [2]	1,655	1,545	3,697	2,343
Per share (basic & diluted) [1] [3]	*0.13*	*0.12*	*0.29*	*0.19*
Adjusted EBITDA [2]	1,429	757	2,321	1,743
Per share (basic & diluted) [1] [3]	*0.11*	*0.06*	*0.18*	*0.14*
Operating income (loss) [2]	788	108	457	(274)
Per share (basic & diluted) [1] [3]	*0.06*	*0.01*	*0.04*	*(0.02)*
Cash flow from operations:				
Cash flow from operating activities	336	551	1,355	958
Per share (basic & diluted) [1] [3]	*0.03*	*0.04*	*0.11*	*0.08*
Funds flow from operating activities [2]	1,407	744	2,242	1,549
Per share (basic & diluted) [1] [3]	*0.11*	*0.06*	*0.18*	*0.12*
Capital expenditures	583	173	1,901	966

(thousands of Canadian Dollars, except per share amounts and common shares outstanding)	September 30, 2026	December 31, 2025
Financial position:		
Working capital [2]	5,694	3,644
Cash and cash equivalents	3,063	3,294
Total assets	31,346	29,883
Long-term debt (non-current)	2,872	3,003
Shareholders' equity	24,141	22,043
Per share (basic & diluted) [4]	*1.90*	*1.74*
Common shares outstanding – basic [4]	12,696,959	12,696,959
Common shares outstanding – diluted [4]	12,706,437	12,696,959

[1] The weighted average number of common shares used in calculating both basic and diluted net income per share, EBITDA (Earnings before interest, tax, depreciation and amortization) per share, Adjusted EBITDA per share, operating income (loss) per share, cash flow from operating activities per share, and funds flow from operating activities per share is detailed in Note 14(b) of the Financial Statements.

[2] Readers are cautioned that oilfield services operating margin, oilfield services operating margin as percentage of revenue, 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 "Non-IFRS Measures" for additional details on the calculations of these measures.

[3] The number of weighted average common shares used in per share basic and diluted calculations for the three months ended September 30, 2026, was 12,696,959 and 12,732,972 and for the three months ended September 30, 2025, was 12,696,959. The number of weighted average common shares used in per share basic and diluted calculations for the nine months ended September 30, 2026, was 12,696,959 and 12,706,437 and for the nine months ended September 30, 2025, was 12,638,634. For periods when the Corporation incurs a net loss or equivalent negative measure, certain potentially dilutive instruments were excluded from the calculation of diluted per share metrics as the inclusion would be anti-dilutive.

[4] Shareholders' equity per share calculated based on common shares outstanding as at the relevant date.

Outlook

High Arctic's business is driven by its customers' decisions to drill new oil and natural gas wells combined with subsequent activity to complete these wells for production. This drilling and completion activity is tied to expectations for commodity prices and pipeline egress to access markets. As such, the financial and operational performance of High Arctic's business and the non-operated equity investment in Team Snubbing are highly dependent on these customer factors, in combination with fundamentals associated with both drilling and well completions in the WCSB and in the US state of Alaska.

In the WCSB, High Arctic rental equipment and service operations are currently experiencing a high level of customer demand in central Alberta as certain customers accelerate their capital spending to drill, complete and tie-in more of their Duvernay wells. This work is in close proximity to High Arctic's primary operations centre. In terms of capital expenditure levels, High Arctic made some opportunistic expenditures in the summer of 2026 to secure needed equipment to deliver the services our customers were requesting of us. For 2027 High Arctic is planning to make additional strategic capital expenditures and headcount additions to both increase the service offerings to our customers and to ensure the quality and timeliness of service delivery we are known for is not compromised.

For High Arctic's non-operated interest in Team Snubbing, expectations are that operational execution and the additional work has built positive momentum in the business. While the WCSB continues to be challenging in terms of delayed natural gas well completions, Team has been added a new application for its services in Canada, focused on oil production and in Alaska has seen continued oil well workover opportunities trend higher. High Arctic expects Team Snubbing to continue to build its customer relationships in Alaska and end the year in a favourable position with three rig packages marketed and labour contract opportunities.

While global economic and geopolitical uncertainty persists and in many respects is escalating, Canada's energy industry has opportunities for future growth through new pipeline egress to overseas and USA markets. Recent energy infrastructure initiatives to expand throughput of existing pipelines and build new capacity to access tidewaters are developments highlighting a mandate at the federal level for Canada to become a global energy superpower. These initiatives include the announcement of both the West Coast Oil Pipeline from Alberta to the B.C. coast and the Northern Shield Energy Corridor, the US approval of the Bridger Pipeline Expansion, completion of the Trans Mountain pipeline system expansion in 2024, and the output ramp-up of West coast LNG exports in 2025, all of which are positive developments supporting improved long-term fundamentals for High Arctic's business in the upstream energy services sector.

In summary, the Corporation's strategic objectives carry forward priorities and accomplishments from a busy 2026. They focus on safe and value based operational execution for customers, cost control, and equipment offerings to enable lasting market opportunities to drive organic growth and enhanced shareholder value.

2026 Strategic Objectives

High Arctic's 2026 strategic objectives are as follows:

- Relentless focus on safety excellence and quality service delivery;
- Actively manage direct operating costs and general and administrative expenses.
- Steward capital and liquidity to preserve balance sheet strength and financial flexibility; and
- Organically grow our core businesses through selective and opportunistic investments;
- Seek accretive acquisitions in Canada to drive shareholder value;

High Arctic is on track to meet or exceed its 2026 strategic objectives. The Corporation maintained its strong safety performance, continuing to operate without a lost-time incident, while strengthening customer relationships through consistent operational execution and quality service delivery. Selective growth expenditures in specialty equipment supported a record number of customer well completions and contributed to a 36% year-over-year increase in Rental Services revenue for the first nine months of 2026. This growth translated into improved financial performance, with increased YTD net income and adjusted EBITDA when compared to 2025. At the same time, disciplined capital and liquidity management increased working capital and liquidity on our undrawn credit facility, providing the Corporation with increased financial flexibility. High Arctic also continued to actively manage its corporate cost structure, with reduced corporate headcount and G&A declining as a percentage of revenue. Finally, while the Corporation did not complete an acquisition during the first nine months of 2026, we continue to actively pursue opportunities in Canada that have the potential to drive shareholder value.

Operating Results

Rental Services Segment

(thousands of Canadian Dollars, unless otherwise noted)	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Revenue	4,549	2,832	9,979	7,362
Oilfield services expenses	(2,330)	(1,291)	(5,336)	(3,508)
Oilfield services operating margin [1]	2,219	1,541	4,643	3,854
Operating margin (%) [1]	*48.8%*	*54.4%*	*46.5%*	*52.4%*

[1] See "Non-IFRS Measures"

The rental services segment consists of High Arctic's oilfield rental equipment and labour services in Canada, centered upon pressure control equipment and equipment supporting the high-pressure stimulation of oil and gas wells in the WCSB.

Revenue for Q3 2026 of $4,549 was $1,717 or 61% higher than the prior year comparative quarter. Revenue for the nine months ended September 30, 2026, of $9,979 was $2,617 or 36% higher than the prior year comparative period. The increase in revenue experienced for both Q3 2026 and YTD-2026, versus the comparable periods in 2025, was driven primarily by stronger customer activity levels experienced throughout 2026 as High Arctic realized a record number of customer well completions performed for both Q3 2026 and YTD-2026.

Oilfield services operating margin for Q3 2026 of 48.8% was lower than the 54.4% realized in Q3 2025. Operating margin in Q3 2026 was negatively impacted by higher level of activity of well stimulation services when compared to Q3 2025. Well stimulation services typically involve a higher labour component which are at times contracted through a third-party. Additionally, High Arctic realized a modest increase in utilization of third-party rental services in the current year quarter as compared to the prior year quarter. This change in sales mix with more well stimulation services activity, a higher utilization of third-party rental equipment and higher repairs and maintenance related expenses incurred in Q1 2026 negatively impacted the YTD-2026 operating margin when compared to YTD-2025 operating margin.

Other Rental Services Items

During Q1 2026, the Corporation recognized a gain of $340 related to assets disposed of pursuant to a rent-to-own agreement. Additional details related to this transaction are fully described later in this MD&A.

Investments and Corporate Segment

The investments and corporate segment contain all other assets and activity of the Corporation, namely, High Arctic's equity investment in Team Snubbing, its equity investment in the Seh' Chene Well Servicing Partnership ("Seh' Chene Partnership"), industrial property in Clairmont, Alberta, head office functional support, and monetary investments and borrowings. Select analysis and discussion of these results follows by major heading. Readers are advised to reference Note 20, Segmented Information, in the Corporation's Financial Statements.

Clairmont Industrial Property

Revenue attributable to the Corporation's industrial property in Clairmont, Alberta, was $127 for Q3 2026 compared to $98 in the prior year comparative quarter (YTD-2026 revenue of $373 compared to revenue of $294 for YTD-2025). The change in revenue is due largely to the reclassification of the reimbursement of property taxes from the lessee as a component of revenue in Q4 2025; previously, the reimbursement was included as a reduction of the underlying operating expense. Gross lease revenue was positively impacted by inflation escalators that are provided for under the lease agreement.

Team Snubbing Equity Investment

The Corporation accounts for the results of its 42% interest in Team Snubbing using the equity method of accounting. The Corporation's proportionate share of Team Snubbing's net income for Q3 2026 was $202 compared to a $756 in Q3 2025 (YTD-2026 net income of $1,019 compared to net income of $420 for YTD-2025). Team Snubbing realized revenues for Q3 2026 of $12,075 compared to $9,985 for the prior year comparative quarter and YTD-2026 revenue of $33,364 compared to revenue of $23,974 for YTD-2025, an increase of 21% and 39% respectively. See Note 9 in the Corporation's Financial Statements for additional details.

In 2026 Team Snubbing has realized improved activity levels and profitability when compared to 2025 year-to-date results. The improvements in revenue for Q3 2026 and both revenue and net income for YTD-2026 are attributable to improved customer activity in Team Snubbing's operations in Alaska, US combined with the addition of a new application for its services in Canada, focused more heavily on oil production. Activity levels in the US operations were favourably impacted by steady customer demand in the quarter with continued work on the Alaskan North Slope, well workovers performed in various parts of Alaska combined with plug and abandonment work in southern Alaska that concluded in early Q2 2026. Canadian snubbing activity levels have been comparable to what was witnessed in 2025 driven primarily by persistently low AECO natural gas pricing. In Q3 2026 Team did incur some one-time start-up costs for new operations in preparation for coming awards in both Canada and Alaska which was one of the main reasons for the decline in profitability when

compared to Q3 2025. As a result of the improved YTD-2026 financial and operational performance, Team Snubbing has made meaningful debt repayments to its primary lender in 2026 and has continued to improve its working capital position quarter over quarter.

General and Administrative Expenses ("G&A")

(thousands of Canadian Dollars, unless otherwise noted)	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
G&A	917	882	2,695	2,510
Percent of revenue (%)	*19.7%*	*30.1%*	*26.0%*	*32.8%*

High Arctic recorded G&A expenses of $917 in Q3 2026 consistent with $882 in the comparative quarter. G&A expenses for Q3 2026 and YTD-2026 were both negatively impacted by higher professional fees, property taxes, insurance costs and the salary expense of full-time CEO appointed in August of 2025, partially offset with reduced salaries and wages realized as a result of reduced corporate headcount in late Q2 2026.

G&A expenses as a percentage of revenue declined in 2026 because of increased revenue. Management continues to scale business capabilities, enhance procedures and controls, and align its G&A cost structure following the 2024 reorganization and spin out of its legacy PNG operations.

Depreciation and Amortization Expenses

Depreciation and amortization expenses of property and equipment, intangibles and right-of-use assets totaled $606 in Q3 2026 compared to $609 for Q3 2025 (YTD-2026 expense of $1,772 compared to an expense of $1,768 for YTD-2025). Depreciation and amortization expenses are relatively consistent quarter over quarter and are impacted by the normal course decline in these expenses, offset in part, by the impact of new capital spending which was directed towards property and equipment.

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 $35 of expense in Q3 2026 compared to $40 in Q3 2025 (YTD-2026 expense of $92 compared to an expense of $144 for YTD-2025).

Interest and Finance Expenses

(thousands of Canadian Dollars)	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Accretion on contingent consideration	33	51	100	165
Interest on long-term debt	33	35	102	108
Finance expense – lease liabilities	17	18	47	55
Other expenses	7	7	42	60
Interest and finance expenses	90	111	291	388
Accretion income of notes and other receivables	42	52	144	167
Interest and other income	33	47	114	155
Foreign exchange gain (loss)	-	2	8	(9)

Interest expense is pursuant to a mortgage secured by lands and buildings owned by High Arctic located within Alberta, Canada. The reduction in interest expense for the current year quarter relative to the prior year comparative quarter is due to the normal course repayments of the outstanding mortgage balance resulting in modestly lower interest charges. The mortgage has a remaining initial term of less than one year 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, 2026, the total principal balance outstanding was $3,047 (December 31, 2025: $3,178).

Finance expense associated with lease liabilities for Q3 2026 was $17 compared to $18 in Q3 2025. The decrease in finance expense is due to a reduction in average lease obligations in the current year quarter compared to the prior year comparative quarter.

Accretion expense, which relates to the Corporation's contingent consideration payable, for Q3 2026 was $33 compared to $51 in Q3 2025. The reduction in accretion expense for Q3 2026, compared to Q3 2025, is the result of the normal course payment of the second

year payable in the first quarter of 2026. Additional details related to the Corporation's contingent consideration payable are provided later in this MD&A.

Other expenses of $7 for Q3 2026 includes stand-by fees associated with the Corporation's credit facility.

Notes and Other Receivables
As at September 30, 2026, the Corporation has three notes and other receivables outstanding, with a combined carrying value of $1,778 for which accretion income is required to be recognized. The carrying value of each note or other receivables is adjusted over the individual items terms, resulting in the recognition of accretion income of $42 for the three months ended September 30, 2026 (three months ended September 30, 2025: $52). The reduction in accretion income in the current year quarter is due to the normal course reduction in the notes and other receivables as amounts are collected throughout the year. A summary of the individual terms is detailed below.

1) Team Snubbing 2022 Note Receivable
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. As at September 30, 2026, the carrying value of the note receivable was $1,077.

2) Team Snubbing 2026 Receivable
During Q1 2026, the Corporation provided property and equipment to Team Snubbing pursuant to a rent-to-own agreement. The property and equipment had a fair value of $941 with an exchange amount of $893, representing the present value of the expected cash flows under the agreement. The agreement requires Team Snubbing to make monthly payments and in addition provides Team Snubbing with the option to purchase the equipment at predetermined values no earlier than September 30, 2026 and no later than December 31, 2026, with December 31, 2026, being the expiration of the agreement. As at the date of this MD&A this option has not been exercised.

In conjunction with this transaction, the Corporation recognized a gross receivable, the ("2026 receivable") from Team Snubbing of $941, with the present value being $893, resulting in $48 in non-cash accretion which will be recognized as interest income over the term of the agreement. The Corporation disposed of property and equipment with a net book value of $307, resulting in a gain on this transaction of $586, of which $340 or 58% has been included as a component of net income, with 58% being the Corporation's non-ownership percentage of its investment in Team Snubbing. The remainder of the gain of $246 or 42%, with 42% being the Corporation's ownership interest in Team Snubbing, has been recognized as a reduction to the carrying value of the Corporation's equity investment in Team Snubbing. As at September 30, 2026, the carrying value of the note receivable was $411.

3) Delta Rentals Note Receivable
In 2023, as part of the assets acquired in the acquisition of Delta, High Arctic received an interest-free note receivable for $880 with a three-year term, accruing from December 28, 2023, with principal repayments commencing December 2024 in three equal payments. 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 approximated the credit risk associated with the principal amount outstanding of the note. As at September 30, 2026 the carrying value of the note receivable was $290.

Interest Income
Interest income from notes and other receivables, cash invested in interest bearing accounts and guaranteed investment certificates totalled $33 during Q3 2026 (Q3 2025: $47). As at September 30, 2026, the Corporation had $3,063 maintained in a savings account earning an interest rate of approximately 2.5%.

Foreign Exchange Gains and Losses
Foreign exchange gains and losses are the result of changes in the US dollar ("USD") to CAD foreign currency exchange rate related to the revaluation of the Corporation's USD-denominated assets and liabilities. The Corporation currently has minimal USD-denominated assets and liabilities; as such, gains and losses associated with the revaluation of USD-denominated assets and liabilities and the underlying exposure to changes in the US and CAD dollar are not expected to have a significant impact on the Corporation's net income.

Contingent Consideration Payable
On December 28, 2023, High Arctic completed the acquisition of all the shares of Delta for cash consideration of $3,430 and contingent consideration of $2,952. The contingent consideration is payable in a combination of cash and common shares of the Corporation over a thirty-six-month period following the transaction's close. Common shares of the Corporation can be issued to settle a component of the contingent consideration if the Corporation's capital structure provides the ability to do so. As at September 30, 2026, the Corporation does not anticipate that any additional common shares would be issued as a component of existing or future settlements.

The contingent consideration is to be paid in three instalments being Year 1 (calculated based on fiscal 2024 financial results), Year 2 (calculated based on fiscal 2025 financial results) and Year 3 (calculated based on fiscal 2026 financial results). Payment of each respective year will occur during the first quarter of the fiscal year subsequent to the most recently completed fiscal year.

The contingent consideration is based on Delta achieving specific profitability targets and is adjusted for capital expenditures incurred. The seller will receive a percentage of the profitability target achieved based on the following schedule:

Calculation of Contingent Consideration Percentage Multiplier:

Percent of profitability target achieved	Percentage multiplier
Less than 50% of profitability target	= 0x
50% to 95% of profitability target	= 1x minus (2 multiplied by (100% - % of profitability target achieved))
95% to 120% of profitability target	= 1x
Greater than 120% of profitability target	= 1.2x plus (1.5 multiplied by (% of profitability target achieved – 120%))

As at September 30, 2026, the contingent consideration payable outstanding was $1,445. In the first quarter of 2026, the Corporation settled the 2025 financial liability (Year 2 liability) of $1,147 through a cash payment of $854 and the net settlement of amounts owing to the Corporation related to the note receivable of $293.

Other Comprehensive Income

(thousands of Canadian Dollars)	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Foreign currency translation gain from foreign operations	1	-	8	1
Share of other comprehensive income from equity investments	6	-	106	-
Total	7	-	114	1

The Corporation recognized other comprehensive income of $7 for Q3 2026 compared to $nil in the prior year comparative quarter. As detailed above, included in other comprehensive income is a foreign currency translation gain of $1 for Q3 2026 (Q3 2025: $nil) associated with the translation of the Corporation's wholly owned subsidiaries that have a functional currency other than CAD. In addition, the Corporation recognized comprehensive income of $6 during Q3 2026 (Q3-2025: $nil) associated with its proportionate share of Team Snubbing's other comprehensive income. For YTD-2026 the Corporation recognized other comprehensive income of $114 compared to $1 in the comparative YTD period.

Liquidity and Capital Resources

(thousands of Canadian Dollars)	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Cash provided by (used in):				
Operating activities	336	551	1,355	958
Investing activities	(161)	215	(1,194)	(602)
Financing activities	(138)	(143)	(408)	(418)
Effect of exchange rate changes on cash	1	1	16	(9)
Increase (decrease) in cash	38	624	(231)	(71)

(thousands of Canadian Dollars, unless otherwise noted)	As at September 30, 2026	As at December 31, 2025
Current assets	9,421	7,662
Working capital[(1)]	5,694	3,644
Working capital ratio[(1)]	2.5:1	1.9:1
Cash and cash equivalents	3,063	3,294

(1) See "Non-IFRS Measures"

Operating Activities

Cash generated from operating activities for Q3 2026 was $336, compared to $551 from operating activities in Q3 2025. Funds from operating activities totaled $1,407 in Q3 2026 compared to $744 for Q3 2025 (see "Non-IFRS Measures"). In Q3 2026, changes in non-cash operating working capital totaled an outflow of $1,071 compared to an outflow of $193 in Q3 2025.

For YTD-2026, cash from operating activities was $1,355 compared to $958 for YTD-2025. Funds flow from operating activities totaled $2,242 for YTD-2026 compared to $1,549 for YTD-2025 (see "Non-IFRS Measures"). For YTD-2026, changes in non-cash operating working capital totaled an outflow of $887 compared to an outflow of $591 for YTD-2025.

Changes in cash from operating activities and funds flow from operating activities for Q3 2026 compared to Q3 2025, and for YTD-2026 compared to YTD-2025, were largely the result of improved financial results for Q3 2026 compared to Q3 2025 combined with the impact of changes in non-cash working capital (as noted above).

Investing Activities

During Q3 2026, the Corporation's net cash used in investing activities totaled $161 compared to an inflow of $215 for the prior year comparative quarter (YTD-2026 outflow of $1,194 compared to an outflow of $602 for YTD-2025). In the third quarter of 2026 the Corporation made additional strategic growth capital expenditures to enable the growth that was achieved in its rental services segment. Offsetting investing cash outflows was the receipt of payments on notes and other receivables and proceeds received on the disposition of assets.

The change in cash flows from investing activities for Q3 2026 compared to the prior year comparative quarter is due to increased property and equipment expenditures partially offset with the increased payments received related to notes and other receivables. The change in cash flows from investing activities for YTD-2026 compared to the prior year comparative period is due to increased property and equipment expenditures, an increased payment on the contingent consideration obligation relating to the Delta acquisition, partially offset with the increased payments received related to notes and other receivables.

Financing Activities

During Q3 2026, the Corporation's net cash used in financing activities of $138 was consistent with the prior year comparative quarter of $143. For YTD-2026, net cash used in financing activities of $408 was comparable to $418 for YTD-2025. Cash flows related to financing activities consist of the normal course payments and receipts on the Corporation's lease liabilities and long-term debt.

Working Capital

As at September 30, 2026, the Corporation's working capital balance was $5,694 compared to $3,644 as at December 31, 2025. This increase of over two million dollars in working capital was driven by positive EBITDA generated during YTD-2026 combined with the addition of the Team Snubbing 2026 receivable pursuant to the rent-to-own agreement and the sale of the Corporation's US snubbing assets.

Long-term Debt

(thousands of Canadian Dollars)	As at September 30, 2026	As at December 31, 2025
Current	175	175
Non-current	2,872	3,003
Total	3,047	3,178

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 months with a fixed interest rate of 4.30% with payments occurring monthly. The mortgage financing contains certain non-financial covenants requiring lenders' consent, including changes to the underlying business. As at September 30, 2026 and December 31, 2025, the Corporation was compliant with all covenants associated with the mortgage financing.

Credit Facility

On December 29, 2025, the Corporation entered into a revolving credit facility (the "Facility") with a Canadian financial institution (the "Lender") for a maximum principal amount of $3,000. The Facility is secured by a general security agreement, which specifically provides the Lender with a first priority lien over the majority of the Corporation's personal property, inclusive of the Corporation's trade accounts receivable (the "Borrowing Base"). The availability of the Facility is limited to eligible trade accounts receivable, subject to monthly borrowing base certificates and eligibility requirements, with eligibility requirements based on the age and credit worthiness of the Corporation's trade accounts receivables.

As at September 30, 2026 and December 31, 2025, there were no amounts drawn on the Facility. As at September 30, 2026, in accordance with the Borrowing Base calculation, the maximum amount available under the Facility was $2,167 (December 31, 2025: $1,424).

The Facility matures on December 28, 2026. Amounts drawn under the Facility are due on demand at the discretion of the Lender, while the Corporation maintains the ability to draw on, and make repayments at its discretion.

The interest rate on any drawn amounts is Canadian prime plus 2.25%. The Facility requires payment of standby fees on any undrawn amounts.

The Facility has a number of financial covenants which include the Corporation maintaining certain financial ratios related to current assets and current liabilities, debt obligations to earnings before interest, income taxes, depreciation and amortization expenses, as defined in the Facility agreement, and a debt service coverage ratio. The Corporation was in compliance with all financial and non-financial covenants as at September 30, 2026 and December 31, 2025.

Off-Balance Sheet Arrangements
As at September 30, 2026 and December 31, 2025, the Corporation did not have any material off-balance sheet arrangements.

Acquisitions and Dispositions
For the three and nine months ended September 30, 2026 and 2025, and for the year ended December 31, 2025, the Corporation did not execute any acquisition or divestiture transactions.

Related Party Transactions
Refer to Note 21 of the Corporation's Financial Statements for disclosures related to related parties.

Outstanding Share Capital
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 under the Corporation's approved equity-based compensation plan.

	Nine months ended September 30, 2026		Year ended December 31, 2025	
(Common shares issued and outstanding) [1]	Shares	Amount	Shares	Amount
Balance, beginning of period	12,696,959	$133,426	12,448,166	$133,153
Issuance of common shares	-	-	248,793	273
Balance, end of period	12,696,959	$133,426	12,696,959	$133,426

[1] The Corporation's common shares do not have a par value and all issued shares are fully paid.

As at the date of this MD&A, the number of common shares of the Corporation outstanding was 12,696,959.

Stock Options

As at September 30, 2026, 920,000 stock options have been granted at a weighted average exercise price of $1.06. As at September 30, 2026, of the issued and outstanding stock options, 383,330 were exercisable at weighted average exercise price of $1.19.

Summary of Quarterly Results

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

	Three months ended							
(thousands of Canadian Dollars, except per share amounts)	Sep 30, 2026	Jun 30, 2026	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024
Revenue	4,676	2,941	2,735	2,985	2,930	2,391	2,335	2,443
Net income (loss)	1,034	3	855	(160)	931	(295)	(120)	(715)
Net income (loss) per share – basic and diluted[1]	0.08	0.00	0.07	(0.01)	0.07	(0.02)	(0.01)	(0.06)

[1] See "Non-IFRS Measures"

Revenue from operations is typically the highest in Q1 and Q3, traditionally the busiest periods for energy services in Canada, as customers execute major drilling and completions work ahead of the spring break-up usually experienced in Q2. Energy services activity is typically curtailed in Q2 due to restrictions on the movement of heavy equipment due to road bans in certain locations. Activity levels are usually subdued in Q4 due to the onset of winter weather conditions combined with lost workdays associated with year-end holiday time off.

Historically, large fluctuations in net income reported quarter-over-quarter have largely been due to fluctuations in net income / (losses) from the Corporation's equity investment in Team Snubbing and the impacts of G&A expenses related to the arrangement transaction completed in Q2 2024 and. For Q3 2026 High Arctic's realization of $1,034 in net income was primarily the result of strong operational performance achieved in its rentals services segment that saw record activity activity of well stimulation services. Additionally, Team Snubbing incurred significant costs in 2024 associated with the start-up of its operations in Alaska, US. With Team Snubbing's Alaskan activity levels increasing through 2025, significant net income was realized by High Arctic in both Q1 2026 and Q3 2025 as material earnings from the Corporation's equity investment in Team Snubbing of $709 for Q1 2026 and $756 for Q3 2025 were realized. The loss reported in the fourth quarter of 2024 is primarily a result of net losses associated with Team Snubbing of $396 combined with G&A expenses related to the arrangement transaction of $207.

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 fourth quarters of a 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 Corporation.

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							
	Sep 30, 2026	Jun 30, 2026	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024
Oil and natural gas prices – Average for each period:								
West Texas Intermediate (WTI) (USD/bbl)[1]	86	93	72	59	65	63	71	70
West Canada Select (WCS) (CAD/bbl)[1]	101	108	79	67	75	76	84	81
Canada Light Sweet Oil (CLS) (CAD/bbl)[1]	120	131	94	77	85	87	95	93
AECO (CAD/mmbtu)[1]	1.20	1.90	2.00	2.28	0.61	1.72	2.13	1.48
USDCAD Exchange Rate [2]	1.3989	1.3838	1.3714	1.3901	1.3836	1.3737	1.4433	1.3990
Cdn Avg. Land Rig Count [3]	203	147	199	185	176	128	214	193

(1) Source: Sproule

(2) Average for the respective quarter

(3) Source: JuneWarren-Nickles, ATB or Baker Hughes

WTI and Canadian crude oil prices remained relatively strong in Q3 2026, supported by Middle East supply disruptions, reduced shipments through the Strait of Hormuz and lower global oil inventories. However, WTI averaged USD$86 per barrel, down from USD$93 per barrel realized in Q2 2026, as elevated prices weighed on demand and expectations of a negotiated resolution periodically reduced the geopolitical risk premium. Canadian crude prices generally tracked WTI, although WCS was negatively affected by refinery outages and maintenance in the U.S. Midwest, with the average WTI-WCS differential widening by over USD$2 per barrel in Q2 2026.

AECO natural gas prices declined in Q3 2026 as strong Western Canadian production, seasonal pipeline maintenance and egress constraints contributed to periods of regional oversupply. While growing LNG export demand provided incremental support for natural gas demand, it did not offset near-term seasonal supply pressures typically seen on the third quarter, resulting in weaker AECO pricing and continued wide differentials relative to North American benchmarks.

Historically, Canadian based natural gas pricing has been impacted disproportionately relative to other North American pricing points as a result of the greater physical distance Canadian AECO pricing is from larger key natural gas markets, combined with variations in regional natural gas storage levels. Future AECO pricing is expected to experience reduced volatility and potentially stronger pricing, supported by LNG Canada's commencement of shipments in Q3 2025, continued ramp-up of LNG Canada's design capacity and new Canadian LNG projects expected to come on-line in the next few years.

Financial Risk Management

Financial and other risks

The Corporation is exposed to financial risks arising from its financial assets and liabilities. These include geopolitical risks which are 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. Cyber-security risks increase as the Corporation outsources its IT servers to cloud providers and employees work remotely.

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:

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 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 on December 15, 2026. In addition, the Corporation is also exposed to interest rate risk on any future borrowing, including its undrawn credit facility, 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 as at September 30, 2026.

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 customers' 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, ongoing conflict in the Middle East, 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 as at September 30, 2026.

Credit risk, customers, and economic dependence

Credit risk is the risk of a financial loss occurring as a result of a default by a counterparty on its obligation to the Corporation. The Corporation's financial instruments that are exposed to credit risk consist primarily of accounts receivable, notes and other receivables 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 are 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 provided services to three customers who individually accounted for greater than 10% of its consolidated revenues during the three months ended September 30, 2026 with total sales of $2,973 (three months ended September 30, 2025: one customer with total sales of $1,502).

The Corporation provided services to one customer who individually accounted for greater than 10% of its consolidated revenues during the nine months ended September 30, 2026 with total sales of $3,914 (nine months ended September 30, 2025: one customer with total sales of $1,961).

As at September 30, 2026, three customers represented a total of $2,761 or 68% of outstanding accounts receivable (December 31, 2025: one customer represented a total of $1,057 or 38% of outstanding accounts receivable).

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

(thousands of Canadian Dollars)	As at September 30, 2026	As at December 31, 2025
Less than 31 days	3,071	967
31 days to 60 days	1,039	857
61 days to 90 days	267	999
Greater than 90 days	42	234
	4,419	3,057
Provision for expected credit losses	(31)	(109)
Total	4,388	2,948

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.

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 complete 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 and Material Accounting Policies

Information on the Corporation's critical accounting judgements and estimates can be found in Note 2 of the Financial Statements. Additional information on the Corporation's critical accounting judgements and estimates can also be found in Note 2 of the audited annual consolidated financial statements for the year ended December 31, 2025. 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. The Corporation's material accounting policies can be found in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2025.

The audited consolidated financial statements of Team Snubbing for the year ended December 31, 2025 include a note stating that they are prepared on a going concern basis which contemplates that Team Snubbing will be able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations. This note identified the following factors which may cast doubt on the appropriateness of the going concern assumption, specifically: Team Snubbing's negative working capital as at December 31, 2025 and non-compliance with certain bank indebtedness. If in the future the going concern assumption is not appropriate for Team Snubbing then the carrying value of the equity investment in and the note receivable from Team Snubbing, as reflected in the Corporation's Financial Statements, would be subject to impairment and that impairment amount may be material.

Future Accounting Pronouncements

Future accounting policy changes

In April 2024, the IASB issued IFRS 18, Presentation and Disclosures in Financial Statements, to replace IAS 1, Presentation of Financial Statements, effective January 1, 2027, with early adoption permitted. The new standard sets out the requirements for presentation and disclosures in the financial statements. Management is presently reviewing the impact the standard will have on the Financial Statements.

The Corporation is currently assessing the required adjustments to its chart of accounts, along with other enterprise system change requirements. Draft consolidated financial statements are being prepared to quantify the impact of changes, as are draft management performance measures and the related disclosures. Throughout 2026, the Corporation will finalize its drafted disclosures, prepare retrospective disclosures for the comparative period, and continue communication with stakeholders.

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, 2026, 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 Annual Information Form ("AIF") dated March 31, 2026, in respect of the year ended December 31, 2025, and other information and documents, all of which are 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, 2025, 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 operations before interest, taxes, depreciation, and amortization ("EBITDA")
EBITDA from 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 operations is defined as net income (loss) adjusted for income taxes, interest and finance expenses, 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 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 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 operations below that provides a reconciliation of net income (loss), as disclosed in the consolidated statements of comprehensive income (loss) to EBITDA from operations.

Adjusted EBITDA
Adjusted EBITDA 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 is defined as EBITDA (as defined above) prior to the effect of share-based compensation, certain 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, certain fair value adjustments, 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 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, as disclosed in the consolidated statements of income and comprehensive income, to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2026, and 2025:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars)	2026	2025	2026	2025
Net income	1,034	931	1,892	516
Adjustments to net income:				
Interest and other income	(33)	(47)	(114)	(155)
Interest and finance expenses	90	111	291	388
Accretion income on notes and other receivables	(42)	(52)	(144)	(167)
Income tax recovery	-	(7)	-	(7)
Depreciation and amortization expenses	606	609	1,772	1,768
EBITDA	1,655	1,545	3,697	2,343
Adjustments to EBITDA:				
Share-based compensation expense	35	40	92	144
Income from equity investments	(202)	(756)	(1,019)	(420)
Foreign exchange (gain) loss	-	(2)	(8)	9
Gain on disposal of property and equipment [(1)]	(67)	(70)	(109)	(76)
Gain on assets disposed of pursuant to a rent-to-own agreement	-	-	(340)	-
Fair value adjustment to contingent consideration	8	-	8	(362)
G&A related to reorganization or restructurings [(2)]	-	-	-	105
Adjusted EBITDA	1,429	757	2,321	1,743

(1) For the three and nine month periods ended September 30, 2026 and 2025 the gain on disposal of property and equipment was reported as a reduction of EBITDA.

(2) G&A costs related to the Corporation's corporate reorganization which was completed in 2024 but for which costs were incurred throughout 2024 and 2025.

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 of income and comprehensive income, to oilfield services operating margin and oilfield operating margin % for the three and nine months ended September 30, 2026, and 2025.

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 September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars, unless otherwise noted)	2026	2025	2026	2025
Revenue	4,549	2,832	9,979	7,362
Oilfield services expenses	(2,330)	(1,291)	(5,336)	(3,508)
Oilfield services operating margin	2,219	1,541	4,643	3,854
Oilfield services operating margin %	*48.8%*	*54.4%*	*46.5%*	*52.4%*

Operating income (loss)

Operating income (loss) 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) 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. Operating income (loss) is calculated as revenue less oilfield services expenses, general and administrative expenses, depreciation and amortization expenses, and share-based compensation expense. Operating income (loss) 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 below provides a quantitative reconciliation of revenue, as disclosed in the consolidated statements of income and comprehensive income to operating income (loss) for the three and nine months ended September 30, 2026, and 2025:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars)	2026	2025	2026	2025
Revenue	4,676	2,930	10,352	7,656
Oilfield services expenses	(2,330)	(1,291)	(5,336)	(3,508)
G&A expenses	(917)	(882)	(2,695)	(2,510)
Depreciation and amortization expenses	(606)	(609)	(1,772)	(1,768)
Share-based compensation	(35)	(40)	(92)	(144)
Operating income (loss)	788	108	457	(274)

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 operating activities

Funds flow from operating activities 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 operating activities is defined as net cash generated from 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 operating activities, as disclosed in the consolidated statements of cash flows, to funds flow from operations for the three and nine months ended September 30, 2026, and 2025:

	Three months ended September 30,		Nine months ended September 30,	
(thousands of Canadian Dollars)	2026	2025	2026	2025
Net cash generated from operating activities	336	551	1,355	958
Changes in non-cash working capital balances – operating	1,071	193	887	591
Funds flow from operations	1,407	744	2,242	1,549

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, 2026 and December 31, 2025:

(thousands of Canadian Dollars)	As at September 30, 2026	As at December 31, 2025
Current assets	9,421	7,662
Current liabilities	(3,727)	(4,018)
Working capital	5,694	3,644
Working capital ratio	2.5:1	1.9:1

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 the energy industry inclusive of commodity prices, producer activity levels (inclusive of drilling completions and tie-in activity) and general energy supply and demand fundamentals that may impact the energy industry as a whole and more specifically as it relates to the Corporation's customers in Western Canada and Alaska, United States; expectations related to current and future expansion of oil throughput on existing pipelines, new oil pipeline capacity and LNG export projects and the impact, if any, on future pricing; and on long-term fundamentals for the upstream energy services sector; the impact, if any, of geo-political events, changes in government, changes to tariffs or related trade policies and the potential impact on the Corporation's ability to execute its 2026 strategic objectives; 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, including the renewal or refinancing of its mortgage financing upon expiry of its initial term and the renewal of the Facility upon its maturity; the nature and the timing of the settlement of future contingent consideration payments; 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 capital expenditure levels; including planned strategic capital expenditures and headcount additions in 2027; the Corporation's ongoing relationship with its major customers; management of general and administrative expenses; the maintenance of a strong balance sheet, its liquidity position and related financial flexibility; the performance of the Corporation's non-operated equity investment in Team

Snubbing and Team Snubbing's ability to continue as a going concern; expectations regarding Team Snubbing's ability to expand operations in Alaska and Canada, including rig packages marketed, labour contract opportunities, and anticipated contract awards and its position at year end; operational and financial performance of the Corporation's Canadian rental and related labour services business in 2026 and 2027; the Corporation's expectations for customer activity levels for 2026; expectations regarding future natural gas pricing, included the potential impact of LNG Canada exports and new Canadian LNG projects on AECO pricing; scaling the Corporation's Canadian business; the expected impact of foreign exchange rates on the Corporation's net earnings; the expected impact of IFRS 18 on the Financial Statements execution on one or more acquisitions or other 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,; that commodity prices will continue at levels supportive of customer activity; that customers will maintain or increase their capital spending programs, including Duvernay drilling, completion and tie-in activity in central Alberta; that announced pipeline, egress and LNG export projects will proceed substantially as anticipated; that interest rates and foreign exchange rates will not change materially; the absence of material adverse changes in the regulatory, tax and trade policy environment; and the Corporation's ability to: maintain its ongoing relationship with major customers; successfully market its services to current and new customers; achieve its 2026 strategic objectives; source and obtain equipment from suppliers on a timely basis; successfully manage, operate, and thrive in an environment which is facing much uncertainty; remain competitive in all its operations; attract and retain skilled employees; fund planned capital expenditures; obtain debt financing on satisfactory terms and manage its liquidity risk; successfully renew or refinance its mortgage facility upon expiry and remain in compliance with the covenants under its debt finance agreements; that the final contingent consideration payment will be settled in cash in accordance with its terms; and that Team Snubbing will continue as a going concern, be able to meet its financial obligations and secure anticipated contract awards in Alaska and Canada.

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
AECO	- Alberta Energy Company natural gas spot price
bbl	- Barrel
CAD	- Canadian dollars
CLS	- Canadian Light Sweet
DC&P	- Disclosure controls and procedures
EBITDA	- Earnings before interest, tax, depreciation, and amortization
FY	- Financial Year
G&A	- General and administrative expenses
ICFR	- Internal controls over financial reporting
IFRS	- International Financial Reporting Standards
MD&A	- Management discussion and analysis
mmbtu	- Million British thermal units
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