



**Barnwell** Industries, Inc.

Corporate Presentation  
December 2021

# Who We Are



## Barnwell Industries (NYSE: BRN)

Is engaged in oil and natural gas development, production and sales in Canada and the US



Oil & Gas

Invests in resort property development in Hawaii



Resort Property Development

Provides well drilling services and water pumping system installation and repairs in Hawaii



Water Well Drilling

For over 65 years, Barnwell has embraced innovation and excellence in its diverse portfolio of energy, land and water well drilling businesses

# Positioned for Growth

Barnwell Industries, Inc. is well-positioned to make accretive acquisitions and welcomes introductions from investors and intermediaries

**CASH**  
\$12.1 MM on  
Balance Sheet\*

**NET OPERATING  
LOSS  
CARRYOVERS**  
\$42.3 MM  
U.S. Federal\*\*

**OVER FUNDED  
PENSION PLAN**  
\$12.6 MM  
fair value of  
plan assets  
at end of year\*\*

**BOARD OF  
DIRECTOR  
EXPERTISE**  
6 new board members,  
many with significant  
M&A experience

**NYSE-AMEX  
LISTED  
COMPANY**  
public since 1956

\*December 31, 2021 Balance Sheet (unaudited)

\*\*September 30, 2021 Annual Report





# Oil & Gas

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Historically, the largest segment of Barnwell Industries, Inc. (“BII”) has been oil and natural gas exploration. Oil and gas activities in Canada are handled exclusively by BII’s subsidiaries Barnwell of Canada, Limited (“BOCL”) and Octavian Oil Limited (“OOL”) based in Calgary, Alberta, Canada. BOCL has conducted operations in Canada for over 50 years.

The Company’s core Canadian asset is located at Twining, Alberta, about 70 miles north of Calgary and encompasses 10,000 acres. The field is low decline, primarily oil-bearing, and currently produces approximately 700 barrels of oil equivalent (“BOE”) per day gross production from a mixture of vertical and horizontal wells. The Twining area has been producing since 1962, with an estimated 935 mmbbl of oil in place. The Company has recently improved its position at Twining by optimizing existing wells and facilities, acquiring new lands, and undertaking new shale-style horizontal drilling. Multiple highly economic investment opportunities exist in both horizontal new-drills and capital workovers.

As a nimble and proactive independent, the Company targets highly profitable development and acquisition niches in both the U.S. and in Canada. Most recently, the company has partnered with leading private operators in Oklahoma to drill horizontal shale wells targeting the Merge play. These wells are projected to pay out <2 years and provide strong cashflows with a minimum of overhead.



# Canadian Oil & Natural Gas

Barnwell acquires and develops crude oil and natural gas properties in Alberta, Canada.

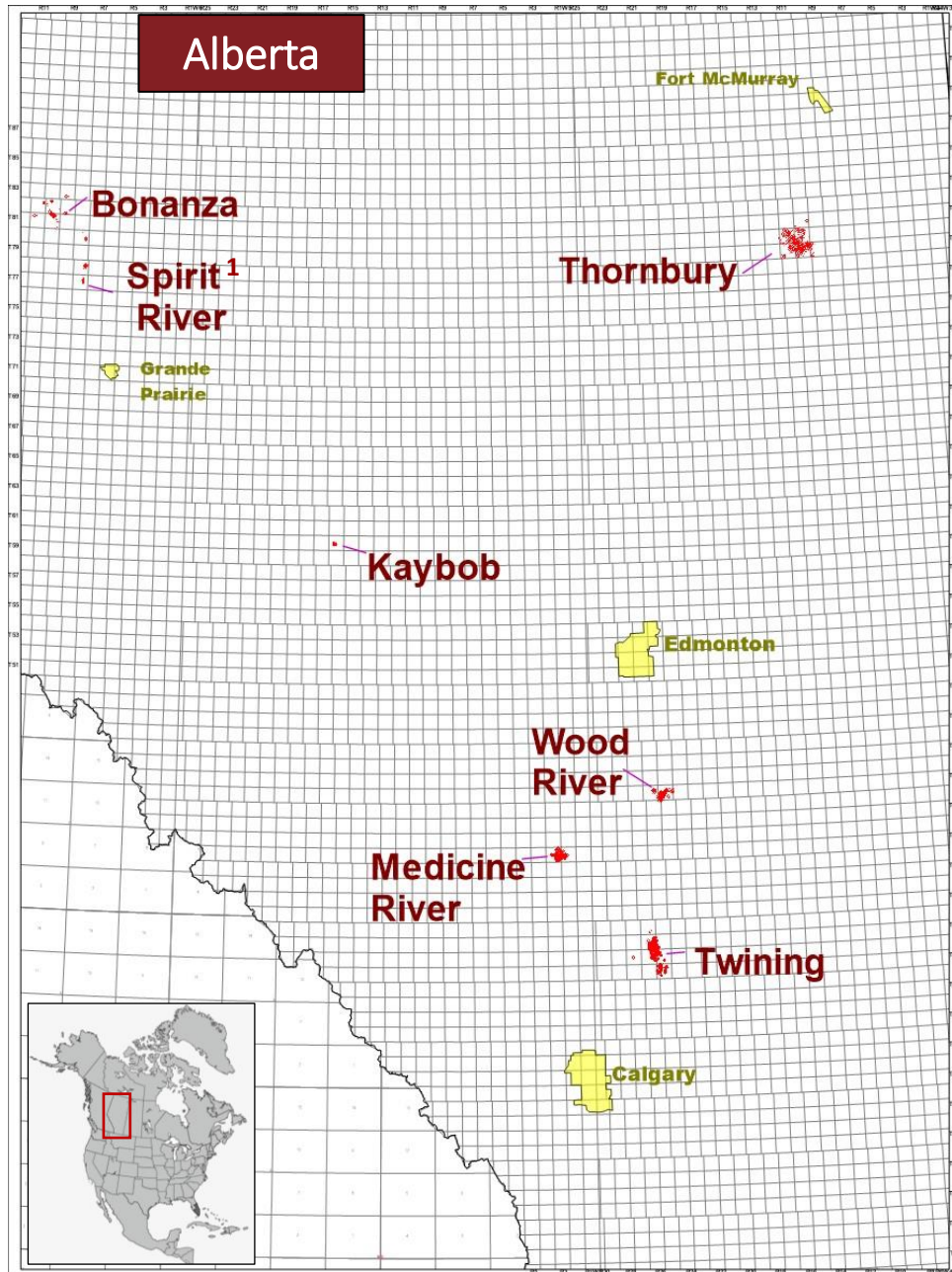
BOCL assets fall into two categories:

**Twining Operations** – Operated interests in the Twining Pekisko Pool (700 boe/d currently)

- Producing from 65 wells
- Application of modern horizontal drilling and completion techniques are leading to a resurgence in the field, similar to trends seen in Permian and Powder River Basins of US

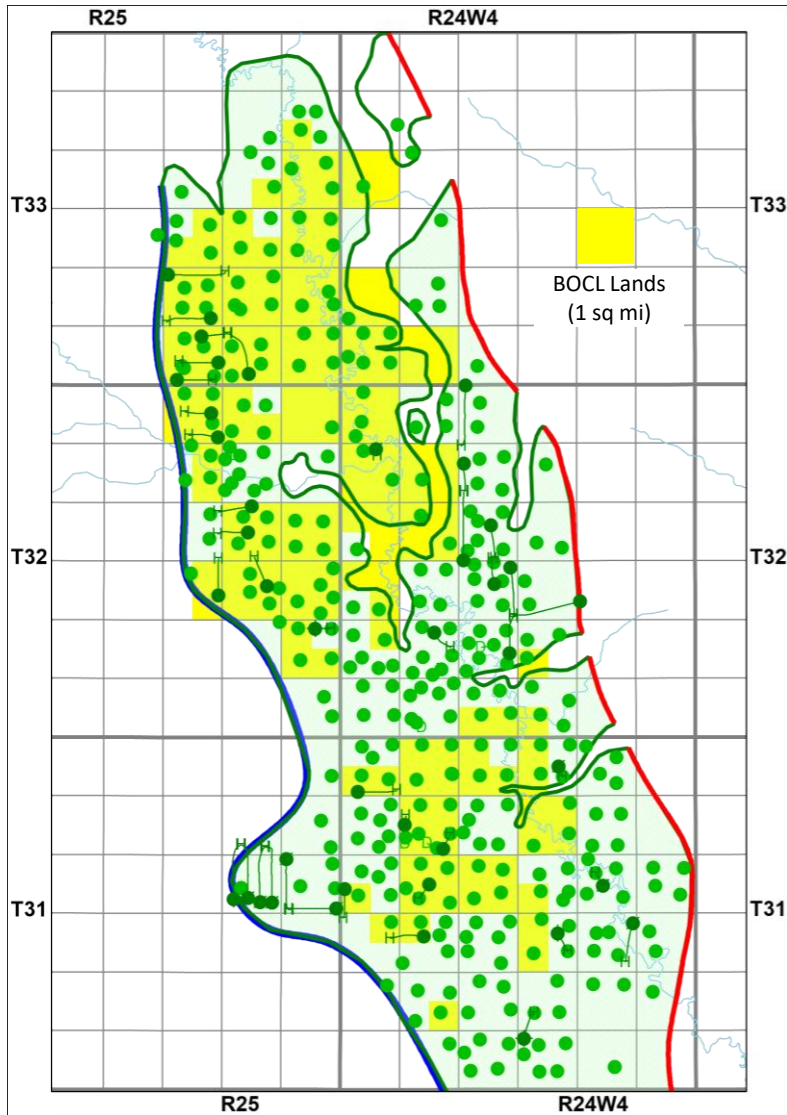
**Non-operated** – Mostly non-operated legacy assets scattered throughout the basin (300 boe/d currently)

- Actively monetizing these interests to bring value forward and focus on high-impact operated properties



<sup>1</sup> Interests sold to private buyer for USD \$1MM, effective July 8, 2021

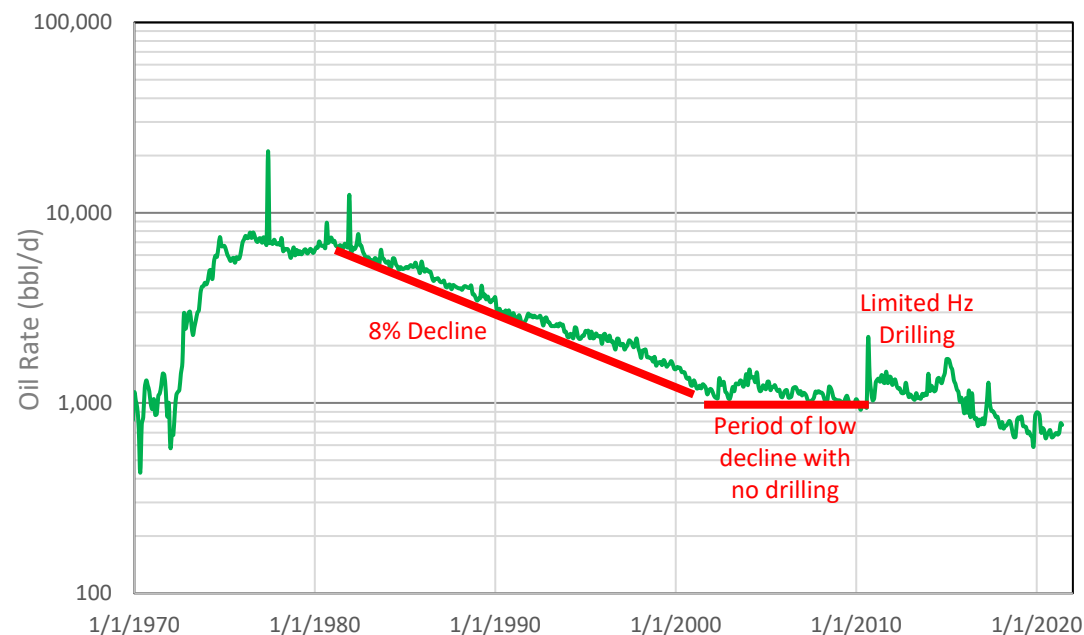
# Twining Overview



- The Twining Pekisko pool has been producing since 1962 with most development occurring between 1973 and 1982. 157 vertical and 30 horizontal wells are currently producing.
- The pool formed in a Mississippian-aged carbonate subcrop that produces 30° API oil and has an estimated 935 million barrels of original oil in place, making it the 14<sup>th</sup>-largest pool in Western Canada
- Only 5% of the oil in place has been recovered to date, indicating a sizable opportunity to recover additional reserves
- Modern horizontal wells utilizing shale-style fracturing techniques are improving development economics and recoveries
- The field is located < 90 minutes from Calgary with robust all-weather roads, providing ready access and enhanced operational efficiencies
- 3D seismic is available over large portions of the pool, supporting optimized development



## TWINING POOL HISTORICAL PRODUCTION



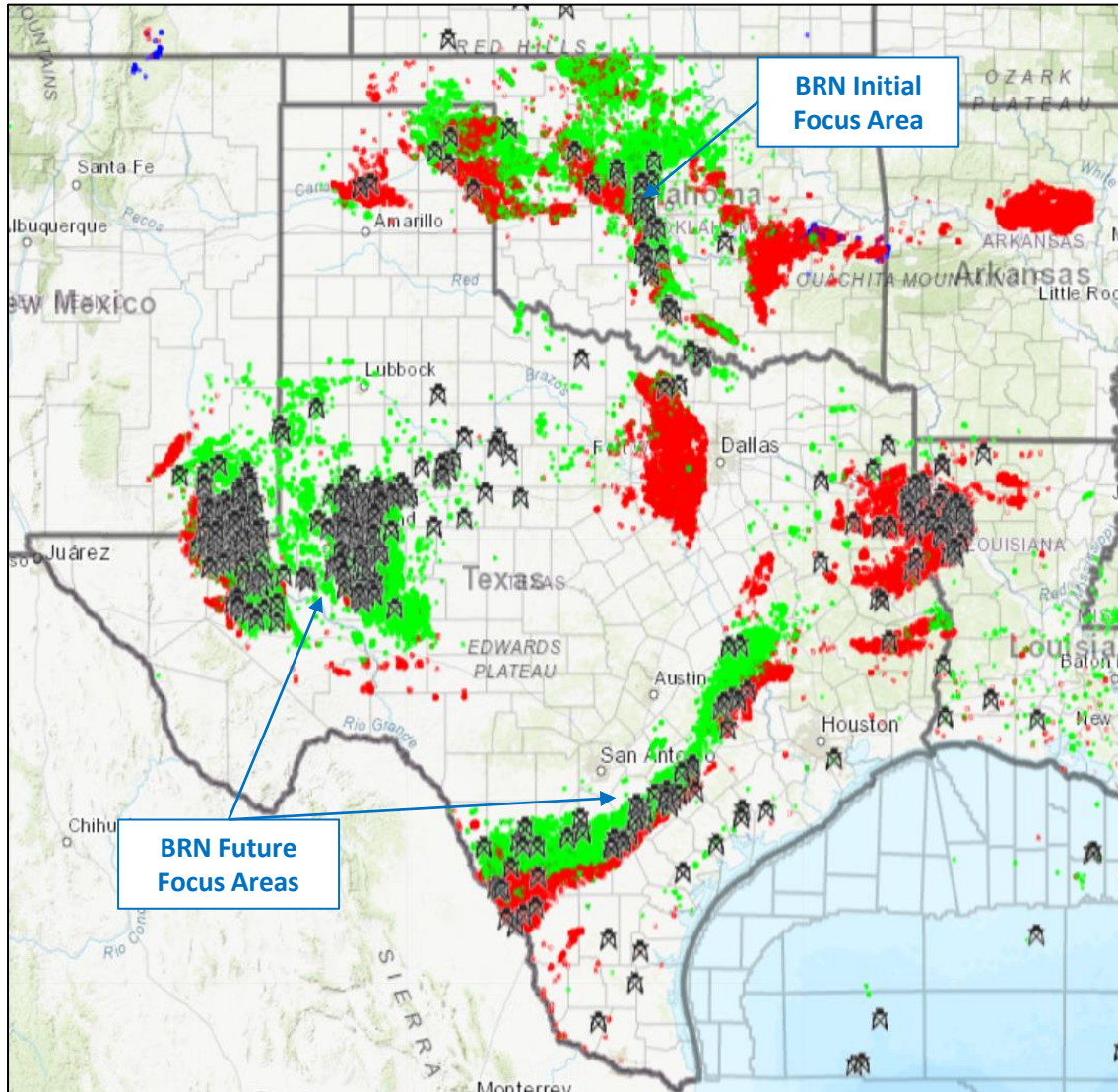
## TWINING PEKISKO OIL-IN-PLACE (MMBBL)

CATEGORY	TOTAL POOL
ORIGINAL OIL-IN-PLACE	935
TOTAL OIL PRODUCED TO DATE	45
IMPLIED RECOVERY FACTOR (RF)	4.7%
REMAINING OIL-IN-PLACE	908
REMAINING PRODUCIBLE OIL AT 12% RF	69

# Twining New Opportunities

- Minimal decline from 2000 until 2012 with no drilling indicates under-development of the reservoir
- Most legacy vertical wells have <5% annual decline
- Low production declines reduce maintenance capex requirements and are solid foundation upon which to build next development campaign
- Overall field development by low-density vertical drilling (150 - 320 acre spacing) was inappropriate for the reservoir architecture and resulted in low recovery factors after 50 years of production
- Legacy wells insufficiently drained the compartmentalized reservoir (c.f. 5-acre spacing in similar Texas carbonate pools)
- As a result, untapped reservoir exist throughout the pool, waiting to be exploited by highly economic modern multi-stage horizontal wells
- Three new wells drilled at Twining in December 2021; one operated and two non-operated for a total of 3 gross, 1.6 net wells
- In January of 2022, Barnwell acquired additional working interests in oil and natural gas properties located in the Twining area of Alberta, Canada for consideration of approximately \$1,250,000

# USA Non-Operated Properties



- Recent capital scarcity and lessons learned in the US upstream E&P space have created compelling development opportunities
- Barnwell has partnered with industry-leading private operators, initially in the Anadarko Basin of Oklahoma
- The 8 well program represents a \$1.6MM commitment, of which \$1.25MM has been deployed
- Capital expenditures to date are trending ~10% below budget, guiding to payback <2 yrs. and IRR of 80%+ at current strip
- Wells came online throughout Q3 and Q4 of fiscal 2021 and Q1 of fiscal 2022 (all currently producing)
- Lower 48 oil and gas provides exposure to strong commodity pricing, with minimal differentials as well as the tax advantages of domestic development



# Resort Property Development

## Kūki'o and Ka'upulehu

Barnwell, through several subsidiaries, has held a 10-20% minority interest in oceanside developments in the North Kona District of the Big Island of Hawaii for many years. This resort area is anchored by the ultra-luxury Kūki'o and Hualalai Resorts and the 877-acre development parcel is adjacent to the Four Seasons Resort Hualalai at Historic Kaupulehu.

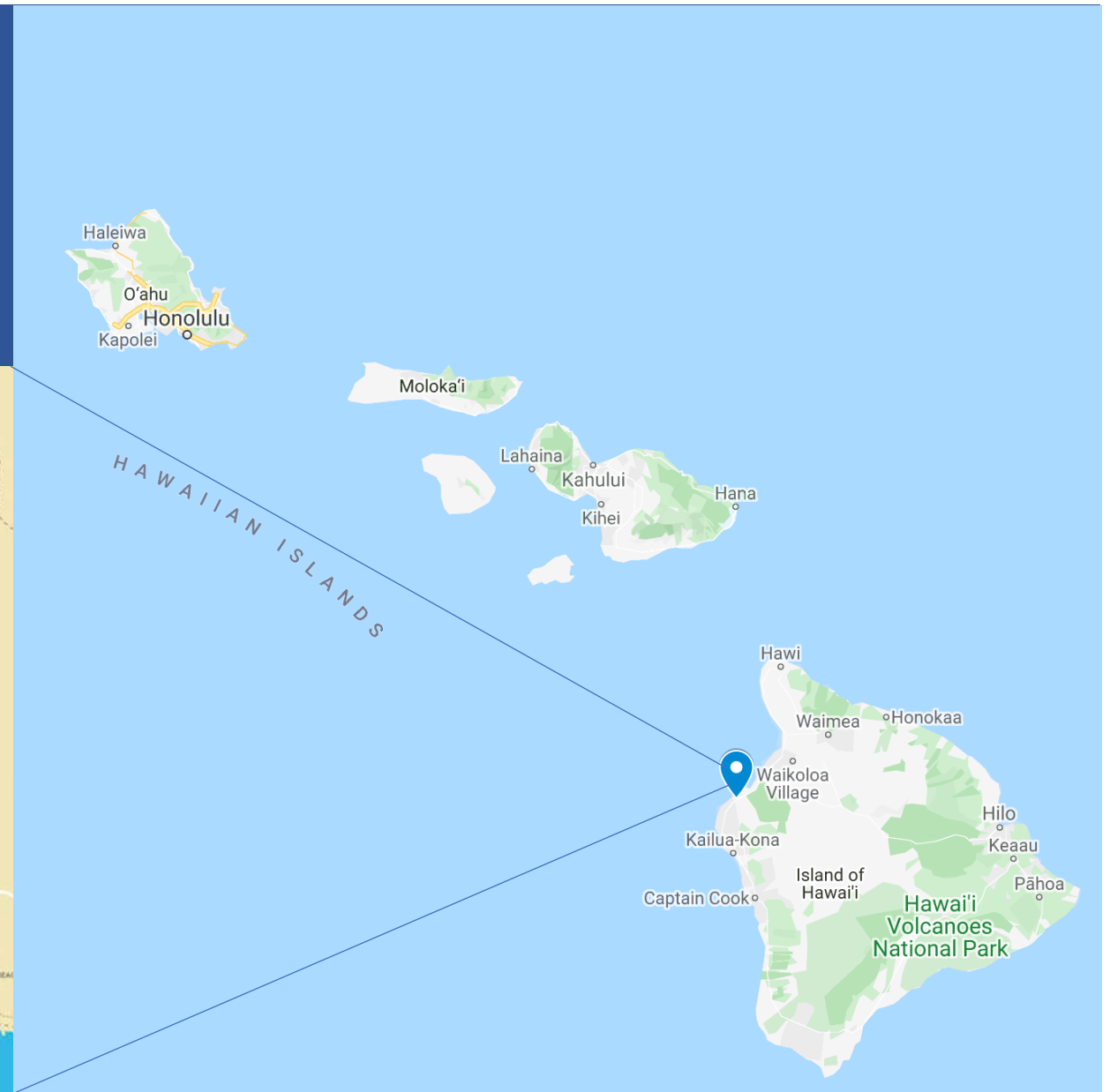
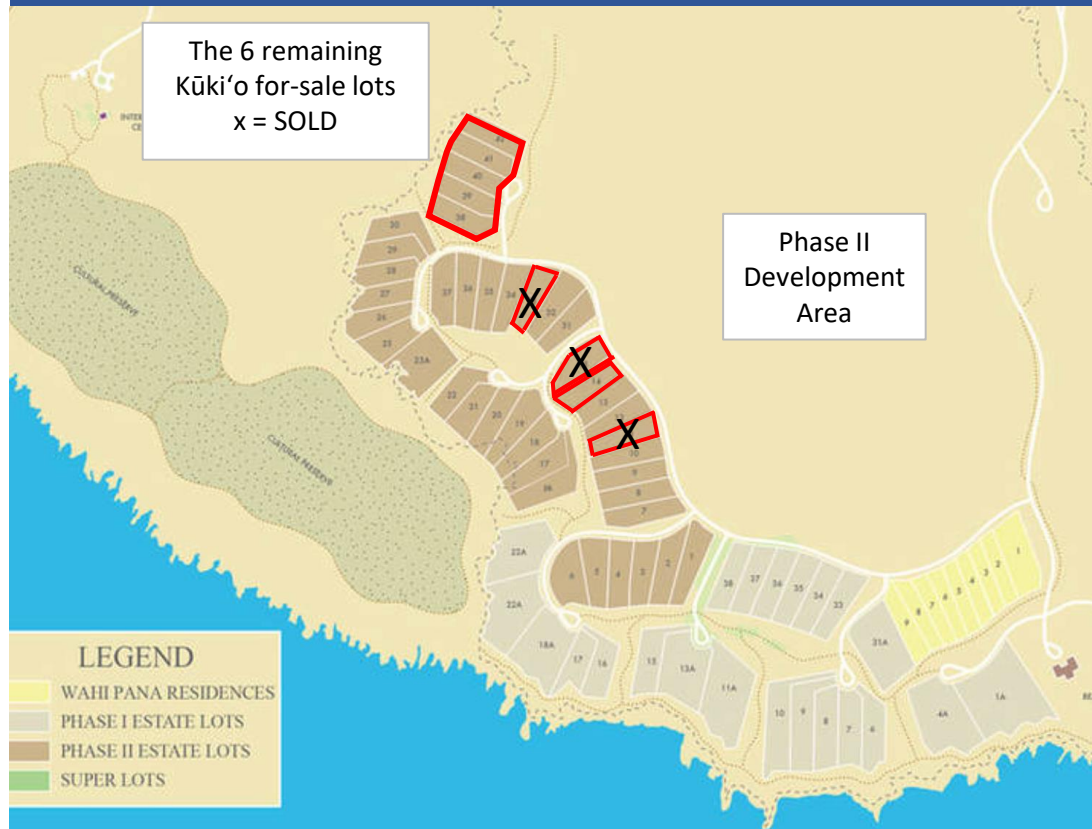
Buyers of the initial 80-lots can apply for membership to the exclusive Kūki'o Golf and Beach Club. In addition to some of the most luxurious real estate in Hawaii, the private Kūki'o Club includes multiple recreation opportunities, including pools, four tennis courts, a full basketball court, world-class spa and fitness facility, dining and bar pavilions, a 10-hole Tom Fazio-designed short course, and an unmatched ocean sports program. The Kūki'o 18-Hole Tom Fazio-designed championship golf course sits above on the slopes of Mt. Hualalai.

To date 82 homesites have been developed and 76 of these sold, with prices ~\$2MM per acre yielding approximately \$90MM net to Barnwell's interest since inception. The remaining 420 developable acres are entitled for and can support up to 350 additional homesites. These sites further benefit from adjacent infrastructure to support platting and development. The island presents high barriers to new competitors given regulatory hurdles, difficult terrain, and land prices. The resulting supply/demand imbalance strongly suggests that such a ready-to-build project will command significant value and future cashflow.



## Aloha from Kūki'o

On Hawaii's big island, the Kohala Coast is known for its idyllic climate, dramatic natural beauty, and sought-after destinations.







# Water Well Drilling

Water Resources International, Inc. (“WRI”) explores and develops groundwater resources for government, commercial and private clients. WRI is the largest and highest quality well drilling firm in Hawaii and has successfully completed over \$200 million in contracts over the past 50 years for public and private clients throughout the State of Hawaii.

Drilling rigs owned and operated by WRI are designed for deep well drilling. The company’s large equipment inventory currently includes 4 portable, truck-mounted deep well drilling rigs with complete support equipment, which can be modified to meet the demands of various water development projects. WRI is licensed in the State of Hawaii and services all Hawaiian Islands from facilities on the islands of Oahu and Hawaii.

Services provided by WRI include:

- Pump sales, installations and repairs
- Well development and test pumping
- Well repair, rehabilitation and abandonment
- Down-hole surveys, including video, alignment, etc.

WRI capabilities span the full well lifecycle, from initial geological and geophysical work to the long-term management of producing facilities.





# Water Well Drilling

## **Hawaii Market**

The Hawaii water systems, well service and well repair market is niche with numerous barriers to entry. First, the remote geographic project locations present product delivery challenges from manufacturers and logistics. Further, contractor's licensing requirements, local acceptance in the marketplace, limited availability of skilled craftsmen, and access to pump manufacturers' product lines make it difficult for new entrants to compete in an already well-established marketplace.

## **Customers**

WRI's customer mix is roughly 50% Municipal and County Governments and 50% private industry, commercial, industrial, agriculture, golf courses, etc.

The following is a partial list of WRI's major customers:

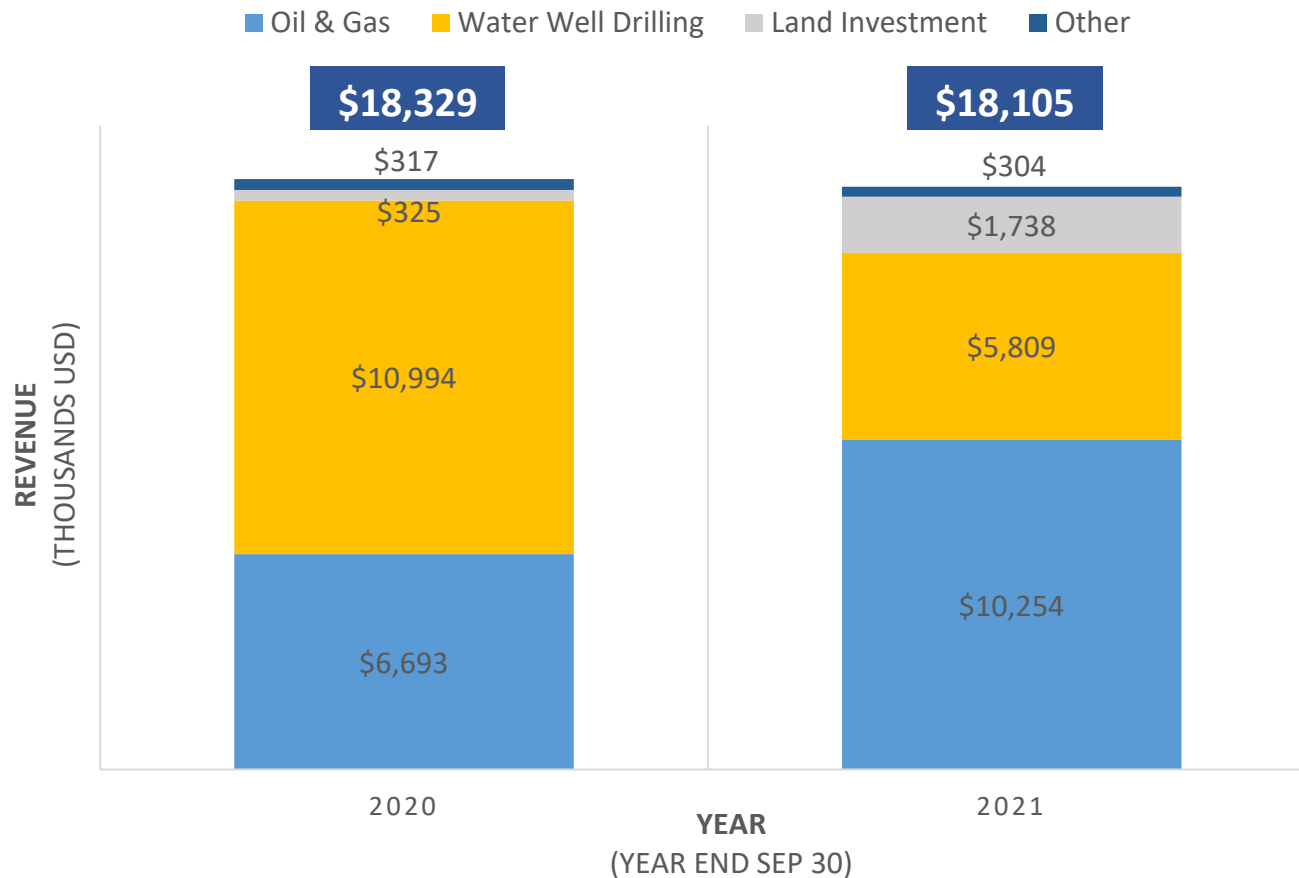
- Board of Water Supply, City and County of Honolulu
- Department of Land and Natural Resources, State of Hawaii
- Department of Water Supply, Hawaii County
- Department of Water Supply, Maui County
- Hawaii Water Service
- Kaupulehu Water Company (Hualalai)
- Ormat/PGV



# Financials

Strong topline and market position

## REVENUE



## MARKET POSITION

SEPTEMBER 15, 2021

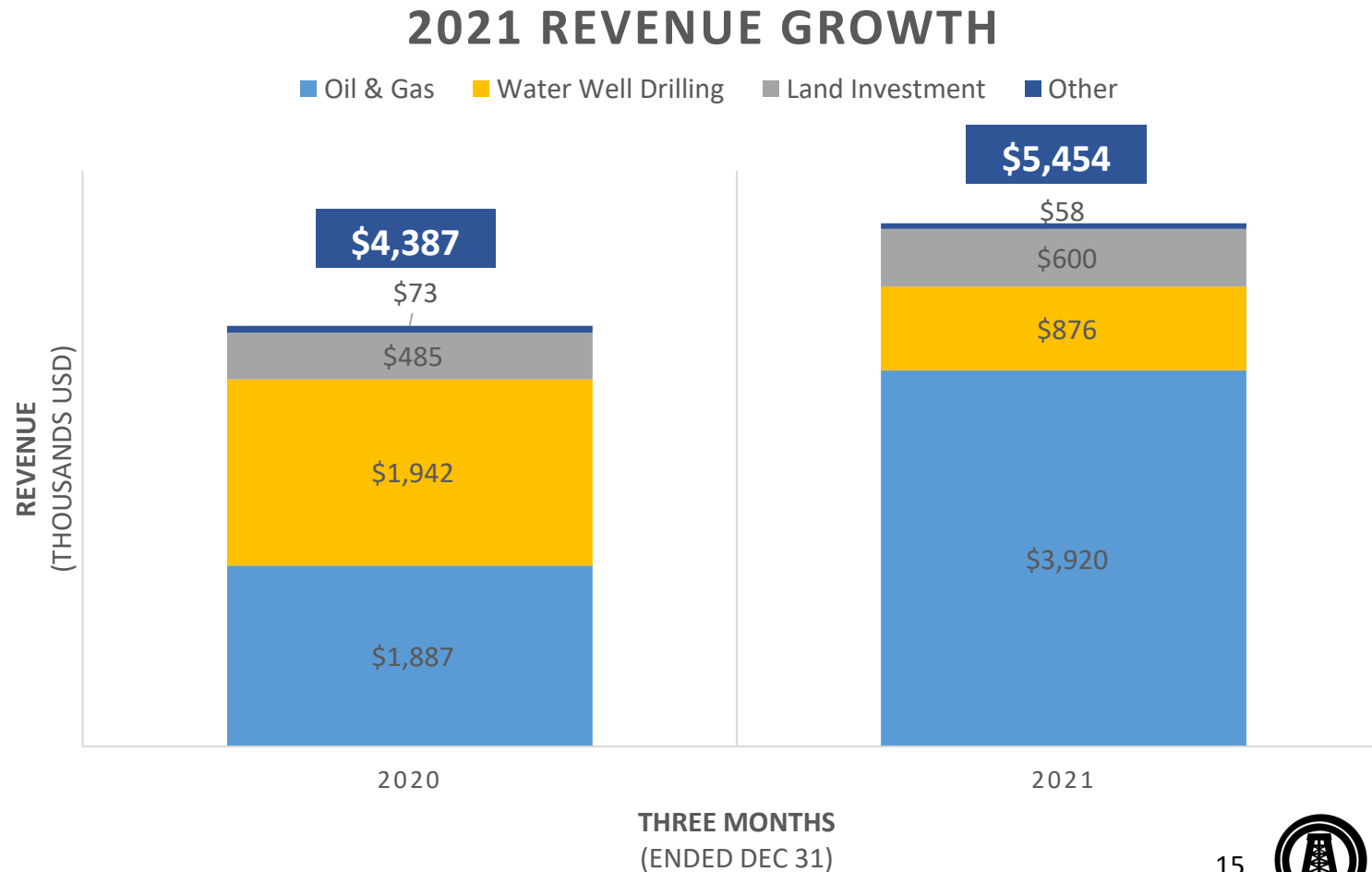
MARKET CAPITALIZATION \$24.8 MM

ENTERPRISE VALUE \$15.6 MM



# Current Financials

24% Year-over-Year 3-months Revenue Growth



# Balance Sheet & Ownership

## 2021 BALANCE SHEET

SEP 30 YEAR END  
THOUSANDS USD

CASH	\$11,279
OTHER CURRENT ASSETS	\$6,756
<b>TOTAL ASSETS</b>	<b>\$24,435</b>

CURRENT LIABILITIES	\$5,901
<b>TOTAL LIABILITIES</b>	<b>\$14,928</b>

COMMON STOCK	\$4,807
<b>TOTAL EQUITY</b>	<b>\$9,507</b>

<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$24,435</b>
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## OWNERSHIP

OF MORE THAN  
5% COMMON STOCK  
(\$0.50 PAR VALUE)  
SEP 30, 2021

JOSEPH E. MAGARO

ALEXANDER C. KINZLER

CYNTHIA M. WHITE

NED L. SHERWOOD

SHARES	9.6 MM
OUTSTANDING	





# Management Team

**ALEXANDER C. KINZLER** CEO & President, COO, General Counsel

Alex Kinzler is the CEO and President of Barnwell Industries, Inc. and serves on its board of directors. He was named CEO in 2016 and has held the positions of President and Chief Operating Officer since 2002. He earned B.A. and J.D. degrees from Case Western Reserve University. Alex's father, Morton H. Kinzler, founded the company in 1956 with the Barnwell family in Shreveport, Louisiana, where Alex was born. Alex Kinzler joined Barnwell in 1984, and he spearheaded the entitlement attainment and development transactions for Barnwell's resort property ownerships. He has served on the board of directors of the Hawaii Leeward Planning Conference, of which he was Chairman for two years, and the Hawaii Island Economic Development Board. Alex and his wife Noreen have three adult sons and have resided in Hawaii for over 36 years. Alex is an avid golfer and musician and enjoys hiking and reading.

**RUSSELL M. GIFFORD** EVP, CFO, Treasurer, Secretary

Russell Gifford, a Certified Public Accountant, is Executive Vice President and Chief Financial Officer of Barnwell Industries, Inc. He joined Barnwell in 1982 as Assistant Controller and has held the titles of Secretary since 2002, Executive Vice President since 1997, Treasurer since 1986 and Chief Financial Officer since 1985. Russell has also served as President of Water Resources International, Inc., a wholly-owned subsidiary of the Company, since 1999. Prior to joining Barnwell, Russell earned a B.S. degree from Wake Forest University and was an accounting and audit professional with Touche Ross & Company, New York City. He is currently the Chairman of the Board of Trustees of La Pietra, Hawaii School for Girls and the Treasurer of the Board of Trustees of Hanahau'oli School. Additionally, he is the Chair of the Audit Committee of Big Brothers Big Sisters of Hawaii.





# Board of Directors

Peter J. O'Malley <sup>1,2,3,4A</sup>	Chairman of the Board of the Company Founder of Kenosis Capital LLC
Kenneth S. Grossman <sup>1,3A,4</sup>	Vice-Chairman of the Board of the Company Professional Investor
Alexander C. Kinzler	Chief Executive Officer and President of the Company
Philip J. McPherson <sup>1A, 2, 3, 4</sup>	Vice President of Capital Markets, Riot Blockchain, Inc.
Bradley M. Tirpak	Professional Investor
Douglas N. Woodrum <sup>1</sup>	Investor
Colin R. O'Farrell <sup>2A</sup>	Oil & Gas Executive

<sup>1A</sup> Chair of the Audit Committee

<sup>1</sup> Member of the Audit Committee

<sup>2A</sup> Chair of the Reserves Committee

<sup>2</sup> Member of the Reserves Committee

<sup>3A</sup> Chair of the Compensation Committee

<sup>3</sup> Member of the Compensation Committee

<sup>4A</sup> Chair of the Nominating Committee

<sup>4</sup> Member of the Nominating Committee



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