



**Contract Mining – A  
Contractor’s Perspective**  
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# Forward-Looking Statements



The information provided in this presentation contains forward-looking statements and information which reflect the current view of North American Energy Partners with respect to future events and financial performance. Actual results could differ materially from those contemplated by such forward-looking statements as a result of any number of factors and uncertainties, many of which are beyond our control. Important factors that could cause actual results to differ materially from those in forward-looking statements include success of business development efforts, changes in oil and gas prices, availability of a skilled labour force, internal controls, general economic conditions, terms of our debt instruments, exchange rate fluctuations, weather conditions, performance of our customers, access to equipment, changes in laws and ability to execute transactions. Undue reliance should not be placed upon forward-looking statements and we undertake no obligation, other than those required by applicable law, to update or revise those statements.

For more complete information about us you should read our disclosure documents filed with the SEC and the CSA. You may obtain these documents by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov) or on the CSA website at [www.sedar.com](http://www.sedar.com).

# About the Company

- A leading mining and industrial construction contractor to western Canadian resource industries
- Largest construction and mining contractor in the oil sands
- Founded in 1953
- TSX and NYSE listings: “NOA”

## Heavy Construction and Mining



Pipeline



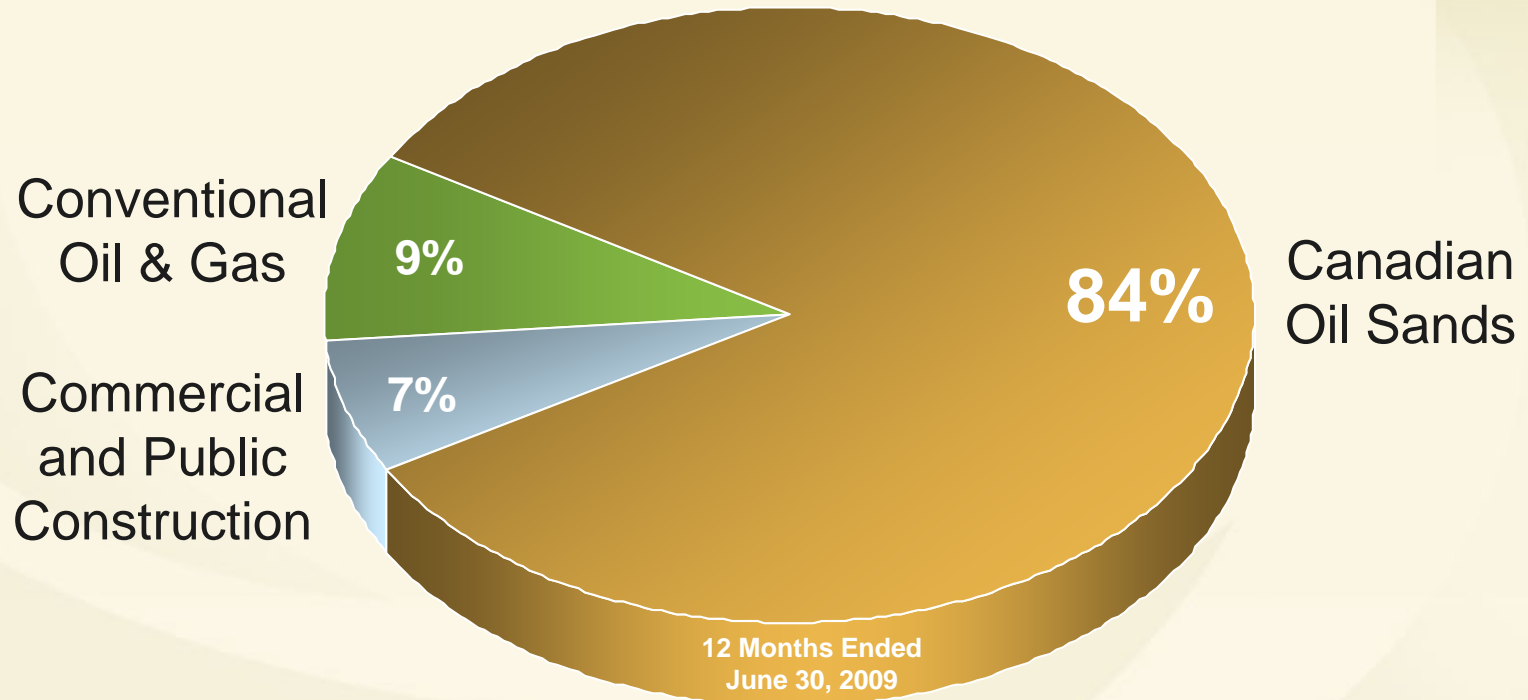
Piling

# Leading Oil Sands Service Provider

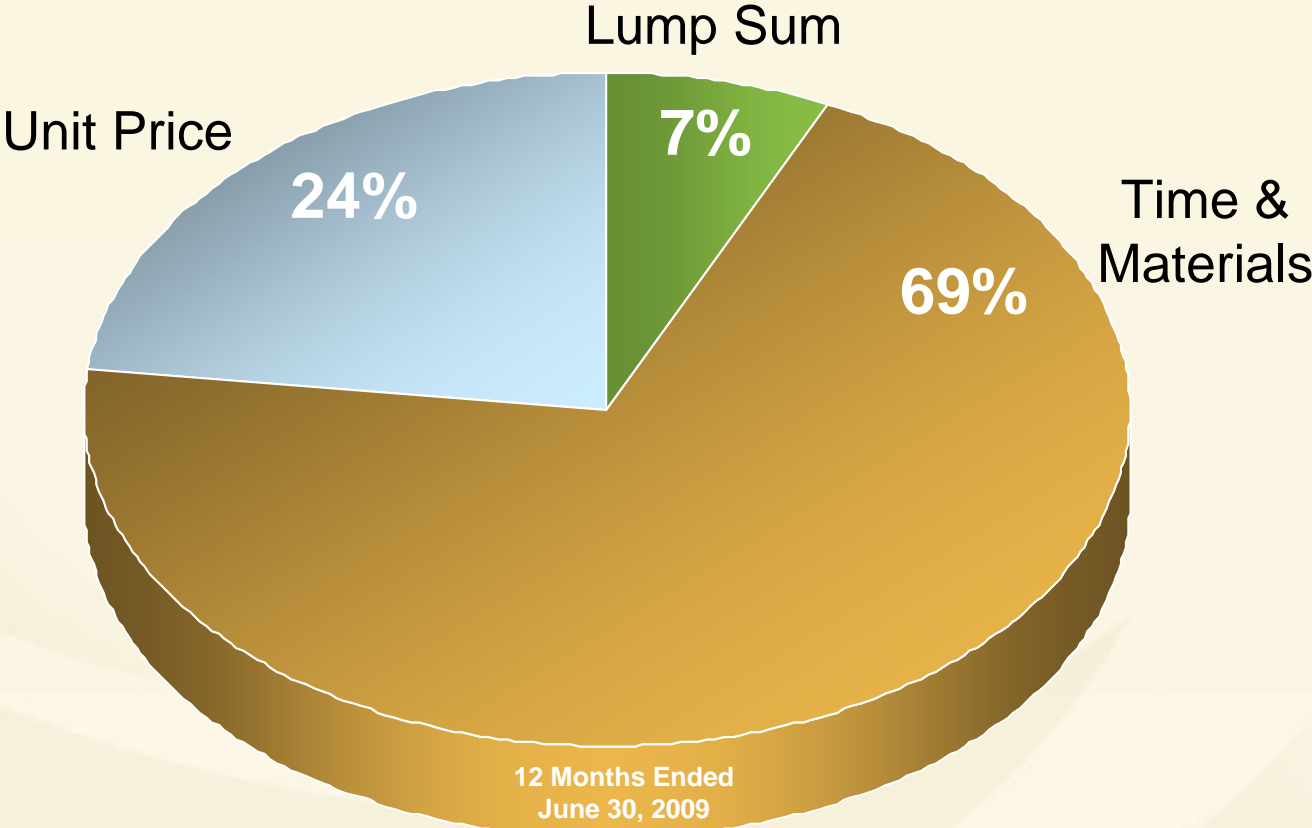
- Over 30 years experience in Alberta Oil Sands
- Relationships with all major producers
- Only integrated supplier of oil sands mining and construction services



# Consolidated Revenue by End Market

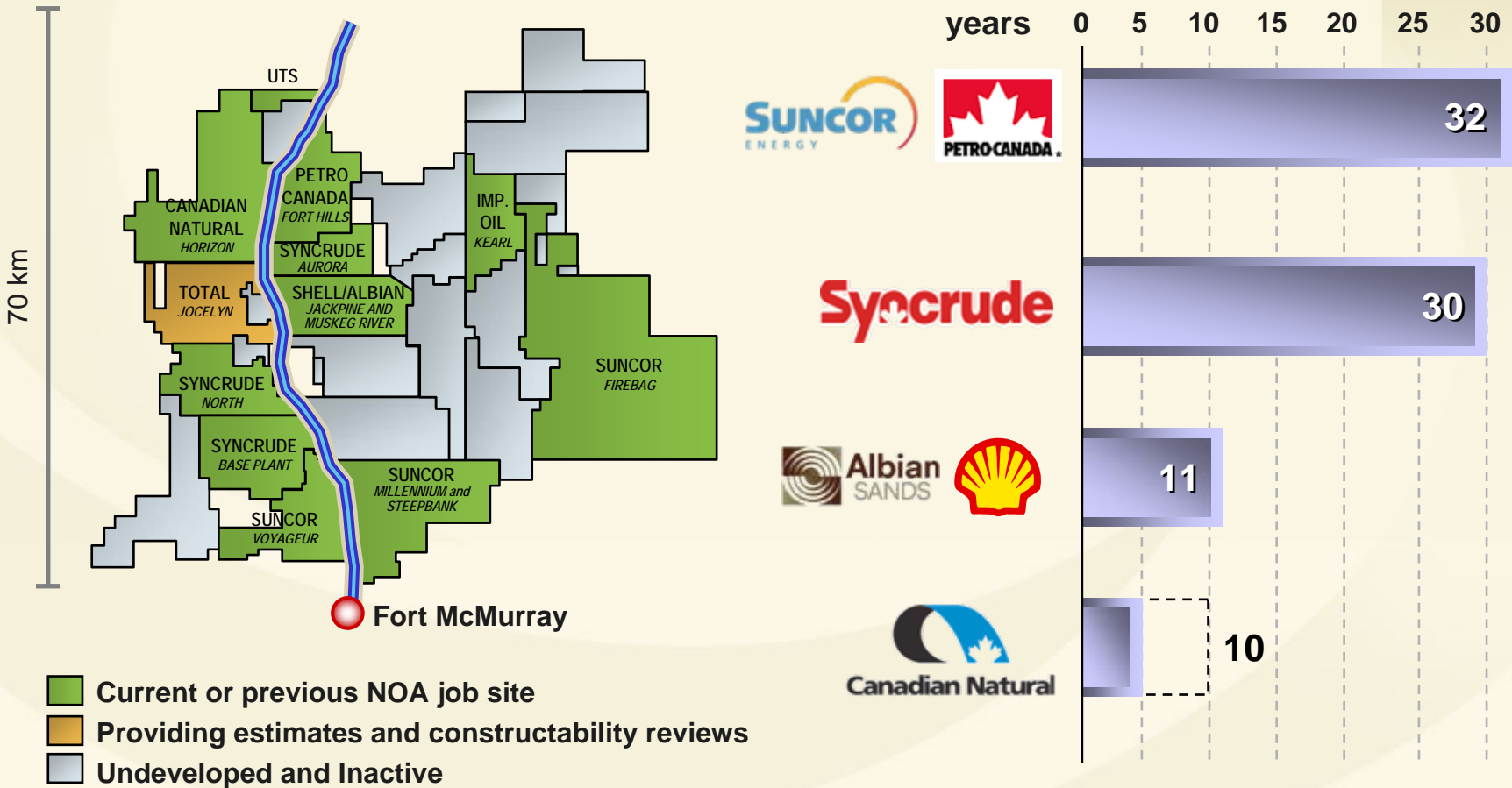


# Consolidated Revenue by Contract Type



# Working with “Blue Chip” Customers

## Active on Every Site in the Oil Sands



# Oil Sands Project Phases



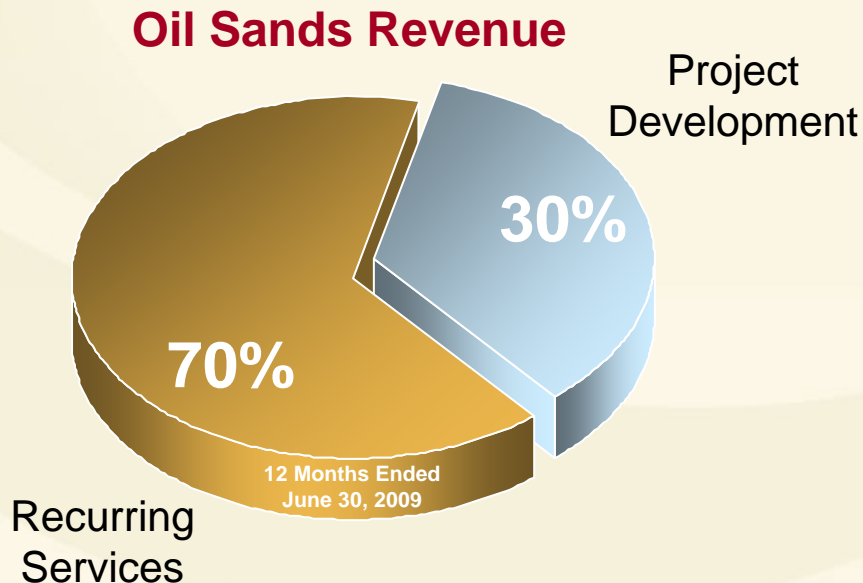
# Oil Sands Service Offering

## Recurring Services:

- Overburden removal
- Mine infrastructure development
- Reclamation
- Equipment and labour supply

## Project Development:

- Initial mine site development
  - Clearing and timber salvage, ditching and dewatering, access road construction, pre-stripping, MSE walls for crushers, tailing ponds, starter dyke construction
- Plant site development
  - Grading, industrial piping, piling, site ponds, roads and final grading
- Airstrip construction
- Pipelines

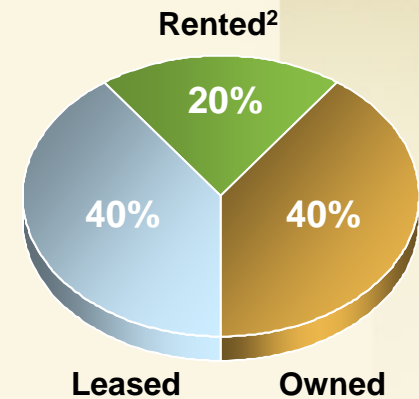


# Large, Well Maintained Equipment Fleet

## Maximizes flexibility, minimizes risk

Fleet by Category	June 30, 2009	Nearest Competitor <sup>1</sup>
Haul trucks	202	68
Shovels and excavators	113	14
Dozers	123	13
Drill rigs, cranes and pipelayers	102	-
Other heavy equipment	174	6
<b>Fleet Size Total</b>	<b>714</b>	<b>101</b>

(1) NACG Management estimate.



(2) Represents target mix. Actual mix varies over time in response to changing market conditions.



# NACG Fleet – Shovel and Trucks

## Mining Shovels

Cable Shovels – BE495HF (60 m3)	2
Hitachi EX8000 (40 m3)	3
Hitachi EX5500 (37 m3)	3
Hitachi EX3600 (22 m3)	2
Hitachi EX2500 (15 m3)	4
Hitachi EX1800 (10 m3)	5

## Haul Trucks

320 ton haul trucks	30
280 ton haul trucks	8
240 ton haul trucks	43
150 ton haul trucks	29
100 ton haul trucks	49
60 ton haul trucks	8
40 ton haul trucks	10
Articulated trucks	32



# Why Producers Outsource

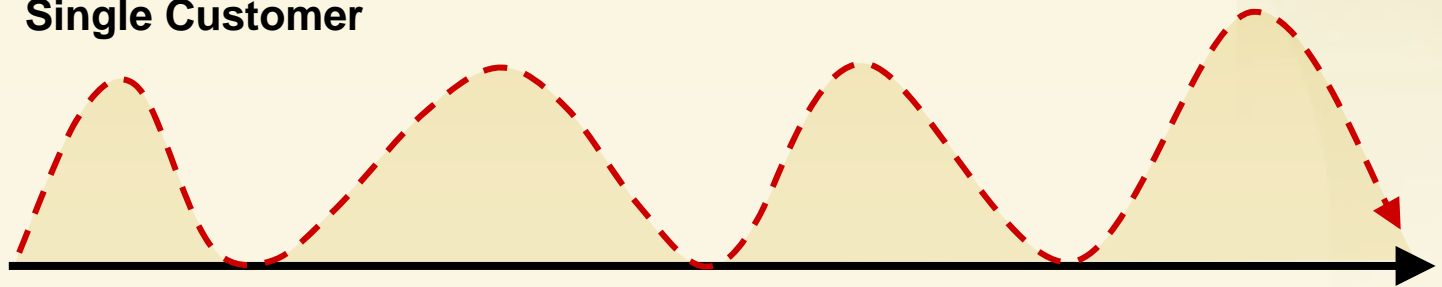


- Lower project cost and execution risk
  - NACG offers 30+ years experience across multiple sites
  - NACG's core capabilities are mining and construction; customers' core capability is oil production
- More efficient resource allocation
  - Plant investments deliver better return to the producer
- Low-cost operational flexibility (swing supplier)
  - Customers easily add/reduce operational capacity to meet fluctuating production requirements
  - Gain access to a more diverse equipment fleet

# Swing Supplier

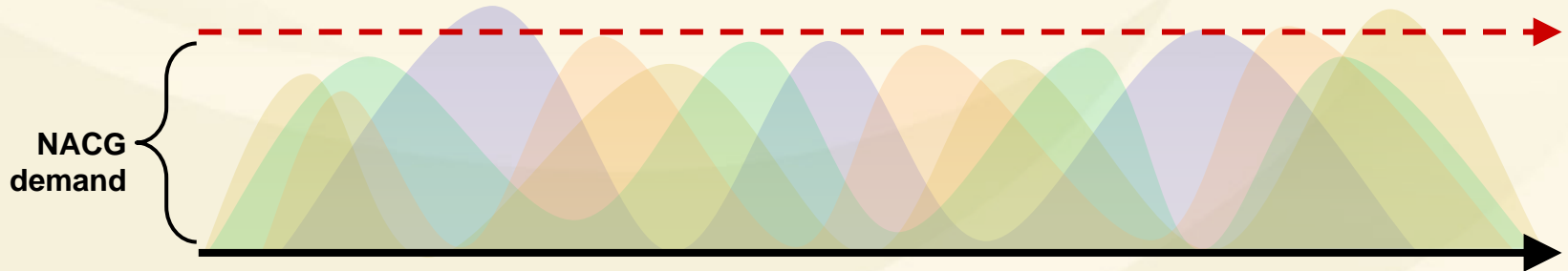
**NACG achieves higher equipment utilization rates by working on every major site in the oil sands**

## Single Customer



Excess production requirement

## Multiple Customers



# Why do Owners use Contract Mining?

- Inability to secure equipment in time for mine start-up
- No time to build team in time for mine start-up
- Reduce capital and increase return on capital
  - leverage contractor's balance sheet to secure equipment
- Labour flexibility
- Production flexibility – major swings in demand
- Focus on core business (resource extraction and processing)
- Cost certainty
- Commodity uncertainty

# Contract Mining – Building Success

- Desired outcome - **Alignment of Owner and Contractor**
  - Cost and
  - Performance
- Assignment of risk
- Cost
  - Cost security
  - Compensation
    - Cost plus
    - Time and materials
    - Unit Price
    - Lump Sum
    - Any combination of the above
  - Escalation of costs
    - Intent that neither party should be harmed or should benefit from escalation
- Performance
  - Reliability of feed
  - Adherence to schedule
  - Safety Performance
  - Mine planning & change management

# Example Compensation Structure

- Maintenance facility
  - Lump sum
- Equipment ownership costs (leases or depreciation)
  - Monthly payments
  - Should not require escalation – due to upfront payment
- Replacement Equipment ownership (leases or depreciation)
  - Monthly payments
  - Require escalation – due to future purchase
- Overheads
  - Fixed amount for staff and fixed monthly costs
  - Escalation in line with a cost indexes
- BCM or \$ / tonne - Unit Rate
  - Can be multiple unit rates
  - Labour, parts, maintenance etc
  - Escalation in line with cost indexes
- Mobilization and demobilization
  - Escalation in line with cost indexes

# Performance Management



- **Scope management**
  - Potential changes should be contemplated when putting tender and contract together
    - Overhaul / Underhaul rates
    - Production
    - Standby
    - Slowdowns
    - Changes to mine plan (short term and long term)
    - Changes to road grades
    - Change in conditions
    - Extra work
    - Extra equipment requirements
- **Safety**
  - Some contracts safety performance can negatively and positively impact financial performance (risk / reward)



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**Thank you**