NEWS RELEASE

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High Arctic Reports 20% Increase in EBITDA

Calgary, Canada – May 13, 2014 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Corporation") today announced its operating and financial results for the three months ended March 31, 2014.

Highlights

- Adjusted EBITDA(1) increased by 20% to $15.1 million for the first quarter of 2014 as compared to $12.6 million for the same period in 2013.
- Operating earnings increased by 20% to $11.8 million for Q1 2014 as compared to $9.8 million for the three months ended March 31, 2013.
- High Arctic increased its monthly dividend to $0.015 per share in March, 2014, a 20% increase from the previous monthly dividend amounts.
- High Arctic successfully mobilised Rig 103 to the first InterOil well location where drilling commenced in late March, 2014.
- The Corporation commenced operations in March, 2014 from its new facility in Grande Prairie, Alberta.
- High Arctic completed negotiations in April, 2014 for a two year drilling services contract which will commence with the spud of the first well, expected to occur in early 2015. In conjunction with the drilling commitment, the Corporation entered into a contract to acquire two heli-portable drilling rigs as announced in a press release on April 9, 2014.

Commenting on the first quarter, Dennis Sykora, High Arctic's Chief Executive Officer, stated: "We continued our strong financial performance in the first quarter and saw improvements in our margins. In order to take advantage of the expected increase in drilling activity in PNG, we committed to purchase two high performance heli-portable drilling rigs, one of which has been contracted to one of the most active operators in the country. While Canada revenue was unchanged for the quarter, we are seeing signs of improvement that we hope will lead to year over year growth through the remaining quarters."

Selected Comparative Financial Information

The following is a summary of selected financial information of the Corporation. All figures are derived from financial information that is prepared or presented in accordance with International Financial Reporting Standards ("IFRS"):

	Three Months Ended March 31			
$ millions (except per share amounts)	**2014**	**2013**	**Change**	**%**
Revenue	**44.5**	**44.8**	**(0.3)**	**(1)**
EBITDA(1)(2)	**14.2**	**12.4**	**1.8**	**15**
Adjusted EBITDA(1)(2)	**15.1**	**12.6**	**2.5**	**20**
Operating earnings	**11.8**	**9.8**	**2.0**	**20**
Net earnings	**9.3**	**8.4**	**0.9**	**11**
per share (basic)(3)	0.19	0.17	0.02	
per share (diluted)(3)	0.18	0.17	0.01	
Funds provided from operations(1)	**13.1**	**11.2**	**1.9**	**17**
per share (basic)(3)	0.26	0.23	0.03	
per share (diluted)(3)	0.26	0.22	0.04	

Dividends	**2.0**	**1.6**	**0.4**
Capital expenditures	**1.5**	**5.9**	**(4.4)**
Working Capital (1)	**53.3**	**40.9**	**12.4**
Total assets	**149.3**	**131.4**	**17.9**
Total non-current financial liabilities	**6.7**	**13.7**	**(7.0)**
Net cash, end of period (1)	**36.2**	**9.6**	**26.6**
Shares outstanding - end of period(3)	**50.1**	**49.8**	

(1) Readers are cautioned that EBITDA, Adjusted EBITDA, Funds provided from operations and net cash do not have standardized meanings prescribed by IFRS – see "Key Financial Measures".
(2) Adjusted EBITDA is calculated as EBITDA plus adjustments for share-based compensation and foreign exchange gains or losses.
(3) The restricted shares held by a trustee under the Executive and Director Incentive Share Plan are included in the shares outstanding. The number of shares used in calculating the net earnings per share amounts are determined differently as explained in the Financial Statements.

Selected Quarterly Consolidated Financial Information (Three Months Ended)

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

$ (millions, except per share amounts)	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012
Revenue	**44.5**	**38.7**	**36.3**	**32.9**	**44.8**	**38.6**	**35.8**	**29.6**
Adjusted EBITDA	15.1	12.5	9.8	6.6	12.6	10.0	10.1	5.2
Net earnings	9.3	6.4	7.7	2.1	8.4	5.9	6.5	5.7
per share – basic	0.19	0.13	0.16	0.04	0.17	0.12	0.14	0.12
per share – diluted	0.18	0.13	0.16	0.04	0.17	0.12	0.13	0.12
Funds provided from operations	13.1	10.8	8.2	5.1	11.2	8.7	9.4	3.4

Outlook

The PNG LNG Project announced on April 29th 2014 that it has started production of natural gas for its new liquefied natural gas (LNG) facility ahead of schedule. The longer term outlook for PNG LNG development continues to be favourable as other operators in the country are investing in natural gas exploration and considering options for LNG development.

To address the expected demand for drilling services in PNG, the Corporation announced on April 9, 2014 an agreement to purchase two heli-portable drilling rigs. The rigs are currently being prepared for shipment from Brazil. The acquisition is expected to close during the second quarter once export approval is obtained and the rigs leave Brazil. One of these rigs, Rig 115, has been contracted for a term of two years commencing on spud of the first well. The second rig is being marketed in PNG and should be available for use by the second quarter of 2015. No material contribution to revenues from the rigs is expected until 2015.

Rig 103, working for a new customer in PNG, was mobilized to its first location during the first quarter of 2014 and commenced drilling at the end of March. The firm two well contract is expected to keep Rig 103 active for most of 2014. The equipment included in the agreement includes Rig 103, the Rig 103 leap frog rig, a 93 man main camp and a 32 man leap frog camp and High Arctic owned drilling support equipment and matting. Rig 104 continues to operate drilling wells for our largest customer in PNG and is expected to be operational for all of 2014.

After completing a workover program for our largest customer in PNG, Rig 102 has been stacked since November 2013 and goes off contract on May 14, 2014. The rig will be stored in our customer's yard. Looking forward, there are no anticipated workover opportunities for 2014; however, as it is the only heli-portable workover / snubbing rig in the country, High Arctic will leave the rig in PNG to meet future demand for such services.

During the past two years, High Arctic has significantly grown its equipment rental business in PNG serving an increasing breadth of customers. The existing inventory of rental equipment in PNG appears to be sufficient to meet the current demand. With the introduction of the two new High Arctic rigs and the associated increase in drilling activity in the country, demand for additional rental equipment is expected in 2015. As the capital priority shifts to the acquisition and upgrades of the two new rigs, management expects to delay purchasing much of the $8 million of rental equipment originally included in the $19 million 2014 capital budget.

The Corporation is planning to establish a new office in Brisbane, Australia over the next three months to serve as the primary base for its International focused management. Brisbane provides an efficient regional base to attract the skilled management required to execute our growth plans and to meet our key personnel succession goals. High Arctic is currently in negotiations with its main customer with respect to the support base and any day rate reductions to reflect the sharing of costs between the existing operations and the planned new operations.

In Canada, activity levels in the first quarter of 2014 were similar to those of the prior year. The second quarter is off to a good start and it is expected that our full year 2014 Canadian activity levels will be comparable to those experienced in 2013 for both the snubbing and nitrogen service lines. Although there is speculation in the market that activity in the second half of 2014 may start to accelerate due to improved commodity prices and further investments in BC gas drilling, it is still too early to make such a firm determination.

Key Financial Measures

This Press Release 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 terms 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:

EBITDA
Management believes that, in addition to net earnings reported in the consolidated statement of earnings and comprehensive income, EBITDA (earnings before interest, taxes and depreciation and amortization) 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 is not intended to represent net earnings calculated in accordance with IFRS.

Adjusted EBITDA
This measure is used by management to analyze EBITDA (as referred to above) prior to the effect of share-based compensation, gains or losses on sale of assets or investments, foreign exchange gains or losses and excess of insurance proceeds over costs, and is not intended to represent net earnings as calculated in accordance with IFRS.

The following tables provide a quantitative reconciliation of consolidated net earnings to EBITDA and Adjusted EBITDA for the three months ended March 31:

($ millions)	2014	2013
Net earnings for the period	9.3	8.4
Add:		
Interest and finance expense	0.2	0.2
Income taxes	1.7	1.2
Amortization	3.0	2.6
EBITDA	**14.2**	**12.4**
Add:		
Share-based compensation	0.3	0.2
Foreign exchange loss	0.6	-
Adjusted EBITDA	**15.1**	**12.6**

Oilfield Services Operating Margin
Oilfield services operating margin is used by management to analyze overall operating performance. Oilfield services operating margin is not intended to represent operating income nor should it be viewed as an alternative to net earnings or other measures of financial performance calculated in accordance with IFRS. Oilfield services operating margin is calculated as revenue less oilfield services expense.

Oilfield Services Operating Margin %
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.

Percent of Revenue
Certain figures are stated as a percent 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 Provided from Operations
Management believes that, in addition to net cash generated from operating activities as reported in the consolidated statements of cash flows, cash flow from operating activities before working capital adjustments (funds provided from operations) 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 used by management to analyze funds provided from operating activities prior to the net effect of changes in items of non-cash working capital, and is not intended to represent 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 to funds provided from operations for the three months ended March 31:

($ millions)	2014	2013
Net cash generated from operating activities	**11.2**	**2.8**
Add:		
Net changes in items of non-cash working capital	1.9	8.4
Funds provided from operations	**13.1**	**11.2**

Working capital
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.

Net cash
Net cash is used by management to analyze the amount by which cash and cash equivalents exceed the total amount of debt. The amount, if any, is calculated as cash and cash equivalents less total gross debt.

The following tables provide a quantitative reconciliation of cash and cash equivalents to net cash:

($ **millions)**	**March 31, 2014**	**December 31, 2013**
Cash and cash equivalents	42.9	33.7
Less:		
Long-term debt	(6.7)	(6.7)
Net cash	**36.2**	**27.0**

Forward-Looking Statements

This news release may contain forward-looking statements relating to expected future events and financial and operating results of the Corporation that involve risks and uncertainties. Actual results may differ materially from management expectations, as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed in both the Corporation's Management's Discussion and Analysis for the three months ended March 31, 2014 and in the Annual Information Form for the year ended December 31, 2013 found on SEDAR (www.sedar.com). Due to the potential impact of these factors, the Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

About High Arctic

The Corporation is a provider of specialized oilfield equipment and services for drilling, completion and work over operations. Based in Alberta, High Arctic has operations throughout Western Canada and in Papua New Guinea. The Corporation's most recent investor presentation can be found at www.haes.ca.

Further Information

A full copy of High Arctic's results including the Management's Discussion and Analysis, and the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2014 and the notes contained therein, can be found on the Investor Relations page of High Arctic's website www.haes.ca or at www.sedar.com.

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