HIGH ARCTIC ENERGY SERVICES

NEWS RELEASE

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High Arctic Reports 14% Increase in Revenue

Calgary, Canada – November 13, 2014 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Corporation") today announced its operating and financial results for the three and nine months ended September 30, 2014.

Tim Braun, High Arctic's Chief Executive Officer, reports: "The outlook for High Arctic's service offerings in Papua New Guinea remains buoyant for 2015. We are investing to increase the depth of the regional management team and to deliver our new rigs to support future growth initiatives. The Canadian business continues to strengthen on a year over year basis, and we are anticipating a solid fourth quarter. Despite the recent downturn in oil prices the outlook for our market segments remains positive."

Highlights

- Revenues increased by 14% for the third quarter of 2014 to $41.3 million (Q3 2013 - $36.3 million).
- Adjusted EBITDA(1)(2) was $9.8 million for Q3 2014 (Q3 2013 - $9.8 million). For the nine months ended September 30, 2014, adjusted EBITDA increased by 24% to $36.0 million (Q3 2013 - $29.0 million).
- On July 28, 2014, High Arctic completed the acquisition of two heli-portable drilling rigs. The Corporation has signed a drilling services contract with a large oil and gas operator in PNG to utilize one of the rigs. The two year term commences with the spud of a first well, which is expected to occur late in Q1 2015.
- On July 2, 2014, High Arctic welcomed a new CEO and a new President, International on October 1, 2014; both individuals bring significant international drilling experience to High Arctic.
- High Arctic paid dividends of $2.4 million during Q3 2014. The Corporation continues to maintain a strong balance sheet and has a trailing annual dividend payout ratio of 21%.

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 September 30				Nine Months Ended September 30			
$ millions (except per share amounts)	2014	2013	Change	%	2014	2013	Change	%
Revenue	**41.3**	**36.3**	**5.0**	**14**	**125.6**	**114.0**	**11.6**	**10**
EBITDA(1)	**8.3**	**12.4**	**(4.1)**	**(33)**	**34.0**	**31.1**	**2.9**	**9**
Adjusted EBITDA(1)	**9.8**	**9.8**	**-**	**-**	**36.0**	**29.0**	**7.0**	**24**
Operating earnings	**6.4**	**9.4**	**(3.0)**	**(32)**	**25.8**	**22.7**	**3.1**	**14**
Net earnings	**3.7**	**7.7**	**(4.0)**	**(52)**	**19.7**	**18.2**	**1.5**	**8**
per share (basic)(2)	0.07	0.16	(0.09)		0.39	0.38	0.01	
per share (diluted)(2)	0.07	0.16	(0.09)		0.39	0.37	0.02	
Funds provided from operations(1)	**7.6**	**8.2**	**(0.6)**	**(8)**	**30.5**	**24.5**	**6.0**	**24**
per share (basic)(2)	0.14	0.17	(0.03)		0.61	0.51	0.10	
per share (diluted)(2)	0.14	0.17	(0.03)		0.60	0.50	0.10	
Dividends	**2.4**	**1.9**	**0.5**		**6.7**	**5.3**	**1.4**	

Capital expenditures	**36.8**	**6.9**	**29.9**	**41.0**	**17.7**	**23.3**	
Working Capital				**44.8**	**35.7**	**9.1**	**25**
Total assets				**178.8**	**127.9**	**50.9**	**40**
Total non-current financial liabilities				**-**	**6.7**	**(6.7)**	
Net cash, end of period (1)				**46.0**	**22.0**	**24.0**	**109**
Shares outstanding - end of period(2)				**55.8**	**49.9**	**5.9**	

(1) Readers are cautioned that EBITDA, Adjusted EBITDA, Funds provided from operations, net cash and working capital 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, loss on sale of property and equipment, excess of insurance proceeds over costs 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 is 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)	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012
Revenue	**41.3**	**39.8**	**44.5**	**38.7**	**36.3**	**32.9**	**44.8**	**38.6**
Adjusted EBITDA	9.8	11.1	15.1	12.5	9.8	6.6	12.6	10.0
Net earnings	3.7	6.7	9.3	6.4	7.7	2.1	8.4	5.9
per share – basic	0.07	0.13	0.19	0.13	0.16	0.04	0.17	0.12
per share – diluted	0.07	0.13	0.18	0.13	0.16	0.04	0.17	0.12
Funds provided from operations	7.6	9.8	13.1	10.8	8.2	5.1	11.2	8.7

Outlook

Rig 104, along with the 104 leap frog rig, continues to operate with our largest customer in the PNG highlands. It is expected that the rig will be fully utilized for the remainder of 2014 and through its contract term which runs to June 2016. Drilling activities are for both development oil wells to replace depleting production and gas wells to continue to provide feedstock for the PNG-LNG liquefaction plant.

Rig 103, along with the 103 leap frog rig and ancillary rental equipment, continues to work in the Gulf Province of PNG for another customer. After completion of the drilling services contract with this customer late in the first quarter of 2015, Rig 103 is expected to re-commence drilling activities with our largest customer, under the existing contract, which runs through to June, 2016.

Rig 115 is currently undergoing upgrading in Houston, Texas in preparation for its first two years of contracted work in PNG. The rig is scheduled to be shipped from Houston late in the fourth quarter of 2014 and arrive in PNG for mobilization to site in the first quarter of 2015.

Rig 102 continues to be stacked following the completion of its last contract in May of 2014. This rig will remain in PNG as it is the only heli portable hydraulic workover rig currently in the country available to meet the future demand for workover and snubbing services from the growing number of production wells. Presently there is no work contracted for this rig.

Our existing rental equipment in PNG continues to be sufficient for the current drilling activity. As such, approximately $8 million of budgeted capital expenditures for rental equipment in 2014 has been deferred. In the third quarter of 2014, rental equipment utilization was lower than the prior quarter of 2014 due to the completion of a significant project. The addition of our two new drilling rigs should generate demand for redeployment of this idle equipment in 2015. Our contract with a second major rental customer will conclude in stages throughout 2015 as their drilling program is completed. Management continues to evaluate new markets for expansion and redeployment of our rental assets.

Activity levels in Canada in the third quarter of 2014 were improved compared to the prior year, due to more favourable weather, and stronger demand for completion and workover services in Northeast British Columbia. Despite the recent decline in commodity prices, High Arctic anticipates that activity levels for Q4 2014 will be similar to those of Q4 2013 as customers have remaining well completion budgets to expend prior to year end. The current uncertainty surrounding declining commodity prices has not yet impacted expected activity levels for the upcoming winter season. Should commodity prices continue to decline, activity levels in Canada coming out of spring break up could be negatively affected.

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 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:

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, excess of insurance proceeds over costs and foreign exchange gains or losses, 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 and nine months ended September 30:

($ millions)	Three months ended Sept. 30, 2014	Three months ended Sept. 30, 2013	Nine months ended Sept. 30, 2014	Nine months ended Sept. 30, 2013
Net earnings for the period	**3.7**	**7.7**	**19.7**	**18.2**
Add:				
Interest and finance expense	0.1	0.2	0.4	0.6
Income taxes	1.3	1.5	4.5	3.9
Amortization	3.2	3.0	9.4	8.4
EBITDA	**8.3**	**12.4**	**34.0**	**31.1**
Add:				
Share-based compensation	0.4	0.1	1.0	0.4
Loss (gain) on sale of assets	(0.2)	0.3	(0.2)	0.3
Excess of insurance proceeds over costs	-	(2.7)	-	(2.7)
Foreign exchange loss (gain)	1.3	(0.3)	1.2	(0.1)
Adjusted EBITDA	**9.8**	**9.8**	**36.0**	**29.0**

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 and nine months ended September 30:

($ millions)	Three Months ended Sept. 30, 2014	Three Months ended Sept. 30, 2013	Nine Months ended Sept. 30, 2014	Nine Months ended Sept. 30, 2013
Net cash generated from operating activities	**10.9**	**8.8**	**39.7**	**26.9**
Less:				
Net changes in items of non-cash working capital	(3.3)	(0.6)	(9.2)	(2.4)
Funds provided from operations	**7.6**	**8.2**	**30.5**	**24.5**

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 long-term debt.

The following tables provide a quantitative reconciliation of cash and cash equivalents to net cash as at September 30:

($ millions)	2014	2013
Cash and cash equivalents	46.0	28.7
Less:		
Long-term debt	-	(6.8)
Net cash	**46.0**	**21.9**

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 and nine months ended September 30, 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

High Arctic is a publicly traded company listed on the Toronto Stock Exchange under the symbol “HWO”. Based in Alberta, the Corporation’s principal focus is to provide drilling and specialized well completion services, equipment rentals and other services to the oil and gas industry.

High Arctic’s largest operation is in Papua New Guinea where it provides drilling and specialized well completion services and supplies rig matting, camps and drilling support equipment on a rental basis. The Canadian operation provides snubbing services, nitrogen supplies and equipment on a rental basis to a large number of oil and natural gas exploration and production companies operating in Western Canada.

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 and nine months ended September 30, 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. The Corporation’s most recent investor presentation can be found at www.haes.ca.

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