NEWS RELEASE

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High Arctic Grows EBITDA to $49.3 million

Calgary, Canada – March 12, 2015 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Corporation") today announced its operating and financial results for the year ended December 31, 2014.

Tim Braun, High Arctic's Chief Executive Officer, reports: "2014 was a successful year for High Arctic. As a company, we achieved a record level of EBITDA and revenues and laid the foundation for continued growth in our PNG business unit. Looking forward to 2015, amidst the global commodity price environment, we anticipate further EBITDA growth when our two new heli-portable drilling rigs commence operations in PNG and we rationalize our infrastructure costs in Canada."

Highlights

- Adjusted EBITDA(1)(2) for the year ended December 31, 2014 grew to $49.3 million, an increase of 19% (2013 - $41.5 million). Adjusted EBITDA increased from $12.5 million for Q4 2013 by 6% to $13.3 million for Q4 2014.
- Revenue for 2014 was the highest in High Arctic's history totalling $171.8 million (2013 - $152.7 million). Fourth quarter revenues for 2014 increased by 19% over Q4 2013 from $38.7 million to $46.2 million.
- On July 28, 2014, High Arctic completed the acquisition of two heli-portable drilling rigs. The Corporation has signed two year term drilling services contracts with a large oil and gas operator in PNG for each rig. The well utilizing the first rig is expected to spud early in Q2 2015; the second rig is expected to commence drilling in PNG in mid Q3 2015.
- Approximately three quarters of the Corporations 2015 revenue is contracted and is in US dollars.
- High Arctic paid dividends of $9.4 million during 2014. The Corporation continues to maintain a strong balance sheet and has a trailing annual dividend payout ratio of 22%.

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 December 31				Year Ended December 31			
$ millions (except per share amounts)	2014	2013	Change	%	2014	2013	Change	%
Revenue	**46.2**	38.7	7.5	19	**171.8**	152.7	19.1	13
EBITDA(1)	**13.2**	11.6	1.6	14	**47.2**	42.7	4.5	11
Adjusted EBITDA(1)(2)	**13.3**	12.5	0.8	6	**49.3**	41.5	7.8	19
Operating earnings	**9.5**	8.2	1.3	16	**35.3**	30.8	4.5	15
Net earnings	**8.5**	6.4	2.1	33	**28.2**	24.6	3.6	15
per share (basic)(3)	**0.15**	0.13	0.02		**0.54**	0.51	0.03	
per share (diluted)(3)	**0.15**	0.13	0.02		**0.53**	0.50	0.03	
Funds provided from operations(1)	**12.8**	10.8	2.0	19	**43.3**	35.3	8.0	23
per share (basic)(3)	**0.23**	0.22	0.01		**0.82**	0.73	0.09	
per share (diluted)(3)	**0.23**	0.22	0.01		**0.81**	0.72	0.09	

Dividends	**2.7**	1.9	0.8	**9.4**	7.2	2.2	
Capital expenditures	**14.7**	4.2	10.5	**55.7**	21.9	33.8	
Working Capital				**41.6**	41.9	(0.3)	(1)
Total assets				**188.7**	137.1	51.6	38
Total non-current financial liabilities				**0.4**	6.7	(6.3)	
Net cash, end of period (1)				**37.2**	26.9	10.3	38
Shares outstanding - end of period(3)				**55.8**	50.0	5.8	

(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)	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013
Revenue	**46.2**	**41.3**	**39.8**	**44.5**	**38.7**	**36.3**	**32.9**	**44.8**
Adjusted EBITDA	13.3	9.8	11.1	15.1	12.5	9.8	6.6	12.6
Net earnings	8.5	3.7	6.7	9.3	6.4	7.7	2.1	8.4
per share – basic	0.15	0.07	0.13	0.19	0.13	0.16	0.04	0.17
per share – diluted	0.15	0.07	0.13	0.18	0.13	0.16	0.04	0.17
Funds provided from operations	12.8	7.6	9.8	13.1	10.8	8.2	5.1	11.2

Outlook

While the sharp decline in oil prices in the fourth quarter of 2014 has significantly reduced oil field activities in most regions of the world, High Arctic’s operation in PNG has not felt the effects of these declines as operators in PNG continue to focus on LNG development. For 2015, approximately three quarters of the Corporation’s revenue is contracted and is in US dollars.

Rig 115 has completed the upgrading process and recently arrived in PNG. Once the rig is offloaded from the vessel and has cleared customs, it will then be mobilized to site to commence drilling operations. Rig 116 is in Houston being upgraded to satisfy the customers’ requirements for operations in PNG. It is anticipated that the upgrading will be completed by the end of the second quarter. The rig will then be transported and mobilized in PNG in the third quarter of 2015 when it is expected to commence operations under a previously announced two year drilling services contract.

Rig 103, along with the 103 leap frog rig and ancillary rental equipment, continues to work in the Gulf Province of PNG. This work is now expected to continue through the third quarter of 2015 after which time the rig is expected to re-commence drilling activities with the primary customer under the existing contract which runs through to June, 2016.

Rig 104, along with the 104 leap frog rig, continues to operate in the PNG highlands. It is expected that the rig will be fully utilized through the third quarter of 2015 with the contracted customer. The customer has indicated that they may reduce their oilfield drilling program later in 2015 due to the significant decline in oil prices. Other companies in PNG are interested in accessing drilling equipment to help them meet their commitments.

The existing complement of rental equipment in PNG continues to be sufficient for the current level of drilling activity. Matting utilization is expected to be between 60% - 75% throughout 2015, compared to 2014 where utilization varied between 100% at the beginning of the year to 60% by year end. In 2015 a matting rental contract with a major client concludes in stages throughout the year as their drilling program concludes. A number of these mats will be redeployed with Rig 116 in the third quarter of 2015. Management continues to evaluate new markets for expansion and redeployment of our rental assets.

Although activity levels for snubbing and nitrogen services were strong in Canada in the fourth quarter of 2014 despite falling oil prices, producers have since aggressively reduced their capital spending programs for 2015. As such, management expects to see a year over year decline in its Canadian business similar to the CAODC's forecasted well completion decline of 40%. This reduction will come from both declines in activity levels and reductions in pricing for both snubbing and nitrogen services rendered.

To help mitigate the expected decline in revenues, management is reducing the number of pieces of snubbing and nitrogen equipment that will be marketed in the year and is in turn reducing the support resources required for the equipment fleet. In addition to these reductions, management has also reviewed the corporate structure of the Canadian operations and identified areas to improve efficiencies and reduce the fixed cost structure supporting the business.

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, 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 months and year ended December 31:

($ millions)	Three months ended Dec. 31 2014	Three months ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Net earnings for the period	**8.5**	**6.4**	**28.2**	**24.6**
Add:				
Interest and finance expense	-	0.2	0.4	0.8
Income taxes	1.3	1.1	5.8	5.0
Amortization	3.4	3.9	12.8	12.3
EBITDA	**13.2**	**11.6**	**47.2**	**42.7**
Add:				
Share-based compensation	0.4	0.4	1.4	0.8
Loss (gain) on sale of assets	-	-	(0.2)	0.3
Excess of insurance proceeds over costs	-	-	-	(2.7)
Foreign exchange loss (gain)	(0.3)	0.5	0.9	0.4
Adjusted EBITDA	**13.3**	**12.5**	**49.3**	**41.5**

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 and year ended December 31:

($ millions)	Three Months ended Dec. 31, 2014	Three Months ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Net cash generated from operating activities	**4.1**	**9.9**	**43.8**	**36.8**
Less:				
Net changes in items of non-cash working capital	8.7	0.9	(0.5)	(1.5)
Funds provided from operations	**12.8**	**10.8**	**43.3**	**35.3**

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 December 31:

($ millions)	**2014**	**2013**
Cash and cash equivalents	37.2	33.7
Less:		
Long-term debt	-	(6.7)
Net cash	**37.2**	**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 year ended December 31, 2014 and in the Annual Information Form for the year ended December 31, 2014 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 Consolidated Financial Statements for year ended December 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. The Corporation's most recent investor presentation can be found at www.haes.ca.

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