HIGH ARCTIC ENERGY SERVICES

NEWS RELEASE

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High Arctic delivers Adjusted EBITDA of $10.4 million

Calgary, Canada – May 8, 2015 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Corporation") today announced its operating and financial results for the quarter ended March 31, 2015.

Tim Braun, High Arctic's Chief Executive Officer, stated: "The value of geographical diversification has certainly been demonstrated in our first quarter results. Rig 115 successfully cleared customs and commenced mobilization to the wellsite in March, and Rig 103 and 104 had full utilization throughout the quarter. This helped to offset the reduction in PNG rental revenues we have experienced year over year. In Canada, we have resized our marketed equipment fleet and restructured our organization to match current utilization levels, and we are prepared to revisit this further if activity levels remain below our expectations. These actions, combined with the delivery of Rig 116 to PNG in the third quarter, should allow us to deliver an increase in EBITDA this year."

Highlights

- Increases in PNG's drilling services offset lower Canadian revenues resulting in first quarter revenues for 2015 of $44.7 million (2014 - $44.5 million).
- The Corporation continues to invest in its business with a 2015 capital expenditure program of approximately $45 million to be paid from cash resources. The Company expects growth in both revenues and EBITDA in 2015.
- The first High Arctic owned heli-portable drilling rig arrived in PNG during the quarter and commenced earning moving rate revenues in mid-March. The second rig is scheduled to commence drilling in PNG in Q3 2015.
- Adjusted EBITDA was $10.4 million for the three months ended March 31, 2015 (2014 - $15.1 million). This reflects primarily the reduced activity levels in Canada. It was also partly impacted by PNG revenue increases from lower margin drilling services and reductions in higher margin rental revenue.
- High Arctic declared dividends of $2.7 million during the first three months of 2015 representing a trailing twelve month dividend payout of 26.5% of funds provided from operations (Q1 2014 - $2.0 million; 19.7%).

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)	**2015**	**2014**	**Change**	**%**
Revenue	**44.7**	**44.5**	**0.2**	**-**
EBITDA(1)(2)	**9.5**	**14.2**	**(4.7)**	**(33)**
Adjusted EBITDA(1)(2)	**10.4**	**15.1**	**(4.7)**	**(31)**
Operating earnings	**6.9**	**11.8**	**(4.9)**	**(42)**
Net earnings	**4.8**	**9.3**	**(4.5)**	**(48)**
per share (basic)(3)	0.09	0.19	(0.10)	
per share (diluted)(3)	0.09	0.18	(0.09)	
Funds provided from operations(1)	**8.2**	**13.1**	**(4.9)**	**(37)**
per share (basic and fully diluted)(3)	0.15	0.26	(0.11)	
Dividends	**2.7**	**2.0**	**0.7**	

$ millions (except per share amounts)	Three Months Ended March 31 2015	2014	Change	%
Capital expenditures	**21.1**	**1.5**	**19.6**	
Working Capital (1)	**27.4**	**53.3**	**(25.9)**	
Total assets	**207.4**	**149.3**	**58.1**	
Total non-current financial liabilities	**-**	**6.7**	**(6.7)**	
Net cash, end of period (1)	**28.4**	**36.2**	**(8.1)**	
Shares outstanding - end of period(3)	**55.3**	**50.1**		

(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)	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013
Revenue	**44.7**	**46.2**	**41.3**	**39.8**	**44.5**	**38.7**	**36.3**	**32.9**
Adjusted EBITDA	10.4	13.3	9.8	11.1	15.1	12.5	9.8	6.6
Net earnings	4.8	8.5	3.7	6.7	9.3	6.4	7.7	2.1
per share – basic	0.09	0.15	0.07	0.13	0.19	0.13	0.16	0.04
per share – diluted	0.09	0.15	0.07	0.13	0.18	0.13	0.16	0.04
Funds provided from operations	8.2	12.8	7.6	9.8	13.1	10.8	8.2	5.1

Outlook

While the low global commodity price environment has created a new paradigm for the broader oil and gas industry and the Canadian industry continues to struggle with commodity price differentials, High Arctic's operations in PNG have not been affected to the same degree as our North American peers, as our clients continue to focus on LNG development. Demand for our services in PNG – which are contracted in US dollars – remains stable.

Rig 115, with the ancillary camp and equipment, completed customs clearance into PNG and is currently being rigged up on the first drilling site in preparation to spud in mid-May. Rig 116 is in Houston being upgraded to meet the contractual requirements for operations in PNG. The upgrades are expected to be completed by the end of the second quarter followed by mobilization to PNG. Rig 116 will then commence its initial two year contracted term upon the spudding of the first well, anticipated to occur in late August, 2015.

Rig 103, along with the 103 leap frog rig and ancillary rental equipment, is expected to continue to be fully utilized under an assignment agreement in the Gulf Province of PNG through the third quarter of 2015. Thereafter, the rig is expected to revert to its primary customer and recommence drilling activities 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 and it is expected that the rig will be fully utilized through the third quarter of 2015. The customer has indicated that they may reduce their oilfield drilling program later in 2015 due to the significant decline in oil prices. However, other operators in PNG have expressed interest in securing drilling equipment to allow them to meet their petroleum lease retention commitments.

Our fleet of rental equipment in PNG continues to be sufficient for the current level of drilling activity. With the recently announced matting supply contract, matting utilization is expected to be between 60% - 75% throughout 2015, compared to 2014 where utilization varied between 100% at the start 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 under the new contract in the third quarter of 2015. Management continues to evaluate new markets for expansion and redeployment of our rental assets.

In the first quarter of 2015, High Arctic's Canadian operation experienced its lowest utilization levels in the past ten years. Looking forward to the remainder of the 2015, management continues to expect activity levels to remain low. Steps were taken to rationalize our marketed fleet and associated infrastructure in the first quarter of 2015 in response to the new market environment. Management will vigilantly monitor activity levels and respond further in the second half of the year, if warranted.

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 ended March 31:

($ millions)	2015	2014
Net earnings for the period	4.8	9.3
Add:		
Interest and finance expense	0.1	0.2
Income taxes	1.7	1.7
Amortization	2.9	3.0
EBITDA	**9.5**	**14.2**
Add:		
Share-based compensation	0.6	0.3
Foreign exchange loss	0.3	0.6
Adjusted EBITDA	**10.4**	**15.1**

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)	2015	2014
Net cash generated from operating activities	**13.1**	**11.2**
Add:		
Net changes in items of non-cash working capital	(4.9)	1.9
Funds provided from operations	**8.2**	**13.1**

Debt-to-capitalization percentage
Debt-to-capitalization percentage is used by management to assess its financial structure and determine how the Corporation is financing its activities. The amount is calculated as total debt divided by the sum of total debt and shareholders' equity.

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 March 31:

($ millions)	2015	2014
Cash and cash equivalents	28.4	42.9
Less:		
Long-term debt	-	(6.7)
Net cash	**28.4**	**36.2**

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 quarter ended March 31, 2015 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 quarter ended March 31, 2015 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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