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High Arctic Reports 2017 Fourth Quarter and Year End Results

Calgary Alberta, March 9, 2018 – High Arctic Energy Services Inc. (TSX: HWO) – “High Arctic” or the “Corporation” is pleased to announce its 2017 fourth quarter and year end results.

Mr. J. Cameron Bailey, High Arctic’s CEO stated: “We are very pleased with the results our team has achieved throughout the 2017 year and the high quality of service provided represented by stellar safety record in both Papua New Guinea and Canada. The high quality of service provided to our customers has allowed us to enjoy Service Rig fleet utilization well above industry average. Through the downturn the Corporation has maintained its dividend and at the same time has increased its cash reserves.”

Highlights

The expansion and diversification initiatives undertaken in 2016 has benefited High Arctic in 2017 whereby the growth in the Corporation’s Canadian operations has helped to offset lower activity levels in the Corporation’s PNG business operations. The Corporation continues to seek opportunities to leverage its financial position to pursue additional growth and diversification opportunities to further strengthen High Arctic’s business operations.

Fourth Quarter 2017:

- High Arctic reported Adjusted EBITDA of $12.4 million in the quarter driven from the strength of the Corporation’s diversified operations.
- Utilization for High Arctic’s registered Concord Well Servicing rigs was 55% in the quarter versus industry utilization of 33% (source: Canadian Association of Oilwell Drilling Contractors “CAODC”).
- The Corporation completed mobilization of Rig 405, the fast-moving land rig, into PNG and commenced drilling activities during the quarter. Rig 103 also commenced its drilling assignment in P’nyang during the quarter.
- High Arctic continues to maintain a strong balance sheet with $22.1 million in cash, no amounts outstanding on its debt facilities and $31.6 million in working capital (excluding cash) as at December 31, 2017.
- Consistent with prior quarters, High Arctic declared $2.6 million ($0.05 per share) in dividends during the quarter which represents 28% of funds provided from operations in the quarter.

Full Year 2017:

- Growth in the Corporation’s Canadian operations, led by strong utilization for the Corporation’s Concord Well Servicing rigs, helped to offset lower revenue from the Corporation’s PNG operations resulting in a 1% increase in revenue to $210.2 million for the year.
- For fiscal 2017 the Corporation generated $58.3 million in Adjusted EBITDA in spite of the challenges facing world markets for oil and gas.
- Positive cash flow generation throughout 2017 allowed the Corporation to fully extinguish the debt drawn to fund the Tervita Acquisition as well as return a total of $10.5 million in dividends to shareholders during 2017, representing 23% of funds provided from operations during 2017.

Select Comparative Financial Information

The following is a summary of select financial information of the Corporation.

	Three Months Ended December 31			Year Ended December 31		
$ millions (except per share amounts)	2017	2016	% Change	2017	2016	215
Revenue	**51.5**	62.3	(17%)	**210.2**	208.0	209.9
EBITDA(1)	**11.8**	18.2	(35%)	**58.3**	80.7	61.0
Adjusted EBITDA(1)(3)	**12.4**	18.3	(32%)	**58.3**	70.8	64.0
Adjusted EBITDA % of revenue	**24%**	29%	(17%)	**28%**	34%	30%
Operating earnings	**5.3**	10.9	(51%)	**31.7**	45.3	45.5
Net earnings	**3.5**	7.5	(53%)	**20.3**	45.1	31.9
per share (basic)(2)	**0.06**	0.14	(57%)	**0.38**	0.85	0.58
per share (diluted)(2)	**0.06**	0.14	(57%)	**0.38**	0.84	0.57
Adjusted net earnings(1)(3)	**3.5**	8.4	(58%)	**20.3**	34.7	31.9
per share (basic)(2)	**0.06**	0.16	(63%)	**0.38**	0.65	0.58
per share (diluted)(2)	**0.06**	0.16	(63%)	**0.38**	0.65	0.57
Funds provided from operations(1)	**9.3**	15.9	(42%)	**45.2**	59.8	52.8
per share (basic)(2)	**0.18**	0.30	(40%)	**0.85**	1.13	0.96
per share (diluted)(2)	**0.17**	0.30	(43%)	**0.84**	1.12	0.94
Dividends	**2.6**	2.6	-	**10.5**	10.5	10.9
per share(2)	**0.05**	0.05	-	**0.2**	0.20	0.20
Capital expenditures	**2.0**	2.1	(5%)	**7.5**	52.4	40.0

	As at December 31		
	2017	2016	% Change
Working Capital(1)	**53.7**	28.6	88%
Total assets	**267.0**	305.1	(12%)
Total non-current financial liabilities	**3.6**	4.2	(14%)
Net cash, end of period(1)	**22.1**	3.3	570%
Shareholders' Equity	**230.8**	230.2	0%
Shares outstanding(2)	**53.3**	53.2	0%

(1) Readers are cautioned that EBITDA, Adjusted EBITDA, Adjusted net earnings, Funds provided from operations, net (debt) cash and working capital do not have standardized meanings prescribed by IFRS – see "non IFRS Measures" on page 13 for calculations of these measures.
(2) The number of shares used in calculating the net earnings per share amounts is determined differently as explained note 16 in the Financial Statements.
(3) Adjusted EBITDA and Adjusted net earnings exclude the impact of the $12.7 million gain on acquisition and $2.3 million in transaction costs ($0.9 million for three months ended December 31) related to the Tervita Acquisition completed in 2016.

Corporate Profile

Headquartered in Calgary, Alberta, Canada, High Arctic provides oilfield services to exploration and production companies operating in Canada and Papua New Guinea ("PNG"). High Arctic is a publicly traded company listed on the Toronto Stock Exchange under the symbol "HWO".

On August 31, 2016, High Arctic acquired Tervita's Production Services Division (the "Tervita Acquisition"). Through this acquisition, High Arctic added a fleet of 85 service rigs (of which 56 are currently registered and marketed) and related support equipment, a surface equipment rentals division and an abandonment and compliance consulting division. As a result of the expansion of the Corporation's service offering following the Tervita Acquisition, High Arctic has organized its business into three business segments: Drilling Services; Production Services; and Ancillary Services.

Drilling Services

The Drilling Services segment consists of High Arctic's drilling services in PNG where the Corporation has operated since 2007. High Arctic currently operates the largest fleet of tier-1 heli-portable drilling rigs in PNG, with two owned rigs and two rigs managed under operating and maintenance contracts for one of the Corporation's customers. The Corporation also provides additional drilling services in PNG as requested by its customers.

Production Services

The Production Services segment consists of High Arctic's well servicing and snubbing operations. These operations are primarily conducted in the Western Canadian Sedimentary Basin ("WCSB") through High Arctic's fleet of well servicing rigs, operating as Concord Well Servicing, and its fleet of stand-alone and rig assist snubbing units. In addition, High Arctic also provides work-over services in PNG with its heli-portable work-over rig.

Ancillary Services

The Ancillary Services segment consists of High Arctic's oilfield rental equipment in Canada and PNG as well as its Canadian nitrogen and abandonment and compliance consulting services.

Consolidated Results

	Three Months Ended December 31				Year Ended December 31			
($ millions)	**2017**	**2016**	**Change**	**%**	**2017**	**2016**	**Change**	**%**
Revenue	**51.5**	62.3	(10.8)	(17%)	**210.2**	208.0	2.2	1%
EBITDA(1)	**11.8**	18.2	(6.4)	(35%)	**58.3**	80.7	(22.4)	(28%)
Adjusted EBITDA(1)(3)	**12.4**	18.3	(5.9)	(32%)	**58.3**	70.8	(12.5)	(18%)
Adjusted EBITDA % of Revenue	**24%**	**29%**	(5%)	(18%)	**28%**	**34%**	(6%)	(19%)
Net earnings	**3.5**	7.5	(4.0)	(53%)	**20.3**	45.1	(24.8)	(55%)
per share (basic)(2)	0.06	0.14	(0.1)	(57%)	0.38	0.85	(0.5)	(55%)
per share (diluted)(2)	0.06	0.14	(0.1)	(57%)	0.38	0.84	(0.5)	(55%)
Adjusted net earnings(1)(3)	**3.5**	8.4	(4.9)	(58%)	**20.3**	34.7	(14.4)	(41%)
per share (basic)(2)	0.06	0.16	(0.1)	(63%)	0.38	0.65	(0.3)	(42%)
per share (diluted)(2)	0.06	0.16	(0.1)	(63%)	0.38	0.65	(0.3)	(42%)

(1) Readers are cautioned that EBITDA, Adjusted EBITDA and Adjusted net earnings do not have standardized meanings prescribed by IFRS – see "non IFRS Measures" on page 13 for calculations of these measures.
(2) The number of shares used in calculating the net earnings per share amounts is determined differently as explained in note 16 of the Financial Statements.
(3) Adjusted EBITDA and Adjusted net earnings exclude the impact of the $12.7 million gain on acquisition and $2.3 million in transaction costs ($0.9 million for the three months ended December 31) related to the Tervita Acquisition completed in 2016.

Fourth Quarter:

The fourth quarter marked the first quarter of complete comparable results for the Tervita Acquisition, which was completed on August 31, 2016. Increased activity from High Arctic's Concord Well Servicing and other business operations added through the Tervita Acquisition contributed to a 16% increase in the Corporation's Canadian revenue to $23.6 million in the quarter from $20.4 million in the fourth quarter of 2016. This increased revenue contribution helped to mitigate the impact of lower PNG drilling and rentals pricing and activity, resulting in consolidated revenue of $51.5 million in the quarter versus $62.3 million in the fourth quarter of 2016.

The reduction in consolidated revenue, combined with the increased contribution from the Production Services segment, which has a lower operating margin, resulted in Adjusted EBITDA declining to $12.4 million in the quarter from $18.3 million in the fourth quarter of 2016.

Consistent with the reduced Adjusted EBITDA during the quarter, as well as increased depreciation expense associated with the assets acquired in the Tervita Acquisition, Adjusted net earnings declined to $3.5 million ($0.06 per share (basic)) in the quarter versus $8.4 million ($0.16 per share (basic)) in the fourth quarter of 2016.

Fiscal 2017:

The expansion of High Arctic's Production Services segment offset lower PNG drilling and rentals operations, resulting in revenue increasing to $210.2 million for fiscal 2017 versus $208.0 million in 2016. Contribution from the Corporation's PNG drilling operations was lower in 2017 due to decreased drilling activity as well as the expiry of the drilling and related rentals contracts for Rig 115 in June 2017.

While revenue was relatively flat year over year, the increased contribution from lower margin Production Services revenue resulted in a 18% decrease in Adjusted EBITDA to $58.3 million in the year versus $70.8 million in 2016. Fiscal 2016 also benefited from the full year contribution from the contracted revenue for Rig 115, which had a higher margin than the margins generated under the new drilling services contract rates negotiated in 2017 as well as the margins generated in the Corporation's Production Services segment.

Consistent with the fourth quarter, lower Adjusted EBITDA and the full year impact of depreciation expense associated with the assets added through the Tervita Acquisition in 2016 contributed to a decline in Adjusted net earnings to $20.3 million ($0.38 per share (basic)) for 2017 from $34.7 million ($0.65 per share (basic)) in 2016. On a net earnings basis, the Corporation has generated $20.3 million for the year versus $45.1 million in 2016. Fiscal 2016 benefited from a one-time recognition of a $12.7 million gain related to the Tervita Acquisition. This gain represented the difference in appraised value of the net assets acquired in the transaction versus the $42.8 million paid to acquire them. This gain as well as transaction costs associated with the acquisition have been excluded from the Corporation's Adjusted net earnings as these costs are not representative of the earnings associated with the Corporation's ongoing business operations.

Operating Segments

Drilling Services

	Three Months Ended December 31				Year Ended December 31			
($ millions)	**2017**	**2016**	**Change**	**%**	**2017**	**2016**	**Change**	**%**
Revenue	**24.8**	36.8	(12.0)	(33%)	**105.1**	144.6	(39.5)	(27%)
Oilfield services expense (1)	**16.7**	23.3	(6.6)	(28%)	**61.9**	89.9	(28.0)	(31%)
Oilfield services operating margin (1)	**8.1**	**13.5**	**(5.4)**	**(40%)**	**43.2**	**54.7**	**(11.5)**	**(21%)**
Operating margin (%)	**33%**	37%	(4%)	(11%)	**41%**	38%	3%	8%

(1) See 'non-IFRS Measures' on page 13

The Corporation owns two heli-portable drilling rigs (Rigs 115 and 116) which were added to High Arctic's fleet during 2015. These rigs are in addition to Rigs 103 and 104 which High Arctic operates on behalf of a major oil and gas exploration company in PNG. In the third fourth quarter of 2017, High Arctic added a fast-moving land based rig, Rig 405, to its PNG drilling fleet to complete a short-term drilling project. Due to the duration of this project, the rig was leased from a non-PNG third-party contractor. This rig is expected to be returned to the third-party contractor upon completion of its drilling assignment.

Fourth Quarter:

Revenue declined 33% in the quarter to $24.8 million from $36.8 million in the fourth quarter of 2016. This decline was due to a combination of lower pricing and drilling activity in the quarter as well as the take-or-pay contract for Rig 115 ending in June 2017. Rig 103 was active during the quarter on its drilling assignment in P'nyang. Rig 405 arrived in PNG in October with mobilization and rig up at its assigned drilling location being completed in December at which time the rig commenced drilling operations. Preventative maintenance activities continued on Rig 104, which is currently stacked in Muruk awaiting its next drilling assignment in the first quarter of 2018. Rig 116 continued to generate standby revenue under its take-or-pay contract.

Operating margin as a percentage of revenue decreased quarter over quarter to 33% versus 37% in the fourth quarter of 2016. This decrease in operating margin percentage is due to the increased proportion of revenue generated from Rigs 103 and 405 during the quarter which incur lease expense charges that are not incurred on High Arctic's owned rigs. Partially offsetting the impact of the reduced margins generated from these non-owned rigs was the standby revenue generated on Rig 116 which incurs minimal operating costs while the rig is on standby. Standby revenue accounted for approximately 26% of Drilling Services revenue in the quarter versus 17% in the comparative quarter in 2016. Excluding the impact of standby revenue, operating margin as a percentage of revenue would have been 13% in the quarter versus 15% in the fourth quarter of 2016. This decline in operating margin, excluding standby revenue contribution, was due to the impact of lower pricing on contract extensions completed in 2017 as well as costs associated with maintenance activities and lower revenue contribution towards fixed operating costs for the Drilling Services division.

Fiscal 2017:

Consistent with the fourth quarter results, lower drilling activity combined with reduced contribution from take-or-pay contracted revenue has contributed to a 27% decline in Drilling Services revenue to $105.1 million for fiscal 2017 versus $144.6 million generated in 2016. The prior period benefited from higher drilling activity for Rigs 103 and 104 as well as the take-or-pay contracted revenue for Rigs 115 and 116 throughout 2016 whereas Rig 115 was under contract for the first six months of 2017 only.

Operating margin as a percentage of revenue increased to 41% for 2017 versus 38% in 2016. As a result of the lower activity for Rigs 103 and 104 relative to fiscal 2016, lower rig lease expense was incurred in 2017 relative to 2016. In addition, the take-or-pay standby revenue for Rig 116 and 115 contributed a greater portion of the Drilling Services revenue in 2017, which also positively impacted margins in 2017. For fiscal 2017, approximately 29% of the Drilling Services revenue was generated by take-or-pay standby revenue versus 17% in 2016.

Production Services

	Three Months Ended December 31				Year Ended December 31			
($ millions)	**2017**	**2016**	**Change**	**%**	**2017**	**2016**	**Change**	**%**
Revenue	**20.9**	17.7	3.2	18%	**81.0**	34.1	46.9	138%
Oilfield services expense (1)	**15.9**	14.9	1.0	7%	**64.8**	26.8	38.0	142%
Oilfield services operating margin (1)	**5.0**	**2.8**	**2.2**	**79%**	**16.2**	**7.3**	**8.9**	**122%**
Operating margin (%)	**24%**	16%	8%	50%	**20%**	21%	(1%)	(5%)
Operating Statistics:								
Service rigs								
Average Fleet (2)	56	63	(7)	(11%)	55	65	(10)	(15%)
Utilization (3)	55%	39%	16%	41%	57%	39%	18%	46%
Operating hours	28,511	22,886	5,625	25%	113,680	30,709	82,971	270%
Revenue per hour	611	601	10	2%	596	602	(6)	(1%)
Snubbing rigs								
Average Fleet (4)	9	8	1	13%	9	8	1	13%
Utilization (3)	28%	46%	(18%)	(39%)	29%	40%	(11%)	(28%)
Operating hours	2,346	3,406	(1,060)	(31%)	9,558	11,820	(2,262)	(19%)

(1) See 'non-IFRS Measures' on page 13
(2) Average service rig fleet represents the average number of rigs registered with the CAODC during the period.
(3) Utilization is calculated on a 10-hour day using the number of rigs registered with the CAODC during the period.
(4) Average snubbing fleet represents the average number of rigs marketed during the period.

High Arctic's well servicing and snubbing operations are provided through its Production Services segment. These operations are primarily conducted in the WCSB through High Arctic's fleet of well servicing rigs, operating as Concord Well Servicing, and its fleet of stand-alone and rig assist snubbing units. The Concord Well Servicing operations were added to the Production Services segment through the Tervita Acquisition, which closed on August 31, 2016.

The Production Services segment also provides heli-portable workover services in PNG through Rig 102; however, no workover services were provided in PNG during 2016 or 2017 and as such no revenue was generated or costs have been incurred associated with this rig during the periods presented.

Fourth Quarter:

Increased operating hours for High Arctic's Concord Well Servicing rigs resulted in an increase of 18% in revenue to $20.9 million in the quarter versus $17.7 million in the fourth quarter of 2016. Operating hours for the Concord rigs increased 25% to 28,511 hours in the quarter from 22,886 hours in the fourth quarter of 2016, allowing the Concord rigs to generate $17.5 million in revenue during the quarter versus $13.8 million in the fourth quarter of 2016. The increase in hours is due to increased activity in the Concord Well Servicing operating regions as well as the expansion of the Concord operations to Grande Prairie in the first quarter of 2017. Consistent with prior quarters, the Concord rigs achieved above industry utilization of 55% versus the 33% utilization generated by the industry's registered well servicing rigs in the fourth quarter of 2017 (source: CAODC). The increase in activity has provided some opportunity for pricing increases, however, pricing remains competitive. The impact of pricing increases as well as increased exposure to higher rate operating areas allowed average revenue per hour for the Concord rigs to increase to $611 per hour in the quarter from $601 per hour in the fourth quarter of 2016.

The positive contribution from the Concord rigs was partially offset by lower activity experienced in the Production Service's snubbing operations which experienced a 13% decrease in revenue to $3.4 million in the quarter versus the $3.9 million generated in the fourth quarter of 2016. Operating hours for the snubbing rigs in the quarter were 2,346 versus 3,406 hours in the fourth quarter of 2016. Activity was hampered in the quarter due to a shortage of field staff as well as customers curtailing their activity due to low natural gas prices.

The increased activity for the Concord rigs as well as cost savings derived through the Corporation's integration efforts following the Tervita Acquisition allowed operating margin as a percentage of revenue to increase to 24% in the quarter from 16% in the fourth quarter of 2016. In addition, margins for the Concord rig operations in Grande Prairie have normalized following the higher initial start-up costs associated with the division's expansion into Grande Prairie.

Fiscal 2017:

The addition of the Concord operations resulted in a 138% growth in Production Services segment revenue to $81.0 million in fiscal 2017 from $34.1 million in the comparative period in 2016 which only benefited from four months of contribution from the Concord Well Servicing operations post acquisition. The Concord rigs generated 113,680 operating hours for a 57% utilization of the Corporation's CAODC registered service rigs (55 on average) versus the 33% utilization achieved in 2017 for the industry's registered service rig fleet (source: CAODC). Pricing for the Concord rigs averaged $596 per hour in 2017 versus $602 per hour in the last four months of 2016. The comparable period in 2016 benefited from a greater proportion of higher revenue months with additional ancillary revenue contributions such as boiler revenue which does not occur during warmer months which are included in the average revenue for 2017. This resulted in the higher revenue per hour in the shortened 2016 period versus the full fiscal 2017 period.

Consistent with the fourth quarter, activity for the Corporation's snubbing rigs was lower in 2017 versus 2016 resulting in revenue for the snubbing operations declining to $13.3 million in 2017 versus $15.6 million in 2016. This decline in activity was due to the Corporation's core snubbing customers directing their efforts towards completing fracturing programs in the first half of 2017. Snubbing services are typically provided subsequent to fracturing of a well. While snubbing activity increased in the second half of 2017, a shortage of crews impaired the Corporation's ability to service the increased activity level. The Corporation continues to focus on its recruiting efforts to increase crew availability in its Canadian operations.

As a result of the increased revenue, operating margin increased to $16.2 million in 2017 from $7.3 million in 2016. Competitive pricing and higher costs incurred in the first half of 2017 related to non-recurring integration and Grande Prairie start-up costs for the Concord Well Servicing operations negatively impacted margins in the first half of 2017. Margins improved in the second half of 2017 as a result of cost savings generated through the integration efforts undertaken in the first half of 2017. Margins have also normalized for the Grande Prairie operations following its successful start-up. The higher costs in the first half of 2017 caused operating margin as a percentage of revenue to decline to 20% for 2017 versus 21% in 2016. As experienced in the fourth quarter, operating margins as a percentage of revenue have recovered in the second half of 2017.

Ancillary Services

	Three Months Ended December 31				Year Ended December 31			
($ millions)	**2017**	**2016**	**Change**	**%**	**2017**	**2016**	**Change**	**%**
Revenue	**6.6**	8.6	(2.0)	(23%)	**27.4**	30.7	(3.3)	(11%)
Oilfield services expense (1)	**3.3**	2.3	1.0	43%	**11.4**	7.1	4.3	61%
Oilfield services operating margin (1)	**3.3**	**6.3**	**(3.0)**	**(48%)**	**16.0**	**23.6**	**(7.6)**	**(32%)**
Operating margin (%)	**50%**	73%	(23%)	(32%)	**58%**	77%	(19%)	(25%)

(1) Revenue includes inter-segment revenue charged to Production Services and Drilling Services from Ancillary Services division of $0.8 million for the quarter and $3.3 million for fiscal 2017. In 2016, inter-segment revenue was $0.6 million for the quarter and $1.2 million for fiscal 2017.
(2) See 'non-IFRS Measures' on page 13.

The Ancillary Services segment consists of High Arctic's oilfield rental equipment in Canada and PNG as well as its Canadian nitrogen and abandonment and compliance consulting services, acquired in the Tervita Acquisition.

Fourth Quarter:

Increased rentals associated with higher activity for the Corporation's Concord Well Servicing operations partially offset lower equipment rental activity in PNG and lower nitrogen services during the quarter. The lower PNG rental activity was due to lower drilling activity experienced in 2017 versus 2016 as well as the expiry of the equipment rental contracts associated with Rig 115 at the end of the second quarter this year. Nitrogen activity was lower due to reduced activity from core customers in the quarter as lower natural gas pricing in the WCSB curtailed natural gas fracturing activity which is an activity driver for the Corporation's nitrogen operations. Revenue was also negatively impacted from the shutdown of the Corporation's compliance consulting services in the quarter due to declining revenues and increasing losses for this service offering. High Arctic's ClearCompliance inactive well data management software service was unaffected by this shutdown and the Corporation continues to develop and market this software to its customers.

Operating margin as a percentage of revenue declined to 50% in the quarter versus 73% in the fourth quarter of 2016. This decline is associated with the increased contribution from lower margin service lines in the quarter as well as lower rig mat rental volumes in PNG which generate a higher operating margin due to the low operating costs associated with the rental of the mats.

Fiscal 2017:

For fiscal 2017, the increased contribution from the expanded Canadian rentals and compliance operations added through the Tervita Acquisition, as well as increased activity for the Corporation's nitrogen services partially offset lower revenue contribution from the Corporation's PNG rentals. The full year contribution from the Canadian rentals and compliance operations added through the Tervita Acquisition resulted in a 55% increase in revenue for these operations year over year. Nitrogen services benefited from increased well fracturing activity in the WCSB during the year resulting in a 34% increase in revenue year over year. These revenue increases partially offset a 32% decline in PNG rental revenue due to the lower activity in PNG and the expiry of the rental contracts associated with Rigs 115 and 116.

The increased contribution from lower margin services contributed to the decline in operating margin as a percentage of revenue during the year relative to 2016, which benefited from higher margins associated with the Corporation's mat rentals in PNG. Utilization for the Corporation's mats in PNG has declined in 2017, and the Corporation continues to explore additional geographic and industry markets to redeploy inactive mats and other rental equipment in PNG.

General and Administration

	Three Months Ended December 31				Year Ended December 31			
($ millions)	**2017**	**2016**	**Change**	**%**	**2017**	**2016**	**Change**	**%**
General and administration	**4.0**	4.3	(0.3)	(7%)	**17.1**	14.8	2.3	16%
Percent of revenue	**8%**	7%	1%	14%	**8%**	7%	1%	14%

General and administrative costs in 2017 increased relative to 2016 due to the additional support infrastructure added following the Tervita Acquisition. As a result of the completion of integration efforts in 2017, general and administrative costs declined to $4.0 million in the fourth quarter of 2017 versus $4.3 million in the fourth quarter of 2016. Due to the decline in revenue during the quarter, general and administrative costs increased to 8% of revenue versus 7% in the fourth quarter of 2016.

Depreciation

Depreciation expense increased to $25.9 million for the year versus $24.4 million in 2016. The increase in depreciation expense is consistent with prior quarters in 2017 as it relates to the additional depreciation expense incurred on the $64.0 million in assets acquired through the Tervita Acquisition completed in the third quarter of 2016.

The Corporation amended its depreciation estimate for non-rig assets in the first quarter of 2017 to straight-line depreciation methodology from declining balance. Management believes this change in depreciation methodology provides a more accurate reflection of the pattern in which the Corporation's asset's future economic benefits are expected to be consumed. Additional details on this change in depreciation methodology can be found in Note 5 of the December 31, 2017 audited consolidated financial statements. Had the Corporation continued to depreciate its assets using declining balance, depreciation expense would have been approximately $27.0 million for fiscal 2017 versus the $25.9 million recorded under the adopted straight-line depreciation methodology.

Share-based Compensation

Share based compensation was $0.5 million in the quarter and $0.7 million for fiscal 2017 versus $0.2 million and $1.1 million in the respective comparative periods in 2016. The increase in share-based compensation expense in the quarter is due to an increase in awards granted in the quarter under the Corporation’s equity incentive plans. The decrease in share-based compensation for the year is a result of higher costs associated with options granted in prior years which had been fully amortized prior to 2017 as well as the majority of the options granted in the current year occurring at the end of fiscal 2017, which will be amortized over future periods.

Foreign Exchange Transactions

The Corporation has exposure to the U.S. dollar and other currencies such as the PNG Kina through its international operations. As a result, the Corporation is exposed to foreign exchange gains and losses through the settlement of foreign denominated transactions as well as the conversion of the Corporation’s U.S. dollar based subsidiaries into Canadian dollars for financial reporting purposes.

Gains and losses recorded by the Canadian parent on its U.S. denominated cash accounts, receivables, payables and intercompany balances are recognised as a foreign exchange gain or loss in the statement of earnings.

High Arctic is further exposed to foreign currency fluctuations through its net investment in foreign subsidiaries. The value of these net investments will increase or decrease based on fluctuations in the U.S. dollar relative to the Canadian dollar. These gains and losses are unrealized until such time that High Arctic divests its investment in a foreign subsidiary and are recorded in other comprehensive income as foreign currency translation gains or losses for foreign operations.

The U.S. dollar remained strong relative to the Canadian dollar, with an average exchange rate of $1.298 during 2017 (2016 – $1.325). This strong U.S. dollar benefited the Corporation as the majority of the Corporation’s PNG business is conducted in U.S. dollars.

As at December 31, 2017, the U.S. dollar exchange rate was 1.255 versus 1.343 as at December 31, 2016. This decline in exchange rate has resulted in a translation loss of $9.5 million recorded in other comprehensive income for the year ended December 31, 2017 ($0.8 million translation gain for the three months ended December 31, 2017).

The fluctuation in exchange rates year to date also resulted in a $0.7 million foreign exchange gain being recorded on various foreign exchange transactions (2016 - $0.5 million). The Corporation does not currently hedge its foreign exchange transactions or exposure.

Interest and Finance Expense

On a year to date basis, the Corporation had an average debt balance outstanding of $12.0 million, resulting in $1.0 million being incurred in interest costs ($0.1 million for the three months ended December 31, 2017). In the third quarter of 2016 High Arctic utilized $40.0 million of its debt facility to fund the closing of the Tervita Acquisition, which was fully repaid during the fourth quarter of 2017 from the Corporation’s available cash resources.

Income Taxes

	Three Months Ended December 31			Year Ended December 31		
($ millions)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Net earnings before income taxes	**5.0**	10.7	(5.7)	**31.4**	55.6	(24.2)
Current income tax expense	**2.9**	2.5	0.4	**11.9**	8.9	3.0
Deferred income tax expense	**(1.3)**	0.7	(2.0)	**(0.8)**	1.6	(2.4)
Total income tax expense	**1.6**	3.2	(1.6)	**11.1**	10.5	0.6
Effective tax rate	**32%**	30%		**35%**	19%	

The Corporation's effective tax rate increased to 35% for fiscal 2017 from 19% in 2016. The increased effective tax rate in 2017 is due to a combination of an increase in certain foreign tax rates effective January 1, 2017 as well as withholding taxes related to intercompany dividends declared during the year. The 2016 effective tax rate was also skewed lower due to the Corporation recording additional deferred tax assets through the recognition of previously unrecognized tax pools associated with the Corporation's Canadian tax pools. As a result of the additional taxable income projected from the Tervita Acquisition, the Corporation is able to utilize a greater portion of its existing tax pools resulting in the recognition of the additional tax pools in the third quarter of 2016. A further $1.3 million in deferred tax assets was recorded in the third quarter of 2017 as a result of improved financial performance for the Corporation's Canadian operations, which partially offset the impact of the dividend withholding taxes incurred in 2017.

As at December 31, 2017 High Arctic had $66.7 million in unrecognized tax pools, consisting of $28.8 million in non-capital loss pools and $37.9 million in capital loss pools, which may be utilized to offset future taxable earnings generated by the Corporation's Canadian business operations. These losses expire no earlier than 2025. With the increasing profitability of the Corporation's Canadian business operations, the Corporation will continue to evaluate the appropriateness of recognizing additional deferred tax assets in future reporting periods.

Other Comprehensive Income

As discussed above under Foreign Exchange Transactions, the Corporation recorded a $9.5 million foreign currency translation loss in other comprehensive income year to date due to the strengthening of the Canadian dollar at December 31, 2017 relative to December 31, 2016.

During the year, the Corporation also recognized a $0.6 million loss on its strategic investments. Included in the loss is the recognition of a $1.0 million loss on sale of investments year to date which had an original cost of $2.8 million, for proceeds of $1.8 million.

Liquidity and Capital Resources

	Three Months Ended December 31			Year Ended December 31		
($ millions)	2017	2016	Change	2017	2016	Change
Cash provided by (used in):						
Operating activities	**5.8**	3.9	1.9	**34.3**	51.9	(17.6)
Investing activities	**1.0**	5.8	(4.8)	**(3.2)**	(43.3)	40.1
Financing activities	**(11.6)**	(8.1)	(3.5)	**(34.9)**	3.8	(38.7)
Effect of exchange rate changes	**0.3**	0.9	(0.6)	**(1.4)**	(0.6)	(0.8)
Increase (decrease) in cash and cash equivalents	**(4.5)**	2.5	(7.0)	**(5.2)**	11.8	(17.0)

	As At		
	December 31, 2017	December 31, 2016	Change
Working capital(1)	53.7	28.6	25.1
Working capital ratio(1)	3.2:1	1.5:1	1.7:1
Net cash(1)	22.1	3.3	18.8
Undrawn availability under debt facilities	45.0	21.0	24.0

(1) See 'non-IFRS Measures' on page 13

High Arctic continues to maintain a strong balance sheet with $22.1 million in cash and no debt outstanding on its credit facility as at December 31, 2017. During the fourth quarter of 2017, the Corporation paid an intercompany dividend to repatriate cash from PNG in the amount of $12.9 million less dividend withholding taxes of $1.9 million. The net proceeds received from the intercompany dividend were applied to extinguish the Corporation's outstanding bank debt.

The Bank of PNG policy continues to encourage the use of the local market currency (Kina). Due to High Arctic's requirement to transact with international suppliers and customers, High Arctic has received approval from the Bank of PNG to maintain its U.S. dollar account within the conditions of the Bank of PNG currency regulations. The Corporation has taken steps to increase its use of PNG Kina for local transactions when practical. Included in the Bank of PNG's conditions, is for future PNG drilling contracts to be settled in PNG Kina, unless otherwise approved by the Bank of PNG for the contracts to be settled in U.S. dollars. The Corporation has received such approval for its existing contracts as well as extensions or amendments of its existing contracts with its key customer in PNG. The Corporation will continue to seek Bank of PNG approval for future customer contracts to be settled in U.S. Dollars on a contract by contract basis, however, there is no assurance the Bank of PNG will continue to grant these approvals.

If such approvals are not received, the Corporation's PNG drilling contracts will be settled in PNG Kina which would expose the Corporation to exchange rate fluctuations related to the PNG Kina. In addition, this may delay the Corporation's ability to receive U.S. Dollars which may impact the Corporation's ability to settle U.S. Dollar denominated liabilities and repatriate funds from PNG on a timely basis. The Corporation also requires the approval from the PNG Internal Revenue Commission ("IRC") to repatriate funds from PNG and make payments to non-resident PNG suppliers and service providers. While delays can be experienced for the IRC approvals, such approvals have been received in the past.

Operating Activities

Consistent with the decrease in Adjusted EBITDA for 2017, funds provided from operations decreased 24% to $45.2 million for 2017 from $59.8 million in 2016. After working capital adjustments, net cash generated from operating activities during 2017 was $34.3 million compared to $51.9 million in 2016. Funds provided from operations for the three months ended December 31, 2017 were $9.3 million (2016 - $15.9 million). The decrease in funds provided from operations for the quarter relates to reduced Adjusted EBITDA combined with dividend withholding tax payments and increased interest expense. After working capital adjustments, net cash generated from operating activities during the fourth quarter was $5.8 million compared to $3.9 million for 2016.

Investing Activities
High Arctic incurred $6.8 million in capital expenditures during the year (2016 - $52.4 million) primarily related to maintenance capital and upgrades to the Corporation's well servicing rigs to enhance the efficiencies and marketability of rigs in the Corporation's various operating areas. Further capital investment and rig enhancements will be made as driven by customer demand and operating requirements. The higher capital expenditures incurred in 2016 primarily related to the assets acquired in the Tervita Acquisition.

During the year, the Corporation generated $1.8 million in cash from the sale of a portion of its short-term investments and $1.0 million in cash from the sale of equipment.

Financing Activities
During the third quarter of 2016 the Corporation drew down $40.0 million on its debt facilities to fund the Tervita Acquisition, which was fully repaid during 2017. Throughout 2017, the Corporation declared a monthly dividend of $0.0165 per share, resulting in year to date total dividends paid to shareholders of $10.5 million.

Credit Facility
In the first quarter of 2017, High Arctic renewed its existing credit facility. As at December 31, 2017, High Arctic's credit facility consisted of a $45.0 million revolving loan facility which matures on August 31, 2019. The facility is renewable with the lender's consent and is secured by a general security agreement over the Corporation's assets.

The available amount under the $45.0 million revolving loan facility is limited to 60% of the net book value of the Canadian fixed assets plus 75% of acceptable accounts receivable (85% for investment grade receivables), plus 90% of insured receivables, less priority payables as defined in the loan agreement. As at December 31, 2017, no amounts were drawn on the facility and total credit available to draw was $45.0 million.

Outlook

Activity for the Corporation's Canadian operations has steadily improved through 2017 with this strength continuing thus far into 2018, with operating hours for High Arctic's Concord rigs up 7% quarter to date in 2018 versus the first quarter of 2017. This positive sentiment is also seen in the drilling sector with the CAODC and PSAC projecting slight increases in drilling activity in 2018 relative to 2017.

In order to meet this increase in activity, High Arctic continues to focus on recruiting efforts to attract and retain sufficient field staff to meet demand for the Corporation's services. Shortages of skilled labor remain a challenge in the industry as the prolonged industry slow down over the last number of years has resulted in a portion of the field workforce gaining employment in other industries or geographical locations. The industry slowdown has also curtailed investment in maintenance capital in the industry which may limit the available industry fleet to meet demand. This reduction in supply is anticipated to help improve the supply/demand balance in the industry.

The tightening of supply has provided the Corporation opportunities to improve pricing for its services in Canada, however, increasing labor and supply costs are partially offsetting the impact of these pricing gains. These pricing gains are largely limited to the Corporation's non-contracted services as the Corporation is limited to provisions within the various customer contracts to adjust pricing for its contracted pricing arrangements with its key customers.

In response to the improving activity levels, High Arctic's board of directors approved a $13.3M capital budget for 2018, of which approximately $8.3 million is anticipated to be invested in the Corporation's Canadian operations on maintenance capital and other enhancements to the Corporation's fleet. The remaining capital budget is anticipated to be invested in the Corporation's international operations. This continued investment in maintaining the Corporation's operating fleet as well as High Arctic's ongoing recruiting efforts are being undertaken in an effort to position High Arctic to be able to meet anticipated increases in customer demand.

In PNG, Rig 405, the fast-moving rig, had been on standby following the temporary shutdown in operations caused by local landowner issues in February. On February 25, 2018, PNG was impacted by a large earthquake and subsequent aftershocks which impacted the area where Rig 405 is operating. As a result of the earthquake and subsequent aftershocks, High Arctic's customer has continued the suspension of activity on the site under Force Majeure. While under Force Majeure, the Corporation will generate its reduced Force Majeure rates which is largely offset by lower operating costs resulting in no material financial impact to the Corporation. While a full assessment has not yet been completed, it appears that the rig and support equipment only sustained minor damage, and the Corporation's customer is completing further site assessments to determine when operations can recommence. The Corporation's other operations remain largely unaffected.

Rig 115 has commenced mobilization to Kimu for a targeted well spud date in April and is anticipated to remain active on its contracted drilling program until the third quarter of 2018. The Corporation is in discussions with another customer on additional work for this rig following completion of its existing contract commitment. Rig 104 commenced mobilization to its next well location in Muruk and is anticipated to spud the well in May. Rig 103 is currently stacking in the forward base in the Southern Highlands where it will await its next assignment and Rig 116 remains under contract in Port Moresby.

High Arctic continues to progress discussions with its key customer in PNG related to the formation of a joint drilling company in PNG or other commercial arrangement, while drilling operations continue under existing operating agreements. The negotiation term under the initial letter of intent has now expired, however, High Arctic and its key customer remain active in progressing discussions relating to the potential formation of a top tier consolidated drilling entity in PNG. High Arctic will continue to provide further updates as these discussions progress.

Business Risks and Uncertainties

In addition to the financial risks discussed above under "Financial Risk Management", below under "Forward Looking Statements" and elsewhere in this Press Release, High Arctic is exposed to a number of business risks and uncertainties that could have a material impact on the Corporation. Readers of the Corporation's Press Release should carefully consider the risks described under the heading "Risk Factors" in the Corporation's recently filed AIF for the year ended December 31, 2017, which are specifically incorporated by reference herein. The AIF is available on SEDAR at www.sedar.com, a copy of which can be obtained on request, without charge, from the Corporation.

Non-IFRS 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

Adjusted EBITDA is calculated based on EBITDA (as referred to above) prior to the effect of share-based compensation, gains or losses on sales or purchases of assets or investments, business acquisition costs, excess of insurance proceeds over costs and foreign exchange gains or losses. Management believes the addback for these items provides a more comparable measure of the Corporation's operational financial performance between periods. Adjusted EBITDA as presented is not intended to represent net earnings or other measures of financial performance 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 December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Net earnings for the period	**3.5**	7.5	**20.3**	45.1
Add:				
Interest and finance expense	**0.1**	0.3	**1.0**	0.7
Income taxes	**1.6**	3.2	**11.1**	10.5
Depreciation	**6.6**	7.2	**25.9**	24.4
EBITDA	**11.8**	18.2	**58.3**	80.7
Adjustments to EBITDA:				
Gain on acquisition	**-**	-	**-**	(12.7)
Acquisition costs expensed	**-**	0.9	**-**	2.3
Share-based compensation	**0.5**	0.2	**0.7**	1.1
Gain on sale of assets	**-**	-	**-**	(0.1)
Foreign exchange (gain) loss	**0.1**	(1.0)	**(0.7)**	(0.5)
Adjusted EBITDA	**12.4**	18.3	**58.3**	70.8

Adjusted Net Earnings

Adjusted net earnings is calculated based on net earnings prior to the effect of gains and transaction costs incurred for acquisitions. Management utilizes Adjusted net earnings to present a measure of financial performance that is more comparable between periods. Adjusted net earnings as presented is not intended to represent net earnings or other measures of financial performance calculated in accordance with IFRS. Adjusted net earnings per share and Adjusted net earnings per share – diluted are calculated as Adjusted net earnings divided by the number of weighted average basic and diluted shares outstanding, respectively. The following tables provide a quantitative reconciliation of net earnings to Adjusted net earnings for the three months and year ended December 31:

$ millions	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Net earnings for the period	**3.5**	7.5	**20.3**	45.1
Adjustments to net earnings:				
Gain on acquisition	-	-	-	(12.7)
Acquisition costs expensed	-	0.9	-	2.3
Adjusted net earnings	**3.5**	8.4	**20.3**	34.7

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.

$ millions	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue	**51.5**	62.3	**210.2**	208.0
Less:				
Oilfield services expense	**35.1**	39.7	**134.8**	122.4
Oilfield Services Operating Margin	**16.4**	22.6	**75.4**	85.6
Oilfield Services Operating Margin (%)	**32%**	36%	**36%**	41%

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 December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Net cash generated from operating activities	**5.8**	3.9	**34.3**	51.9
Less:				
Net changes in items of non-cash working capital	**3.5**	12.0	**10.9**	7.9
Funds provided from operations	**9.3**	15.9	**45.2**	59.8

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 and is calculated as follows:

	As At	
$ millions	December 31, 2017	December 31, 2016
Current assets	**77.1**	90.7
Less:		
Current liabilities	**(23.4)**	(62.1)
Working capital	**53.7**	28.6

Net cash

Net cash is used by management to analyze the amount by which cash and cash equivalents exceed the total amount of long-term debt and bank indebtedness or vice versa. 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 follows:

	As At	
$ millions	**December 31, 2017**	**December 31, 2016**
Cash and cash equivalents	**22.1**	27.3
Less:		
Long-term debt	**-**	(24.0)
Net cash	**22.1**	3.3

High Arctic Energy Services Inc.

Consolidated Statements of Financial Position

As at December 31, 2017 and 2016

Unaudited - Canadian $ Millions

	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	22.1	27.3
Accounts receivable	40.4	49.1
Short term investments	2.4	4.8
Inventory	10.0	8.8
Income taxes receivable	1.3	-
Prepaid expenses	0.9	0.7
	77.1	90.7
Non-current assets		
Property and equipment	182.9	209.2
Deferred tax asset	7.0	5.2
Total assets	**267.0**	**305.1**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	20.3	33.9
Dividend payable	0.9	0.9
Current portion of finance lease obligation	1.2	1.7
Current portion of deferred revenue	1.0	1.6
Current portion of long-term debt	-	24.0
	23.4	62.1
Non-current liabilities		
Deferred revenue	-	0.9
Finance lease obligation	0.5	-
Unfavourable lease liability	3.1	3.3
Deferred tax liability	9.2	8.6
Total liabilities	**36.2**	**74.9**
Shareholders' equity	**230.8**	**230.2**
Total liabilities and shareholders' equity	**267.0**	**305.1**

High Arctic Energy Services Inc.

Consolidated Statements of Earnings and Comprehensive Income

For the years ended December 31, 2017 and 2016

Unaudited - Canadian $ Millions, except per share amounts

	2017	2016
Revenue	210.2	208.0
Expenses		
Oilfield services	134.8	122.4
General and administration	17.1	14.8
Depreciation	25.9	24.4
Share-based compensation	0.7	1.1
	178.5	162.7
Operating earnings for the year	**31.7**	**45.3**
Acquisition costs	-	2.3
Gain on acquisition	-	(12.7)
Foreign exchange gain	(0.7)	(0.5)
Gain on sale of property and equipment	-	(0.1)
Interest and finance expense	1.0	0.7
Net earnings before income taxes	**31.4**	**55.6**
Current income tax expense	11.9	8.9
Deferred income tax expense (recovery)	(0.8)	1.6
	11.1	10.5
Net earnings for the year	**20.3**	**45.1**
Earnings per share:		
Basic	0.38	0.85
Diluted	0.38	0.84

	2017	2016
Net earnings for the year	20.3	45.1
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Foreign currency translation losses for foreign operations	(9.5)	(4.3)
Items that will not be reclassified to profit or loss:		
Gains (losses) on short term investments, net of tax	(0.6)	3.2
Comprehensive income for the year	**10.2**	**44.0**

High Arctic Energy Services Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016
Unaudited - Canadian $ Millions

	2017	2016
Net earnings for the period	20.3	45.1
Adjustments for non-cash items:		
Depreciation	25.9	24.4
Provision for onerous lease	(0.4)	0.3
Share-based compensation	0.7	1.1
Gain on acquisition	-	(12.7)
Gain on sale of property and equipment	-	(0.1)
Foreign exchange (gain) loss	(0.5)	0.1
Deferred income tax expense (recovery)	(0.8)	1.6
	45.2	59.8
Net changes in items of working capital	(10.9)	(7.9)
Net cash generated from operating activities	34.3	51.9
Investing activities		
Additions of property and equipment	(6.8)	(9.6)
Business acquisition	-	(42.8)
Disposal of short term investments	1.8	9.0
Disposal of property and equipment	1.0	0.1
Net changes in items of working capital	0.8	-
Net cash used in investing activities	(3.2)	(43.3)
Financing activities		
Long-term debt proceeds	11.7	42.6
Long-term debt repayments	(35.7)	(22.6)
Dividend payments	(10.5)	(10.5)
Purchase of common shares for cancellation	-	(6.5)
Issuance of common shares, net of costs	0.3	1.6
Finance lease obligation payments	(0.7)	(0.8)
Net cash from (used in) investing activities	(34.9)	3.8
Effect of exchange rate changes	(1.4)	(0.6)
Net change in cash and cash equivalents	(5.2)	11.8
Cash and cash equivalents - beginning of year	27.3	15.5
Cash and cash equivalents - end of year	**22.1**	**27.3**
Cash paid for:		
Interest	1.1	0.7
Income taxes	12.5	15.2

Forward-Looking Statements

This Press Release contains forward-looking statements. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions are intended to identify forward-looking statements. Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation’s actual results, performance or achievements to vary from those described in this Press Release. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Press Release as intended, planned, anticipated, believed, estimated or expected. Specific forward-looking statements in this Press Release include, among others, statements pertaining to the following: general economic and business conditions which will, among other things, impact demand for and market prices for the Corporation’s services; expectations regarding the Corporation’s ability to raise capital and manage its debt obligations; the Corporation’s ability to negotiate and execute agreements to effect the proposed joint company with its customer for business operations in PNG; future acquisitions and growth opportunities; the impact of the Tervita Acquisition on the Corporation’s financial and operational performance and growth activities; commodity prices and the impact that they have on industry activity; estimated capital expenditure programs for fiscal 2018 and subsequent periods; projections of market prices and costs; factors upon which the Corporation will decide whether or not to undertake a specific course of operational action or expansion; the Corporation’s ongoing relationship with major customers; treatment under governmental regulatory regimes and political uncertainty and civil unrest; the Corporation’s ability to maintain a U.S. dollar bank account and conduct its business in U.S. dollars in PNG; and the Corporation’s ability to repatriate excess funds from PNG as approval is received from the Bank of PNG and the PNG Internal Revenue Commission.

With respect to forward-looking statements contained in this Press Release, the Corporation has made assumptions regarding, among other things, its ability to: obtain equity and debt financing on satisfactory terms; market successfully to current and new customers; the general continuance of current or, where applicable assumed industry conditions; activity and pricing; assumptions regarding commodity prices, in particular oil and gas; the Corporation’s primary objectives, and the methods of achieving those objectives; obtain equipment from suppliers; construct property and equipment according to anticipated schedules and budgets; remain competitive in all of its operations; and attract and retain skilled employees.

The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and elsewhere in this Press Release, along with the risk factors set out in the most recent Annual Information Form filed on SEDAR at www.sedar.com.

The forward-looking statements contained in this Press Release are expressly qualified in their entirety by this cautionary statement. These statements are given only as of the date of this Press Release. The Corporation does not assume any obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

About High Arctic

High Arctic is a publicly traded company listed on the Toronto Stock Exchange under the symbol “HWO”. 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 well servicing, 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.

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