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High Arctic Announces 2020 Third Quarter Financial and Operating Results

CALGARY, Canada – November 12, 2020 – High Arctic Energy Services Inc. (TSX: HWO) (the "Corporation" or "High Arctic") released its third quarter results today.

Mike Maguire, Chief Executive Officer commented:

"*The health and economic environments have remained challenging through this quarter. The action we took in April to restructure and flatten our management reporting lines, remove costs, suspend our dividend and reduce our capex have ensured that we can navigate this period focused on high quality safe and effective operations, maintaining the health of our employees and our stellar QHSE reputation.*

We recognize the importance of communication, and maintain open dialogue with our customers, bankers and government while planning for the recovery of the energy sector. On a personal note, it was humbling to speak with and thank the small core of international employees who returned home in October after seven straight months of service in Papua New Guinea."

Highlights

The following highlights the Corporation's results for Q3-2020 and YTD-2020:

- Revenue of \$18.5 million and \$74.2 million for the three and nine months ended September 30, 2020 (2019 - \$49.6 million and \$142.7 million, respectively) and adjusted EBITDA of \$3.4 million and \$7.3 million (2019 - \$6.3 million and \$15.8 million) for the Quarter and YTD, respectively. This included Canadian Emergency Wage Subsidy ("CEWS") benefits, which provided \$4.9 million on a YTD basis (Q3-2020 - \$2.8 million) to retain a well-positioned and skilled workforce.
- Achieved several quality and safety milestones:
    - PNG operations reached four years of continuous work Total Recordable Incident Free on August 24, 2020,
    - Canadian operations reached two years Lost Time Injury Free on September 29, 2020,
    - 7.5 years Total Recordable Incident Free in October 2020 at our Cold Lake operations with our largest and longest standing Canadian customer, and
    - High Arctic was once again recognized by the IADC-AC with the 2019 Australasian Safety Statistics Award, the fourth such award in the past five years.
- Focus on working capital management to preserve our cash balances and maintain a strong balance sheet during the current global coronavirus ("**COVID-19**") crisis has demonstrated High Arctic's resilience and positioning for recovery in step with customer opportunities:
    - Strong working capital position of \$40.6 million at September 30, 2020, and includes a cash balance of \$33.2 million,
    - Subsequent to Q3-2020, renewed our revolving bank loan facility and extended the term 2 years through to August 31, 2023. The maximum availability remains at \$45.0 million, of which \$10.0 million has been drawn, with similar covenants, margin requirements and conditions.
- The Corporation resumed purchasing shares under its' Normal Course Issuer Bid ("**NCIB**") late in the Quarter.

As demonstrated through 2020 results, the Corporation continues to execute on its 2020 strategic priorities, including:

- Safety excellence and a focus on quality service delivery through consistent global standards, including safeguarding our people against COVID-19.
- Reinforcement of existing core markets evidenced by top-tier customer market share in Canada and PNG.
- Cost control focused on operating cash flow while balancing strategic priorities, to emerge from the current conditions ready to reactivate and grow, and
- Capital stewardship characterized by disciplined working capital management and capital allocation to maintain value for shareholders including common share buybacks, where appropriate.

The unaudited interim consolidated financial statements ("Financial Statements") and management discussion & analysis ("MD&A") for the quarter ended September 30, 2020 will be available on SEDAR at www.sedar.com, and on High Arctic's website at www.haes.ca. Non-IFRS measures, such as EBITDA, Adjusted EBITDA, Adjusted net earnings (loss), Oilfield services operating margin, Operating margin %, Percent of revenue, Funds provided from operations, Working capital and Net cash are included in this News Release. See Non-IFRS Measures section, below. All amounts are denominated in Canadian dollars ("CAD"), unless otherwise indicated.

Within this News Release, the three months ended September 30, 2020 may be referred to as the "**Quarter**" or "**Q3-2020**", and similarly the nine months ended September 30, 2020 may be referred to as "**YTD-2020**". The comparative three months ended September 30, 2019 may be referred to as "**Q3-2019**", and similarly the nine months ended September 30, 2019 may be referred to as "**YTD-2019**". References to other quarters may be presented as "**QX-20XX**" with X being the quarter/year to which the commentary relates.

Outlook

For High Arctic, the year 2020 has been an exercise in thoughtful management, amidst the global instability created by COVID-19. This included preparing for a serious disruption in economic growth and oil demand destruction, resulting in necessary personnel redundancies, management restructuring, commitment to strict cost control, and actively managing key relationships with our lender, customers and vendors. On the whole, the ability for the Corporation to continue operating and remain focused on strategic solutions has ensured that a solid footing has remained in-tact.

The outlook for the global energy industry continues to be challenging. Commodity price increases have continued through Q3-2020, albeit at a slower rate, and signal the expectation of an increase in energy demand, particularly coming into the northern hemisphere winter season.

Notwithstanding these developments, with continued rapid growth in COVID-19 cases in the US and subsequent waves becoming a reality in various communities around the world, it continues to be possible that the appreciation of commodity prices and improvement in price stability may be compromised before a vaccine or other solutions are realized.

Resilience, adaptability, and seizing strategic opportunities will continue to be essential in the coming months and quarters. The reality is that COVID-19 is not a short-term situation and an unsettled political environment in the places where we operate create substantive immediate and mid-term uncertainty.

High Arctic's near-term outlook will continue to be impacted until such time as the COVID-19 pandemic stabilizes including the reduction of rebound shut-downs, world economies are able to heat back up, and when travel restrictions are removed. In addition, the impact of potential impairment charges, the increased risk of collectability of accounts receivable and measurement uncertainty associated with these considerations will continue to be relevant in future periods if conditions persist or worsen. The Corporation's operating plan provides options to prudently manage operations and prioritize financial flexibility.

We continue to consider this an environment to prudently conserve capital. We are focused on strategies that lead to cost efficiency, building upon our decision to combine management teams and generate positive cash flow in a depressed market. During the third quarter, we idled our operations in Colorado and North Dakota, and in early November we implemented a further streamlined global management and support structure, eliminating a further $1.0 million in annual indirect costs, while not compromising on front-line worker compensation, training, supervision or field QHSE support. High Arctic has maintained readiness of fleet and our investment in personnel is aimed at being front positioned for an increase in activity.

In Papua New Guinea, the Corporation’s Drilling Services remain suspended, however, we continue to provide some skilled personnel and rental services to assist our customers to maintain production while travel is still restricted. We maintain ongoing dialogue with major customers towards planning an effective return to work amid ongoing constraints, leveraging off our demonstrated recent and long-term capacity as a PNG specialist contractor.

In Canada, we have continued working with our core high value customers in a cost constrained operating environment where we have maintained the utilization levels gained in Q2, amid substantive competition. We have advanced our investigation of technology to deliver on our customers needs for reliable, low cost well work solutions that reduce environmental impact while creating job opportunities for oilfield workers. We have established the Seh’ Chene Partnership with the Saa Dene Group, led by internationally respected business leader and philanthropist, Mr. Jim Boucher, who was the Fort McKay First Nation’s Chief for over 30 years. It is Seh’ Chene’s mission to execute dependable high-quality energy services, focused on environmental stewardship, while creating opportunity for local Indigenous communities and individuals.

High Arctic remains confident of increasing work both through the new Seh’ Chene Partnership and in our core business, driven in the near term by customer restoration of shut-in production, the well abandonment stimulus programs and our customers growing realization of the opportunity to deliver on Environmental, Social and Governance (“ESG”) obligations while reducing end of life well abandonment cost liabilities.

High Arctic believes we are positioned to manage through these challenging times given our decisive actions, our continued focus on pruning unprofitable operations, chasing cost efficiencies, maintaining adequate readiness and delivering quality services in a socially responsible manner. Our people continue to focus on quality as measured by safety performance excellence and long-term customer relationships. The health of our balance sheet, our strong working capital position, the renewed and extended $45.0 million credit facility, and the skill of our management team provide us the ability to weather the economic slowdown.

Consolidation among exploration and production companies is well underway and opportunities for consolidation in the energy services sector persist. Business combinations and acquisitions will be reviewed to the extent they strengthen our service base and enhance shareholder value, but are not our primary focus.

Results Overview

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

($ millions, except per share amounts)	For the three months ended September 30 2020	2019	For the Nine months ended September 30 2020	2019
Revenue	**18.5**	49.6	**74.2**	142.7
EBITDA (1)	**2.8**	6.9	**9.7**	17.7
Adjusted EBITDA (1) (3)	**3.4**	6.3	**7.3**	15.8
Adjusted EBITDA as % of revenue	**18%**	13%	**10%**	11%
Operating loss	**(5.0)**	(0.8)	**(15.9)**	(5.5)
Net loss	**(6.2)**	(1.1)	**(14.4)**	(6.1)
Per share (basic and diluted) (2)	**(0.12)**	(0.02)	**(0.29)**	(0.12)
Funds provided from operations (1)	**2.2**	5.3	**5.1**	12.2
Per share (basic and diluted) (2)	**0.05**	0.11	**0.10**	0.24
Dividends	**-**	2.4	**1.6**	7.4
Per share (basic and diluted) (2)	**-**	0.05	**0.03**	0.15
Capital expenditures	**0.6**	3.0	**3.8**	9.9
Capital expenditures – acquisitions	-	-	-	8.3

($ millions, except share amounts)	As at and for Nine months/ year ended September 30 2020	December 31 2019
Working capital (1)	**40.6**	35.8
Cash, end of period	**33.2**	9.3
Total assets	**232.8**	251.8
Total long-term financial liabilities	**8.3**	9.1
Shareholders' equity	**192.9**	205.6
YTD/share (basic and diluted)(2)	**3.89**	4.11
Common shares outstanding, millions	**49.8**	49.6

(1) Readers are cautioned that EBITDA (Earnings before interest, tax, depreciation and amortization), Adjusted EBITDA, Adjusted net earnings, Funds provided from operations, and working capital do not have standardized meanings prescribed by IFRS – see "Non IFRS Measures" on page 20 for calculations of these measures.

(2) The number of common shares used in calculating net loss per share, funds provided from operations per share, dividends per share and shareholders' equity per share is determined as explained in Note 7 of the Financial Statements.

(3) Adjusted EBITDA includes the impact of wage subsidies (CEWS) recorded.

Operating Highlights	Three months ended September 30 2020	2019	Nine months ended September 30 2020	2019
Revenue:				
Drilling Services	**$ 4.7**	$ 18.7	**$ 23.8**	$ 58.0
Production Services	**12.6**	24.3	**44.0**	68.1
Ancillary Services	**1.6**	7.4	**7.7**	19.0
Inter-segment eliminations	**(0.4)**	(0.8)	**(1.3)**	(2.4)
	$ 18.5	$ 49.6	**$ 74.2**	$ 142.7
Production Services - Canada:				
Service rigs:				
Average fleet	**50**	57	**50**	57
Utilization	**39%**	51%	**43%**	53%
Operating hours	**17,956**	26,481	**59,613**	81,780
Revenue per hour ($)	**564**	586	**589**	606
Snubbing rigs:				
Average fleet	**8**	18	**8**	17
Utilization	**17%**	17%	**19%**	16%
Operating hours	**1,228**	2,810	**4,358**	7,300
Production Services - US:				
Service rigs:				
Average fleet	**2**	2	**2**	2
Utilization	**37%**	112%	**30%**	62%
Operating hours	**690**	2,069	**1,903**	3,357
Revenue per hour ($)	**846**	1,030	**883**	1,043
Snubbing rigs:				
Average fleet	**6**	6	**6**	6
Utilization	**2%**	34%	**7%**	23%
Operating hours	**134**	1,867	**1,138**	3,825

Third Quarter 2020:

- High Arctic reported revenue of $18.5 million, incurred a net loss of $6.2 million and realized Adjusted EBITDA of $3.4 million during Q3-2020. This compares to Q3-2019, with revenue of $49.6 million, a net loss of $1.1 million and Adjusted EBITDA of $6.3 million. Changes were mainly due to $31.1 million of reduced revenue, attributable predominantly to lack of drilling in PNG and reduced levels of production services activity in Canada, offset by reduced operating and administrative costs of $28.2 million compared to Q3-2019.
- CEWS provided $2.8 million in wage subsidy relief, of which $2.4 million related to Oilfield services expenses and $0.4 million to General and administrative expenses.
- Utilization for High Arctic's 50 registered Concord Well Servicing rigs was 39% in the Quarter versus industry utilization of 20% (source: Canadian Association of Oilwell Drilling Contractors "**CAODC**").
- There were no dividends declared or paid in Q3-2020, compared to $2.4 million in Q3-2019 ($0.05 per share).
- Cash decreased by $0.3 million during Q3-2020 as compared to a decrease of $2.6 million in Q3-2019.
- No further amounts were drawn on the Corporation's loan facility remaining of up to $35.0 million, and as disclosed on October 15, 2020, the Corporation renegotiated its' facility agreement, extending it to August 31, 2023, and
- High Arctic repurchased and cancelled 145,500 common shares under the existing NCIB during the Quarter. Further, 943,600 common shares were repurchased at a cost of $0.7 million and cancelled subsequent to September 30, 2020 under this same NCIB up to November 12, 2020.

Year to date 2020:

- High Arctic reported revenue of $74.2 million, incurred a net loss of $14.4 million and realized Adjusted EBITDA of $7.3 million YTD-2020. This compares to YTD-2019, which had revenue of $142.7 million, a net loss of $6.1 million and Adjusted EBITDA of $15.8 million. Changes were mainly attributable to reduced activity which decreased revenue by $68.5 million, offset by decreases in operating and administrative costs of $60.0 million. YTD-2020 results included $0.9 million in restructuring costs, and additional bad debt provision of $0.6 million over YTD-2019.
- Although dividends amounting to approximately $0.8 million per month were suspended in March 2020, YTD-2020 dividends amounted to $1.6 million ($0.03 per share), compared to $7.4 million in YTD-2019 ($0.15 per share).
- YTD-2020, High Arctic repurchased and cancelled 145,500 common shares through the existing NCIB. Further, 943,600 common shares were repurchased at a cost of $0.7 million and cancelled subsequent to September 30, 2020 under this same NCIB up to November 12, 2020.

Responding to Global Developments

The impact of suppressed oil prices and COVID-19 has been very challenging. At the outset, and during Q3-2020, COVID-19 continued to impact the global economy, with governments around the world attempting to balance the implementation of measures to contain the virus against the need to open up economies. As economies successfully open up, the demand for energy including crude oil along with other products and services will also increase, however the timing of these events continues to be uncertain.

Market pressures, movement increase and the actions by the Organization of Petroleum Exporting Countries ("**OPEC**") and non-OPEC members, maintained some stability of the overall global supply of oil during Q3-2020, though the end of the North American summer driving season in September brought with it a drop in consumer demand. The emergence of China and other Asian nations from COVID-19 restrictions also resulted in a net increase in LNG imports, which coupled with an increase in energy use in developed nations improved natural gas demand. Notwithstanding the late quarter commodity price instability, closing benchmark crude oil prices at September 30, 2020 have increased slightly by 3% over June 30, 2020.

As customers continue to decrease their capital and other spending re-forecasts to manage through this crisis event, the market for our services will remain under pressure, with an uncertain end date.

High Arctic's quick adjustment to the severe financial impact of COVID-19 together with commodity price pressure implications, has resulted in measures to reduce certain cash outflows over prior-year 2019 levels including:

- A 62% reduction in capital expenditures, where YTD-2020 capital spending of $3.8 million compares to YTD-2019 capital spending of $9.9 million.
- The suspension of monthly shareholder dividends in March 2020 has decreased cash outflows by $2.4 million in Q3-2020 compared to Q3-2019, and has resulted in a YTD reduction in cash outflows of $5.8 million.
- The Company completed necessary downsizing of its workforce, where a total reduction of approximately 40% at executive, management and support personnel levels was made.
- Acceleration of changes to globalize processes and reduce fixed infrastructure costs, and
- Board Executive Committee oversight as the Corporation operates through the COVID-19 crisis and beyond.

High Arctic's focus remains on being well positioned to navigate through the uncertainty with capacity ready for deployment as markets recover and activity levels increase, and includes:

- Sustained emphasis on the safety and well being of our people through mature health, safety and environment policies.
- Renewal and extension of contracts at modest rate reductions with a core customer base in Canada.
- Continued support services to our major customers in PNG.
- Continued use of wage subsidy programs to maintain regional workforce strength.
- Carefully controlling recertification and maintenance expenditures enabling High Arctic to have equipment poised for quick activation from all our regional bases, and
- Strong liquidity position, with cash of $33.2 million combined with up to $35.0 million of remaining Bank Facility borrowing capacity.

High Arctic continues to maintain close working relations with its customers and focus on high quality customer service differentiation as an absolute imperative. These attributes have been, and continue to be, key principles for High Arctic throughout the energy industry economic cycle.

The Corporation remains acutely aware that the impact to our customers' spending and their ability to pay for work completed on a timely basis could have a significant impact on High Arctic's financial and operating results and we continue to work closely with our customers to ensure credit and operating risks are minimized.

The Canadian federal government's $1.7 billion well abandonment and site reclamation stimulus plan announced in April 2020 continues to slowly ramp up. Responsibility for fund distribution is assigned to the British Columbia, Alberta and Saskatchewan provincial governments. High Arctic has directly applied for hundreds of wells across the first tranches of the Alberta and Saskatchewan controlled programs, receiving a modest number of approvals with work commencing during the Quarter. With tens of thousands of inactive oil and gas wells across western Canada, we would expect that over the stimulus period, there will be meaningful opportunity for High Arctic to participate in the resulting work programs through our Production Services segment, as the focus shifts to securing, isolating and capping wellbores of increasing cost and complexity.

Liquidity and Capital Resources

Operating Activities

Cash provided from operations of $1.2 million for the Quarter (Q3-2019 - $2.6 million) resulted from $2.2 million of funds provided from operations (Q3-2019 - $5.3 million), offset by $1.0 million due to working capital changes (Q3-2019 – offset of $2.7 million), predominantly the payment of accounts payable offset by the collection of accounts receivable during the Quarter.

YTD-2020, cash provided from operations amounted to $17.6 million (YTD-2019 - $11.5 million), with funds provided from operations amounting to $5.1 million (YTD-2019 - $12.2 million), and working capital changes amounting to $12.5 million resulted from the net impact of the collection of accounts receivable of $25.1 million, which exceeded various liability payments.

Investing Activities

During the Quarter, the Corporation's cash used in investing activities amounted to $0.6 million (Q3-2019 – use of $2.7 million). Capital expenditures during the Quarter of $0.6 million (Q3-2019 - $3.0 million) accounted for the majority of this activity.

YTD-2020, cash used in investing activities totalled $0.2 million (YTD-2019 – use of $16.4 million). YTD-2020 capital expenditures amounted to $3.8 million (YTD-2019 - $9.9 million), proceeds of disposal were $5.0 million (YTD-2019 - $1.6 million), with working capital changes representing the balance of the change. In addition, YTD-2019 included a business acquisition amounting to $8.3 million associated with the acquisition of a snubbing business.

Financing Activities

During the Quarter, the Corporation did not draw further on its available long-term debt facility, and the balance was reclassified to current liabilities as the original facility due date was August 31, 2021. Subsequent to September 30, 2020, the facility has been renewed, with a revised maturity date of August 31, 2023. YTD-2020, $10.0 million of the maximum $45.0 million long-term debt facility has been drawn. No long-term debt existed at September 30, 2019.

High Arctic suspended dividends in March 2020, and as such no dividends were paid during Q3-2020. YTD-2020, $1.6 million in dividends were paid to shareholders, down $5.8 million from $7.4 million YTD-2019.

During the Quarter and YTD-2020, $0.1 million was paid to repurchase and cancel common shares under the existing NCIB, compared to $0.4 million and $5.1 million paid to repurchase and cancel common shares in Q3-2019 and YTD-2019, respectively, under NCIBs in place at that time.

Credit Facility

As at September 30, 2020, the Corporation had drawn $10.0 million (December 31, 2019 - $nil) of its $45.0 million revolving loan facility, which was set to mature on August 31, 2021 and is therefore recorded as a current liability ("Original facility").

Subsequent to September 30, 2020, the Original facility was renewed with the lender's consent, and the maturity date extended to August 31, 2023, as a three-year committed revolving facility ("Renewed facility"). The Renewed facility, like the Original facility, is renewable with the lender's consent, and is secured by a general security agreement over the Corporation's assets. The Renewed facility additionally provides for a $5.0 million overdraft for the duration of the term, and is inclusive of the $45.0 million available to the Corporation. This overdraft is not subject to covenant restrictions, however is dependent upon North American asset net book values remaining above $50.0 million.

The Renewed facility is limited to 60% of the net book value of the Canadian fixed assets plus 75% of acceptable accounts receivable (85% for bank facility defined investment grade receivables), plus 90% of insured receivables, less priority payables, less receivables that have been sold or factored, whether to the lender or another third party as defined in the loan agreement ("Margin Requirement").

Interest on the Renewed facility, which is independent of standby fees, is charged monthly at prime plus an applicable margin which fluctuates based on the Funded Debt to Covenant EBITDA ratio (defined below), where the applicable margin can range between 0.75% – 1.75% of the outstanding balance. Standby fees also fluctuate based on the Funded Debt to Covenant EBITDA ratio and range between 0.40% and 0.60% of the undrawn balance.

The Original and Renewed facility are subject to two financial covenants which are reported to the lender on a quarterly basis. As at September 30, 2020, the Corporation was in compliance with the two financial covenants under the credit facility. The first covenant requires the Funded Debt to Covenant EBITDA ratio to be under 3.0 to 1 and the second covenant requires Covenant EBITDA to Interest Expense ratio to be a minimum of 3.0 to 1. Both are calculated on the last day of each fiscal quarter on a rolling four quarter basis.

The covenant calculations at September 30, 2020 are:

Covenant	Required	As at September 30, 2020
Funded debt to Covenant EBITDA [(1)(2)]	3.0 : 1 Maximum	**0.94 : 1**
Covenant EBITDA to Interest expense [(2)]	3.0 : 1 Minimum	**18.03 : 1**

(1) Funded debt to Covenant EBITDA is defined as the ratio of consolidated Funded Debt to the aggregate EBITDA for the trailing four quarters. Funded debt is the amount of debt provided and outstanding at the date of the covenant calculation.

(2) EBITDA for the purposes of calculating the covenants, "Covenant EBITDA," is defined as net income plus interest expense, current tax expense, depreciation, amortization, future income tax expense (recovery), share based compensation expense less gains from foreign exchange and sale or purchase of assets. Interest expense excludes an impact from IFRS 16.

The Original and Renewed facility contain additional covenants and conditions impacting availability and repayment of borrowings under the facility. Events of default, which include material adverse change conditions, at the reasonable discretion of the lender, may result in facility indebtedness being immediately due and payable.

Non - IFRS Measures

This News Release contains references to certain financial measures that do not have a standardized meaning prescribed by International Financial Reporting Standards ("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 EBITDA, Adjusted EBITDA, Adjusted net earnings (loss), Oilfield services operating margin, Percent of revenue, Funds provided from operations, Working capital, and Net cash, none of which have standardized meanings prescribed under IFRS.

These financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), Cash from operating activities, current assets or current liabilities, cash and/or other measures of financial performance as determined in accordance with IFRS.

For additional information regarding non-IFRS measures, including their use to management and investors and reconciliations to measures recognized by IFRS, please refer to the Corporation's MD&A, which is available online at www.sedar.com and through High Arctic's website at www.haes.ca.

Forward-Looking Statements

This MD&A contains forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", "prepare", "determine" 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 MD&A.

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 MD&A as intended, planned, anticipated, believed, estimated or expected. Specific forward-looking statements in this MD&A 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; commodity prices and the impact that they have on industry activity; initiatives to reduce cash outlays over 2019 levels; elimination of annual indirect cost; continued safety performance excellence; realization of work from Site Rehabilitation Programs; oversight of working capital to maintain a strong balance sheet; estimated capital expenditure programs for fiscal 2020 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 USD bank account and conduct its business in USD 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 MD&A, 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 MD&A, 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 MD&A are expressly qualified in their entirety by this cautionary statement. These statements are given only as of the date of this MD&A. 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 Energy Services

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

For further information contact:

Michael J. Maguire
Chief Executive Officer
P: (587) 318-3826

Christopher C. Ames, CPA, CA
VP Finance & Chief Financial Officer
P: (587) 318-2218
info@haes.ca