NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. SECURITIES LAW

High Arctic Announces 2021 First Quarter Financial and Operating Results

CALGARY, Canada – May 13, 2021 – High Arctic Energy Services Inc. (TSX: HWO) (the "Corporation" or "High Arctic") released its' first quarter results today.

Mike Maguire, Chief Executive Officer commented:

"We navigated the difficult past twelve months with a keen focus on safe and effective operations and maintaining our reputation for superior quality service. High Arctic is emerging from the global crisis with a strong balance sheet and is positioned well to ride the improved market conditions in 2021. With oil and gas prices having sustained a return to pre-pandemic levels, our customer base is considering opportunities to expand their business activities. Sequential quarterly increases in utilization of our services in Canada has been achieved and I believe we are well placed for high growth in a significantly stronger Canadian market.

In PNG a Covid-19 spike put a stop to almost all activities during the quarter, resulting in a short-term drain on our earnings as we continued to maintain operational readiness. We expect to benefit from this readiness later in 2021 as government and industry covid-19 prevention strategies take hold, travel restrictions are lessoned and business activities increase. In addition, the Papua LNG partners recently announced remobilization to complete project pre-feed which is a key step on the pathway to a final investment decision. I believe that our commitment to PNG will, in time, provide significant upside for our shareholders."

HIGHLIGHTS

The following highlights the Corporation's results for Q1-2021:

- First quarter revenue of $17.8 million, EBITDA of $1.2 million, compared to $39.6 million and $5.5 million respectively in Q1-2020 and a slight improvement over Q4-2020 with $16.6 million and $0.7 million respectively.
- Total Energies SA recently announced its intention to remobilize teams and resources needed to proceed with development of the Papua LNG project.
- Balance sheet and liquidity remains strong with cash of $21.0 million, no long-term debt and liquidity that includes an undrawn $45.0 million revolving loan facility.
- Patent pending on a new low emission electric service rig design.

The Corporation's strategic priorities for 2021 include:

- Safety excellence and focus on quality service delivery through consistent global standards;
- Cost control focused on operating cash flow, while balancing strategic priorities to fuel growth;
- The pursuit of opportunities that secure the Corporation's future as a lower emissions energy services provider;
- Growth and divestiture opportunities that enhance shareholder value, align with our core service offerings, and are located in well understood markets; and
- Disciplined working capital management and capital stewardship to improve returns for shareholders that potentially include dividends and common share buybacks.

For more than a year High Arctic has been internally progressing work on a practical process to convert existing Concord well servicing rigs to a reliable, efficient and inexpensive electric drive. We are pleased to announce that patent is pending on the design and we plan to identify industry partners to further test the technology at a pilot site in 2021. We see tremendous opportunity for the deployment of this technology in Western Canada, particularly in thermal well applications where existing supply of electrical power of adequate capacity is already available. Crucially at this stage of development the upgraded service rig maintains its ability to self-propel down the highway. The upgrade is estimated to reduce the Co2 emissions of a well service rig over the well-bore by more than 35% compared to current diesel-powered rigs.

The unaudited interim consolidated financial statements ("Financial Statements") and management discussion & analysis ("MD&A") for the quarter ended March 31, 2021 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 March 31, 2021 may be referred to as the "**Quarter**" or "**Q1-2021**". The comparative three months ended March 31, 2020 may be referred to as "**Q1-2020**". References to other quarters may be presented as "**QX-20XX**" with X being the quarter/year to which the commentary relates.

RESULTS OVERVIEW

	For the three months ended March 31	
($ millions, except per share amounts)	**2021**	2020
Revenue	**17.8**	39.6
Net loss	**(5.2)**	(2.2)
Per share (basic and diluted) [(2)]	**(0.11)**	(0.04)
Oilfield services operating margin [(1)]	**3.3**	7.3
Oilfield services operating margin as a % of revenue [(1)]	***18.5%***	*18.4%*
EBITDA [(1)]	**1.2**	5.5
Adjusted EBITDA [(1)] [(3)]	**0.8**	2.7
Adjusted EBITDA as % of revenue [(1)]	***4.5%***	*6.8%*
Operating loss	**(6.2)**	(4.7)
Cash provided by (used in) operating activities	**(1.3)**	8.6
Per share (basic and diluted) [(2)]	**(0.03)**	0.17
Funds provided by operations [(1)]	**0.4**	2.0
Per share (basic and diluted) [(2)]	**0.01**	0.04
Dividends	**-**	1.6
Per share (basic and diluted) [(2)]	**-**	0.03
Capital expenditures	**0.8**	1.9
	As at	
($ millions, except share amounts)	**March 31, 2021**	December 31, 2020
Working capital [(1)]	**34.7**	44.8
Cash, end of period	**21.0**	32.6
Total assets	**197.6**	214.2
Long-term debt	**-**	10.0
Total long-term financial liabilities	**7.7**	7.8
Shareholders' equity	**171.3**	177.3
Per share (basic and diluted) [(2)]	**3.51**	3.58
Common shares outstanding, millions	**48.8**	48.8

(1) Readers are cautioned that Oilfield services operating margin, EBITDA (Earnings before interest, tax, depreciation and amortization), Adjusted EBITDA, Funds provided by operations, and working capital do not have standardized meanings prescribed by IFRS – see "Non IFRS Measures" on page 16 of the Q1-2021 MD&A for calculations of these measures.

(2) The number of common shares used in calculating net loss per share, cash provided by (used in) operating activities per share, funds provided by operations per share, dividends per share and shareholders' equity per share is determined as explained in Note 7(b) of the Financial Statements.
(3) Adjusted EBITDA includes the impact of wage and rent subsidies recorded.

First Quarter 2021 Summary:

- High Arctic reported revenue of $17.8 million, incurred a net loss of $5.2 million and realized Adjusted EBITDA of $0.8 million during Q1-2021. This compares to Q1-2020, with revenue of $39.6 million, a net loss of $2.2 million and Adjusted EBITDA of $2.7 million.
- Changes were mainly due to $21.8 million of reduced revenue, primarily attributable to the ongoing suspension of drilling activity in PNG and associated ancillary services and the impact of two extreme weather events that impacted some of the Corporations activity in Western Canada, partially offset by $2.1 million in reduced general and administrative costs attributable to the 2020 restructuring and cost reduction initiatives undertaken by management.
- Oilfield services operating margin decreased by 54.8% in Q1-2021 compared to Q1-2020 to $3.3 million from $7.3 million, with reductions of $3.2 million in Drilling Services and $1.5 million in Ancillary Services, partially offset by an increase of $0.7 million in Production Services.
- The CEWS provided $0.9 million in wage subsidy relief, of which $0.8 million offset Oilfield services expenses and $0.1 million offset General and administrative expenses.
- No dividends were paid in Q1-2021, compared to $1.6 million paid in Q1-2020 ($0.03 per share). High Arctic suspended its monthly dividend in March 2020.
- Cash decreased by $11.6 million in Q1-2021 as compared to a cash increase of $19.0 million in Q1-2020.
- The Corporation repaid the $10 million outstanding amount on its available $45 million revolving loan facility in March 2021. No amount is drawn under this facility as of the date of this News Release.
- Utilization for High Arctic's 49 registered Concord Well Servicing rigs was 48% in the Quarter versus industry utilization of 39% (source: Canadian Association of Oilwell Drilling Contractors "**CAODC**"), and
- High Arctic did not repurchase any shares under the NCIB in place during the Quarter.

Drilling Services Segment

	Three months ended March 31	
($ millions, unless otherwise noted)	**2021**	2020
Revenue	**0.8**	13.9
Oilfield services expense	**0.8**	10.7
Oilfield services operating margin	**-**	3.2
Operating margin (%)	***-%***	*23.0%*

Production Services Segment

	Three months ended March 31	
($ millions, unless otherwise noted)	**2021**	2020
Revenue	**15.4**	21.8
Oilfield services expense	**13.2**	20.3
Oilfield services operating margin	**2.2**	1.5
Operating margin (%)	***14.3%***	*6.9%*

Operating Statistics - Canada	Three months ended March 31 2021	2020
Service rigs:		
Average fleet	**49**	51
Utilization	**48%**	58%
Operating hours	**21,120**	26,899
Revenue per hour ($)	**600**	623
Snubbing rigs:		
Average fleet	**8**	9
Utilization	**28%**	31%
Operating hours	**2,009**	2,555

Ancillary Services Segment

($ millions, unless otherwise noted)	Three months ended March 31 2021	2020
Revenue	**2.2**	4.5
Oilfield services expense	**1.1**	1.9
Oilfield services operating margin	**1.1**	2.6
Operating margin (%)	***50.0%***	*57.8%*

Liquidity and Capital Resources

Operating Activities

Cash used in operating activities of $1.3 million for the Quarter (Q1-2020 – cash from operating activities of $8.6) was due to $0.4 million of funds provided by operations less $1.7 million due to working capital changes, mainly the increase in accounts receivable during the Quarter.

Investing Activities

During the Quarter, the Corporation's cash from investing activities amounted to $0.1 million (Q1-2020 – $1.9 million). Capital expenditures during the Quarter of $0.8 million (Q1-2020 - $1.9 million) were partially offset by proceeds on disposal of $0.6 million (Q1-2020 – $4.9 million). The balance of the change related to working capital balance changes for capital items.

Financing Activities

During the Quarter, the Corporation repaid the $10 million amount outstanding on its $45 million revolving debt facility from December 31, 2020.

Credit Facility

The Corporation has a $45.0 million revolving facility which has a maturity date of August 31, 2023, is renewable with the lender's consent, and is secured by a general security agreement over the Corporation's assets. The Corporation's loan facility is subject to two financial covenants which are reported to the lender on a quarterly basis. As at March 31, 2021, the Corporation remains in compliance with these two financial covenants under the credit facility.

The covenant calculations at March 31, 2021 are:

Covenant	Required	As at March 31, 2021
Funded debt to covenant EBITDA [(1)(2)]	3.0 : 1 Maximum	**0.0 : 1**
Covenant EBITDA to Interest expense [(2)]	3.0 : 1 Minimum	**32.64 : 1**

(1) Funded debt to covenant EBITDA is defined as the ratio of consolidated Funded Debt to the aggregate covenant 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.

Outlook

The rally in oil and gas prices in markets around the world continued throughout the first quarter of 2021 despite some challenges and the price rally continues to the date of this News Release. Benchmark indices including Brent Crude, WTI Crude, Western Canadian Select, LNG JKM, Henry Hub and Alberta Natural Gas all reached peaks not seen since the pre-pandemic period in Q1-2020 and have been recently trading in elevated stable bands. Utilization of High Arctic's services in Canada has continued to rise through the Quarter as our customers sought to raise their production. To date, producers have been conservative with their capital, with many prioritizing balance sheet improvement over capital investment, but the prospect of sustained commodity prices has High Arctic expecting further increases in demand for our services throughout 2021.

During Q1-2021, Covid-19 continued to impact the global economy, with governments around the world attempting to balance measures to contain the virus, including new and emerging variants, against the need to open up economies. In the US, infection rates have slowed markedly as vaccinated populations grow. There are strong indications of economic recovery in the US that have buoyed both consumers and capital markets. In Canada as vaccination rates climb relaxation of social and economic restrictions are expected to take place with a corresponding improvement in business and travel confidence. In turn, this should drive increases in domestic energy demand during the second half of 2021 and beyond, matching the momentum in the US, the largest buyer of exported Western Canadian crude oil products. High Arctic has already seen a busier Q2-2021 in Canada following an early spring breakup and we are seeing improved interest in our services. High Arctic aims to differentiate itself by focusing on high quality customer service using well maintained equipment that is operated by highly competent personnel.

High Arctic was eligible for various government subsidies during Q1-2021, which are described in our MD&A. The Corporation will continue to apply for programs where eligibility criteria are met, including the Canada Emergency Wage Subsidy ("CEWS"), however, the amount of subsidies is expected to be less than comparable 2020 levels.

In Papua New Guinea, a recent spike in Covid-19 cases has seen travel bans imposed by its near neighbour Countries, particularly Australia. The Australian travel ban has the result of shutting down the primary source of skilled expatriate PNG workers. The result for High Arctic has been a continuation of the cessation of all drilling and exploration activity and the deferral of our customers nonessential plant maintenance and project activity. Reliable travel routes to PNG are essential for projects to recommence. High Arctic has taken steps to ensure that our capability as the PNG specialist energy service contractor will be preserved. We maintain regular dialogue with our customers, employees, and industry and government representatives. We expect a modest return to work later in 2021 as Covid-19 prevention strategies take hold and are optimistic of more meaningful activity increases in the medium to longer term. Last week, TotalEnergies and the PNG government announced the remobilization of Papua LNG Project teams and other required resources to complete project pre-feed on the pathway to a final investment decision in 2023. This announcement follows others from the PNG Government in recent months that indicate a change in tone towards both foreign investment and resource projects, and the importance of LNG expansion to the people of PNG.

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 News 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 News 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 News Release as intended, planned, anticipated, believed, estimated or expected. Specific forward-looking statements in this News 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; commodity prices and the impact that they have on industry activity; increases in demand for our services; improved interest in our services; a modest return to work later in 2021 as COVID-19 prevention strategies taking hold; relaxation of social and economic restrictions; travel restrictions lessoning and business activities increasing; improvement in business and travel confidence; more meaningful activity increases in the medium to longer term; continued safety performance excellence; oversight of working capital to maintain a strong balance sheet; plans to identify industry partners to further test the technology at a pilot site in 2021; estimated capital expenditure programs for fiscal 2021 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; a final Papua LNG investment decision in 2023; 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 News 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 News 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 News Release are expressly qualified in their entirety by this cautionary statement. These statements are given only as of the date of this News 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 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 Western 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.

For further information contact:

Michael J. Maguire
Chief Executive Officer
P: +1 (587) 318 3826
P: +1 (800) 688 7143

High Arctic Energy Services Inc.
Suite 500, 700 – 2nd Street S.W.
Calgary, Alberta, Canada T2P 2W1

website: www.haes.ca
Email: info@haes.ca