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High Arctic Commences Rig Operations in PNG

CALGARY, Canada – January 31, 2022 – High Arctic Energy Services Inc. (TSX: HWO) (“High Arctic” or the “Corporation”) is pleased to confirm that it has commenced rig operations in Papua New Guinea (“PNG”) with Rig 115 starting wellbore work activity for one of our primary customers.

Following the assembly and recommissioning of Rig 115 and equipment on site, work recently commenced on re-entering the wellbore. This key milestone was achieved without incident, building on the 5 years and 2.5 million hours worked without recording an incident in PNG. The efficient movement of High Arctic people and equipment to the wellsite was hindered by unavailability of transportation equipment, significant weather events and Covid-19 induced personnel shortages and travel restrictions which combined to move the commencement date into 2022.

Mike Maguire, CEO noted “The recommencement of rig operations is a key milestone underpinning our strategic investment in PNG. The attainment of this milestone in the face of obstacles presented by complex supply chains and remote environments could not have been achieved without the support of our customer and the unwavering efforts of our highly experienced crews in country and dedicated support personnel. That we have managed to safely overcome these exceptional challenges is a credit to the remarkable people involved.

The commencement and rig recommissioning, after a prolonged period of inactivity, we believe is a harbinger of better times ahead. While the current project is of a relatively short duration into the second quarter of 2022, positive energy service momentum in PNG continues to build. PNG’s potential to expand LNG export capacity is of world class scale and High Arctic remains exceptionally well positioned to benefit. In addition to investment parameters, long-term climate benefits for LNG over coal consumption in the Asian region are extremely compelling. To this end, producer and PNG government discussions continue to advance and the Corporation expects key decisions, including execution of the P’nyang Gas Agreement, to be forthcoming.”

High Arctic has been active in Papua New Guinea for nearly fifteen years, conducting work for all the main exploration and production companies including large multi-nationals and companies of regional significance. With the successful resumption of drilling services in PNG, the stage is set for meaningful drilling project announcements during 2022.

Forward-looking statement advisory

Readers are cautioned that this press release contains certain forward-looking information which are subject to particular risks associated with the energy services industry. High Arctic believes there are reasonable grounds for the expectations on which the statements are based. However actual outcomes in PNG could differ materially due to a range of factors including continued safety performance excellence, ongoing relationship with major customers, PNG’s potential to expand LNG export capacity, future use of LNG over coal consumption in the Asian region, an execution of the P’nyang Gas Agreement, meaningful drilling project announcements during 2022, treatment under governmental regulatory regimes, other government issues and approvals, political uncertainty and civil unrest, currency fluctuations, and the impact of COVID-19.

About High Arctic

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.

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