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High Arctic Announces Closing of Sale of its Canadian Well Servicing and Canadian Snubbing Businesses

Calgary, Alberta, July 28, 2022: High Arctic Energy Services Inc. (TSX: HWO) "High Arctic" or the "Corporation" is pleased to announce that it has closed the previously announced sale of High Arctic's Canadian well servicing business to Precision Drilling Corporation ("Precision") by asset purchase agreement for an aggregate purchase price of \$38.2 million payable in cash (the "Well Servicing Transaction"). Additionally, the Corporation has closed the previously announced sale of High Arctic's Canadian snubbing business to Team Snubbing Services Inc. ("Team") by asset purchase agreement for 42% of the post-closing total outstanding shares in Team and a note receivable of \$3.4 million (the "Snubbing Transaction").

Post-closing High Arctic retains its Ancillary Services Segment in Canada comprised of the Nitrogen Pumping business and a smaller Rentals business focused on pressure control while keeping the HAES Rental Services branding. High Arctic also retains its snubbing assets in Colorado, USA. These Ancillary Services businesses will be supported from our Whitecourt, Alberta facility, and the Corporation will retain a small corporate headquarters in Calgary, Canada. The Corporation expects to realize a significant reduction in Canadian overhead and G&A expenses of about \$4.0 million annually.

After Closing, the Company reports a cash balance of \$24.5 million comprised of the initial \$10.2 cash payment from Precision and \$14.3 million pre-close cash on hand. Over the next six months these sale transactions will further increase cash as the Corporation collects an additional \$3.0 million from retained working capital over the next 75 days, and the final \$28.0 million cash payment is received from Precision in January 2023. Cash balances are offset by mortgage debt of \$7.9 million. Upon receipt of the final payment from Precision, the Company expects to repay about \$3.5 million of this mortgage debt.

The Corporation confirms that no funding is available under its current undrawn revolving Credit Facility due to these sale transactions and the arrangement is being cancelled. High Arctic intends to fund working capital and capital expenditure needs from cash balances with a view to establish a new arrangement geared towards its Papua New Guinea ("PNG") business in due course.

Mike Maguire, CEO of High Arctic, said, "These two transactions represent the effective divestment of High Arctic's Canadian Production Services and allows our management to streamline and develop a longer-term strategy for the remaining Canadian business and focus attention on the growth opportunities in PNG."

We are excited about the opportunities for our Drilling Services segment in PNG as the next round of gas development projects materialize there. The timing of the receipt of proceeds from the transactions provides the opportunity for management to evaluate the need and sources for both working and growth capital in PNG. The Corporation has a history of returning surplus cash to shareholders and will consider capacity to distribute funds to shareholders.”

The Well Servicing Transaction included High Arctic’s Canadian Well Servicing fleet marketed under the Concord Well Servicing brand comprising of 51 marketable rigs and 29 inactive and out of service rigs, as well as oilfield rental equipment associated with well servicing including hydraulic catwalks purchased in 2021. The consideration included \$10.2 million immediately payable at closing and the remaining \$28.0 million payable in January 2023.

Title to four Alberta real estate locations owned by the Corporation will transfer to Precision on final payment, with High Arctic retaining owned Alberta properties in Whitecourt and Clairmont. Precision will assume the lease obligations for High Arctic’s properties in Cold Lake and Acheson. High Arctic’s Well Servicing employees, and the large majority of High Arctic’s Canadian field and office support personnel, have agreed to transfer employment to Precision.

The Snubbing Transaction includes High Arctic’s Canadian Snubbing fleet comprising 7 marketable packages and 32 inactive and out of service snubbing units, underbalance hoists and associated support equipment. Commensurate with the Snubbing Transaction, High Arctic will appoint two directors to the 5-person board of Team, and an affiliate of Team will enter into a five-year lease of High Arctic’s owned property in Clairmont, Alberta on current market terms. High Arctic’s snubbing employees will transfer employment to Team.

The Snubbing Transaction consideration comprises 420,000 common voting shares in Team, representing 42% of the post-closing total outstanding shares, and a convertible promissory note for \$3.4 million with a five-year term, interest accruing at 4.5% from January 1, 2023, and principal repayments commencing July of 2024.

Mike Maguire, CEO of High Arctic, said, “We are pleased that most of our affected employees have taken up employment with Precision and Team, and we are confident that their capability and focus on quality will benefit their new employers and set them up for career success.

On behalf of High Arctic’s Board of Directors and management I acknowledge the work put in by all involved parties to realize these transactions and thank Paradigm Capital Inc. who acted as exclusive financial advisor for High Arctic on the Well Serving Transaction and DLA Piper (Canada) LLP who acted as legal advisor to High Arctic on both transactions.”

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, but are not limited to, statements pertaining to the following: collection of an additional \$3.0 million over the next 75 days from retained working capital, realize a significant reduction in Canadian overhead and G&A expenses of about \$4.0 million, establishing a new lending arrangement geared towards the Papua New Guinea business, development of a longer-term strategy for the remaining Canadian business and the expected market developments and growth in PNG.

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.

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 an energy services provider. High Arctic is a market leader in Papua New Guinea providing drilling and specialized well completion services and supplies rental equipment including rig matting, camps, material handling and drilling support equipment. In western Canada High Arctic provides nitrogen services and pressure control equipment on a rental basis to a number of exploration and production companies.

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