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High Arctic Announces 2022 Second Quarter Financial and Operating Results

CALGARY, Canada – August 11, 2022, High Arctic Energy Services Inc. (TSX: HWO) (the "Corporation" or "High Arctic") released its' second quarter results today.

Mike Maguire, Chief Executive Officer commented:

"The sale of our Canadian well servicing business provided a compelling opportunity to monetize a substantive part of our business rooted in a competitive market with lower operating margins. The transaction with Team Snubbing creates a contractor of scale with a high margin bespoke offering capable of generating profits in the Canadian energy services sector and positioned for growth internationally.

As a result, High Arctic can focus on the growth opportunities we expect to see materialize in PNG. The announcements this year of key developments in both the Papua LNG project and for the PNG-LNG joint venture's P'nyang gas field has the country primed for multi-year sustained development and exploration activity. These projects will stimulate drilling and other substantive work activity that requires high quality PNG focused and experienced contractors. High Arctic has a history of success in PNG and is well placed to be a key service provider to each project.

High Arctic retains high quality businesses in Canada. The proceeds from the Sale Transactions will provide a means to pursue opportunities in PNG and to optimize the return from the remaining Canadian businesses. The Corporation also has a history of returning surplus cash to shareholders, and we will continue to consider that option."

Highlights

The following highlights the Corporations results for Q2-2022 and YTD-2022:

- Activity in PNG continued with an increased personnel count to over 200 employees and the successful completion of customer well abandonment work with Rig 115, while maintaining safety excellence.
- After the Quarter, High Arctic successfully renewed a 3-year contract for Drilling Services with a core customer in PNG and expects drilling to commence in Q4 2022.
- After quarter end on July 27, 2022, the Corporation sold its Canadian well servicing business for an aggregate purchase price of $38.2 million, and also sold its Canadian snubbing business for 42% equity ownership of Team Snubbing Services Inc. ("Team"), the acquiring company, and a note receivable of $3.4 million ("Sale Transactions").
    - the Sale Transactions represent the effective divestment of High Arctic's Production Services segment;
    - the well servicing business was purchased in August 2016 for $42.8 million in cash and recorded a non-cash bargain purchase gain of $12.7 million, higher than the $8.2 million non-cash impairment recognized on the sale during the Quarter;
    - the Corporation also recorded a non-cash $7.7 million write-down of deferred tax assets to reflect the divestments of its main Canadian businesses; and
    - the Corporation retains over $130 million of operating tax loss carry-forward in Canada.
- Revenues for Q2-2022 were $25.7 million, an increase of 57% from $16.4 million in Q2-2021, due to higher revenues in each of the Drilling, Ancillary Services and Canadian Production Services segments.
- Oilfield operating services margin as a percent of revenue increased in Q2-2022 to 23.1% versus 20.0% in Q2-2021.
- Adjusted EBITDA for the three and six-month periods ended June 30, 2022 was $3.1 million and $6.0 million respectively (2021: $0.8 million and $1.7 million, respectively).
- Net loss for the three and six-month periods ended June 30, 2022 was $20.3 million and $22.9 million, respectively.

    - Adjusted for removal of one-off impairment and deferred tax write downs, Net loss was $3.9 million and $6.5 million respectively, lower compared to $4.0 million and $9.2 million loss in the respective 2021-periods.
- During Q2-2022, High Arctic commenced payment of a $0.005 per share monthly dividend with $0.5 million dividend payments during the quarter.
- Maintained a strong balance sheet, with a working capital balance of $27.5 million, including cash of $15.1 million, and total debt (current and long-term) of $7.9 million on June 30, 2022.

Strategy

Our 2022 strategic priorities build on the platform we created in 2021 and include:

- Safety excellence and quality service delivery,
- Actions aimed at generating free cash flow including:
    - Increased utilization of the Corporation's world-class fleet of equipment,
    - Improved efficiency and work force productivity, and
    - Operating cost control.
- Development of new and existing employees to grow our workforce to meet demand,
- Pursuit of opportunities that secure the Corporation's future as a lower emissions energy services provider,
- Pursuit of opportunities for growth and corporate transactions in well understood markets that enhance shareholder value, and
- Disciplined capital stewardship to improve returns for shareholders including divestitures, dividends and common share buybacks.

Canadian Production Services Segment Divestments

On July 28, 2022, High Arctic announced the first closing of the sale of its Canadian well servicing business for an aggregate purchase price of $38,200 payable in cash. Additionally, on the same date the Corporation announced the closing of the sale of High Arctic's Canadian Snubbing business to a private entity for consideration consisting of 42% ownership in the outstanding shares in Team and a note receivable of $3,365. High Arctic will appoint two directors to the 5-person board of Team.

High Arctic retains its Ancillary Services Segment in Canada comprised of the Nitrogen Pumping business and a Rentals business focused on pressure control. High Arctic also retains its snubbing assets in the USA.

The Well Servicing Transaction resulted in the reclass of the following to Assets held-for-sale: property and equipment of $41,231, right-of-use asset of $4,662, prepaids of $185 and lease liability of $7,695. The Well Servicing Transaction resulted in the write down of property and equipment as non-cash impairment expense of $8,236 as at June 30, 2022. The well servicing business was purchased in August 2016 for $42,800 with a non-cash $12,700 gain on the acquisition booked to PP&E.

The Snubbing Transaction consideration comprises of 420,000 common voting shares in Team a private company, representing 42% of the post-closing total outstanding shares, and a convertible promissory note for $3,365 with a five-year term, interest accruing at 4.5% from January 1, 2023, and principal repayments commencing July of 2024. The Snubbing Transaction resulted in the reclass of property and equipment of $11,102 to assets held-for-sale on the Statement of Financial Position as at June 30, 2022. The Snubbing Transaction resulted in the write down of property and equipment as a non-cash impairment expense of $443 as at June 30, 2022. Investment in the share capital of the private company represents a joint arrangement whereby High Arctic has significant influence of the private entity operations and rights to the net assets of the private company.

As a result of the Well Servicing Transaction and Snubbing Transaction, the Corporation has a significantly reduced Canadian business and has written down the deferred tax assets while retaining in excess of $130,000 of operating tax loss carry-forward in Canada. Additionally, the Corporation has no funding available under its current undrawn revolving credit facility and the facility has been cancelled effective July 27, 2022.

At second closing of the Well Servicing Transaction in January 2023, the Corporation will transfer title to real estate locations owned by the Corporation to the purchaser and the Corporation will be required to repay $3.6 million of mortgage principal related to these properties.

The unaudited interim consolidated financial statements ("Financial Statements") and management discussion & analysis ("MD&A") for the three and six-month periods ended June 30, 2022 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, EBITDA for purposes of long-term debt covenants, 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 June 30, 2022 may be referred to as the "**Quarter**" or "**Q2-2022**", and similarly the six months ended June 30, 2022 may be referred to as "**YTD-2022**". The comparative three-months ended June 30, 2021 may be referred to as "**Q2-2021**", and similarly the six months ended June 30, 2021 may be referred to as "**YTD-2021**". References to other quarters may be presented as "**QX-20XX**" with "X" being the quarter/year to which the commentary relates. All amounts are expressed in thousands of Canadian dollars, unless otherwise noted.

RESULTS OVERVIEW

The following is a summary of select financial information of the Corporation *($ thousands, except per share amounts)*:

	For the three months ended June 30		**For the six months ended June 30**	
($ thousands, except per share amounts)	**2022**	2021	**2022**	2021
Revenue	**25,706**	16,377	**54,402**	**34,144**
Net loss	**(20,263)**	(4,018)	**(22,934)**	**(9,215)**
Per share (basic and diluted)	**(0.42)**	(0.08)	**(0.47)**	**(0.19)**
Oilfield services operating margin	**5,936**	3,268	**11,246**	**6,630**
Oilfield services operating margin as a % of revenue	***23.1%***	*20.0%*	***20.7%***	***19.4%***
EBITDA	**(5,777)**	752	**(2,833)**	**1,960**
Adjusted EBITDA	**3,100**	796	**5,984**	**1,670**
Adjusted EBITDA as % of revenue	***12.1%***	*4.9%*	***11.0%***	***4.9%***
Operating loss	**(3,111)**	(4,106)	**(5,929)**	**(10,251)**
Cash flow from operating activities	**6,120**	2,023	**6,420**	**938**
Per share (basic and diluted)	**0.13**	0.04	**0.14**	**0.02**
Funds flow from operating activities	**2,620**	640	**4,863**	**1,230**
Per share (basic and diluted)	**0.05**	0.01	**0.10**	**0.03**
Dividend payments	**487**	-	**487**	**-**
Per share (basic and diluted)	**0.015**	-	**0.015**	**-**
Capital expenditures	**1,734**	685	**3,316**	**1,450**

	As at	
($ thousands, except share amounts)	**June 30, 2022**	December 31, 2021
Working capital	**27,482**	29,724
Cash, end of period	**15,098**	12,037
Total assets	**161,784**	185,452
Long-term debt	**4,186**	7,779
Long-term financial liabilities, excluding long-term debt	**5,820**	13,414
Shareholders' equity	**126,610**	148,851
Common shares outstanding, thousands	**48,733**	48,733

Three-Months Period Ended June 30, 2022 Summary:

- High Arctic continues to see improved activity levels in PNG, driving increases in Drilling Services and Ancillary Service revenues to $6,101 and $4,205, respectively (Q2-2021 revenues: $893 and $2,572, respectively).
- PNG activity also drove consolidated oilfield services operating margin as a percentage of revenue up to 23.1% from 20.0% in Q2-2021. Improved profitability is partially offset by the removal of Canadian emergency wage subsidies ("**CEWS**") in 2022 (Q2-2021 $848 of CEWS received).

- In April 2022, High Arctic announced the renewal of a key Canadian contract managed out of the Corporation's Cold Lake facility, which includes an approximate 20% increase to the base hourly rig rate. This and other pricing increases raised High Arctic's Production Services segment revenue by 21% to $16,079 (Q2-2021: $13,328).
- Utilization for High Arctic's 51 registered Concord Well Servicing rigs was 44% in the Quarter versus industry utilization of 45% (source: Canadian Association of Oilwell Energy Contractors "CAOEC").

Year to Date June 30, 2022 Summary:

- The recommencement of drilling services activity in PNG has resulted in YTD-2022 Drilling Servicing segment revenue of $15,675 compared to $1,644 YTD-2021 and increased YTD-2022 Ancillary Services segment revenue to $8,973 compared with $4,768 YTD-2021.
- The Corporation's Production Service segment realized improved YTD-2022 revenues of $31,141 (2021: $28,703) due to improved customer pricing lifting revenue per hour in well servicing operations partially offset by lower snubbing activity.
- Utilization for High Arctic's 51 registered Concord Well Servicing rigs was 44% a drop in utilization from 46% YTD-2021 due to the addition of two rigs into the marketed fleet.
- Due to a return to profitable operations in PNG cash increased by $3,061 YTD-2022 to $15,098, and the Corporation declared $731 in its recommenced $0.005 per share monthly dividend.

Drilling Services Segment

	Three months ended June 30		Six months ended June 30	
($ thousands, unless otherwise noted)	**2022**	2021	**2022**	2021
Revenue	**6,101**	893	**15,675**	1,644
Oilfield services expense	**4,637**	897	**12,114**	1,729
Oilfield services operating margin	**1,464**	(4)	**3,561**	(85)
Operating margin (%)	***24%***	*(0.4%)*	***22.7%***	*(5.2%)*

Production Services Segment

	Three months ended June 30		Six months ended June 30	
($ thousands, unless otherwise noted)	**2022**	2021	**2022**	2021
Revenue	**16,079**	13,328	**31,141**	28,703
Oilfield services expense	**13,935**	11,139	**28,750**	24,096
Oilfield services operating margin	**2,144**	2,189	**2,391**	4,607
Operating margin (%)	***13.3%***	*16.4%*	***7.7%***	*16.1%*

	Three months ended June 30		Six months ended June 30	
Operating Statistics - Canada	**2022**	2021	**2022**	2021
Service rigs:				
Average fleet	**51**	49	**51**	49
Utilization	**44%**	44%	**44%**	46%
Operating hours	**20,254**	19,469	**40,702**	40,589
Revenue per hour ($)	**757**	582	**706**	591
Snubbing packages:				
Average fleet	**7**	8	**7**	8
Utilization	**9%**	19%	**13%**	24%
Operating hours	**559**	1,400	**1,621**	3,409

Ancillary Services Segment

($ thousands, unless otherwise noted)	Three months ended June 30 2022	2021	Six months ended June 30 2022	2021
Revenue	**4,250**	**2,572**	**8,973**	**4,768**
Oilfield services expense	**1,922**	**1,489**	**3,678**	**2,660**
Oilfield services operating margin	**2,328**	**1,083**	**5,295**	**2,108**
Operating margin (%)	***54.8%***	***42.1%***	***59.0%***	***44.2%***

Liquidity and Capital Resources

($ thousands)	Three months ended June 30 2022	2021	Six months ended June 30 2022	2021
Cash provided by (used in):				
Operating activities	**6,364**	2,023	**6,664**	938
Investing activities	**(1,539)**	(752)	**(1,957)**	(659)
Financing activities	**(1,032)**	(384)	**(1,553)**	(10,792)
Effect of exchange rate changes on cash	**(137)**	(176)	**(93)**	(357)
Increase (decrease) in cash	**3,656**	711	**3,061**	(10,870)

The Bank of PNG continues to encourage the use of the local market currency, Kina or PGK. 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 USD account within the conditions of the Bank of PNG currency regulations. The Corporation continues to use PGK for local transactions when practical. Included in the Bank of PNG's conditions is for PNG drilling contracts to be settled in PGK, unless otherwise approved by the Bank of PNG for the contracts to be settled in USD. The Corporation has historically received such approval for its contracts with its key customers in PNG. The Corporation will continue to seek Bank of PNG approval for future customer contracts to be settled in USD 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 PGK which would expose the Corporation to exchange rate fluctuations related to the PGK. In addition, this may delay the Corporation's ability to receive USD which may impact the Corporation's ability to settle USD 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

Q2-2022 cash generated from operating activities was $6,364 (Q2-2021: $2,023), of which $2,620 are funds provided by operations (Q2-2021: $640), see "Non-IFRS Measures" on page 18, and $3,744 cash inflow from working capital changes (Q2-2021: $1,383) mainly due to decrease in accounts receivable during the Quarter.

YTD-2022 cash generated from operating activities was $6,364 (YTD-2021: $938), of which $4,863 are funds provided by operations (YTD-2021: $1,230), see "Non-IFRS Measures" on page 18, and $1,801 cash inflow from working capital changes (YTD-2021: $292 outflow) mainly due to decrease in accounts receivable during the period.

Investing Activities

In Q2-2022, the Corporation's cash used in investing activities was $1,539 (Q2-2021: $752). Capital expenditures were $1,734 (Q2-2021: $685) partially offset by $74 proceeds on disposal of property and equipment (Q2-2021: $260), and $121 cash inflow relating to working capital balance changes for capital items (Q2-2021: $327 outflow).

YTD-2022 the Corporation's cash used in investing activities was $1,957 (YTD-2021: $659). Capital expenditures were $3,316 (YTD-2021: $1,450) partially offset by $1,111 proceeds on disposal of property and equipment (YTD-2021: $1,037), and $248 cash inflow relating to working capital balance changes for capital items (YTD-2021: $40 outflow).

Financing Activities

In Q2-2022, the Corporation's cash used in financing activities was $1,032 (Q2-2021: $384). During the Quarter the Corporation paid $731 for dividend payments, $464 lease liability payments (Q2-2021:$384) and $81 towards principal payments on its mortgage financing, see "Mortgage Financing" below.

YTD-2022, the Corporation's cash used in financing activities was $1,553 (YTD-2021: $10,792). During the period the Corporation paid $931 lease liability payments (YTD 2021: $792), $731 for dividend payments and $135 towards principal payments on its mortgage financing, see "Mortgage Financing" below (YTD-2021: $10,000 loan payment on Credit Facility).

Credit Facility

In December 2021, the Corporation amended its revolving credit facility from a borrowing limit of $45,000 to $37,000 and site-specific assets held as mortgage security for separate mortgage financing was carved out. In addition, up to $5,000 of the revolving loan was made available by way of account overdraft outside covenant requirements described below.

The Corporation's revolving credit facility 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.

Interest on the 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). The applicable margin can range between 0.75% – 1.75% depending on the level of principal outstanding; the higher the ratio the higher the margin. 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 higher the ratio the higher the standby fee percentage.

The facility is subject to two financial covenants which are reported to the lender on a quarterly basis. The first covenant requires the Funded Debt to Covenant EBITDA ratio to be less than 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. As at June 30, 2022, the Corporation was in compliance with these two financial covenants.

The financial covenant calculations at June 30, 2022 are:

Covenant	Covenant	**As at June 30, 2022**
Funded debt to Covenant EBITDA	< 3.0x	-
Covenant EBITDA to Interest expense	>3.0x	18.2

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. Interest Expense excludes any impact related to lease liabilities. Covenant EBITDA for the purposes of calculating the covenants is defined as a trailing 12-month net income (loss) plus interest expense, current tax expense, deferred income tax expense (recovery), depreciation and amortization, share-based compensation expense, and non-cash inventory write-downs, less gains from foreign exchange and sale or purchase of assets and lease payments.

In July 2022, the Corporation executed closing of the Sale Transactions, for the Canadian well servicing and snubbing businesses. After close the Corporation had no funding available under the revolving credit facility and the facility was cancelled. The Corporation intends to fund working capital and capital expenditures needs from cash balances with a view to establish a new arrangement geared towards its PNG business in due course, as at June 30, 2022 cash balance was $15,098.

Mortgage Financing

($ thousands)	**As at June 30, 2022**	As at December 31, 2021
Current	**3,754**	296
Non-current	**4,186**	7,779
Total	**7,940**	8,075

In December 2021, the Corporation entered into a mortgage arrangement with the Business Development Bank of Canada (BDC) for $8,100, secured by lands and buildings owned and occupied by High Arctic within Alberta. The mortgage financing provides the Corporation with long term liquidity and adds to existing cash balances. The mortgage has an initial term of 5 years with a fixed interest rate of 4.30% and an amortization period of 25 years with payments occurring monthly. The mortgage liability and associated financing costs are carved out of all revolving credit facility financial covenant calculations.

The Corporation capitalized $25 in financing fees incurred to set up the loan in 2021 and applied this to the long-term debt liability. Financing fees will be amortized over the expected life of the mortgage financing.

In July 2022 the Corporation executed closing of the Sale Transactions, for the Canadian well servicing and snubbing businesses. At second closing of the Well Servicing Transaction in January 2023, the Corporation will transfer title to real estate locations owned by the Corporation to the purchaser of the well servicing business and the Corporation will be required to repay mortgage principal of $3,565 related to these properties.

Outlook

After reflection on High Arctic's core strength and future opportunities the Corporation made a strategic decision to divest certain assets in Canada and focus on resurgent opportunities associated with our existing business in Papua New Guinea. Papua New Guinea is key to High Arctic's long-term business strategy, where the world class PNG-LNG facility has de-risked LNG investment and sustained high global pricing for LNG appears set to drive expansion. High Arctic is well positioned in PNG given high barriers to entry due to the technical expertise required to operate the heli-portable drilling rigs in frontier remote locations.

On July 28, 2022 High Arctic announced the closing of the sale of High Arctic's Canadian well servicing business and the sale of High Arctic's Canadian snubbing business. These transactions allow our management to streamline and develop a longer-term strategy for the remaining Canadian business and focus attention on the exciting opportunities for growth in PNG.

Subsequently, on August 1, 2022 High Arctic entered into a three-year contract renewal covering customer owned Heli-portable Drilling Rig 103 and High Arctic's services related to the supply of personnel, camp accommodation and rental equipment to support the drilling operations in PNG. Work is underway to prepare Drilling Rig 103 and its leapfrog unit for recommencement of drilling in Q4-2022. High Arctic anticipates that Drilling Rig 103 will operate consistently through the contract. This cornerstone contract is flexible and scalable to align with activity which positions High Arctic to respond quickly to future incremental drilling opportunities associated with LNG expansion.

All the rigs under High Arctic's care in PNG have been maintained during the Covid-19 induced drilling suspension and are in good preservation for quick redeployment into service. These include our principal customer's other heli-portable Drilling Rig 104, High Arctic's own versatile heli-portable Drilling Rigs 115 & 116 and our high-capacity heli-portable hydraulic workover unit Rig 102. High Arctic is focused on working with customers in PNG to schedule the return to work for all of these rigs.

We acknowledge the recent PNG federal election results and congratulate Prime Minister Marape and the Pangu party on their return to government. We look forward to playing a role in the nation building objectives of the new government.

In North America, the Sale Transactions leaves High Arctic with a Nitrogen Pumping business and a smaller oilfield rentals business centered on pressure control and associated equipment as well as a dormant USA Snubbing Operation. The Corporation intends to use the coming months to streamline these businesses, consolidating them in our Ancillary Services segment and determining the appropriate strategy to optimise the return from these investments.

High Arctic also retains its minority holding in the Seh' Chene partnership where committed operations will continue through 2022. Growing the provision of non-well servicing service offerings has become the focus for the partnership. These services include both High Arctic's remaining capabilities and those of Seh' Chene's growing list of third-party service partners.

High Arctic is excited to have become a significant shareholder of Team Snubbing Services Inc., a Canadian snubbing specialist on a rapid growth trajectory. Ownership in Team retains an exposure to the Canadian energy services sector, in a bespoke service offering that realizes high margins overseen by skilled and passionate management. The

Corporation expects to see not only growth in snubbing deployment in Canada as a result of this transaction but intends to work with Team to evaluate opportunities for reactivating our dormant USA Snubbing operation.

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, EBITDA for purposes of long-term debt covenants, Oilfield services operating margin, Percent of revenue, Funds provided from operations, Working capital, Total long-term financial liabilities, excluding long-term debt, 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 include, among other things, long-term improvement in Canadian oil and gas pricing, impact of high commodity prices on demand for and market prices for the Corporation's services; continued impact of the Covid-19; ability to prioritize a strong balance sheet and liquidity position; improved activity in PNG through 2022 and beyond; modest improvement in the Corporations activity in Canada; opportunities to invest and enhance shareholder value; improving economic environment; climate and weather predictions and their effect on energy demand; the Corporation's ability to maintain a USD bank account and conduct its business in USD in PNG; market fluctuations in interest rates, commodity prices, and foreign currency exchange rates; restrictions to repatriate funds held in PGK; customer activity to boost production; expectations regarding the Corporation's ability to raise capital and manage its debt obligations; estimated capital expenditure programs; projections of market prices and costs; continued tightening of supply of services in Canada; assets held for sale relating to the Sale Transactions; estimated impairment; 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 key customers; treatment under governmental regulatory regimes and political uncertainty and civil unrest; a final Papua LNG investment decision; development of the P'nyang gas field; developments in Ukraine; effect of economic and trade sanctions on Russia; OPEC's ability and desire to increase future production; development of additional pathways to market in Canada, and a shift in political focus from energy transition to energy security; and estimated credit risks and tax losses.

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 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 exploration and production companies.

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