NEWS RELEASE

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High Arctic delivers Adjusted EBITDA of $14.1 million

Calgary, Canada – August 12, 2015 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Corporation") today announced its operating and financial results for the quarter ended June 30, 2015.

Tim Braun, High Arctic's Chief Executive Officer, stated: "Full utilization of Rig's 103,104 and 115 for the quarter, along with stronger than anticipated Canadian utilization operating under a reduced cost structure, allowed the Corporation to deliver improved quarter over quarter results. With the recent arrival of Rig 116 into PNG, the percentage of revenue generated from drilling services will continue to increase and we remain on track to deliver improved year over year results. The announcement by the PRL 15 joint venture participants of the potential development of a second PNG facility named the Papua LNG Project is a positive indicator for additional development in the country despite the current global commodity prices."

Highlights

- Adjusted EBITDA was $14.1 million for the three months ended June 30, 2015 (2014 - $11.1 million), the Corporation's most successful second quarter in its history.
- Increases in PNG's drilling services and the effects of a stronger U.S. dollar offset lower PNG rentals and Canadian revenues resulting in an 11% increase in revenues for the first half of 2015 of $93.4 million (2014 - $84.3 million). Revenues earned in the second quarter of 2015 increased by 22% to $48.7 million (Q2 2014 - $39.8 million).
- The Corporation expects growth in both revenues and EBITDA to continue in 2015 as a result of its investment in two heli-portable drilling rigs. The first rig commenced earning moving rate revenues in mid-March and spudded its first well in mid-June. The second rig has recently arrived in PNG and will commence earning stand-by revenues upon completion of customs clearance.
- Canadian results were positively affected by rationalization of equipment and personnel initiated in the first quarter.
- High Arctic declared monthly dividends totaling $5.5 million during the first six months of 2015 representing a trailing twelve month dividend payout of 27.3% of Funds Provided from Operations (2014 - $4.3 million; 19.1%).

Selected Comparative Financial Information

The following is a summary of selected financial information of the Corporation. All figures are derived from financial information that is prepared or presented in accordance with International Financial Reporting Standards ("IFRS"):

	Three Months Ended June 30				Six Months Ended June 30			
$ millions (except per share amounts)	2015	2014	Change	%	2015	2014	Change	%
Revenue	**48.7**	**39.8**	**8.9**	**22**	**93.4**	**84.3**	**9.1**	**11**
EBITDA(1)	**13.4**	**11.5**	**1.9**	**17**	**22.9**	**25.7**	**(2.8)**	**(11)**
Adjusted EBITDA(1)(2)	**14.1**	**11.1**	**3.0**	**27**	**24.5**	**26.2**	**(1.7)**	**(6)**
Operating earnings	**9.9**	**7.6**	**2.3**	**30**	**16.8**	**19.4**	**(2.6)**	**(13)**
Net earnings	**7.2**	**6.7**	**0.5**	**7**	**12.0**	**16.0**	**(4.0)**	**(25)**
per share (basic)(3)	0.13	0.13	-		0.22	0.32	(0.10)	(31)
per share (diluted)(3)	0.13	0.13	-		0.22	0.32	(0.10)	(31)

$ millions (except per share amounts)	Three Months Ended June 30 2015	2014	Change	%	Six Months Ended June 30 2015	2014	Change	%
Funds provided from operations[1]	**10.5**	**9.8**	**0.7**	**7**	**18.7**	**22.9**	**(4.2)**	**(18)**
per share (basic)[3]	0.19	0.20	(0.01)	(5)	0.34	0.46	(0.12)	**(26)**
per share (diluted)[3]	0.19	0.19	-	-	0.33	0.45	(0.12)	**(27)**
Dividends	**2.8**	**2.3**	**0.5**	**22**	**5.5**	**4.3**	**1.2**	**28**
Capital expenditures	**15.5**	**2.7**	**12.8**		**36.6**	**4.2**	**32.4**	
Working Capital					**20.4**	**56.6**	**(36.2)**	**(64)**
Total assets					**211.0**	**151.4**	**59.6**	**39**
Total non-current financial liabilities					**-**	**6.7**	**(6.7)**	**(100)**
Net cash, end of period [1]					**25.6**	**47.2**	**(21.6)**	**(46)**
Shares outstanding - end of period[3]					**55.3**	**50.4**	**4.9**	**10**

Selected Quarterly Consolidated Financial Information (Three Months Ended)

The following is a summary of selected financial information of the Corporation for the last eight completed quarters:

$ (millions, except per share amounts)	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
Revenue	**48.7**	**44.7**	**46.2**	**41.3**	**39.8**	**44.5**	**38.7**	**36.3**
Adjusted EBITDA	14.1	10.4	13.3	9.8	11.1	15.1	12.5	9.8
Net earnings	7.2	4.8	8.5	3.7	6.7	9.3	6.4	7.7
per share – basic	0.13	0.09	0.15	0.07	0.13	0.19	0.13	0.16
per share – diluted	0.13	0.09	0.15	0.07	0.13	0.18	0.13	0.16
Funds provided from operations	10.5	8.2	12.8	7.6	9.8	13.1	10.8	8.2

Outlook

While the low global commodity price environment has created a new paradigm for the broader oil and gas industry, High Arctic's operations in PNG have not been affected to the same degree as our North American peers, as our clients continue to focus on LNG development. Demand for our services in PNG – which are contracted in US dollars – remains stable.

Rig 115, with its ancillary camp and equipment, commenced drilling in the Gulf province of PNG in June 2015, after arriving in the country in March and then being transported to the first well site where recommissioning and inspections occurred. There have been no significant operational issues arise on the start-up of the rig. The rig is expected to operate throughout the remainder of 2015 and through 2016 under a two year take or pay contract that runs through to June, 2017.

Rig 116 recently arrived in PNG and upon clearing customs will be mobilized to a yard where it will stay until the customer completes their assessment of several different drilling locations to determine the first well site. The rig will collect stand-by revenue in accordance with the terms of the contract until it commences drilling, which is expected in early in 2016, at which time the two year contracted term will begin.

Rig 103, along with the 103 leap frog rig and ancillary rental equipment, is expected to continue to be fully utilized under an assignment agreement in the Gulf Province of PNG through the remainder of 2015. Thereafter, the rig is expected to revert back to its primary customer and recommence drilling activities under the existing contract which runs through to June, 2016.

Rig 104 continues to operate in the PNG highlands and it is expected that the rig will be fully utilized through much of the third quarter of 2015 for its contracted customer. After which, the rig will be assigned to a new customer to drill two wells in the Western province of PNG before reverting back to the contracted customer for additional drilling in 2016.

Our fleet of rental equipment in PNG continues to be sufficient for the current level of drilling activity. Matting utilization is expected to be between 60% - 75% throughout 2015, compared to 2014 where utilization varied between near 100% at the start of the year to 60% by year end. In 2015, a matting rental contract with a major client concludes in stages throughout the year as their drilling program winds down. A number of these mats will be redeployed under a new contract in the third quarter of 2015 and early 2016. Management continues to evaluate new markets for expansion and redeployment of our rental assets.

The steps taken to rationalize our Canadian marketed fleet and associated infrastructure in the first quarter of 2015 resulted in strong margin performance in the traditionally weakest quarter of the year and should allow the business to deliver positive margins throughout the year. Management continues to expect activity levels in Canada to remain low through the remainder of 2015 and 2016 and not experience the usual second half improvement.

Key Financial Measures

This press release contains references to certain financial measures that do not have a standardized meaning prescribed by 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 the following:

EBITDA

Management believes that, in addition to net earnings reported in the consolidated statement of earnings and comprehensive income, EBITDA (earnings before interest, taxes, depreciation and amortization) is a useful supplemental measure of the Corporation's performance prior to consideration of how operations are financed or how results are taxed or how depreciation and amortization affects results. EBITDA is not intended to represent net earnings calculated in accordance with IFRS.

Adjusted EBITDA

This measure is used by management to analyze EBITDA (as referred to above) prior to the effect of share-based compensation, gains or losses on sale of assets or investments, excess of insurance proceeds over costs and foreign exchange gains or losses, and is not intended to represent net earnings as calculated in accordance with IFRS.

The following tables provide a quantitative reconciliation of consolidated net earnings to EBITDA and Adjusted EBITDA for the three and six months ended June 30:

($ millions)	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Net earnings for the period	7.2	6.7	12.0	16.0
Add:				
Interest and finance expense	0.1	0.1	0.2	0.3
Income taxes	2.6	1.5	4.3	3.2
Amortization	3.5	3.2	6.4	6.2
EBITDA	**13.4**	**11.5**	**22.9**	**25.7**
Add:				
Share-based compensation	0.4	0.3	1.0	0.6
Loss on sale of assets	0.3	-	0.3	-
Foreign exchange (gain) loss	-	(0.7)	0.3	(0.1)
Adjusted EBITDA	**14.1**	**11.1**	**24.5**	**26.2**

Oilfield Services Operating Margin
Oilfield services operating margin is used by management to analyze overall operating performance. Oilfield services operating margin is not intended to represent operating income nor should it be viewed as an alternative to net earnings or other measures of financial performance calculated in accordance with IFRS. Oilfield services operating margin is calculated as revenue less oilfield services expense.

Oilfield Services Operating Margin %
Oilfield services operating margin % is used by management to analyze overall operating performance. Oilfield services operating margin % is calculated as oilfield services operating margin divided by revenue.

Percent of Revenue
Certain figures are stated as a percent of revenue and are used by management to analyze individual components of expenses to evaluate the Corporation's performance from prior periods and to compare its performance to other companies.

Funds Provided from Operations
Management believes that, in addition to net cash generated from operating activities as reported in the consolidated statements of cash flows, cash flow from operating activities before working capital adjustments (funds provided from operations) is a useful supplemental measure as it provides an indication of the funds generated by High Arctic's principal business activities prior to consideration of changes in items of working capital.

This measure is used by management to analyze funds provided from operating activities prior to the net effect of changes in items of non-cash working capital, and is not intended to represent net cash generated from operating activities as calculated in accordance with IFRS.

The following tables provide a quantitative reconciliation of net cash generated from operating activities to funds provided from operations for the three and six months ended June 30:

($ millions)	Three Months ended June 30, 2015	Three Months ended June 30, 2014	Six Months ended June 30, 2015	Six Months ended June 30, 2014
Net cash generated from operating activities	18.5	17.6	31.6	28.8
Less:				
Net changes in items of non-cash working capital	(8.0)	(7.8)	(12.9)	(5.9)
Funds provided from operations	**10.5**	**9.8**	**18.7**	**22.9**

Debt-to-capitalization percentage
Debt-to-capitalization percentage is used by management to assess its financial structure and determine how the Corporation is financing its activities. The amount is calculated as total debt divided by the sum of total debt and shareholders' equity.

Working capital
Working capital is used by management as another measure to analyze the operating liquidity available to the Corporation. It is defined as current assets less current liabilities.

Net cash
Net cash is used by management to analyze the amount by which cash and cash equivalents exceed the total amount of debt. The amount, if any, is calculated as cash and cash equivalents less total long-term debt.

Forward-Looking Statements

This news release may contain forward-looking statements relating to expected future events and financial and operating results of the Corporation that involve risks and uncertainties. Actual results may differ materially from management expectations, as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed in both the Corporation's Management's Discussion and Analysis for the quarter ended June 30, 2015 and in the Annual Information Form for the year ended December 31, 2014 found on SEDAR (www.sedar.com). Due to the potential impact of these factors, the Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

About High Arctic

High Arctic is a publicly traded company listed on the Toronto Stock Exchange under the symbol "HWO". Based in Alberta, the Corporation'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's largest operation is in Papua New Guinea where it provides drilling and specialized well completion services and supplies rig matting, camps and drilling support equipment on a rental basis. The Canadian operation provides snubbing services, nitrogen supplies and equipment on a rental basis to a large number of oil and natural gas exploration and production companies operating in Western Canada.

Further Information

A full copy of High Arctic's results including the Management's Discussion and Analysis and the Consolidated Financial Statements for quarter ended June 30, 2015 and the notes contained therein, can be found on the Investor Relations page of High Arctic's website www.haes.ca or at www.sedar.com. The Corporation's most recent investor presentation can be found at www.haes.ca.

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