NEWS RELEASE

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High Arctic Reports 68% Increase in Second Quarter Adjusted EBITDA

Calgary, Canada – August 13, 2014 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Corporation") today announced its operating and financial results for the three and six months ended June 30, 2014.

Highlights

- Adjusted EBITDA(1)(2) increased by 68% for the three months ended June 30, 2014 to $11.1 million (Q2 2013 - $6.6 million). For the six months then ended, adjusted EBITDA was $26.2 million; a 36% increase over the first half of 2013 ($19.2 million).
- In June, 2014, the appointments of a new CEO and President, International were announced; both individuals bring significant international drilling experience to High Arctic.
- In April, 2014, High Arctic signed a two year drilling services contract with a large oil and gas operator in PNG that commences with the spud of a first well, which is expected to occur in early 2015. In conjunction with the drilling commitment, the Corporation completed the acquisition of two heli-portable drilling rigs on July 28, 2014 (the "Acquisition").
- The Corporation closed its previously announced bought deal financing of $25.0 million resulting in the issuance of 5,051,000 common shares at $4.95 in July, 2014.
- High Arctic increased its monthly dividend to $0.015 per share in March, 2014, a 20% increase from the previous monthly dividend amounts. The Corporation continues to maintain a strong balance sheet with a trailing annual payout ratio of 19%.

Commenting on the second quarter, Tim Braun, High Arctic's Chief Executive Officer, stated: "High Arctic holds a unique position in Papua New Guinea, which is one of the world's fastest growing energy economies. As the Corporation's new CEO, I am excited about the growth this year at High Arctic and I believe it reflects the Corporation's strong market position. I am confident the two new heli rigs will be an example of continued growth prospects for High Arctic in this market. The strengthening of our Canadian division also made an important contribution to this exceptional quarter. I am pleased the Corporation has this stable foundation on which to build."

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)	2014	2013	Change	%	2014	2013	Change	%
Revenue	**39.8**	**32.9**	**6.9**	**21**	**84.3**	**77.7**	**6.6**	**8**
EBITDA(1)	**11.5**	**6.3**	**5.2**	**83**	**25.7**	**18.7**	**7.0**	**37**
Adjusted EBITDA(1)	**11.1**	**6.6**	**4.5**	**68**	**26.2**	**19.2**	**7.0**	**36**
Operating earnings	**7.6**	**3.7**	**3.9**	**105**	**19.4**	**13.5**	**5.9**	**44**
Net earnings	**6.7**	**2.1**	**4.6**	**219**	**16.0**	**10.5**	**5.5**	**52**
per share (basic)(2)	0.13	0.04	0.09		0.32	0.22	0.10	
per share (diluted)(2)	0.13	0.04	0.09		0.32	0.21	0.11	

Funds provided from operations[1]	**9.8**	**5.1**	**4.7**	**92**	**22.9**	**16.3**	**6.6**	**40**
per share (basic)[2]	0.20	0.11	0.09		0.46	0.34	0.12	
per share (diluted)[2]	0.19	0.10	0.09		0.45	0.33	0.12	
Dividends	**2.3**	**1.8**	**0.5**		**4.3**	**3.4**	**0.9**	
Capital expenditures	**2.7**	**4.9**	**(2.2)**		**4.2**	**10.8**	**(6.6)**	
Working Capital					**56.6**	**38.2**	**18.4**	**48**
Total assets					**151.4**	**126.9**	**24.5**	**19**
Total non-current financial liabilities					**6.7**	**10.7**	**(4.0)**	**(37)**
Net cash, end of period [1]					**40.5**	**19.6**	**20.9**	**107**
Shares outstanding - end of period[2]					**50.4**	**49.8**	**0.6**	

(1) Readers are cautioned that EBITDA, Adjusted EBITDA, Funds provided from operations, net cash and working capital do not have standardized meanings prescribed by IFRS – see "Key Financial Measures".
(2) Adjusted EBITDA is calculated as EBITDA plus adjustments for share-based compensation and foreign exchange gains or losses.
(3) The restricted shares held by a trustee under the Executive and Director Incentive Share Plan are included in the shares outstanding. The number of shares used in calculating the net earnings per share amounts is determined differently as explained in the Financial Statements.

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, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Revenue	**39.8**	**44.5**	**38.7**	**36.3**	**32.9**	**44.8**	**38.6**	**35.8**
Adjusted EBITDA	11.1	15.1	12.5	9.8	6.6	12.6	10.0	10.1
Net earnings	6.7	9.3	6.4	7.7	2.1	8.4	5.9	6.5
per share – basic	0.13	0.19	0.13	0.16	0.04	0.17	0.12	0.14
per share – diluted	0.13	0.18	0.13	0.16	0.04	0.17	0.12	0.13
Funds provided from operations	9.8	13.1	10.8	8.2	5.1	11.2	8.7	9.4

Outlook

In Papua New Guinea ("PNG") in the second quarter of 2014, the commencement of liquefied natural gas ("LNG") shipments to Japan was a significant milestone for both the country and the oil and gas industry. The success of the first two trains of the PNG-LNG plant provides optimism for further expansion and additional LNG plants. The revenue from LNG sales will not only be transformative to the country, but should also support continued industry growth within PNG, which in turn should provide long term demand for our services.

Currently Rig 104, along with the 104 leap frog rig, continues to operate full time for our largest customer in PNG, and is expected to be operational for all of 2014 and beyond under its contract that runs through June 2016. Drilling activities are for both development oil wells to replace depleting production and drilling gas wells to continue to provide feedstock for the LNG liquefaction plant.

Rig 103, along with the 103 leap frog rig and ancillary rental equipment, continues to work in the Gulf Province of PNG for another customer. Work under this contract is expected to continue into 2015 on the current timeline. After completion of its current drilling program, Rig 103 is expected to return to active service with its owner, with whom it is under contract until June, 2016..

The previously announced purchase of two late model heli-portable drilling rigs closed on July 28, 2014 andthe rigs have since been transported to Houston, Texas to be upgraded and commissioned. Rig 115 will be completed first and then shipped to PNG where it will immediately begin drilling under a two year contract. The target spud date is early 2015. Efforts continue to secure a contract for Rig 116 in PNG.

The contract for Rig 102 expired in May and the rig is not expected to earn any additional revenue in 2014. Rig 102 will remain in PNG as it is the only heli portable hydraulic workover rig currently in the country available to meet the expected future demand for workover and snubbing services from the increasing number of production wells.

Our existing rental equipment in PNG is sufficient for the current drilling activity. Approximately $4 million of budgeted capital expenditures for matting in 2014 has been deferred. With the maturing of the rental business, some rental equipment will come off contract in the third quarter of 2014. The addition of our two new drilling rigs and the growing activity levels in the country should generate demand for additional rental equipment over time.

Activity levels in Canada for the second quarter of 2014 were much improved when compared to the prior year, due in part to better weather conditions and stronger demand for services. As commodity prices in 2014 continue to be stronger than in 2013, there is increased optimism that second half activity levels will also be better than those of the prior year. This stronger commodity price environment, along with improved access to capital, is allowing our customers to continue to execute on their 2014 capital expenditure programs. Overall, the energy services environment in Canada looks positive for the second half of 2014.

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 terms 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 and 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, foreign exchange gains or losses and excess of insurance proceeds over costs, 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, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Net earnings for the period	6.7	2.1	16.0	10.5
Add:				
Interest and finance expense	0.1	0.2	0.3	0.4
Income taxes	1.5	1.2	3.2	2.4
Amortization	3.2	2.8	6.2	5.4
EBITDA	**11.5**	**6.3**	**25.7**	**18.7**
Add:				
Share-based compensation	0.3	0.1	0.6	0.3
Foreign exchange (gain) loss	(0.7)	0.2	(0.1)	0.2
Adjusted EBITDA	**11.1**	**6.6**	**26.2**	**19.2**

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, 2014	Three Months ended June 30, 2013	Six Months ended June 30, 2014	Six Months ended June 30, 2013
Net cash generated from operating activities	17.6	15.3	28.8	18.1
Less:				
Net changes in items of non-cash working capital	(7.8)	(10.2)	(5.9)	(1.8)
Funds provided from operations	**9.8**	**5.1**	**22.9**	**16.3**

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 gross debt.

The following tables provide a quantitative reconciliation of cash and cash equivalents to net cash as at June 30:

($ millions)	2014	2013
Cash and cash equivalents	47.2	30.4
Less:		
Long-term debt	(6.7)	(10.8)
Net cash	**40.5**	**19.6**

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 three and six months ended June 30, 2014 and in the Annual Information Form for the year ended December 31, 2013 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 Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2014 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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