

High Arctic Announces Closing of \$8.1 Million Mortgage Financing

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CALGARY, Alberta, Dec. 20, 2021 (GLOBE NEWSWIRE) -- High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Corporation") is pleased to announce that it has entered into a mortgage arrangement (the "Mortgage Financing") with Business Development Bank of Canada ("BDC") secured by land and buildings owned and occupied by High Arctic (the "Mortgage Security").

The Mortgage Financing provides the Corporation with long term liquidity. It supplements the Corporation's net cash position which was \$20.2 million as of September 30, 2021 before taking in to account a special dividend of \$9.7 million paid on November 5, 2021.

The \$8.1 million mortgage has an initial term of 5 years with a fixed interest rate of 4.30% and an amortization period of 25 years. Payments are due monthly, with the option to prepay up to 15 percent in any 12-month period. The mortgage is secured by land and buildings owned by the Corporation and located within Alberta, Canada.

The current credit facility with HSBC (the "Credit Facility") which matures on August 31, 2023, has been amended to accommodate the Mortgage Financing. The availability has been reduced from \$45 million to \$37 million and site-specific assets held as Mortgage Security for BDC have been carved out. The Credit Facility remains subject to certain EBITDA covenants, however a minimum of \$5 million can be drawn outside of these covenants. All other material terms of the Credit Facility remain unchanged.

Lance Mierendorf, CFO noted "The mortgage financing strengthens the Corporation's capital structure by providing a layer of long-term debt positioned to endure the energy services business cycle. The financing adds to existing cash balances and when combined with an undrawn Credit Facility provides strong liquidity. With an improving outlook in both Canada and Papua New Guinea this development strengthens High Arctic's financial flexibility to meet operational and investment opportunities."

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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