



HIGH ARCTIC
ENERGY SERVICES

NEWS RELEASE

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High Arctic Announces Second Quarter Results

Red Deer, Canada – August 14, 2008 – High Arctic Energy Services Inc. (TSX: HWO) (the “Corporation” or “High Arctic”) today announced its results for the second quarter ended June 30, 2008.

Second Quarter Highlights:

- Closed asset sales of \$12.2 million during the quarter and negotiated additional sales of \$12.2 after quarter end for net debt reduction of \$24.4 million from June 6, 2008 to date.
- A \$17.9 million increase (102%) in revenue to \$35.5 million compared to \$17.6 million in the quarter ending June 30, 2007.
- A \$9.3 million increase in EBITDA from negative EBITDA of \$7.9 million in the quarter ending June 30, 2007 to positive EBITDA of \$1.4 million in the quarter ending June 30, 2008.
- The strategy to diversify the revenue base by expanding into the international marketplace enabled the Corporation to overcome some of the seasonal weaknesses which occur in the Canadian marketplace during the second quarter. In particular, the Papua New Guinea business has proven to be very successful and is driving much of the growth. As a result, the Corporation’s financial performance from operations has improved dramatically during the second quarter of 2008 as compared to the same period in 2007.
- Optimal Pressure Drilling Services (a joint venture with Schlumberger) contributed \$1.7 million in revenue to the Corporation during the quarter ended June 30, 2008. The business in Mexico has developed somewhat slower than originally projected but is showing positive signs for the second half of the year.
- The Corporation’s Canadian equipment utilization rates were 28.4% for the three month period ended June 30, 2008, compared to 21.3% for the same period in 2007. These are compared to the Canadian Association of Oilfield Drilling Contractors (“CAODC”) rig utilization averages of 19.2% and 17.1% for the three month periods ended June 30, 2008 and June 30, 2007, respectively.



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Second Quarter Review

International revenue increased by \$18.5 million (199%) to \$27.8 million for the quarter ended June 30, 2008, as compared to \$9.3 million for the quarter ended June 30, 2007. The increase in international revenue was primarily attributable to the Corporation's increasing activities in Papua New Guinea.

Domestic revenue decreased by \$0.6 million to \$7.7 million for the quarter ended June 30, 2008, compared to domestic revenues of \$8.3 million for the quarter ended June 30, 2007. The minor decrease in revenue can be attributed to a slightly longer spring break up period.

The growth in revenue during the quarter ended June 30, 2008 reflects the successful launch of the business in Papua New Guinea. The Corporation has been operating two heli-portable drilling rigs there since late 2007 and the month of June saw the successful start to operations of the Cadomin, a Hydraulic Workover Rig, that was redeployed from the Middle East region.

The Corporation recorded a net loss of \$9.3 million (\$0.22 per share) in the second quarter of 2008 compared to a net loss of \$6.0 million (\$0.15 per share) during the same period in 2007. This period in 2007 included future tax benefits of \$6.8 million and, excluding this item, the net loss in 2008 improved by \$3.8 million, despite interest and financing costs increasing by \$5 million in 2008.

On a year-to-date basis, the Corporation's net loss was \$11.5 million (\$0.27 per share) in 2008 compared to a net loss of \$1.0 million (\$0.02 per share) during the same period in 2007. The increased loss in 2008 is attributable primarily to higher interest and financing costs associated with increased debt levels. Year-to-date the Corporation had interest and financing expenses of \$13.4 million as compared to \$2.4 million in the same period during 2007. A tax benefit of \$6.8 million was also recorded in 2007 as noted above.

During the quarter, the Corporation continued to sell excess and underutilized equipment to pay down its debt obligations. The consolidated debt of the Corporation was reduced by \$12.2 million in the quarter. Subsequent to the quarter ended June 30, 2008, the Corporation successfully negotiated the sale of a second RAPAD rig and has now repaid a total of \$24.4 million in debt since June 6, 2008. The net earnings will see the benefit of the reduced interest expense going forward, together with an expected reduction in financing fees associated with the debt restructuring.

The outlook for the Canadian business is positive, as the industry is showing signs of growth amid optimism driven by higher commodity prices. However, the industry will continue to be affected by uncertainty associated with the recent pullback in prices, particularly natural gas, together with growing evidence of economic slowdowns in the USA and other major markets.

"We are very pleased with the Corporation's performance this quarter as we continue to focus on service quality and profitability in our three core operating areas", said Jed Wood, President and Chief Executive Officer of the Corporation. "The Corporation will continue to focus on bringing its debt levels down and shutting down unprofitable activities. Growth in the near term is expected to primarily come from Papua New Guinea and Mexico, as both areas are being driven by oil rather than natural gas."

The Financial Statements and Management Discussion and Analysis dated August 13, 2008 can be viewed on SEDAR at www.sedar.com under High Arctic Energy Services Inc.



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Stock Appreciation Rights Plan

Further to the Corporation's press release on June 10, 2008, the Board of Directors has now adopted a Stock Appreciation Rights Plan (the "SAR Plan") to motivate and retain the current directors, officers and employees of the Corporation (the "Eligible Participants"). Under the terms of the SAR Plan, the Corporation may grant stock appreciation rights ("SARs") to the Eligible Participants that entitle them to receive a cash payment based on the appreciation in value of the Corporation's common shares. The President and CEO of the Corporation has elected not to participate in the SAR Plan. Subject to receiving final approval from the Corporation's lenders, the Board of Directors has conditionally awarded an aggregate of 5,352,000 SARs at an initial price of \$0.75 per SAR. A complete copy of the SAR Plan will be filed under the Corporation's profile at www.sedar.com.

Non-GAAP Measure

EBITDA (being earnings before the deduction of depreciation, amortization, interest expense or income taxes) is not a recognized measure under GAAP. Management believes that, in addition to net earnings, EBITDA is a useful supplemental measure of the Corporation's performance prior to consideration of how operations are financed or how results are taxed. Investors are cautioned that this should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Corporation's performance. The Corporation's method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, it may not be comparable to similarly titled measures used by other issuers.

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 the Corporation's Management Discussion and Analysis for the three months ended June 30, 2008 and in the Corporation's Annual Information Form for the year ended December 31, 2007, all 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

The Corporation, through its subsidiaries, is a global provider of specialized oilfield equipment and services, including drilling, completion and workover operations. Based in Red Deer, High Arctic has domestic operations in Alberta, British Columbia and the Northwest Territories. International operations are currently active in the Middle East region, Asia and Mexico.



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Further information:

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The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.