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High Arctic Announces 2009 First Quarter Results; Appointment of New Director

Red Deer, Canada – May 15, 2009 – High Arctic Energy Services Inc. (TSX: HWO) (“High Arctic” or the “Corporation”) today announced its results for the quarter ended March 31, 2009.

Commenting on the results, Michael Binnion, Chairman of the Board, said, “These are our first positive earnings since before we started our restructuring process. We had earnings of \$1.9 million this quarter in a very difficult market. These results reflect over a year of very hard work and it is gratifying to see a tangible reward for our Company and shareholders. We don’t have any illusions that there isn’t more work to do and there may be as much left to do as has been done. Even so, this quarter is a positive water shed and along with Steve Vasey joining our Board, shows that we are moving in the right direction.”

The global economic slowdown has reduced demand for oil and natural gas, which has led to significantly lower Canadian drilling activity levels and downward pressures on the day rates. In response to these difficult market conditions, the Corporation began aligning its cost structure early in 2009, including reducing its Canadian workforce by approximately 40 percent by the end of April 2009. These cost reduction activities, combined with the positive results of our Papua New Guinea operations, led to the Corporation reporting its first positive earnings since the first quarter of 2007.

Financial Highlights

- Earnings for the quarter ended March 31, 2009 were \$1.9 million (\$0.04 per share) compared to a net loss of \$2.2 million (\$0.05 per share) for the same period of 2008. Earnings from continuing operations were \$2.6 million (\$0.06 per share) during the first quarter of 2009 as compared to earnings of \$0.1 million (\$0.00 per share) in the first quarter of 2008.
- EBITDA of \$10.7 million (\$0.24 per share) for the three months ended March 31, 2009; an increase of \$0.3 million from EBITDA of \$10.4 million (\$0.25 per share) for the same quarter of 2008.
- On April 27, 2009, the Corporation announced it had signed a non-binding expression of interest to sell its 51% share of Optimal Pressure Drilling Services to the Schlumberger group. Revenue and earnings from Optimal Pressure Drilling Services have been included in discontinued operations. High Arctic’s share of the loss for the first quarter of 2009 was \$0.4 million as compared to a loss of \$0.2 million in the first quarter of 2008.
- The Corporation continues to focus on debt reduction through the disposition of underutilized assets. The reduction in debt has resulted in interest expense and financing fees decreasing by \$3.5 million (50%), from \$7.0 million in the first quarter of 2008 to \$3.5 million in the first quarter of 2009.



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- Despite the industry slowdown, the Corporation had consolidated revenue of \$46.6 million during the 1st quarter of 2009, which was consistent with 2008 first quarter revenue of \$46.2 million. Revenue from continuing operations increased by \$2.4 million (6%) to \$41.8 million in the first quarter of 2009, as compared to revenue of \$39.4 million during the same period of 2008.
- Revenue from operations in Papua New Guinea increased by \$10.5 million (58%) to \$28.7 million in the first quarter of 2009, as compared to revenue of \$18.2 million in the same quarter of 2008. Canadian revenue declined by \$8.3 million (39%) to \$12.9 million in the quarter ended March 31, 2009, as compared to \$21.2 million in the same quarter of 2008.
- Oilfield services operating margin was \$13.5 million; a decrease of \$0.9 million (6%) from the \$14.4 million in the quarter ended March 31, 2008. Continuing operations contributed \$12.6 million of the \$13.5 million oilfield services operating margin during the quarter ended March 31, 2009.

Barring a change in the commodity price environment, management expects there to be a reduction in its operations in Papua New Guinea, going from the current three rig operation to operating one rig, and will experience some pressure on costs.

“I am very pleased with both the operational and first quarter financial results in Papua New Guinea,” commented Mr. Bruce Thiessen, Interim CEO. “Over the coming quarters, our focus will be on ensuring that we are operating efficiently and effectively in our core areas of operation through these challenging global economic times. While our debt levels continue to be a challenge, the Corporation is still making progress on monitoring costs and selling underutilized assets.”

The Financial Statements and Management Discussion and Analysis dated May 14, 2008 can be viewed on SEDAR at www.sedar.com under High Arctic Energy Services Inc.

New Director

The Corporation is pleased to announce that, at the Annual General Meeting held on May 7, 2009, Mr. Steven Vasey was elected to the board of directors. Mr. Vasey served as President and Chief Executive Officer of VGS Seismic Canada Inc. from September 2005 to July 2008 and as Vice President of Seismic Operations of Olympic Seismic Canada from 2001 to September 2005. Prior thereto, he acted in successive positions for Petroleum Geo Services in Walton on Thames, England, from 1996 to 2000, culminating as Vice President Seismic Processing Operations for Europe, Africa and Middle East regions.

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 Discussion and Analysis and Annual Information Form for the year ended December 31, 2008 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.



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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, Alberta, High Arctic has domestic operations throughout Western Canada. International operations are currently active in Asia and Mexico.

Further Information

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