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High Arctic Announces 2009 Second Quarter Results

Red Deer, Canada – August 10, 2009 – High Arctic Energy Services Inc. (TSX: HWO) (“High Arctic” or the “Corporation”) today announced its results for the quarter ended June 30, 2009.

Commenting on the results, Michael Binnion, Chairman of the Board, said, “Despite the slowdown in the industry, the Corporation continued to make improvements in its financial performance during the first six months of 2009. The 2009 EBITDA of \$17.0 million is significantly improved from \$11.8 million in 2008. The second half of 2009 is shaping up to be very challenging as the downturn in the industry persists and we work to restructure the balance sheet.”

Financial Highlights

Three months ended June 30, 2009

- Revenue from continuing operations increased by \$3.0 million (11%) to \$31.2 million in the second quarter of 2009, as compared to revenue of \$28.2 million during the same period of 2008.
- The Corporation recorded a net loss of \$2.6 million (\$0.06 per share) in the second quarter of 2009, which was a \$6.7 million improvement over a second quarter 2008 loss of \$9.3 million (\$0.22 per share).
- EBITDA was \$6.4 million (\$0.14 per share) for the three months ended June 30, 2009; an increase of \$5.0 million from EBITDA of \$1.4 million (\$0.03 per share) for the second quarter of 2008. Continuing operations EBITDA was \$4.9 million in the second quarter of 2009 compared to \$3.6 million in the second quarter of 2008.
- Operating earnings of \$3.0 million for the quarter ending June 30, 2009 increasing \$5.6 million from an operating loss of \$2.6 million for the second quarter of 2008. Continuing operations recorded operating earnings of \$2.4 million; an increase of \$1.9 million from \$0.5 million of operating earnings in the second quarter of 2008.

Six months ended June 30, 2009

- Revenue from continuing operations increased by \$5.4 million (8%) to \$73.0 million in the six months ended June 30, 2009, as compared to revenue of \$67.6 million during the same period of 2008.



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- The Corporation recorded a net loss of \$0.7 million (\$0.02 per share) in the six months ended June 30, 2009, which was a \$10.8 million improvement over the 2008 net loss of \$11.5 million (\$0.27 per share). Continuing operations had a net loss of \$0.5 million (\$0.01 per share) during the six months ended June 30, 2009 as compared to a net loss of \$6.5 million (\$0.16 per share) in the same period of 2008.
- EBITDA was \$17.0 million (\$0.37 per share) for the six months ended June 30, 2009; an increase of \$5.2 million (44%) from EBITDA of \$11.8 million (\$0.28 per share) for the same period quarter of 2008. Continuing operations had EBITDA of \$14.9 million in the six months ended June 30, 2009 compared to EBITDA of \$15.3 million during the same period of 2008.
- Operating earnings of \$10.1 million for the six months ending June 30, 2009; an increase of \$6.6 million from operating earnings of \$3.5 million for the same period of 2008. Continuing operations recorded operating earnings of \$9.8 million; an increase of \$0.9 million from \$8.9 million of operating earnings in the six months ending June 30, 2008.

The Corporation's senior credit facilities matured on June 12, 2009 and discussions with the lenders over the terms of an extension are ongoing. As of June 30, 2009 the balance outstanding on the credit facilities was \$91.5 million. As previously reported, a sale of High Arctic's interest in Optimal Pressure Drilling Services is a key condition to an extension. A purchase and sale agreement to sell the interest was executed effective July 3, 2009. The total sales proceeds are US\$21.8 million. The sale is subject to a number of customary closing conditions, including the removal of any security interests registered against the assets. A corporation owned by Mr. Jed Wood, the former Chief Executive Officer and the largest shareholder, has registered a security interest against the assets that must be removed before the sale can be completed. The Corporation has asserted that it is an improper registration and is working with the senior lender to obtain court approval for the sale. Either party may terminate the agreement if the closing conditions are not satisfied by August 31, 2009.

In addition, the Corporation owes \$27.9 million in respect of Convertible Debentures that mature on December 31, 2012. As a result of the maturity of the senior credit facilities on June 12, 2009, the Corporation was prevented from paying the semi-annual interest amount of \$1.4 million due on June 30, 2009. The debenture holders are in a position to accelerate the maturity date as a result of the non-payment of the interest. The subordination terms of the debentures generally prevent the holders from taking any action ahead of the senior creditors and the Corporation is permitted to settle the principal amount with shares at market value under the terms of the debentures. The Corporation has been working with the debenture holders on alternatives to restructure the debentures as part of an overall plan to improve the capital structure for the benefit of all stakeholders.

While the Corporation is focusing its best efforts on resolving these issues and balancing the interests of all of the creditors and the shareholders, the outcome cannot be predicted at this time. High Arctic had a cash balance of \$22.1 million at June 30, 2009, which it believes provides adequate liquidity for the foreseeable future, subject to meeting any requirements of the creditors.

The Financial Statements and Management Discussion and Analysis dated August 7, 2009 can be viewed on SEDAR at www.sedar.com under High Arctic Energy Services Inc.



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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.

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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