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High Arctic Announces Closing of Restructuring Transactions in Escrow

Red Deer, Canada – May 3, 2010 – High Arctic Energy Services Inc. (TSX: HWO) (“High Arctic” or the “Corporation”) today announced that on April 30, 2010, it closed in escrow the restructuring transactions previously announced on April 9, 2010 (the “Restructuring Transactions”). All documents held in escrow will be released and the Restructuring Transactions will be completed once certain conditions of the Toronto Stock Exchange (“TSX”) to acceptance of the Restructuring Transactions have been satisfied, expected on or before May 14, 2010.

Michael Binnion, Chairman of the Board of Directors, commented “We are very pleased that, upon completion of these transactions, we will have successfully restructured our balance sheet with net debt now reduced to under two times EBITDA. The Board of Directors is satisfied that we have preserved a significant amount of the equity on behalf of common shareholders while reaching an agreement that respected the position of creditors. We thank the many employees and stakeholders that have put the company first and helped us accomplish this watershed transaction. We look forward to the challenges of running and growing the business.”

The TSX has granted the Corporation a conditional exemption from the securityholder approval requirements with respect to the Restructuring Transactions pursuant to the financial hardship exemption contained under section 604(e) of the TSX Company Manual. Pursuant to the TSX Company Manual, an application under section 604(e) automatically results in a listing review to confirm that High Arctic continues to meet TSX listing requirements, which High Arctic understands has been initiated. High Arctic believes that it complies with the applicable TSX listing requirements and expects to continue to comply with such requirements following the Restructuring Transactions.

Upon satisfaction of the escrow conditions to completion of the Restructuring Transactions, High Arctic will:

- issue 32,968,384 common shares of the Corporation (“Common Shares”) to Jed Wood and J.M. Wood Investments Ltd. (collectively, the “Wood Group”) at a price of \$0.25 per Common Share in settlement of all outstanding indebtedness and claims owing to the Wood Group by the Corporation, at a settlement value of \$8.2 million;
- convert the Corporation’s outstanding unsecured convertible debentures in the principal amount of \$27,898,000 (the “Convertible Debentures”) to 111,592,001 Common Shares at a price of \$0.25 per Common Share in full settlement of all currently outstanding principal owing plus 12,089,132 Common Shares at a price of \$0.25 per Common Share in full settlement of all accrued interest owing thereunder to the holders of the Convertible Debentures; and
- issue 12,630,740 Common Shares to its senior lenders as consideration for the one year term loan to refinance the existing senior credit facilities.

Restructuring of the Corporation’s Senior Credit Facilities

As part of the overall Restructuring Transactions, the Corporation entered into a one year term loan facility with its senior lenders wherein the outstanding balances under the Corporation’s existing senior credit facilities

were combined into a single term loan facility (the "Term Loan Facility") with a maturity date of April 30, 2011. The interest rate under the Term Loan Facility will be at prime rate plus 4.75% with a floor on the prime rate of 4.75%. On final completion of the Restructuring Transactions, the Corporation will pay \$10,000,000 to the senior lenders to be applied firstly to the outstanding fees and interest to the senior lenders and an amendment fee of \$0.4 million and secondly against the loan principal. The estimated principal amount of the Term Loan Facility is \$43,935,479 upon closing. In addition, in consideration for the Term Loan Facility the Corporation will issue 12,630,740 Common Shares to its senior lenders.

The Corporation currently has about \$18 million of cash on hand after applying the \$10 million payment to the senior lenders.

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 for the year ended December 31, 2009 and the Annual Information Form for the year ended December 31, 2009 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 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 and international operations primarily in Papua New Guinea.

Further Information

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