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## **High Arctic Announces New Credit Facility**

**Red Deer, Canada – May 9, 2011** – High Arctic Energy Services Inc. (TSX: HWO) (“High Arctic” or the “Corporation”) is pleased to announce that it has entered into a financing agreement with HSBC Bank Canada for new credit facilities to replace the existing senior credit facilities. The main components of the new credit facilities are a \$20 million, two year committed term loan with a four year amortization, a \$5 million demand revolving operating loan and a \$5 million revolving evergreen loan. The \$20 million was advanced to the Corporation on May 6, 2011. The credit facilities are secured by all of the assets of High Arctic and by unlimited guarantees of its foreign subsidiaries.

The funds from the \$20 million term loan, together with a cash payment of \$3.7 million, were used to repay High Arctic’s existing term loan on May 6, 2011. The Corporation is required to make quarterly principal payments on the term loan of \$1,250,000 beginning September 30, 2011. The term loan carries an annual interest rate of the bank’s prime interest rate plus 1.75% and has a maturity date of June 30, 2013.

The \$5 million demand revolving operating loan facility may be drawn to a maximum of 75% of the eligible Canadian accounts receivable, less certain priority claims, and 90% of the eligible foreign accounts receivable insured by the Export Development Corporation or other bank approved insurers. The annual interest rate for this facility is the bank’s prime interest rate plus 1.25%. The Corporation does not have any amounts drawn against the revolving operating loan.

The \$5 million revolving evergreen loan can be used for the acquisition of equipment to be purchased and held in Canada. The evergreen loan requires monthly principal payments equal to 1/48<sup>th</sup> of each advance drawn on the facility commencing in the month following the month the advance is drawn. The interest rate for this facility is the bank’s prime interest rate plus 1.25%. The Corporation does not have any amounts drawn against the evergreen loan. The maturity date is June 30, 2013.

Total debt outstanding under the new credit facilities is \$20 million as compared to debt outstanding under the former term loan of \$36.5 million as at December 31, 2010. The Corporation also currently has cash on hand of approximately \$15 million. The lower interest rates and the terms of the new credit facilities reflect the Corporation’s current stronger financial position. The structured repayment terms provides increased certainty and allows for effective cash flow management. For the last several years the Corporation has been constrained by the need to reduce its debt through cash flow sweeps and other mandatory repayment requirements. High Arctic now has the ability to dedicate more of the existing cash balance and the cash generated from ongoing operations to capitalize on new business opportunities and to enhance its fleet of equipment. The diligent management of the credit facilities will remain a focus of management.

“High Arctic is pleased to have secured this new financing,” said Bruce Thiessen, Chief Executive Officer of High Arctic. “The financing is an endorsement of our business. The committed term loan provides us with a level of stability for the future and the flexibility to capitalize on new opportunities.”

Mr Binnion Chairman of the Board added “This is the final step in our very successful restructuring of \$146.2 million in debt. I would like to thank our lenders and investors for their patience and especially their trust. Our management and staff did an amazing job over three years under stressful circumstances and all stakeholders have benefited from their efforts. As a result we have a growing company, great and seasoned management plus now a very strong balance sheet.”

## **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, 2010 and the Annual Information Form for the year ended December 31, 2010 found on SEDAR ([www.sedar.com](http://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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