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High Arctic Reports \$7.9 Million in Adjusted EBITDA for the Third Quarter of 2011 and \$22.2 Million Year to Date

Red Deer, Canada – November 14, 2011 – High Arctic Energy Services Inc. (TSX: HWO) (“High Arctic” or the “Corporation”) today announced its operating and financial results for the third quarter and first nine months of 2011.

Highlights for Third Quarter of 2011

- Revenue increased by \$0.3 million, or 1%, for the third quarter ended September 30, 2011 compared to the third quarter ended September 30, 2010 as a result of increased activity in Canada. Revenue in that region improved by \$2.0 million, or 21.7%. This was partially offset by a \$1.7 million, or 8.6%, decline in Papua New Guinea revenue. Canadian activity levels started out slow in July from an extended spring breakup, but rebounded strongly for the remainder of the quarter.
- High Arctic’s Canadian business is primarily dependent on natural gas and liquids rich natural gas well drilling and completions. Despite a drop in natural gas well completions in proportion to overall well completions in Canada, High Arctic’s equipment utilization and snubbing product line utilization was higher in the third quarter compared to last year, which is indicative both that High Arctic has increased market share in terms of overall natural gas well completions and that the Corporation’s services are in higher demand in the unconventional shale gas plays in Canada.
- Adjusted EBITDA was \$7.9 million versus \$8.0 in the same prior period and \$22.2 million year to date compared to \$23.9 million in 2010. The slight decline can be attributable to results in the Papua New Guinea division because of pricing concessions granted to receive 3 year contract extensions, startup costs to put the newly refurbished Rig 102 into service and the impact of a weaker US dollar on US dollar based revenues. The foreign exchange loss excluded in calculating adjusted EBITDA arose primarily on intercompany debt balances owed to foreign operations and is a non-cash charge.
- Cash Flows provided by operations during the third quarter of 2011 increased by \$0.2 million to \$6.0 million compared to \$5.8 million in the third quarter of 2010.
- The Corporation’s financial position continued to strengthen in the third quarter of 2011 as total debt was reduced to \$18.4 million as at September 30, 2011 compared to \$19.6 million at June 30, 2011 and \$36.5 million at December 31, 2010. Operating working capital at September 30, 2011 of \$21.5 million exceeded total debt by \$3.1 compared to net debt of \$0.6 million at the end of June 30, 2011 and \$4.7 million at December 31, 2010. Total debt to 12-month trailing EBITDA ratio was 0.60 times at September 30, 2011 compared to 1.1 times as at December 31, 2010. As at the end of September 30, 2011, \$10.0 million of the \$30.0 million credit facility remains available to be drawn.

Commenting on the results, Bruce Thiessen, High Arctic’s Chief Executive Officer, stated: “The third quarter was another solid quarter for High Arctic, particularly in the Canadian division. Canadian revenue was up 21% from the third quarter of 2010 partially due to pent up demand following an unusually wet second quarter. We expect to see continued strong activity through the fourth quarter and the first quarter of 2012 as drilling in the liquids rich gas plays continues to drive demand for our high pressure well completion services. We anticipate further improvements in day rates due to robust demand for our specialized services and the overall industry trends. We continued to invest in our fleet of rental products in Papua New Guinea as part of our efforts to diversify our customer base and deploy our strong operating cash flows in

opportunities that provide attractive rates of return. These capital investments will continue to come on stream over the coming months as the equipment is delivered into the field in Papua New Guinea.”

Selected Comparative Financial Information

The following is a summary of selected financial information of the Corporation. All figures are presented in accordance with the International Financial Reporting Standards (“IFRS”):

\$ millions (except per share amounts)	Three Months Ended September 30			Nine Months Ended September 30			Year Ended December 31
	2011	2010	Change	2011	2010	Change	2010
Revenue	29.3	29.0	0.3	90.1	86.0	4.1	119.3
EBITDA⁽¹⁾	7.1	8.2	(1.1)	21.3	23.6	(2.3)	33.3
Adjusted EBITDA⁽¹⁾	7.9	8.0	(0.1)	22.2	23.9	(1.7)	33.3
Operating earnings from continuing operations	4.2	5.5	(1.3)	14.5	17.2	(2.7)	24.6
Net earnings	3.0	3.0	-	10.2	10.0	0.2	14.5
per share (basic) ⁽²⁾	0.07	0.07	-	0.23	0.35	(0.12)	\$0.46
per share (diluted) ⁽²⁾	0.06	0.07	(0.1)	0.21	0.35	(0.14)	\$0.47
Cash Flows provided by operations⁽¹⁾	6.0	5.8	0.2	19.1	11.8	7.3	22.6
Capital expenditures	4.5	1.7	2.8	13.5	4.5	9.0	6.7
Net debt (end of period)⁽¹⁾	(3.1)	10.8	13.9	(3.1)	10.8	13.9	4.7
Shares outstanding-basic⁽²⁾	46.0	42.9	3.1	44.7	20.5	24.2	31.8
Shares outstanding-diluted⁽²⁾	49.7	43.1	6.6	48.4	20.6	27.8	30.7

(1) Readers are cautioned that EBITDA, Adjusted EBITDA, Cash Flows provided by operations and net debt do not have standardized meanings prescribed by IFRS – see “Financial Measures”.

(2) The Corporation completed a consolidation of its common shares on the basis of one (1) new post consolidation common share for every five (5) pre-consolidated common shares. For comparative purposes, all per share and share outstanding information presented in the table above reflect the share consolidation as if it had occurred prior to all periods presented above.

IFRS

Effective January 1, 2011, High Arctic began reporting its financial results in accordance with International Financial Reporting Standards (“IFRS”). Prior year comparative amounts have been changed to reflect results as if the Corporation had always prepared its financial results using IFRS.

Outlook

While the third quarter started slowly in July, domestic activity levels rebounded strongly through the remainder of the third quarter and have continued to remain strong moving into the fourth quarter. The Canadian oilfield services industry is experiencing both a limited supply of certain specialized equipment and a shortage of qualified field personnel. This situation has led to increases in the industry day rates, but has also placed inflationary pressures on wages for experienced personnel and other operating costs. Exploration and development activity in the unconventional natural gas and oil plays is anticipated to maintain its momentum with continued focus on drilling horizontal wells incorporating multi-

stage completions. The Petroleum Services Association of Canada's (PSAC) most recent forecast for 2012 is for a 10% increase in the number of wells released over 2011. The emphasis on oil and liquids-rich gas completions activity is expected to continue due to the strong oil and natural gas liquids prices. Overall, the price of crude oil and natural gas liquids is anticipated to remain strong. These favourable market conditions in Canada have resulted in improved day rates and other pricing for the Corporation's services.

High Arctic's activity levels are impacted to a much greater degree by natural gas drilling than oil well drilling. Management is not anticipating a meaningful increase in the price of natural gas during 2011 and throughout 2012. However, growth in the unconventional shale gas plays which are typically horizontal and deeper in nature has continued to gain in momentum. Technology that has typically been used on the unconventional shale gas development is now being used to revisit mature natural gas fields. The Corporation expects to benefit from the strong levels of drilling activity aimed at the liquids rich natural gas fields. As a result, demand for snubbing and well servicing operations is expected to remain solid despite the low natural gas prices. The completions activity in the Montney and other deep basin plays of northwest Alberta and northeast British Columbia are expected to remain robust in 2012 as those regions are amongst the most economic natural gas plays in North America especially those rich in natural gas liquids. The Corporation's equipment is well suited for the longer lateral multi-completion wells. Continued concerns about global economic conditions may temper activity somewhat, particularly if accompanied by a drop in oil prices.

The Corporation is in a relatively strong position given its relationships and first call commitments with some of the natural gas industry's most active operators. Management remains focused on maintaining a competitive cost structure, improving operating efficiencies and increasing its workforce to activate underutilized equipment. Attracting and retaining qualified field personnel is expected to be an ongoing challenge moving into the busy winter months. The Corporation's goal is to maintain and add additional operating crews to keep pace with the anticipated demand for its equipment.

The benefits of High Arctic's geographic diversification have continued to be evident throughout the year. Operations in PNG have added stability to cash flows for the Corporation as Rigs 103 and Rig 104 have been contracted until December 2013 and Rig 102 is contracted until May 2014. Those contracts provide a significant base level of activity to support the operations in the country. It is expected that only one of Rig 104 and Rig 103 will be drilling at any one time for the remainder of 2011 and into 2012 with crews shared between the rigs. Efforts are being made to find additional work to utilize both of those drilling rigs as the oil companies operating in the country firm up their drilling plans beyond 2011. Rig 102 commenced workover operations in July, 2011 following completion of an upgrade during the first half of the year, which should offset the drop in the activity of the drilling rigs. The Corporation expects that Rig 102 will remain active through to at least June 2012. While Rig 102, a workover rig, has a lower day rate than Rig 103, a drilling rig, High Arctic does not incur a lease expense on Rig 102 allowing it to earn better margins on the Rig 102 operations. The US dollar has shown some recent strength which will benefit the Corporation if the strength holds.

A recent 18 month contract award for rig matting and related support to a major oil and gas operator is anticipated to add to future revenue and profitability and demonstrates the opportunity for future service expansion of that product line. High Arctic provides drilling support equipment on a rental basis to a number of customers in Papua New Guinea. The Corporation will continue to pursue opportunities to expand that business line and increase its rental fleet. During the first nine months of 2011, High Arctic had net capital expenditures of \$12.0 million of which \$9.3 million related to the purchase of rental equipment in Papua New Guinea. These equipment additions should add to revenue and profitability for the PNG operation somewhat in the fourth quarter and particularly into 2012 as they are put fully into service.

Consolidated Statement of Financial Position (Unaudited)

As at September 30, 2011 and December 31, 2010

(stated in millions of Canadian dollars)

	September 30, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets			
Cash and cash equivalents	9.3	24.3	27.6
Accounts receivable	18.3	16.0	14.5
Inventories	3.0	2.5	2.8
Prepaid expenses	1.0	0.6	1.1
Income tax receivable	0.8	-	-
Assets held for sale	-	1.7	14.6
Assets related to Middle East discontinued operations	-	-	0.6
	<u>32.4</u>	<u>45.1</u>	<u>61.2</u>
Non-current assets			
Loans receivable	0.8	-	-
Assets held for sale including assets related to discontinued operations in the Middle East	-	-	2.0
Property and equipment	53.7	45.5	47.3
Total assets	<u>86.9</u>	<u>90.6</u>	<u>110.5</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10.9	11.2	14.9
Income taxes payable	-	0.4	0.4
Due to related parties	-	-	7.0
Current portion of long-term debt	4.8	-	-
Credit facility	-	36.5	65.4
Liabilities related to Middle East discontinued operations	-	-	0.3
Convertible debentures	-	-	27.9
	<u>15.7</u>	<u>48.1</u>	<u>115.9</u>
Non-current liabilities			
Long-term debt	13.6	-	-
Deferred income taxes payable	0.8	0.7	0.7
Total liabilities	<u>30.1</u>	<u>48.8</u>	<u>116.6</u>
Shareholders' equity (deficiency)	<u>56.8</u>	<u>41.8</u>	<u>(6.1)</u>
Total liabilities and equity	<u>86.9</u>	<u>90.6</u>	<u>110.5</u>

Consolidated Statement of Income (Unaudited)

For the three and nine months ended September 30, 2011 and 2010

(Stated in millions of Canadian dollars, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
Continuing operations				
Revenue	29.3	29.0	90.1	86.0
Expenses				
Oilfield services	19.6	19.2	62.2	55.9
General and administration	1.8	1.7	5.7	5.9
Share-based compensation	0.4	0.7	2.3	0.7
Amortization	2.5	2.0	6.5	5.9
Gain on sale of investments	-	-	(2.0)	-
Loss on sale of property and equipment	-	0.1	-	0.1
Foreign exchange loss (gain)	0.8	(0.2)	0.9	0.3
	25.1	23.5	75.6	68.8
Operating earnings from continuing operations	4.2	5.5	14.5	17.2
Interest and finance expense	0.4	1.0	1.5	4.3
Gain on restructuring transactions	-	-	-	(2.7)
Net earnings before income taxes	3.8	4.5	13.0	15.6
Income taxes	0.8	1.4	2.8	5.3
Net earnings from continuing operations	3.0	3.1	10.2	10.3
Discontinued operations				
Middle East discontinued operations	-	0.1	-	0.3
Net earnings for the period	3.0	3.0	10.2	10.0
Earnings per share:				
Basic	0.07	0.07	0.23	0.35
Diluted	0.06	0.07	0.21	0.35
Earnings per share from continuing operations:				
Basic	0.07	0.07	0.23	0.36
Diluted	0.06	0.07	0.21	0.36

Consolidated Statement of Cash Flow (Unaudited)

For the three and nine months ended September 30, 2011 and 2010

(Stated in millions of Canadian dollars)

	Three Months		Nine Months	
	2011	2010	2011	2010
Operating activities				
Net earnings for the period	3.0	3.0	10.2	10.0
Adjustments for:				
Amortization	2.5	2.0	6.5	5.9
Deferred income taxes	0.1	-	0.1	0.1
Gain on restructuring transactions	-	-	-	(5.0)
Loss on sale of property and equipment	-	0.1	-	0.1
Share-based compensation	0.4	0.7	2.3	0.7
	6.0	5.8	19.1	11.8
Changes in items of working capital				
Accounts receivable	(6.2)	(2.5)	(2.3)	(3.4)
Inventory and prepaid expenses	(0.2)	0.2	(0.9)	0.2
Accounts payable and accrued liabilities	(0.5)	1.6	(0.3)	(2.0)
Deferred revenue	(0.4)	(0.3)	-	0.7
Income taxes payable	(1.3)	1.0	(1.2)	0.6
	(8.6)	-	(4.7)	(3.9)
Net cash generated from (used in) operating activities	(2.6)	5.8	14.4	7.9
Investing activities				
Property and equipment under construction	(4.5)	(1.7)	(13.5)	(4.5)
Reimbursable cost recovery for equipment	-	-	1.5	-
Proceeds on sale of property and equipment	-	-	-	8.1
Net cash generated from (used in) investing activities	(4.5)	(1.7)	(12.0)	3.6
Financing activities				
Advances from related parties	-	-	-	0.2
Loans receivable	-	-	(0.8)	-
Advance of long-term debt	-	-	20.0	-
Repayment of long-term debt	(1.3)	-	(1.3)	-
Debt transaction costs	0.1	-	(0.3)	-
Repayment of credit facility	-	(2.1)	(36.5)	(23.6)
Net cash used in financing activities	(1.2)	(2.1)	(18.9)	(23.4)
Net change in cash from continuing operations	(8.3)	2.0	(16.5)	(11.9)
Cash flow from discontinued operations				
Operating activities	-	(0.1)	-	(0.2)
Proceeds on sale of property and equipment	-	-	-	6.6
Effect of exchange rate changes	2.2	(0.8)	1.5	(1.1)
Net change in cash and cash equivalents	(6.1)	1.1	(15.0)	(6.6)
Cash and cash equivalents – Beginning of period	15.4	19.9	24.3	27.6
Cash and cash equivalents – End of period	9.3	21.0	9.3	21.0

Financial Measures

This document contains references to certain financial measures that do not have any standardized meaning prescribed by IFRS and previous Canadian GAAP and may not be comparable to other companies. High Arctic uses these financial measures to assess performance and believes these measures provide useful supplemental information to investors. These financial measures are computed on a consistent basis for each reporting period and include the following:

EBITDA

Management believes that, in addition to net earnings (loss) reported in the consolidated statement of income, EBITDA is a useful supplemental measure of the Corporation's performance prior to consideration of how operations are financed or how results are taxed or how depreciation and amortization or share-based compensation affects results. EBITDA is not intended to represent net earnings calculated in accordance with IFRS.

Adjusted EBITDA

This measure is used by management and investors to analyze EBITDA (as defined above) prior to the effect of foreign exchange gains or losses, and is not intended to represent net earnings as calculated in accordance with IFRS.

Oilfield Services Operating Margin

Oilfield services operating margin is used by management and investors to analyze overall and segment operating performance. Oilfield services operating margin is not intended to represent operating income nor should it be viewed as an alternative to net earnings or other measures of financial performance calculated in accordance with IFRS. Oilfield services operating margin is calculated as revenue less oilfield services expense.

Cash Flows Provided by Operations

Management believes that, in addition to net cash generated from operating activities as reported in the Consolidated Statement of Cash flow, cash flows from operating activities before working capital adjustments is a useful supplemental measure as it provides an indication of the funds generated by High Arctic's principal business activities prior to consideration of changes in working capital.

Operating working capital

Operating working capital is used by management and the investment community as another measure to analyze the operating liquidity available to the Corporation. It is defined as current assets (excluding assets held for sale and assets related to discontinued operations) less current liabilities (excluding the current portion of the long-term debt or the credit facility).

Net debt

Net debt is used by management and the investment community to analyze the amount of total debt that would be remaining after liquid working capital balances are collected. It is calculated as total debt (including current portion) less operating working capital (as calculated above).

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 in the Annual Information Form for the year ended December 31, 2010 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 Papua New Guinea.

Further Information

A full copy of High Arctic's third quarter and year to date 2011 report including Management's Discussion and Analysis, Consolidated Financial Statements and Notes to the Consolidated Financial Statements can be found on the Investor Relations page of High Arctic's website www.haes.ca or at www.sedar.com.

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