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High Arctic Reports 2011 Second Quarter Results

Red Deer, Canada – August 11, 2011 – High Arctic Energy Services Inc. (TSX: HWO) (“High Arctic” or the “Corporation”) today announced its operating and financial results for the second quarter and first six months of 2011.

Commenting on the results, Bruce Thiessen, High Arctic’s Chief Executive Officer stated: “Although the second quarter was down somewhat in terms of our operating margins and EBITDA⁽¹⁾, we remain optimistic moving forward based on the improvement in activity and pricing already experienced in our Canadian operation and the contract awards received in Papua New Guinea. The wet weather in western Canada setback many of the well site projects of our customers and prevented the movement of our equipment into many areas in the quarter. We anticipate increased Canadian activity in the second half based on indications from our customers and the pent up demand from the second quarter. In preparation for the busy season, we continue to plan for the industry wide shortage of qualified field personnel and are progressing on organizational initiatives to build additional crews. Additionally, we advanced our planned equipment maintenance and refurbishment program in the quarter to ensure the high quality standard of our fleet continues”.

“We are encouraged by recent contract extensions for Rigs 103 and 104 until December of 2013 in Papua New Guinea. These contracts, in addition to the contract for Rig 102 until May 2014, add further long term stability to our operation. The recent equipment rental contract awards as well as the deployment of our newly refurbished Rig 102 in the second quarter are also cause for optimism for the second half of this year.”

“We have made progress on many strategic initiatives to strengthen our organization and position us for long term success. Our twelve month trailing EBITDA was \$32.2 million and our net debt⁽¹⁾ was \$0.6 million at the end of June 2011. With available financial resources and a strong balance sheet, we are well positioned to pursue a new phase of strategic growth in a disciplined manner to add shareholder value.”

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.

Selected Comparative Financial Information

The following is a summary of selected financial information of the Corporation:

\$ millions (except per share amounts)	Three Months Ended June 30			Six Months Ended June 30		
	2011	2010	Change	2011	2010	Change
Revenue	24.9	22.4	2.5	60.8	57.0	3.8
EBITDA⁽¹⁾	3.8	5.4	(1.6)	14.3	15.4	(1.1)
Operating earnings from continuing operations	1.2	3.6	(2.4)	10.4	11.7	(1.3)
Net earnings (loss)	(0.1)	2.5	(2.6)	7.2	7.0	0.2
per share (basic) ⁽²⁾	(\$0.00)	\$0.08	(\$0.09)	\$0.16	\$0.35	(\$0.19)
per share (diluted) ⁽²⁾	(\$0.00)	\$0.08	(\$0.09)	\$0.15	\$0.34	(\$0.20)
Funds provided by operations⁽¹⁾	2.7	(0.4)	3.1	13.1	6.0	7.1
Capital expenditures	5.8	1.8	4.0	9.0	2.8	5.6
Net debt (end of period)⁽¹⁾	0.6	13.9	(13.3)	0.6	13.9	(13.3)
Shares outstanding-basic⁽²⁾	45.0	31.8	13.2	44.1	20.5	23.6
Shares outstanding-diluted⁽²⁾	49.0	31.9	17.1	47.9	20.6	27.3

(1) Readers are cautioned that EBITDA, funds 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.

Highlights for Second Quarter of 2011

- Revenue for the second quarter improved 11% to \$24.9 million compared to \$22.4 million in the second quarter of 2010. Revenue in Papua New Guinea improved by \$3.2 million, or 16%, however, this was partially offset by a \$0.7 million, or 14%, decline in Canadian revenue. Exceptionally wet spring conditions adversely affected western Canadian oil and gas industry activity levels and resulted in lower utilization levels in Canada for the Corporation during the second quarter compared to last year.
- EBITDA of \$3.8 million was \$1.6 million lower than \$5.4 million for the same quarter last year largely due to the reduction in oilfield service operating margin (see “Financial Measures”) which was down by \$1.8 million to \$5.9 million for the quarter. This decrease was due to a combination of factors in both Canada and Papua New Guinea. Significant rainfall in western Canada negatively impacted the ability to move the Corporation’s equipment onto location and higher maintenance costs to ready the Corporation’s equipment for future work affected margins. In Papua New Guinea, pricing concessions on the Rig 104 contract extension and lower profitability on Rig 102 during the upgrade and mobilization phase contributed to the decline in operating margins. In addition, the weakening US dollar hurt results in the second quarter of 2011 as the US dollar denominated revenues and expenses in Papua New Guinea were converted at an average rate of approximately 6% lower compared to the second quarter of 2010.
- Net earnings for the period were (\$0.1) million (\$0.00 per share) for the second quarter of 2011, a decrease of \$2.6 million compared to net earnings of \$2.5 million (\$0.08 per share) for the same period of 2010. The 2010 amount included a one-time gain of \$2.7 million relating to restructuring transactions. Excluding the impact of that item, net earnings for the quarter would have been up by \$0.1 million, in large part due to lower interest and finance expense.
- Funds provided by operations during the second quarter of 2011 improved by \$3.1 million to \$2.7 million as compared to (\$0.4) million generated in the second quarter of 2010.

- On May 6, 2011 the Corporation entered into a financing agreement with a new lender for new \$30.0 million credit facilities. The main components of the new credit facilities are a \$20.0 million, two year committed capital loan with a four year amortization, a \$5 million demand revolving operating loan and a \$5.0 million committed two year revolving evergreen loan. As at the end of June 30, 2011, only the \$20.0 million capital loan portion of the \$30.0 million credit facility was outstanding.
- The Corporation's financial position continued to strengthen in the second quarter of 2011 as debt was reduced by \$4.1 million to \$19.6 million as at June 30, 2011. Total net debt was \$0.6 million at June 30, 2011 compared to net debt of \$4.7 million at December 31, 2011. The debt to 12-month trailing EBITDA ratio was 0.62 times as at June 30, 2011 compared to 1.1 times as at December 31, 2010.
- High Arctic further expanded its service offerings in the quarter through being awarded its largest rig matting and related support services contract to date. The contract is for 18 months and expected revenue over the contract term is \$7.2 million. These contracted services are anticipated to begin during the latter part of the fourth quarter.

Overview of Results for Three Months and Six Months Ended June 30, 2011

The momentum from the high activity levels and utilization experienced in Canada in the first quarter of 2011 did not carry over into second quarter of 2011 as a result of a prolonged spring breakup due to significant rainfall throughout western Canada. In spite of this, the benefits of High Arctic's geographic diversification were evident in the second quarter as the lower activity levels and revenue in Canada was offset by increased revenue in Papua New Guinea due to additional demand for the Corporation's services compared to the second quarter of 2010.

Although total well completions in Canada were up by 43% in the second quarter, much of the increased activity was targeted at oil and the number of natural gas well completions markedly declined by 13% compared to the same quarter of 2010. Prolonged spring breakup conditions led to a curtailment of producer drilling and well servicing activity directed towards natural gas in western Canada. The well servicing and snubbing industry overall was negatively impacted in the quarter as the well site access and equipment mobility was severely limited. As a result, equipment utilization in Canada for the Corporation was 16% compared to 29% for the same period last year. Revenue from the Canadian operations was \$4.4 million during the second quarter of 2011, representing a \$0.7 million (14%) decrease compared to revenue of \$5.1 million in the second quarter of 2010. Revenue from the Papua New Guinea operations increased by \$3.2 million (18%) to \$20.5 million for the quarter ended June 30, 2011 as compared to revenue of \$17.3 million during the quarter ended June 30, 2010. Operations in Papua New Guinea are less affected by seasonality and services are provided under longer term contracts that are less affected by fluctuations of oil and gas prices.

On a consolidated basis, the Corporation generated \$24.9 million in revenue during the quarter ended June 30, 2011; an increase of \$2.5 million (10%) from revenue of \$22.4 million in the quarter ended June 30, 2010. For the first half of 2011, consolidated revenue was \$60.8 million compared to \$57.0 million for the first half of 2010, representing a \$3.8 million (7%) increase. Of this increase, \$2.2 million was generated by the Canadian operations due to strong first quarter performance. Papua New Guinea contributed the remaining \$1.6 million as a result of increased activity levels attributable to Rig 103 operating throughout the second quarter of this year and being stacked during the second quarter of 2010.

Although consolidated revenue was up in the quarter, oilfield services margin was down in comparison to the same quarter of 2010. The reduction in operating margins can be attributed partly to the lower activity levels in Canada combined with a certain portion of its costs being fixed in nature as well as increased personnel training and equipment maintenance costs in Canada. The Canadian operations incurred additional maintenance costs as part of an overall maintenance and refurbishment plan to maintain the high quality standard of the equipment fleet and ensure readiness for increasing activity levels. Higher personnel and training costs in the quarter were incurred as part of the Corporation's initiative to assemble additional Canadian crews in order to meet anticipated increased demand.

In Papua New Guinea, pricing concessions granted on Rig 104 and associated rental equipment also reduced operating margins as did the weakening U.S. dollar. In addition, the lower profitability during the mobilization activity of Rig 102 in the quarter in comparison to the minimal expenses incurred while on a stacking rate in the second quarter last year, also negatively impacted operating margins in the quarter.

Operating margins, as a percentage of revenue, are anticipated to improve as activity levels and pricing increases in Canada and as High Arctic's Rig 102 commences its workover program in Papua New Guinea. Management continues to monitor oilfield service expenses and expects to see some wage pressures in the coming periods.

The corporation achieved EBITDA of \$3.8 million for the three months ended June 30, 2011 compared to \$5.4 million for the three months ended June 30, 2010, representing a decline of \$1.6 million (30%). For the first half of 2011, EBITDA was \$14.3 million compared to \$15.4 million for the first half of 2010. On a trailing twelve months basis, EBITDA was \$32.2 million.

A net loss of \$0.1 million (\$0.00 per diluted share) was recorded in the second quarter of 2011, as compared to net earnings of \$2.5 million (\$0.08 per diluted share) in the same period of 2010. Net earnings for the six months ended June 30, 2011 were \$7.2 million (\$0.14 per diluted share) compared to \$7.0 million (\$0.34 per diluted share) for the six months ended June 30, 2010. The 2010 results benefited from a one-time \$2.7 million gain on restructuring transactions. Excluding the impact of that item, net earnings for the second quarter and first half of 2011 would have been up \$0.1 million and \$2.9 million, respectively, in large part due to lower interest expense and financing costs.

Although operating profitability was adversely affected by reduced activity in Canada, a number of strategic initiatives were achieved in the second quarter. High Arctic further expanded its service offerings in the quarter through being awarded a firm 18 month contract in Papua New Guinea to supply rig matting and related support services. This contract is the largest matting rental contract completed by High Arctic to date and is part of the effort to focus on rentals for future growth opportunities. The Corporation also received written confirmation from its major customer in Papua New Guinea that the Rig 104 contract and the drilling support services will be firm commitments for their full three year term to December 2013. The upgrade of Rig 102 was also completed in the quarter and the rig was mobilized to location to commence operations on a three year contract. A significant milestone was also achieved in the quarter as the Corporation entered into a \$30.0 million financing agreement with a new lender. The new facility consists of a \$20 million, two year committed capital loan with a four year amortization, a \$5.0 million demand revolving operating loan and a \$5.0 million two year committed revolving evergreen loan. As at the end of June 30, 2011, the \$10.0 million revolving portions of the \$30.0 million credit facility remained undrawn. Total net debt at June 30, 2011 was 0.6 million compared to \$4.7 million at December 31, 2010. Total debt to twelve month trailing EBITDA was 0.62 times as at June 30, 2011 compared to 1.1 times as at December 31, 2010.

Outlook

While the second quarter was a difficult quarter in the western Canadian oil and gas industry due to wet weather conditions, the improvement in demand for High Arctic's services already experienced in the third quarter has provided encouraging signs for the remainder of the year. Well servicing and completion programs that were delayed in the second quarter have bolstered activity level expectations for the second half. Exploration and development activity in the unconventional natural gas and oil plays is anticipated to maintain its momentum with continued focus on the use of horizontal wells incorporating multi-stage completions. The Corporation's equipment is well suited to the longer lateral multi-completion wells. Delayed activity in the second quarter allowed High Arctic to continue with its overall equipment maintenance and refurbishment program in order to maintain its high quality standard and to prepare for an anticipated busy second half. The shift towards oil and liquids-rich gas completions activity, as evidenced in the second quarter, 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 should help to improve the 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 which will continue to hamper natural gas well drilling activity, especially in the conventional natural gas areas. However, overall stronger demand for the Corporation's services in Canada is supported by the Petroleum Services Association of Canada's drilling forecast of 12,950 wells to be drilled across western Canada in 2011, of which an increasing number is projected to be the deeper horizontal wells. Completions activity in the Montney, Horn River and other deep basin plays of northwest Alberta and northeast British Columbia is expected to remain robust in 2011 as these regions are amongst the most economic natural gas plays in North America especially those rich in natural gas liquids. Mounting concerns about the 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 hopes to maintain the recent gains in market share and 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 add additional operating crews to keep pace with the anticipated demand for its equipment. Significant training and recruitment initiatives were undertaken in the second quarter and will continue throughout the second half of 2011.

The benefits of High Arctic's geographic diversification were evident in the second quarter with operations in Papua New Guinea generating an 18% increase in revenue for that region as both Rig 103 and Rig 104 were actively drilling throughout the first half of 2011. High Arctic agreed to a contract extension for Rig 103 effective July 1, 2011 with a term running to December 13, 2013 to match the term of the Rig 104 contract. 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. It is hoped that beyond 2011 additional work can be found to utilize both of those drilling rigs as the oil companies operating in the country firm up their drilling plans and the significant LNG facility under construction in the country moves further towards completion. With Rigs 103 and 104 contracted until December 2013 and Rig 102 contracted until May 2014, the Corporation has added further stability and clarity to its cash flows in that region. Those contracts provide a significant base level of activity to support the operations in the country.

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. 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 recent 18 month contract award for rig matting and related support will also add to future profitability demonstrates the opportunity for future service expansion of that product line. High Arctic provides drilling support equipment on a rental basis to several other customers in Papua New Guinea. The Corporation sees opportunities to expand that business line through additions to its rental fleet. During the first six months of 2011, High Arctic had net capital expenditures of \$7.5 million of which \$6.1 million related to the purchase of rental equipment.

High Arctic is well positioned with a strong balance sheet, a high quality fleet of equipment, appropriate geographical diversity and available financial capacity to capitalize on opportunities that may present themselves in this phase of the oil and gas cycle. In addition to analyzing various options to redeploy underutilized equipment, management is actively pursuing opportunities in order to enhance value to shareholders.

Consolidated Statement of Financial Position (Unaudited)

As at June 30, 2011 and December 31, 2010

(stated in millions of Canadian dollars)

	June 30, 2011	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	15.4	24.3
Accounts receivable	12.1	16.0
Inventories	2.9	2.5
Prepaid expenses	0.9	0.6
Assets held for sale including assets related to discontinued operations in the Middle East	1.7	1.7
Assets related to Middle East discontinued operations	-	-
	<u>33.0</u>	<u>45.1</u>
Non-current assets		
Loans receivable	0.8	-
Property and equipment	48.4	45.5
	<u>49.2</u>	<u>45.5</u>
Total assets	<u>82.2</u>	<u>90.6</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	11.4	11.2
Income taxes payable	0.5	0.4
Deferred revenue	0.4	-
Current portion of long-term debt	4.8	-
Credit facility	-	36.5
	<u>17.1</u>	<u>48.1</u>
Non-current liabilities		
Long-term debt	14.8	-
Deferred income taxes payable	0.7	0.7
	<u>15.5</u>	<u>0.7</u>
Total liabilities	<u>32.6</u>	<u>48.8</u>
Shareholders' equity (deficiency)	<u>49.6</u>	<u>41.8</u>
Total liabilities and equity	<u>82.2</u>	<u>90.6</u>

Consolidated Statement of Income (Unaudited)

For the three and six months ended June 30, 2011 and 2010

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

	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Continuing operations				
Revenue	24.9	22.4	60.8	57.0
Expenses				
Oilfield services	19.0	14.7	42.4	36.7
General and administration	2.0	1.9	4.0	4.2
Share-based compensation	0.4	-	1.9	-
Amortization	2.2	1.9	4.0	3.9
Gain on sale of investments	-	-	(2.0)	-
Foreign exchange loss	0.1	0.3	0.1	0.5
	<u>23.7</u>	<u>18.8</u>	<u>50.4</u>	<u>45.3</u>
Operating earnings from continuing operations	1.2	3.6	10.4	11.7
Interest and finance expense	0.3	1.3	1.2	3.3
Gain on restructuring transactions	-	(2.7)	-	(2.7)
	<u>0.9</u>	<u>5.0</u>	<u>9.2</u>	<u>11.1</u>
Net earnings before income taxes	0.9	5.0	9.2	11.1
Income taxes	1.0	2.4	2.0	3.9
Net earnings (loss) from continuing operations	(0.1)	2.6	7.2	7.2
Discontinued operations				
Middle East discontinued operations	-	0.1	-	0.2
	<u>(0.1)</u>	<u>2.5</u>	<u>7.2</u>	<u>7.0</u>
Net earnings (loss) for the period	(0.1)	2.5	7.2	7.0
Earnings per share:				
Basic	0.00	0.08	0.16	0.35
Diluted	0.00	0.08	0.15	0.34

Consolidated Statement of Comprehensive Income (Unaudited)

For the three and six months ended June 30, 2011 and 2010

(Stated in millions of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Net earnings (loss) for the period	(0.1)	2.5	7.2	7.0
<i>Other comprehensive income (loss)</i>				
Foreign currency translation differences for foreign operations	(0.5)	1.1	(1.3)	-
Total comprehensive income (loss) for the period	(0.6)	3.6	5.9	7.0

Consolidated Statement of Cash Flow (Unaudited)
For the three and six months ended June 30, 2011 and 2010
(Stated in millions of Canadian dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Operating activities				
Net earnings (loss) for the period	(0.1)	2.5	7.2	7.0
Adjustments for:				
Amortization	2.2	1.9	4.0	3.9
Deferred income taxes	0.2	0.2	-	0.1
Gain on restructuring transactions	-	(5.0)	-	(5.0)
Share-based compensation	0.4	-	1.9	-
	2.7	(0.4)	13.1	6.0
Changes in items of working capital				
Accounts receivable	5.0	2.6	3.9	(0.9)
Inventory and prepaid expenses	(1.1)	(0.2)	(0.7)	-
Accounts payable and accrued liabilities	1.4	(5.5)	0.2	(3.6)
Deferred revenue	0.1	1.0	0.4	1.0
Income taxes payable	(1.1)	(1.9)	0.1	(0.4)
	4.3	(4.0)	3.9	(3.9)
Net cash generated from (used in) operating activities	7.0	(4.4)	17.0	2.1
Investing activities				
Property and equipment under construction	(5.8)	(1.8)	(9.0)	(2.8)
Reimbursable cost recovery for equipment upgrades	-	-	1.5	-
Proceeds on sale of property and equipment	-	-	-	8.1
Net cash generated from (used in) investing activities	(5.8)	(1.8)	(7.5)	5.3
Financing activities				
Advances from related parties	-	0.1	-	0.2
Loans receivable	(0.8)	-	(0.8)	-
Advance of long-term debt	20.0	-	20.0	-
Debt transaction costs	(0.4)	-	(0.4)	-
Repayment of credit facility	(23.7)	(6.8)	(36.5)	(21.5)
Net cash used in financing activities	(4.9)	(6.7)	(17.7)	(21.3)
Net change in cash from continuing operations	(3.7)	(12.9)	(8.2)	(13.9)
Cash flow from discontinued operations				
Operating activities	-	(0.1)	-	(0.1)
Proceeds on sale of property and equipment	-	-	-	6.6
Effect of exchange rate changes	(0.3)	0.8	(0.7)	(0.3)
Net change in cash and cash equivalents	(4.0)	(12.2)	(8.9)	(7.7)
Cash and cash equivalents – Beginning of period	19.4	32.1	24.3	27.6
Cash and cash equivalents – End of period	15.4	19.9	15.4	19.9

Consolidated Statement of Changes in Equity (Unaudited)

For the periods ended June 30, 2011 and 2010

(Stated in millions of Canadian dollars)

	Share capital	Contributed surplus	Warrants	Convertible debentures	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
Balance at December 31, 2010	165.4	6.3	-	-	(2.3)	(127.6)	41.8
Net earnings	-	-	-	-	-	7.2	7.2
Other comprehensive income - foreign currency translation differences	-	-	-	-	(1.3)	-	(1.3)
Share-based payment transactions	1.8	0.1	-	-	-	-	1.9
Balance at June 30, 2011	167.2	6.4	-	-	(3.6)	(120.4)	49.6

	Share capital	Contributed surplus	Warrants	Convertible debentures	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
Balance at January 1, 2010	126.9	4.6	1.7	2.8	-	(142.1)	(6.1)
Net earnings	-	-	-	(2.8)	-	7.0	4.2
Restructuring transactions	36.6	-	-	-	-	-	36.6
Other comprehensive income - foreign currency translation differences	-	-	-	-	-	-	-
Balance at June 30, 2010	163.5	4.6	1.7	-	-	(135.1)	34.7

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.

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.

Funds Provided by Operations

Management believes that, in addition to net cash generated from operating activities as reported in the Consolidated Statement of Cash flow, net cash 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

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