HIGH ARCTIC ENERGY SERVICES

NEWS RELEASE

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High Arctic - Record First Quarter Adjusted EBITDA of $14.3 Million

Red Deer, Canada – May 14, 2012 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Company") today announced its operating and financial results for the first quarter of 2012.

High Arctic achieved record levels of quarterly adjusted EBITDA and net earnings in the first quarter of 2012. Adjusted EBITDA increased 36.2% to $14.3 million in the quarter compared to $10.5 million in the first quarter of last year. Similarly, first quarter net earnings were higher by 46.6% at $10.7 million ($0.23 per share) compared to $7.3 million ($0.17 per share) in the first quarter of 2011.

Commenting on the results, Bruce Thiessen, High Arctic's Chief Executive Officer, stated:

"Our financial performance in the first quarter was strong across all business lines and both geographic regions. Our growth in Canadian revenue was achieved against a backdrop of weak natural gas prices and reflects the strong demand for High Arctic's specialized well completion services and the benefit of improved pricing. Our industry leading equipment continues to prove out its success on the long lateral horizontal wellbores that are a key part of the unconventional and shale gas plays. In PNG, our results demonstrated the strong returns we are able to generate on new invested capital. The matting and equipment rental business in PNG remains an area of further expansion opportunity for High Arctic. In Canada, we will continue to pursue opportunities to deploy underutilized equipment, expand existing service offerings and increase our exposure to oil activities. I believe we are in a strong competitive position to not only weather any softening in Canadian activity, but potentially take advantage of a downturn to expand our business."

First Quarter Highlights

- Consolidated revenue increased 17.5% to $42.2 million compared to $35.9 million for the first three months last year. Consolidated operating margin outpaced revenue growth with margins increasing 32.0% to $16.5 million in the quarter compared to $12.5 million in the same quarter of last year. This result is indicative of the degree of operating leverage of the Company's operations and cost control management. This is also a result of the strong returns generated on capital invested during 2011.

- The momentum from the fourth quarter of 2011 continued into the first quarter of 2012 for the Canadian operations. Revenue in Canada of $18.7 million was up 17.6% on a quarter over quarter basis and 19.9% compared to the first quarter of 2011. This performance reflects the Company's first call status with two of Canada's largest producers, pricing increases and continued demand for High Arctic's snubbing and nitrogen services in the liquids rich natural gas plays in Alberta and British Columbia. Utilization was affected somewhat by an earlier than normal arrival of spring break-up conditions.

- In PNG, revenue of $23.5 million increased 10.9% on a quarter over quarter basis, primarily from the benefit of the 2011 capital investments to expand the matting and equipment rental business, and increased by 15.8% compared to the first quarter of 2011 as a result of the new capital investments and activity from High Arctic's workover Rig 102. Pricing improvements that took effect on January 1, 2012 also positively impacted the results for PNG in the first quarter of 2012.

- High Arctic is in a very strong financial position. At March 31, 2012, the Company had $22.5 million of cash on hand, well in excess of the total debt of $16.0 million. The Company continues to generate strong cash flows and has achieved cash flow growth in each of the last four consecutive quarters. For the first quarter of 2012, High Arctic generated $13.4 million of cash flows provided by operations compared to $10.4 million in the same quarter of last year, representing an increase of 28.8%. The 12 months trailing Adjusted EBITDA is $37.2 million at March 31, 2012 compared to $33.7 million for the 12 months ended March 31, 2011.

- High Arctic, with its strong cash position and available debt facilities, is well positioned to take advantage of strategic growth and acquisition opportunities to enhance shareholder value. One such initiative was put into place on March 21, 2012, as High Arctic obtained all required regulatory approvals to conduct a normal course issuer bid ("NCIB"). The Company believes that from time to time the market price of High Arctic's common shares may not reflect their underlying value and that, at such times, the purchase of common shares for cancellation will increase the proportionate interest of, and be advantageous to, all remaining shareholders.

Selected Comparative Financial Information

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

	Three months ended March 31			
$ millions (except per share amounts)	2012	2011	Change	% Change
Revenue	**42.2**	**35.9**	**6.3**	**17.5**
EBITDA(1)	**14.0**	**11.0**	**3.0**	**27.3**
Adjusted EBITDA(1)	**14.3**	**10.5**	**3.8**	**36.2**
Operating earnings	**11.7**	**9.2**	**2.5**	**27.2**
Net earnings(1)	**10.7**	**7.3**	**3.4**	**46.6**
Per share (basic)(2)	0.23	0.17	0.07	
Per share (diluted)(2)	0.22	0.15	0.07	
Cash Flows provided by operations(1)	**13.4**	**10.4**		
Capital expenditures	**1.6**	**1.7**		
Net debt (net cash) at end of period(1)	**(6.5)**	**4.3**		
Shares outstanding-basic(2)	**46.1**	**43.1**		
Shares outstanding-diluted(2)	**47.5**	**50.2**		

(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) On June 15, 2011, the Company 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.

Selected Quarterly Financial Information

The following is a summary of selected financial information of the Company for the last eight completed quarters:

$ million except per share amounts	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010
Revenue	**42.2**	**37.1**	**29.3**	**24.9**	**35.9**	**33.3**	**29.0**	**22.4**
Adjusted EBITDA	14.3	11.2	7.8	3.9	10.5	9.5	8.0	5.7
Net earnings (loss)	10.7	7.8	3.0	(0.1)	7.3	4.7	2.7	2.5
per share (basic)	$0.23	$0.17	$0.07	$(0.00)	$0.17	$0.11	$0.06	$0.08
per share (diluted)	$0.22	$0.16	$0.06	$(0.00)	$0.15	$0.11	$0.06	$0.08
Capital expenditures	1.6	1.3	4.5	5.8	1.7	3.7	1.7	1.8
Net debt (net cash)	(6.5)	0.7	9.1	4.2	4.3	12.2	20.8	24.0

Outlook

Given the ongoing weakness in natural gas prices, the Company expects that Canadian drilling and completion activity in 2012 will continue to focus on the development of oil and liquids-rich natural gas resource plays. The activity in the Montney and other deep basin plays of northwest Alberta and northeast British Columbia are expected to remain reasonably active in 2012 as producers focus on the reservoirs offering the highest liquids content. In addition, emerging areas such as the Duvernay shale could drive improved demand for High Arctic's services in 2012 and beyond. The growing interests in Canadian gas prospects by Asian based energy companies are encouraging in terms of bringing new capital to the industry and hopefully ultimately leading to improved access to Asian markets. Management is cautiously optimistic that activity levels in the liquids rich and unconventional shale gas plays will continue to allow High Arctic to grow revenues despite low natural gas prices, although the current gas oversupply situation could curtail activity further if more wells are forced to shut in and are unable to produce the associated liquids.

The Company expects that its customers will continue to focus on the longer reach horizontal wells, while striving to improve drilling and completion efficiencies, such as through increased use of multi-well pads and 24-hour operations. Our Stand Alone units with their small, environmentally friendly footprint and ability to work on pressurized wellbores are well suited to drill out the plugs and to complete the pressurized long lateral horizontal wells associated with the multistage fracs. In a number of applications where the ability to push against the pressure of a well is needed, snubbing is a better alternative to coil tubing as it can provide a larger pushing capacity and has the ability to apply higher torque to turn, push and pull the jointed pipe string which is important when trying to dislodge it from stuck-in-hole and fishing situations. The increased complexity and lateral length of these horizontal wells has increased our average time spent per wellbore. When combined with rate increases, our average revenue per well has been increasing, while the multi-wells per pad is further increasing the time spent per location. Our snubbing and nitrogen offerings are complementary services that are commonly used in the same wellbores so we typically have multiple services on the same location, adding additional revenue per location. We are exploring additional complementary services to further increase revenue per location. High Arctic will continue to adapt its snubbing and well completion technologies to the emerging needs of its customers as part of its effort to increase its market share in well completion services.

Towards the end of the 2nd quarter, one of High Arctic's 250K Underbalanced Workover Rigs is slated to be commissioned to complete multiple horizontal wells each with lateral legs pushing the current limits. Operators continue to increase the length of the wells and coil tubing has struggled on wells over 6000 meters. Each of High Arctic's three 250K UB rigs have a large push and pull capability and high torque rotary and are not constrained by the length of a coil spool, providing a possible solution to extend the lateral length. High Arctic is also investigating other uses for the underutilized three 250K UB rigs in order to expand its revenue base and to increase its exposure to oil wells.

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. We expect that trend to continue. The Company 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 for 2012. The Company's goal is to maintain and add additional operating crews to keep pace with the demand for its equipment.

Operations in PNG provide stability to cash flows for the Company, particularly because Rigs 103, Rig 104 and the related support services have been contracted until December 2013 and Rig 102 is contracted until May 2014. Those long term contracts provide a stable base of activity and our main customer has plans to move from a one rig drilling program to two rigs during the second half of 2012. The hydraulic workover Rig 102 is also scheduled to work the majority of 2012 for that customer. We will continue to invest in our relationship with that key customer to ensure we continue to meet their expectations with an emphasis on maintaining our versatility and effectiveness across multiple remote locations, recruiting experienced crews for the start-up of the second drilling rig and an even stronger focus on HSE training for both our own employees and third party contractors. Drilling opportunities with other operators remain possibilities, but more likely to be realized in 2013 than 2012. We should also continue to see growth in our rental business in PNG that services an increasing base of customers. High Arctic provides drilling support equipment on a rental basis to a number of customers in Papua New Guinea. The matting rental business has expanded significantly over the past 18 months and the Company currently has firm contracts for all 5,500 Dura-Base® mats currently in the country. The Company will continue to pursue opportunities to expand that business line and increase its rental fleet.

In 2012 and beyond, the Company will continue to invest in growth opportunities to enhance shareholder value. Capital has been allocated for the year to fund additional purchases for the rental division in PNG, expand the Canadian nitrogen division and to take advantage of other opportunities. Subsequent to the quarter, the Company placed orders for the new build of 2 nitrogen pumper units. These units are expected to be deployed towards the latter half of the year. Additionally, we will continue with our program to upgrade and retrofit our Canadian equipment fleet to ensure we remain leaders in service and quality in our markets. Capital spending of up to $23.0 million has been budgeted for 2012, though plans may be adjusted in accordance with changes in market conditions, the ability to secure contracts with acceptable returns and to take advantage of opportunities that may present themselves.

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. For a more complete list of these Financial Measures, including their calculation, please refer to the Management's Discussion and Analysis for the Years Ended December 31, 2011 and 2010. 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 Company's performance prior to consideration of how operations are financed or how results are taxed or how depreciation and amortization affects results. EBITDA is not intended to represent net earnings calculated in accordance with IFRS.

Adjusted EBITDA
This measure is used by management to analyze EBITDA prior to the effect of stock based compensation, gain on sale of assets or investments and foreign exchange gains or losses, and is not intended to represent net earnings as calculated in accordance with IFRS

The following tables provide a quantitative reconciliation of net earnings to EBITDA and Adjusted EBITDA for the three months ended March 31, 2012 and 2011:

	Three months ended March 31, 2012	Three months ended March 31, 2011
Net earnings	10.7	7.3
Add (deduct)		
Interest and finance expenses	0.2	0.9
Income taxes	0.8	1.0
Amortization	2.3	1.8
EBITDA	**14.0**	**11.0**
Add (deduct)		
Share-based compensation	0.4	1.5
Gain on sale of investments	-	(2.0)
Foreign exchange (gain) loss	(0.1)	-
Adjusted EBITDA	**14.3**	**10.5**

Oilfield Services Operating Margin
Oilfield services operating margin is used by management 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 Flow 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.

Net debt
Net debt is used by management and the investment community to analyze the amount of total debt that would be remaining after cash balances are applied against the debt. The amount, if any, is calculated as total debt (including current portion) less cash. Net cash refers to the amount, if any, by which cash exceeds the debt.

Forward-Looking Statements

This news release may contain forward-looking statements relating to expected future events and financial and operating results of the Company 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 Company's Management Discussion and Analysis for the year ended December 31, 2011 and in the Annual Information Form for the year ended December 31, 2011 found on SEDAR (www.sedar.com). Due to the potential impact of these factors, the Company 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 Company 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 and international operations in Papua New Guinea.

Further Information

A full copy of High Arctic's first quarter results 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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