HIGH ARCTIC ENERGY SERVICES

NEWS RELEASE

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High Arctic – Reports 33% increase in EBITDA to $5.2 Million

Red Deer, Canada – August 13, 2012 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Company") today announced its operating and financial results for the second quarter of 2012.

High Arctic continued its strong year over year growth in revenue, EBITDA and net earnings in the second quarter of 2012. Adjusted EBITDA increased 33.3% to $5.2 million in the quarter and by 35.4% to $19.5 million for the six months to June 30 as compared to the same periods of last year.

Highlights

- Adjusted EBITDA increased 33.3% to $5.2 million in the quarter and by 35.4% to $19.5 million for the six months to June 30 as compared to the same periods of last year. Papua New Guinea generated higher revenue and contributed to the strong improvements in profitability in the quarter as the Company continued to benefit from the capital additions made during 2011.

- Net earnings for the quarter and six months improved to $5.7 million and $16.4 million, respectively, compared to earnings (loss) of $(0.1) million and $7.2 million in the same periods for 2011. The 2012 net earnings include the benefit of a $5.0 million tax adjustment booked in the second quarter.

- Consolidated revenue for the second quarter increased 18.9% to $29.6 million compared to $24.9 million for the quarter last year. Year to date revenues of $71.8 million are up 18.1% compared to 2011.

- Consolidated operating margins improved to 25% for the quarter from 23.7% in 2011 and to 33.3% for 2012 year to date compared to 30.3% last year. This result is indicative of improved day rates in Canada and the strong returns generated in 2012 on capital invested in new rental equipment during 2011.

- The growth in revenue for the quarter was driven by activity in PNG where the second quarter revenue was $25.1 million compared to $20.5 million in 2011, primarily from the benefit of Rig 102 operating throughout the quarter and growth in the matting and equipment rental business. Year to date revenue in PNG of $48.6 million is up 19.1%.

- Revenue for Canada was relatively flat improving slightly to $4.5 million for the quarter compared to $4.4 million in 2011. The quarter saw some reduction in activity levels in the core snubbing business due largely to weather conditions, but benefited from the start up during June of a 250K UB unit that generated $0.5 million of revenue during the quarter. Year to date, Canadian revenue was $23.2 million in 2012 compared to $20.0 million driven by strong activity levels during the first quarter in the liquids rich natural gas plays in Alberta and British Columbia.

- At June 30, 2012, the Company had $27.6 million of cash on hand, well in excess of the total debt of $14.8 million. The Company continues to generate strong cash flows from its operations. For the second quarter, High Arctic generated $3.4 million (2011- $2.7million) of cash flows provided by operations and $16.8 million (2011 - $13.1 million) year to date. The 12 months trailing Adjusted EBITDA is $38.4 million at June 30, 2012 compared to $31.9 million for the 12 months ended June 30, 2011.

- As a result of its strong financial position, High Arctic instituted a monthly dividend with the first monthly dividend of $0.01 per share paid on June 14, 2012. At that monthly rate, the annual dividend would total $6.0 million, which should leave the Company with most of its current operating cash flow available for investment in its business.

"We have continued to execute on our business plan during 2012 as demonstrated by our strong growth in revenue and EBITDA" commented Bruce Thiessen, Chief Executive Officer of High Arctic. "We are seeing more opportunities in PNG where the Company has already committed $11.3 million in 2012 for growth capital. That matches the total budgeted amount for 2012 resulting in the board of directors approving a further $6 million for the 2012 PNG capital budget to take advantage of the strong demand for our services in the country. The benefits from these new investments will start to accrue in the fourth quarter of 2012 as the new equipment is put into service."

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 June 30				Six Months Ended June 30			
$ millions (except per share amounts)	2012	2011	Change	%	2012	2011	Change	%
Revenue	**29.6**	**24.9**	**4.7**	**18.9**	**71.8**	**60.8**	**11.0**	**18.1**
EBITDA[1]	**4.6**	**3.4**	**1.2**	**35.3**	**18.6**	**14.4**	**4.2**	**29.2**
Adjusted EBITDA[1]	**5.2**	**3.9**	**1.3**	**33.3**	**19.5**	**14.4**	**5.1**	**35.4**
Operating earnings	**2.3**	**1.2**	**1.1**	**91.7**	**14.0**	**10.4**	**3.6**	**34.6**
Net earnings	**5.7**	**(0.1)**	**5.8**	_	**16.4**	**7.2**	**9.2**	**128**
per share (basic)[2]	0.12	0.00	0.18	--	0.36	0.16	0.20	
per share (diluted)[2]	0.12	0.00	0.17	--	0.35	0.15	0.20	
Cash Flows provided by operations[1]	**3.4**	**2.7**	**0.7**	**25.9**	**16.8**	**13.1**	**3.7**	**28.2**
Dividends paid	**0.5**	**-**	**0.5**	**-**	**0.5**	**-**	**0.5**	**-**
Capital expenditures	**5.3**	**5.8**	**(0.5)**	**(8.6)**	**6.9**	**7.5**	**(0.6)**	**(8.0)**
Net cash (net debt) end of period [1]	**12.8**	**(4.2)**	**17.0**					
Shares outstanding - end of period[2]	**49.8**	**49.6**	**0.2**					

(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	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010
Revenue	**29.6**	**42.2**	**37.1**	**29.3**	**24.9**	**35.9**	**33.3**	**29.0**
Adjusted EBITDA	5.2	14.3	11.2	7.8	3.9	10.5	9.5	8.0
Net earnings (loss) – before discontinued operations	5.7	10.7	7.8	3.0	(0.1)	7.3	5.3	2.9
per share (basic)	$0.12	$0.23	$0.17	$0.07	$(0.00)	$0.17	$0.12	$0.07
per share (diluted)	$0.12	$0.21	$0.16	$0.06	$(0.00)	$0.15	$0.12	$0.07
Net earnings (loss) – discontinued operations	-	-	-	-	-	-	(0.6)	(0.2)
per share (basic)	-	-	-	-	-	-	$(0.01)	$(0.01)
per share (diluted)	-	-	-	-	-	-	$(0.01)	$(0.01)
Net earnings (loss)	5.7	10.7	7.8	3.0	(0.1)	7.3	4.7	2.7
per share (basic)	$0.12	$0.23	$0.17	$0.07	$(0.00)	$0.17	$0.11	$0.06
per share (diluted)	$0.12	$0.22	$0.16	$0.06	$(0.00)	$0.15	$0.11	$0.06

Outlook

Management expects some reduction in Canadian activity levels in Canada for the second half of 2012 compared to 2011 due to the continued weak gas prices. Activity levels will be strongest in the liquids rich and unconventional shale gas plays which we hope will continue near 2011 levels, although larger declines are possible and 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 activity in the Montney and other deep basin plays of northwest Alberta and northeast British Columbia are expected to remain the strongest as producers focus on the reservoirs offering the highest liquids content. The growing interests in Canadian gas prospects by Asian based energy companies is encouraging in terms of bringing new capital to the industry and hopefully ultimately leading to improved access to Asian markets.

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 multi-stage fracs. 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.

In June, 2012, one of High Arctic's 250K Underbalanced Workover Rigs commenced a program to complete multiple horizontal wells each with lateral legs pushing the current limits. Operators continue to increase the lateral length of the wells and coil tubing has struggled on wells over 6000 meters. Each of High Arctic's three 250K UB units 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 units in order to expand its revenue base and to increase its exposure to oil wells.

Activity in PNG should continue to be strong leading to more growth opportunities for High Arctic. 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 we are currently ramping up to move from a one rig drilling program to two rigs during the fourth quarter of 2012. The hydraulic workover Rig 102 is also scheduled to work the remainder 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. We have recently contracted to bring in a new camp for that customer and are exploring other equipment and services that we can provide.

Drilling opportunities with other operators in PNG remain possibilities, but more likely to be realized in 2013 and beyond. We should continue to see growth in our rental business in PNG. High Arctic provides drilling support equipment on a rental basis to a growing number of customers in Papua New Guinea. The matting rental business has expanded significantly over the past 18 months. The Company currently has firm contracts for all 5,900 Dura-Base® mats currently in the country and High Arctic has a further 1,500 on order for delivery in the fourth quarter to fulfill two firm contracts. 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 of $17.3 million for growth capital in PNG. We are also increasing and upgrading our Canadian fleet. During the second 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 $29.0 million has been planned under the revised capital budget 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 Year Ended December 31, 2011. 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 and six months ended June 30, 2012 and 2011:

	Three months ended June 30, 2012	Three months ended June 30, 2011
Net earnings (loss)	5.7	(0.1)
Add (deduct)		
Interest and finance expenses	0.4	0.3
Income taxes	(3.8)	1.0
Amortization	2.3	2.2
EBITDA	**4.6**	**3.4**
Add (deduct)		
Share-based compensation	0.4	0.4
Foreign exchange (gain) loss	0.2	0.1
Adjusted EBITDA	**5.2**	**3.9**

	Six months ended June 30, 2012	Six months ended June 30, 2011
Net earnings	16.4	7.2
Add (deduct)		
Interest and finance expenses	0.6	1.2
Income taxes	(3.0)	2.0
Amortization	4.6	4.0
EBITDA	**18.6**	**14.4**
Add (deduct)		
Share-based compensation	0.8	1.9
Gain on sale of investments	-	(2.0)
Foreign exchange (gain) loss	0.1	0.1
Adjusted EBITDA	**19.5**	**14.4**

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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