



NEWS RELEASE – July 30, 2007

AKITA Drilling Ltd. Announces Second Quarter Results

CALGARY, ALBERTA, July 30, 2007 - AKITA Drilling Ltd. announced second quarter earnings and funds flow today. AKITA Drilling Ltd.'s net earnings for the six months ended June 30, 2007 were \$12,178,000 or \$0.67 per share on revenue of \$80,218,000. Comparative figures for 2006 were \$18,550,000 or \$1.00 per share of net earnings on revenue of \$94,124,000. Funds flow from operations for the period was \$21,683,000 compared to \$25,277,000 in 2006.

Earnings for the three months ended June 30, 2007 were \$3,091,000 (\$0.17 per share) on revenue of \$27,345,000 compared with \$7,548,000 (\$0.41 per share) on revenue of \$32,929,000 in 2006. Funds flow from operations for the quarter ended June 30, 2007 was \$6,053,000 compared to \$8,758,000 in the corresponding quarter in 2006.

Operating statistics for the first six months of 2007 and 2006 are as follows:

		Number of Rigs		Number of Wells Drilled or Serviced	Operating Days (Drilling)	Operating Hours (Servicing)
		Gross	Net			
Canadian Drilling	2007	39	35.575	487	3,122	N/A
	2006	37	34.075	632	4,253	N/A
Alaskan Drilling	2007	3	1.5	3	131	N/A
	2006	1	0.5	3	88	N/A
Canadian Well Servicing	2007	3	1.5	25	N/A	1,221
	2006	3	1.5	30	N/A	2,898

AKITA added two heavy oil pad rigs to its fleet during the second quarter. The first rig commenced its multi-year term contract midway through the quarter, while the second rig, which does not have a term contract associated with it, is expected to commence drilling operations later in the third quarter. The Company does not have any immediate plans to increase its fleet size at this time. AKITA remains poised, with the financial and other resources it has at its disposal, to respond to market opportunities, as they arise.

Management anticipates that demand for rigs in all depth ranges will continue to lag behind last year's activity levels. To date, activity levels for shallow, deep and northern rig categories have been the most adversely affected. Heavy oil pad rigs and, to a lesser extent, medium depth capacity rigs, have been more modestly impacted by the lower demand. Management anticipates that overall market conditions will not improve significantly until an improved forecast for natural gas is broadly accepted by the Company's customers.

Consolidated Balance Sheets

Unaudited (\$000's)	June 30		December 31
	2007	2006	2006
Assets			
Current assets			
Cash	\$ 35,629	\$ 54,537	\$ 49,927
Accounts receivable	28,527	33,746	38,529
Other	1,101	1,761	206
	65,257	90,044	88,662
Investments	-	55	-
Capital assets	151,508	116,389	133,575
	\$ 216,765	\$ 206,488	\$ 222,237
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 11,668	\$ 21,071	\$ 24,772
Deferred revenue	1,566	-	-
Dividends payable	1,279	1,113	1,285
Income taxes payable	1,172	3,670	5,924
	15,685	25,854	31,981
Future income taxes	15,626	13,358	14,016
Pension liability	3,498	3,237	3,367
Class A and Class B shareholders' Equity			
Class A and Class B shares	23,376	23,722	23,440
Contributed surplus	962	505	652
Retained earnings	157,618	139,812	148,781
	181,956	164,039	172,873
	\$ 216,765	\$ 206,488	\$ 222,237

Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings

Unaudited (\$000's except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Revenue	\$ 27,345	\$ 32,929	\$ 80,218	\$ 94,124
Costs and expenses				
Operating and maintenance	16,006	18,358	46,162	52,885
Depreciation	2,622	3,093	7,588	7,855
Selling and administrative	4,011	3,653	8,677	9,259
	<u>22,639</u>	<u>25,104</u>	<u>62,427</u>	<u>69,999</u>
Operating income	<u>4,706</u>	<u>7,825</u>	<u>17,791</u>	<u>24,125</u>
Other income (expenses)				
Interest income	375	525	784	909
Gain on sale of joint venture interests in rigs and other assets	31	335	134	443
Gain (loss) on foreign currency translation	(521)	(131)	(617)	(101)
	<u>(115)</u>	<u>729</u>	<u>301</u>	<u>1,251</u>
Earnings before income taxes	<u>4,591</u>	<u>8,554</u>	<u>18,092</u>	<u>25,376</u>
Income taxes				
Current	1,270	2,633	4,304	7,668
Future	230	(1,627)	1,610	(842)
	<u>1,500</u>	<u>1,006</u>	<u>5,914</u>	<u>6,826</u>
Net earnings and comprehensive income	<u>3,091</u>	<u>7,548</u>	<u>12,178</u>	<u>18,550</u>
Retained earnings, beginning of period	155,994	133,981	148,781	124,343
Dividends declared	(1,285)	(1,113)	(2,565)	(2,225)
Adjustment on repurchase and cancellation of share capital	(182)	(604)	(776)	(856)
Retained earnings, end of period	<u>\$ 157,618</u>	<u>\$ 139,812</u>	<u>\$ 157,618</u>	<u>\$ 139,812</u>
Earnings per Class A and Class B share				
Basic	\$ 0.17	\$ 0.41	\$ 0.67	\$ 1.00
Diluted	\$ 0.16	\$ 0.40	\$ 0.66	\$ 0.99

Consolidated Statements of Cash Flows

Unaudited (\$000's)	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Operating activities				
Net earnings	\$ 3,091	\$ 7,548	\$ 12,178	\$ 18,550
Non-cash items included in earnings				
Depreciation	2,622	3,093	7,588	7,855
Future income taxes	230	(1,627)	1,610	(842)
Expense for defined benefit pension plan	66	66	131	135
Stock options charged to expense	75	13	310	22
Gain on sale of joint venture interests in rigs and other assets	(31)	(335)	(134)	(443)
Funds flow from operations	6,053	8,758	21,683	25,277
Change in non-cash working capital	20,021	19,067	(6,729)	6,426
	26,074	27,825	14,954	31,703
Investing activities				
Capital expenditures	(15,681)	(13,300)	(25,558)	(18,259)
Proceeds on sale of joint venture interests in rigs and other assets	32	432	171	572
Change in non-cash working capital	(775)	902	(460)	658
	(16,424)	(11,966)	(25,847)	(17,029)
Financing activities				
Increase (decrease) in bank indebtedness	(2,850)	-	-	-
Dividends paid	(1,285)	(1,113)	(2,565)	(2,225)
Proceeds received on exercise of stock options	-	82	-	205
Repurchase of share capital	(197)	(623)	(840)	(879)
Change in non-cash working capital	(26)	1,846	-	77
	(4,358)	192	(3,405)	(2,822)
Increase (decrease) in cash	5,292	16,051	(14,298)	11,852
Cash position, beginning of period	30,337	38,486	49,927	42,685
Cash position, end of period	\$ 35,629	\$ 54,537	\$ 35,629	\$ 54,537
Interest paid during the period	\$ 6	\$ -	\$ 39	\$ -
Income taxes paid during the period	\$ 1,583	\$ 2,391	\$ 9,056	\$ 9,871

- 30 -

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