



## **NEWS RELEASE – October 30, 2007**

### **AKITA Drilling Ltd. Announces Third Quarter Results**

CALGARY, ALBERTA, October 30, 2007 - AKITA Drilling Ltd. announced third quarter earnings and funds flow today. AKITA Drilling Ltd.'s net earnings for the nine months ended September 30, 2007 were \$14,374,000 or \$0.79 per share on revenue of \$110,182,000. Comparative figures for 2006 were \$25,400,000 or \$1.37 per share of net earnings on revenue of \$132,980,000. Funds flow from operations for the period was \$27,803,000 compared to \$35,666,000 in 2006.

Earnings for the three months ended September 30, 2007 were \$2,196,000 (\$0.12 per share) on revenue of \$29,964,000 compared to \$6,850,000 (\$0.37 per share) on revenue of \$38,856,000 in 2006. Funds flow from operations for the quarter ended September 30, 2007 was \$6,120,000 compared to \$10,389,000 in the corresponding quarter in 2006.

The following table shows AKITA's number of rigs and activity levels for the nine months ended September 30, 2007 along with comparative information for the corresponding period in 2006:

		Number of Rigs		Number of Wells Drilled or Serviced	Operating Days (Drilling)	Operating Hours (Servicing)
		Gross	Net			
<b>Canadian Drilling</b>	<b>2007</b>	<b>39</b>	<b>35.575</b>	<b>697</b>	<b>4,558</b>	<b>N/A</b>
	2006	38	35.075	1,002	6,103	N/A
<b>Alaskan Drilling</b>	<b>2007</b>	<b>3</b>	<b>1.5</b>	<b>3</b>	<b>131</b>	<b>N/A</b>
	2006	1	0.5	3	88	N/A
<b>Total Drilling</b>	<b>2007</b>	<b>42</b>	<b>37.075</b>	<b>700</b>	<b>4,689</b>	<b>N/A</b>
	2006	39	35.575	1,005	6,191	N/A
<b>Canadian Well Servicing</b>	<b>2007</b>	<b>3</b>	<b>1.5</b>	<b>35</b>	<b>N/A</b>	<b>1,703</b>
	2006	3	1.5	47	N/A	3,901

Reduced drilling industry activity had a negative impact on day rates for all sizes of rigs that were not working under term contracts. Weaker market conditions have also resulted in fewer opportunities for investment in new rigs. Consequently, AKITA has focussed its efforts on strengthening its already strong balance sheet. At September 30, 2007, the Company had \$53,098,000 in working capital and no long-term debt.

Management anticipates that the reduction in demand that impacted third quarter results will extend into the fourth quarter and throughout the winter drilling season. Although crude oil prices are strong and the market for heavy oil pad rigs continues to provide optimism, drilling for natural gas has historically been the largest component of AKITA's market. In contrast to crude oil, natural gas prices must increase and remain higher in order for AKITA to show sustainable improvement in this market. Although the Company has work plans for approximately 90% of its fleet for the winter, this implies a weaker outlook than would have been present for the corresponding time in 2006 since not all active rigs will have continuous work for the upcoming winter.

On October 25, 2007, the Alberta government released its revised provincial royalty framework for crude oil and natural gas. The effects of this new royalty structure, scheduled to become effective in 2009, are uncertain but could affect future drilling activity in Alberta.

Financial results for the first nine months are as follows:

# Consolidated Balance Sheets

Unaudited (\$000's)	September 30		December 31
	2007	2006	2006
<b>Assets</b>			
Current assets			
Cash	\$ 38,778	\$ 43,079	\$ 49,927
Accounts receivable	26,604	34,978	38,529
Other	651	1,353	206
	<b>66,033</b>	79,410	88,662
Investments	-	55	-
Capital assets	<b>149,079</b>	125,197	133,575
	<b>\$ 215,112</b>	\$ 204,662	\$ 222,237
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 10,722	\$ 14,552	\$ 24,772
Deferred revenue	783	-	-
Dividends payable	1,279	1,110	1,285
Income taxes payable	151	4,439	5,924
	<b>12,935</b>	20,101	31,981
Future income taxes	<b>15,749</b>	13,852	14,016
Pension liability	<b>3,563</b>	3,302	3,367
<b>Class A and Class B Shareholders' Equity</b>			
Class A and Class B shares	<b>23,369</b>	23,566	23,440
Contributed surplus	<b>1,036</b>	571	652
Retained earnings	<b>158,460</b>	143,270	148,781
	<b>182,865</b>	167,407	172,873
	<b>\$ 215,112</b>	\$ 204,662	\$ 222,237

# Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings

Unaudited (\$000's except per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
<b>Revenue</b>	<b>\$ 29,964</b>	<b>\$ 38,856</b>	<b>\$ 110,182</b>	<b>\$ 132,980</b>
<b>Costs and expenses</b>				
Operating and maintenance	19,610	22,418	65,772	75,303
Depreciation	3,724	3,157	11,312	11,012
Selling and administrative	3,670	3,638	12,347	12,897
	<u>27,004</u>	<u>29,213</u>	<u>89,431</u>	<u>99,212</u>
Operating income	<u>2,960</u>	<u>9,643</u>	<u>20,751</u>	<u>33,768</u>
<b>Other income (expenses)</b>				
Interest income	449	504	1,233	1,413
Gain on sale of joint venture interests in rigs and other assets	62	243	196	686
Gain (loss) on foreign currency translation	(208)	(9)	(825)	(110)
	<u>303</u>	<u>738</u>	<u>604</u>	<u>1,989</u>
<b>Earnings before income taxes</b>	<u>3,263</u>	<u>10,381</u>	<u>21,355</u>	<u>35,757</u>
<b>Income taxes</b>				
Current	944	3,037	5,248	10,705
Future	123	494	1,733	(348)
	<u>1,067</u>	<u>3,531</u>	<u>6,981</u>	<u>10,357</u>
<b>Net earnings and comprehensive income</b>	<u>2,196</u>	<u>6,850</u>	<u>14,374</u>	<u>25,400</u>
Retained earnings, beginning of period	157,618	139,812	148,781	124,343
Dividends declared	(1,273)	(1,110)	(3,838)	(3,335)
Adjustment on repurchase and cancellation of share capital	(81)	(2,282)	(857)	(3,138)
<b>Retained earnings, end of period</b>	<u>\$ 158,460</u>	<u>\$ 143,270</u>	<u>\$ 158,460</u>	<u>\$ 143,270</u>
<b>Earnings per Class A and Class B share</b>				
Basic	\$ 0.12	\$ 0.37	\$ 0.79	\$ 1.37
Diluted	\$ 0.12	\$ 0.37	\$ 0.78	\$ 1.36

## Consolidated Statements of Cash Flows

Unaudited (\$000's)	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
<b>Operating Activities</b>				
Net earnings	\$ 2,196	\$ 6,850	\$ 14,374	\$ 25,400
Non-cash items included in earnings				
Depreciation	3,724	3,157	11,312	11,012
Future income taxes	123	494	1,733	(348)
Expense for defined benefit pension plan	65	65	196	200
Stock options charged to expense	74	66	384	88
Gain on sale of joint venture interests in rigs and other assets	(62)	(243)	(196)	(686)
Funds flow from operations	6,120	10,389	27,803	35,666
Change in non-cash working capital	527	(5,591)	(6,202)	835
	<b>6,647</b>	<b>4,798</b>	<b>21,601</b>	<b>36,501</b>
<b>Investing Activities</b>				
Capital expenditures	(5,973)	(12,205)	(31,531)	(30,464)
Proceeds on sale of joint venture interests in rigs and other assets	4,740	483	4,911	1,055
Change in non-cash working capital	(898)	(880)	(1,358)	(222)
	<b>(2,131)</b>	<b>(12,602)</b>	<b>(27,978)</b>	<b>(29,631)</b>
<b>Financing Activities</b>				
Dividends paid	(1,273)	(1,110)	(3,838)	(3,335)
Proceeds received on exercise of stock options	-	-	-	205
Repurchase of share capital	(88)	(2,438)	(928)	(3,317)
Change in non-cash working capital	(6)	(106)	(6)	(29)
	<b>(1,367)</b>	<b>(3,654)</b>	<b>(4,772)</b>	<b>(6,476)</b>
<b>Increase (Decrease) in Cash</b>	<b>3,149</b>	<b>(11,458)</b>	<b>(11,149)</b>	<b>394</b>
Cash position, beginning of period	35,629	54,537	49,927	42,685
<b>Cash Position, End of Period</b>	<b>\$ 38,778</b>	<b>\$ 43,079</b>	<b>\$ 38,778</b>	<b>\$ 43,079</b>
Interest paid during the period	\$ 14	\$ -	\$ 53	\$ -
Income taxes paid during the period	\$ 1,964	\$ 2,268	\$ 11,021	\$ 12,127

From time to time AKITA makes forward-looking statements. These statements include but are not limited to comments with respect to AKITA's objectives and strategies, financial condition, results of operations, the outlook for industry and risk management.

By their nature, these forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that the predictions and other forward-looking statements will not be achieved. Readers of this News Release are cautioned not to place undue reliance on these statements as a number of important factors could cause actual future results to differ materially from the plans, objectives, estimates and intentions expressed in such forward-looking statements.

Forward-looking statements may be influenced by the following factors: the level of exploration and development activity carried on by AKITA's customers, world crude oil prices and North American natural gas prices, weather, access to capital markets, geopolitical events and government policies. We caution that the foregoing list of factors is not exhaustive and that investors and investment advisors should carefully consider the foregoing factors as well as other uncertainties and events prior to making a decision to invest in AKITA.

- 30 -

For further information please contact:  
Murray Roth  
Vice President, Finance and Chief Financial Officer  
(403)292-7950  
website: <http://www.akita-drilling.com>