

NEWS RELEASE

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AKITA Drilling Ltd. Announces 2011 First Quarter Earnings and Funds Flow

Calgary, Alberta, April 29, 2011 -

Commencing with this quarterly report, all financial information is reported in accordance with IFRS including for comparative periods except where noted.

AKITA Drilling Ltd.'s net earnings for the three months ended March 31, 2011 were \$7,952,000 (\$0.44 per share) on revenue of \$57,444,000 compared to \$720,000 (\$0.04 per share) on revenue of \$43,965,000 for the corresponding period in 2010. Funds flow from operations for the quarter ended March 31, 2011 was \$13,712,000 compared to \$7,644,000 in the corresponding quarter in 2010.

Marketing conditions continued to develop in a positive manner, and the recovery in drilling activity that began in 2010 continued into the first quarter this year. In addition to increased activity levels, day rates improved compared to last year. Operating statistics for the first three months of 2011 and 2010 are as follows:

		Number of Drilling Rigs		Operating Days
		Gross	Net	(Year-to-Date)
Canadian Operations	2011	36	33.225	2,017
	2010	37	34.225	1,701
U.S. Operations	2011	0	0.0	0
	2010	2	1.0	0
Total	2011	36	33.225	2,017
	2010	39	35.225	1,701

Due to slow market conditions, during the first quarter of 2011 the Company exchanged assets with a joint venture partner in Alaska, thereby taking possession of one complete rig and relocating it into Canada. This rig, a heavy capacity double, is being retrofitted to make it competitive in a non-arctic market. The Company anticipates having this rig, as well as a pad rig currently under construction, working prior to the end of the second quarter.

With the improved market conditions, prospects for most categories of rigs are now strong or improving; with the sole exception of deep rigs in excess of 5,000 metre capacity. Demand for this class of rigs is more closely tied to natural gas prices, which remained weak throughout the quarter. Management is optimistic, however, that the Company's deepest capacity rigs will begin to see more activity as the year progresses.

Due to the changeover to IFRS, this current News Release has been expanded to include selected information from AKITA's Management's Discussion and Analysis for the related Quarterly Report:

Revenue and Operating & Maintenance Expenses				
\$Million				
<i>Three Months Ended March 31</i>	2011	2010	Change	% Change
Revenue	57.4	44.0	13.4	30%
<i>Operating & Maintenance Expenses</i>	36.6	31.8	4.8	15%

The changeover from GAAP to IFRS did not affect the Company's recognition of revenue per se. It did, however, affect the balances reported for operating and maintenance expenses. Certain expenditures that were previously recorded as maintenance expenses under GAAP are now recorded as property, plant and equipment under IFRS. This reduced the balance otherwise reported as operating and maintenance expenses under IFRS.

Upon adoption of IFRS, revenue for goods and services provided by the Company to its customers on a cost recovery basis is presented in the Company's income statement on a gross basis. These amounts were reported on a net basis under Canadian GAAP. This change has resulted in offsetting increases to Revenue, Operating and Maintenance and Selling and Administrative expenses.

Overall revenue increased to \$57,444,000 during the first quarter of 2011 from \$43,965,000 during the first quarter of 2010 as a result of improving market conditions. Conventional rig activity and associated rig rates both showed marked increases in 2011 compared to 2010, while AKITA's increasing number of pad rigs was an additional contributing factor to the overall increase in quarterly revenue. This improvement in revenue represented a reversal in the previous four year trend of consecutive "year-over-year" first quarter declines in revenue for AKITA.

In addition to an increase in total revenue for the quarter, revenue per operating day increased to \$28,480 during the first quarter of 2011 from \$25,847 in the first quarter of 2010. As with the increase in overall revenue, revenue per day increased predominantly due to strength in the conventional drilling market. Improvements in day rates for pad rigs were a secondary factor.

Operating and maintenance costs are tied to activity levels and amounted to \$36,646,000 or \$18,169 per operating day during the first quarter of 2011 compared to \$31,800,000 or \$18,695 per operating day in the same period of the prior year. Although the daily cost of operating all rigs rose during the first quarter of 2011 compared to the corresponding quarter in 2010, this increase was largely offset by having a higher percentage of conventional rigs operating in the current quarter. Conventional rigs generally require smaller crew complements than are used in either deep or pad drilling applications.

Depreciation Expense

\$Million				
<i>Three Months Ended March 31</i>	2011	2010	Change	% Change
Depreciation Expense	5.7	7.7	(2.0)	(26%)

The changeover from GAAP to IFRS affected the balances reported and methods used in determining depreciation expense. Certain expenditures that were previously recorded as maintenance expenses under GAAP are now recorded as property, plant and equipment under IFRS. This had the impact of increasing the balance otherwise reported as depreciation expense under IFRS. Depreciation is also measured on a more detailed component-by-component basis under IFRS rather than using an asset-by-asset basis used under GAAP. This change in approach has resulted in some differences that, depending on the actual assets being depreciated, had the effect of either increasing or decreasing the actual depreciation balance reported. In general, the more detailed component-by-component depreciation approach is not considered to produce changes that are material in amount especially when considered over extended periods.

During the quarter, the Company analyzed historical use patterns for its fleet and consequently changed its estimate of useful lives of its rigs. Previously, most of the Company's rig components were depreciated over an average of 2,000 operating days per rig while selected rigs had components that were being depreciated over an average of 3,600 operating days. Effective January 1, 2011, the Company began depreciating all of its rigs over an average useful life of 3,600 operating days per rig.

Concurrent with the change in estimate for useful lives of rigs, the Company reassessed and changed its estimates for salvage values for its rigs. Previously, salvage values were set between \$50,000 and \$300,000 per rig. Effective January 1, 2011, the Company is applying salvage values equal to 20% of the original cost of each rig.

As a result of these two foregoing changes in accounting estimates, depreciation expense for the first quarter of 2011 decreased by \$864,000. Since depreciation is calculated based upon usage, it is impracticable to determine the impact of these changes in estimates for future periods until they occur.

The depreciation expense decrease to \$5,663,000 during the first quarter of 2011 from \$7,651,000 in the corresponding period in 2010 was mostly attributable to the change in estimated useful lives for the rig fleet. Other lesser factors that affected depreciation expense changes in the first quarter of 2011 compared to the first quarter of 2010 included utilizing a mix of rigs having a higher average cost base as well as an increase in overall rig activity. These two latter factors reduced the impact of the change in estimated rig lives. In the first quarter of 2011, drilling rig depreciation accounted for 96% of total depreciation expense (2010 - 97%).

Selling and Administrative Expense

\$Million				
<i>Three Months Ended March 31</i>	2011	2010	Change	% Change
Selling & Administrative Expense	4.6	3.7	0.9	24%

The changeover from GAAP to IFRS did not affect the Company's recognition of selling and administrative expense per se. However, selling and administrative expense increased \$57,000 in the current quarter (\$42,000 in the corresponding quarter of 2010) as a result of the Company's change in revenue presentation as described in this MD&A under the section "Revenue and Operating & Maintenance Expenses".

Selling and administrative expenses were 7.9% of total revenue in the first quarter of 2011 compared to 8.4% of total revenue in the first quarter of 2010, largely as a result of increased revenue in 2011. The single largest component

was salaries and benefits, which accounted for 54% of these expenses (51% in 2010).

Income Tax Expense

\$Million				
<i>Three Months Ended March 31</i>	2011	2010	Change	% Change
Current Tax Expense	2.9	0.9	2.0	222%
Future Tax Expense (Recovery)	0.0	(0.7)	0.7	N/A
Total Income Tax Expense	2.9	0.2	2.7	1,350%

The changeover from GAAP to IFRS did not affect methods used in determining income tax expense. However, predominantly as a result of changes in balances reported for earnings before income taxes due to decreased operating and maintenance expense and increased depreciation expense, the amount reported as future income tax expense has increased.

Total income tax expense increased to \$2,858,000 in the first quarter of 2011 from \$234,000 in the corresponding period in 2010 due to higher pre-tax earnings. Recent capital additions have increased the portion of income taxes that are deferred to future dates.

Net Earnings and Funds Flow

\$Million				
<i>Three Months Ended March 31</i>	2011	2010	Change	% Change
Net Earnings	8.0	0.7	7.3	1,043%
Funds Flow From Operations	13.7	7.6	6.1	80%

The changeover from GAAP to IFRS affected the reporting of both net earnings and funds flow from operations. This was primarily due to a decrease in operating and maintenance expenses that was partially offset by an increase in depreciation expense.

Net earnings increased to \$7,952,000 or \$0.44 per Class A Non-Voting and Class B Common Share (basic and diluted) for the first quarter of 2011 from \$720,000 or \$0.04 per share (basic and diluted) in the first quarter of 2010. Funds flow from operations increased to \$13,712,000 in the first quarter of 2011 from \$7,644,000 in the corresponding quarter in 2010. Higher earnings and funds flow from operations that occurred in 2011 were directly attributable to higher activity levels and increased operating margins per day versus the first quarter of 2010.

Fleet and Rig Utilization

AKITA had 36 drilling rigs, including seven that operated under joint ventures, (33.225 net to AKITA) at the end of the first quarter of 2011 compared to 39 rigs (35.225 net) in the corresponding period of 2010. In the first quarter of 2011, AKITA achieved 2,017 operating days, representing a utilization rate of 62.2%. During the comparative quarter in 2010, the Company achieved 1,701 operating days, representing 48.5% utilization. During the first quarter of 2011, the Company suspended operations in Alaska due to the slow market conditions by exchanging assets with a joint venture partner, thereby taking possession of one complete rig which was relocated to Alberta. At March 31, 2011, all of AKITA's rigs were located in Canada.

Liquidity and Capital Resources

The changeover from GAAP to IFRS affected the balances reported and methods used in determining property, plant and equipment. On January 1, 2010, the Company recorded an IFRS 1 exemption to report selected assets at fair value for deemed costs. This exemption resulted in a reduction of carrying values of \$32,578,000 at that date. Certain expenditures that were previously recorded as maintenance expenses under GAAP are now recorded as property, plant and equipment under IFRS. Depreciation is also measured on a more detailed component-by-component basis under IFRS rather than using an asset-by-asset basis used under GAAP. This change in approach resulted in some differences that, depending on the actual assets being depreciated, had the effect of either

increasing or decreasing the carrying values for property, plant and equipment. In general, the more detailed component-by-component depreciation approach is not considered to produce changes that are material in amount especially when considered over extended periods.

The changeover from GAAP to IFRS did not affect the balances reported for working capital items for the Company.

As a result of a change in the estimate of useful lives for most of its rigs, the carrying values for property, plant and equipment are higher than they would have been if the previous estimates were continued. Please refer to the depreciation discussion earlier in this document for further information.

Capital expenditures totalled \$11,134,000 in the first quarter of 2011. The most significant expenditure was for construction costs related to building a new heavy oil pad rig. This rig is scheduled for completion during the second quarter of 2011. Additional capital included costs for a major retrofit to an existing triple sized rig that will enable it to efficiently drill pad locations. This rig commenced operations on a multi-year contract at the completion of its upgrade during the first quarter. The final significant project related to costs to retrofit a rig that was relocated from Alaska to Alberta. This rig is scheduled to commence an upcoming contract in the second quarter. Capital expenditures for the corresponding period in 2010 were \$4,480,000.

The Company had seven rigs under multi-year contracts at March 31, 2011. Of these contracts, one is anticipated to expire in 2011, one in 2012, four in 2013 and one in 2014.

Forward-Looking Statements

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 the 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 realized. 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 factors such as 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 and government policies. We caution that the foregoing list of factors is not exhaustive and that investors and others should carefully consider the foregoing factors as well as other uncertainties and events prior to making a decision to invest in AKITA.

Selected financial information for the Company is as follows: