2007 Quarterly Report

AKITA

Interim report for 9 months
ended September 30, 2007

making a **difference**

Q3

To the Shareowners

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			
Canadian Drilling	**2007**	**39**	**35.575**	**697**	**4,558**	**N/A**
	2006	38	35.075	1,002	6,103	N/A
Alaskan Drilling	**2007**	**3**	**1.5**	**3**	**131**	**N/A**
	2006	1	0.5	3	88	N/A
Total Drilling	**2007**	**42**	**37.075**	**700**	**4,689**	**N/A**
	2006	39	35.575	1,005	6,191	N/A
Canadian Well Servicing	**2007**	**3**	**1.5**	**35**	**N/A**	**1,703**
	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.

On behalf of the Board of Directors,

Linda A. Heathcott
Chairman of the Board

John B. Hlavka
Chief Executive Officer

Management's Discussion & Analysis

Management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited financial statements for the nine months ended September 30, 2007 and the audited financial statements and MD&A for the year ended December 31, 2006. References made to 2007 in this MD&A relate to the period from January to September, unless otherwise stated. The information in this MD&A was approved by AKITA's Audit Committee on behalf of its Board of Directors on October 30, 2007 and incorporates all relevant considerations to that date.

Management has prepared this MD&A as well as the accompanying interim financial statements and notes to the financial statements.

Revenue and Operating and Maintenance Expenses

$Million	Three Months Ended September 30				Nine Months Ended September 30			
	2007	2006	Change	%	**2007**	2006	Change	%
Revenue	**30.0**	38.9	(8.9)	(23%)	**110.2**	133.0	(22.8)	(17%)
Operating and Maintenance Expenses	**19.6**	22.4	(2.8)	(13%)	**65.8**	75.3	(9.5)	(13%)

Revenue decreased to $110,182,000 during the first nine months of 2007 compared to $132,980,000 during the first nine months of 2006, as a result of weaker activity in the drilling sector. Nevertheless, revenue per day increased in 2007 by approximately 9% over the nine-month corresponding period in 2006 and equated to $23,498 per operating day in 2007 ($21,479 in the first nine months of 2006). As well, operating and maintenance costs are tied to activity levels and amounted to $65,772,000 or $14,027 per operating day during the first nine months of 2007 compared to $75,303,000 or $12,163 per operating day for the first nine months of 2006. Consequently, on a nine-month basis, the overall profit margin (the difference between revenue and operating and maintenance expenses) declined to $44,410,000 in 2007 compared to $57,677,000 in 2006.

During the third quarter of fiscal 2007, overall revenue decreased to $29,964,000 compared to $38,856,000 during the corresponding period in 2006. On a per operating day basis, third quarter revenue decreased to $20,866 in 2007 compared to $21,003 per day in 2006, mainly as a result of weaker market conditions in 2007 compared to the corresponding quarter in 2006. Operating and maintenance costs for the third quarter amounted to $19,610,000 or $13,656 per operating day during 2007 compared to $22,418,000 or $12,118 per operating day for 2006. The combination of lower overall revenue, lower revenue per day and higher operating and maintenance costs per day were the contributing factors that led to lower profit margins for the third quarter of 2007 compared to the corresponding quarter in 2006.

Depreciation Expense

$Million	Three Months Ended September 30				Nine Months Ended September 30			
	2007	2006	Change	%	**2007**	2006	Change	%
Depreciation	**3.7**	3.2	0.5	16%	**11.3**	11.0	0.3	3%

Depreciation expense increased to $11,312,000 during the first nine months of 2007 compared to $11,012,000 in the corresponding period in 2006. This increase was attributable to the higher average cost base, as a result of adding rigs, more than offsetting the effects of lower activity levels throughout AKITA's rig fleet. AKITA's rigs are depreciated on a "units of production" basis. Drilling rig depreciation accounted for 73% of total depreciation expense in the first nine months of 2007 (2006 - 75%).

Selling and Administrative Expenses

$Million	Three Months Ended September 30				Nine Months Ended September 30			
	2007	2006	Change	%	**2007**	2006	Change	%
Selling and Administrative Expenses	**3.7**	3.6	0.1	3%	**12.3**	12.9	(0.6)	(5%)

Selling and administrative expenses decreased to $12,347,000 in the first nine months of 2007 from $12,897,000 in the corresponding period in 2006. However, selling and administrative expenses equated to 11.2% of total revenue in the first nine months of 2007 compared to 9.7% of total revenue in 2006 largely as a result of decreased revenues in the current year. The single largest component was salaries and benefits, which accounted for 55% of these expenses (60% in 2006). The most significant change in the current year was the decrease in discretionary labour costs.

Selling and administrative expenses increased to $3,670,000 in the third quarter of 2007 compared to $3,638,000 in the corresponding period in 2006 and were 12.2% of total revenue in the third quarter of 2007 compared to 9.4% of total revenue in the corresponding period in 2006, largely as a result of decreased revenues in the current year.

Other Income (Expenses)

$Million	Three Months Ended September 30				Nine Months Ended September 30			
	2007	2006	Change	%	**2007**	2006	Change	%
Interest Income	**0.4**	0.5	(0.1)	(20%)	**1.2**	1.4	(0.2)	(14%)
Gain on Sale of Joint Venture Interests in Rigs and Other Assets	**0.1**	0.2	(0.1)	(50%)	**0.2**	0.7	(0.5)	(71%)
Loss on Foreign Currency Translation	**(0.2)**	(0.0)	(0.2)	N/A	**(0.8)**	(0.1)	(0.7)	N/A

The Company invests any cash balances in excess of its ongoing operating requirements. Interest income decreased to $1,233,000 in the first nine months of 2007, compared to $1,413,000 in the first nine months of 2006 as a result of lower cash balances, primarily as a result of investing in AKITA's rig construction program. The gain on sale of joint venture interests in rigs and other assets totalled $196,000 in 2007 compared to $686,000 for the first nine months in 2006. As a result of the continuing appreciation of the Canadian dollar vis-à-vis the United States dollar, in the first nine months of 2007, the Company recorded a loss from foreign currency translation of $825,000 from its Alaskan operations compared to a loss from foreign currency translation of $110,000 for the corresponding period in 2006.

Income Tax Expenses

$Million	Three Months Ended September 30				Nine Months Ended September 30			
	2007	2006	Change	%	**2007**	2006	Change	%
Current Taxes	**0.9**	3.0	(2.1)	(70%)	**5.2**	10.7	(5.5)	(51%)
Future Taxes	**0.1**	0.5	(0.4)	(80%)	**1.7**	(0.3)	2.0	N/A

Current income taxes expenses decreased to $5,248,000 in the first nine months of 2007 compared to $10,705,000 in 2006 due to lower pre-tax earnings. During 2006, the Company recorded a $1,800,000 reduction in future income taxes as a result of federal, provincial and territorial tax rate changes. No corresponding material reductions to future income taxes occurred during the current year. Additionally, in 2007, the Company recorded a higher proportion of tax expense as future tax expense as a result of recent additions to AKITA's rig fleet.

Net Earnings and Funds Flow

$Million	Three Months Ended September 30				Nine Months Ended September 30			
	2007	2006	Change	%	**2007**	2006	Change	%
Net Earnings	**2.2**	6.9	(4.7)	(68%)	**14.4**	25.4	(11.0)	(43%)
Funds Flow From Operations	**6.1**	10.4	(4.3)	(41%)	**27.8**	35.7	(7.9)	(22%)

Net earnings decreased to $14,374,000 or $0.79 per Class A Non-Voting and Class B Common share ($0.78 diluted earnings per share) for the first nine months of 2007 compared to $25,400,000 or $1.37 per share ($1.36 diluted earnings per share) in the corresponding period in 2006. Funds flow from operations decreased to $27,803,000 in the first nine months of 2007 compared to $35,666,000 in the corresponding period in 2006.

During the three months ended September 30, 2007 earnings decreased to $2,196,000 or $0.12 per Class A Non-Voting and Class B Common share ($0.12 diluted earnings per share) compared to $6,850,000 ($0.37 basic and diluted earnings per share) for the corresponding period in 2006. Quarterly funds flow from operations decreased to $6,120,000 for the three months ended September 30, 2007 compared to $10,389,000 for the corresponding period in 2006.

Current year results were negatively affected by weaker market conditions. To some extent, wet weather, which was more prevalent in the second quarter of 2007 than during the corresponding period in 2006, was a factor in weaker year-to-date financial performance for AKITA. Wet weather results in more down time waiting for roads and land leases to dry sufficiently to enable the movement of heavy equipment.

The drilling industry is seasonal with activity building in the fall (third quarter) and peaking during the winter months (fourth quarter and first quarter). Northern transportation routes become available once areas with muskeg conditions freeze to allow the movement of rigs and other heavy equipment. The peak Canadian drilling season ends with “spring break-up” (second quarter) at which time drilling operations are curtailed due to seasonal road bans (temporary prohibitions on road use) and restricted access to agricultural land.

Non-GAAP Measure

Funds flow from operations is not a recognized measure under generally accepted accounting principles (GAAP). AKITA’s method of determining funds flow from operations may differ from methods used by other companies. AKITA determines funds flow by calculating cash flow from operations and deducting non-cash working capital changes. Management finds funds flow from operations to be a useful measurement to evaluate AKITA’s operating results at year-end and within each year since the seasonal nature of the business affects the comparability of non-cash working capital changes both at year-ends and within periods. Other investors may also find funds flow to be a useful measurement tool.

Fleet and Rig Utilization

At September 30, 2007, AKITA had 42 drilling rigs, including nine that operated under joint ventures, (37.075 rigs net to AKITA) in the first nine months of 2007 compared to 39 rigs (35.575 net) in the corresponding period of 2006. In the first nine months of 2007, AKITA achieved 4,689 operating days, which corresponded to a utilization rate of 42.1% for the period. During the comparative period in 2006, the Company achieved 6,191 operating days, representing 59.4% utilization. In the third quarter of 2007, AKITA achieved 1,436 operating days, which corresponded to a utilization rate of 37.2% for the period. In the third quarter of 2006, the Company achieved 1,850 operating days, representing 52.2% utilization.

In addition to drilling rigs, AKITA owns a 50% interest in three well servicing rigs. In the first nine months of 2007, AKITA’s well servicing rigs achieved 1,703 operating hours, including 482 hours in the third quarter compared to 3,901 operating hours for the first nine months of 2006, including 1,003 for the third quarter.

Liquidity and Capital Resources

Capital expenditures in the first nine months of 2007 were $31,531,000. Capital expenditures for the corresponding period in 2006 were $30,464,000. During the second quarter of the current year, the Company completed the construction of two heavy oil pad drilling rigs. These rigs, along with two additional rigs that were deployed in the second half of 2006, were also under construction during the first nine months of 2006. No additional new rig construction has been approved at this time.

On June 15, 2007, AKITA renewed its normal course issuer bid for the purchase of up to 300,000 of its outstanding Class A Non-Voting shares. To September 30, 2007, 55,300 shares were repurchased and cancelled pursuant to the normal course issuer bid at a cost of $928,000, of which $71,000 was charged to share capital and $857,000 to retained earnings. During the first nine months of 2006 AKITA repurchased and cancelled 157,900 shares at a cost of $3,317,000. The current bid expires on June 14, 2008. Any interested person may obtain a copy of the notice of intention to make a normal course issuer bid without charge by contacting the Vice President of Finance.

During the quarter, AKITA guaranteed loans made to joint venture partners totalling $4.5 Million for a period of four years. AKITA has provided an assignment of monies on deposit totalling $5 Million with respect to these guarantees. AKITA's security from its partners for these guarantees includes interests in specific rig assets. Other contractual obligations are similar to those described in AKITA's MD&A for the year ended December 31, 2006 except as they relate to the normal progress for AKITA's construction for its new rigs.

Summary of Quarterly Results

The following table shows key selected quarterly and year-to-date financial information for the Company:

$Thousands, except per share	Three months ended March 31	Three months ended June 30	Three months ended September 30	Nine months ended September 30	Three months ended December 31
2007					
Revenue	**52,873**	**27,345**	**29,964**	**110,182**	
Net earnings	**9,087**	**3,091**	**2,196**	**14,374**	
Basic earnings per share	**0.50**	**0.17**	**0.12**	**0.79**	
Diluted earnings per share	**0.50**	**0.16**	**0.12**	**0.78**	
Funds flow from operations	**15,630**	**6,053**	**6,120**	**27,803**	
2006					
Revenue	61,195	32,929	38,856	132,980	41,563
Net earnings	11,002	7,548	6,850	25,400	8,355
Basic earnings per share	0.59	0.41	0.37	1.37	0.46
Diluted earnings per share	0.59	0.40	0.37	1.36	0.45
Funds flow from operations	16,519	8,758	10,389	35,666	11,533
2005					
Revenue	49,889	24,840	40,740	115,469	46,641
Net earnings	8,685	3,895	7,108	19,688	9,576
Basic earnings per share	0.47	0.21	0.38	1.06	0.51
Diluted earnings per share	0.46	0.21	0.38	1.05	0.51
Funds flow from operations	13,531	5,984	10,319	29,834	12,587

Future Outlook

The continuation of weak natural gas prices, which have been adversely affecting rig demand since the middle of 2006, constitute the most significant risk factor affecting future activity levels for AKITA's fleet. Shallow and deep rig categories are most closely correlated to natural gas drilling activity. In addition, most northern drilling activity has been directed at drilling for natural gas. Historically, drilling for natural gas constituted the bulk of AKITA's drilling activities.

Crude oil prices, in contrast to natural gas prices, continue to be very strong. The Company now has five specialized rigs with self-moving systems to drill heavy oil wells. Although work in this niche has not been continuous, prospects remain positive for increases in demand, both in the near term, and over a longer time span.

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.

Currently, it appears that two rigs will be drilling in Alaska this winter as well as four rigs in Northern Canada, slightly more than in the previous winter season.

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. A significant and sustained increase in the price of natural gas would be required before management would increase its market outlook for the winter or beyond.

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 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 MD&A 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.

Consolidated Balance Sheets

Unaudited ($000's)		September 30 2007	September 30 2006	December 31 2006
Assets				
Current assets				
Cash		**$ 38,778**	$ 43,079	$ 49,927
Accounts receivable		**26,604**	34,978	38,529
Other		**651**	1,353	206
		66,033	79,410	88,662
Investments		**—**	55	—
Capital assets		**149,079**	125,197	133,575
		$ 215,112	$ 204,662	$ 222,237
Liabilities				
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
		12,935	20,101	31,981
Future income taxes		**15,749**	13,852	14,016
Pension liability		**3,563**	3,302	3,367
Class A and Class B Shareholder's Equity				
Class A and Class B shares	Note 2	**23,369**	23,566	23,440
Contributed surplus		**1,036**	571	652
Retained earnings		**158,460**	143,270	148,781
		182,865	167,407	172,873
		$ 215,112	$ 204,662	$ 222,237

Consolidated Statements of Earnings, Comprehensive Income and Retained Earnings

Unaudited ($000's except per share amounts)		Three Months ended September 30 2007	Three Months ended September 30 2006	Nine Months ended September 30 2007	Nine Months ended September 30 2006
Revenue		**$ 29,964**	$ 38,856	**$ 110,182**	$ 132,980
Costs and expenses					
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
		27,004	29,213	**89,431**	99,212
Operating Income		**2,960**	9,643	**20,751**	33,768
Other income (expenses)					
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)
		303	738	**604**	1,989
Earnings before income taxes		**3,263**	10,381	**21,355**	35,757
Income taxes					
Current		**944**	3,037	**5,248**	10,705
Future		**123**	494	**1,733**	(348)
		1,067	3,531	**6,981**	10,357
Net Earnings and Comprehensive Income	Note 3	**2,196**	6,850	**14,374**	25,400
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)
Retained Earnings, end of period		**$ 158,460**	$ 143,270	**$ 158,460**	$ 143,270
Earnings per Class A and Class B share	Note 4				
Basic		**$ 0.12**	$ 0.37	**$ 0.79**	$ 1.37
Diluted		**$ 0.12**	$ 0.37	**$ 0.78**	$ 1.36

Consolidated Statements of Cash Flows

Unaudited ($000's)	Three Months ended September 30 2007	Three Months ended September 30 2006	Nine Months ended September 30 2007	Nine Months ended September 30 2006
Operating Activities				
Net earnings	**$ 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
	6,647	4,798	**21,601**	36,501
Investing Activities				
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)
	(2,131)	(12,602)	**(27,978)**	(29,631)
Financing Activities				
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)
	(1,367)	(3,654)	**(4,772)**	(6,476)
Increase (Decrease) in Cash	**3,149**	(11,458)	**(11,149)**	394
Cash position, beginning of period	**35,629**	54,537	**49,927**	42,685
Cash Position, end of period	**$ 38,778**	$ 43,079	**$ 38,778**	$ 43,079
Interest paid during the period	**$ 14**	$ —	**$ 53**	$ —
Income taxes paid during the period	**$ 1,964**	$ 2,268	**$ 11,021**	$ 12,127

Notes to Consolidated Financial Statements

Periods ended September 30, 2007 and September 30, 2006
(Unaudited)

1. Statement Presentation

The unaudited interim consolidated financial statements were prepared by the Company in accordance with Canadian generally accepted accounting principles and include the accounts of AKITA Drilling Ltd., its subsidiaries and a proportionate share of its joint ventures. The accounting policies and procedures used in assembling these interim consolidated financial statements are the same as those used in preparing the audited consolidated financial statements for the year ended December 31, 2006 except as described in Note 3 below. The unaudited interim consolidated financial statements should be read along with the audited annual consolidated financial statements and notes to the audited annual consolidated financial statements in the Company's 2006 Annual Report.

The operating and financial results for the interim period covered do not necessarily reflect overall results which may be achieved in the fiscal year due to the seasonality of the industry. Historically, the first quarter of the calendar year is the strongest in the drilling industry. Lower activity levels that result from warmer weather necessitating travel bans on public roads characterize the second quarter.

2. Class A Non-Voting and Class B Common Shares

Class A Non-Voting and Class B Common shares issued and outstanding are as follows:

(Number of shares)	**September 30, 2007**	December 31, 2006
Class A Non-Voting	**16,612,958**	16,668,258
Class B Common	**1,654,284**	1,654,284
	18,267,242	18,322,542

As at September 30, 2007, a cumulative total of 411,000 stock options had been granted to directors and officers of the Company at exercise prices varying from $3.695 to $22.480, with expiry dates up to 2016. Of these stock options, 213,900 are exercisable for an average exercise price of $11.69.

3. Comprehensive Income and Financial Instruments

The CICA has published three new accounting sections to the CICA Handbook: Section 1530, Section 3855 and Section 3861. Section 1530 "Comprehensive Income" addresses fair value accounting and reporting and disclosure standards for comprehensive income. Section 3855 "Financial Instruments – Recognition and Measurement" addresses when financial instruments should be measured and how measurement should occur. Section 3861 "Financial Instruments – Disclosure and Presentation" provides standards for how financial instruments should be classified on the financial statements as well as related disclosure requirements. All of these new standards were adopted by the Company on a prospective basis in accordance with the recommendations of the CICA for the period commencing January 1, 2007. The Company has evaluated the impact of these new standards and the adoption of these recommendations has not had a significant impact on the Company's financial statements. During the period, the Company did not have any "Other Comprehensive Income".

4. Earnings per Share

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	**2007**	2006
Net earnings (Dollars in Thousands)	**$ 2,196**	$ 6,850	**$ 14,374**	$ 25,400
Weighted average outstanding shares - basic	**18,269,212**	**18,490,740**	**18,278,745**	18,527,591
Incremental shares for diluted earnings per share calculation	**88,910**	276,005	**92,058**	115,196
Basic earnings per share ($)	**$ 0.12**	$ 0.37	**$ 0.79**	$ 1.37
Diluted earnings per share ($)	**$ 0.12**	$ 0.37	**$ 0.78**	$ 1.36

5. Segmented Information

The Company operates in one business segment that includes providing oil and gas well drilling and well servicing for its customers. Results for the past two years, as stated in Canadian dollars, are as follows:

$ Thousands	Domestic		Alaska		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
Three Months Ended Sept. 30						
Revenue	**$ 28,465**	$ 38,335	**$ 1,499**	$ 521	**$ 29,964**	$ 38,856
Net earnings	**$ 1,918**	$ 6,591	**$ 278**	$ 259	**$ 2,196**	$ 6,850
Nine Months Ended Sept. 30						
Revenue	**$ 100,750**	$129,545	**$ 9,432**	$ 3,435	**$ 110,182**	$ 132,980
Net earnings	**$ 12,187**	$ 24,604	**$ 2,187**	$ 796	**$ 14,374**	$ 25,400

6. Commitment

During the quarter, the Company guaranteed loans made to joint venture partners totalling $4.5 Million for a period of four years. The Company has provided an assignment of monies on deposit totalling $5 Million with respect to these guarantees. The Company's security from its partners for these guarantees includes interests in specific rig assets.

Corporate Information

Directors

William L. Britton, Q.C.
Vice Chairman of the Board, ATCO Ltd. and Canadian Utilities Limited
Calgary, Alberta

Loraine M. Charlton
Corporate Director
Calgary, Alberta

Arthur C. Eastly
Corporate Director
Calgary, Alberta

Linda A. Heathcott
President, Spruce Meadows,
President, Team Spruce Meadows Inc.
Chairman of the Board of the Company
Calgary, Alberta

John B. Hlavka
Chief Executive Officer of the Company
Calgary, Alberta

William R. Horton
Corporate Director
Winfield, British Columbia

Dale R. Richardson
Vice President,
Sentgraf Enterprises Ltd.
Calgary, Alberta

Margaret E. Southern,
O.C., L.V.O., LL.D.
Co-Chairman, Spruce Meadows
Calgary, Alberta

Nancy C. Southern
President and Chief Executive Officer, ATCO Ltd. and Canadian Utilities Limited
Calgary, Alberta

Ronald D. Southern,
C.C., C.B.E., B.Sc., LL.D.
Chairman, ATCO Ltd. and Canadian Utilities Limited, Deputy Chairman of the Board of the Company
Calgary, Alberta

C. Perry Spitznagel
Partner, Bennett Jones LLP
Calgary, Alberta

Charles W. Wilson
Corporate Director
Evergreen, Colorado

Officers

John B. Hlavka
Chief Executive Officer

Fred O. Hensel
Vice President,
Marketing for the South

Lou C. Klaver, P. Eng.
Vice President,
Engineering

Craig W. Kushner
Corporate Secretary and Human Resources Administrator

John M. Pahl
Vice President,
Marketing for the North

Murray J. Roth
Vice President, Finance and Chief Financial Officer

Karl A. Ruud
President and Chief Operating Officer

Head Office

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Banker

Alberta Treasury Branches
Calgary, Alberta

Counsel

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Calgary, Alberta

Auditors

PricewaterhouseCoopers LLP
Calgary, Alberta

Registrar and Transfer Agent

CIBC Mellon Trust Company
Calgary, Alberta and Toronto, Ontario
1-800-387-0825

Share Symbol / TSX

Class A Non-Voting (AKT.A)
Class B Common (AKT.B)

Website

www.akita-drilling.com