Interim report for 6 months ended June 30, 2015

Letter to the Shareowners

AKITA Drilling Ltd.'s net loss for the three months ended June 30, 2015 was $1,620,000 (net loss of $0.09 per share) on revenue of $22,536,000, compared to net income of $2,082,000 (net income of $0.12 per share) on revenue of $28,365,000 for the corresponding period in 2014. The second quarter results for 2015 include a one-time deferred income tax charge of $1,191,000 ($0.07 per share) as a result of a provincial corporate income tax rate increase in Alberta in addition to a net loss of $429,000 as a result of routine operations. Funds flow from operations for the quarter ended June 30, 2015 was $9,072,000 compared to $10,609,000 in the corresponding quarter in 2014.

Net income for the six months ended June 30, 2015 was $2,598,000 ($0.14 per share) on revenue of $69,251,000 and included the one-time deferred tax charge of $1,191,000 noted above. Comparative figures for the corresponding six month period in 2014 were net income of $12,231,000 ($0.68 per share) and revenue of $82,708,000. Funds flow from operations for the January to June period in 2015 was $23,131,000 compared to $28,273,000 for the comparative period in 2014.

Continuing weak commodity prices for crude oil and natural gas had a significant negative effect on AKITA's activity levels both during the second quarter of 2015 and on a year-to-date basis. AKITA achieved 885 operating days during the second quarter of 2015 (2,520 operating days on a year-to-date basis) compared to 1,220 days during the second quarter of 2014 (3,333 operating days for January to June, 2014). This reduction in operating days was most pronounced for conventional rigs, which accounted for 88% of the overall decline.

Weakened demand for drilling rigs had a negative effect on drilling rig rates, which affected the financial results for each of AKITA's rig categories. From an earnings perspective, however, the effect of weakened rates was mitigated to an extent by a change in rig classes worked. This change in rig classes resulted in a higher proportion of AKITA's pad rigs working. Pad rigs achieve higher revenue rates than conventional rigs.

During the second quarter of 2015, the Company deployed its newly completed pad triple rig for work in the Alberta foothills. The Company anticipates that most of its remaining 2015 capital expenditures will be directed towards routine items.

As a result of the uncertainty around the timing and extent of any recovery in the industry, the Company remains focused on maintaining the strength of its already high quality balance sheet. At June 30, 2015, borrowings by the Company had declined to $2,500,000 from $20,000,000 at December 31, 2014. In addition, the Company had a cash balance of $4,725,000 at June 30, 2015, generating a positive "net cash" position.

Weak market conditions are likely to persist for the balance of 2015 and potentially beyond. Nevertheless, the Company is well positioned financially, and has a significant asset base that includes a broad range of drilling equipment, including 21 pad rigs that are focused on some of the most active regions of the current market. AKITA has a significant base of well-trained personnel to meet our customers' requirements, both in the existing market and when drilling conditions improve.

On behalf of the Board of Directors,

Linda A. Southern-Heathcott Chairman of the Board	Karl A. Ruud President and Chief Executive Officer

Management's Discussion & Analysis

Management's discussion and analysis ("MD&A") for AKITA Drilling Ltd. and its subsidiaries (collectively referred to as "AKITA" or the "Company") should be read in conjunction with the unaudited interim condensed consolidated financial statements for the six months ended June 30, 2015 and the audited consolidated financial statements and MD&A for the year ended December 31, 2014. References made to 2014 in this MD&A relate to the period from January 1 to June 30 unless otherwise stated. The information in this MD&A was approved by AKITA's Audit Committee on behalf of its Board of Directors on July 28, 2015 and incorporates all relevant considerations to that date.

Management has prepared this MD&A as well as the accompanying unaudited interim condensed consolidated financial statements. All financial information is presented in Canadian Dollars.

Cyclical and Seasonal Nature of AKITA's Operations

Commodity prices for crude oil and natural gas are typically correlated to ongoing drilling activity. On a year-to-date basis, average crude oil prices (as per West Texas Intermediate prices) were approximately 40% lower than in the corresponding period in 2014. Natural gas prices (as per AECO spot prices) were approximately 35% weaker over the same time frame. These significant commodity price declines have had a correspondingly adverse effect on the level of drilling activity in Western Canada, including for AKITA and have affected both the manner in which AKITA is approaching key decisions[Note] and the Company's financial results for both the second quarter and on a year-to-date basis. The lower activity levels have also negatively affected the Company's day rates for its services due to increased competition from underutilized rigs throughout the industry, as detailed later in this MD&A.

Note: Manner in which AKITA is approaching key decisions includes how the Company addresses:

a. Business investment opportunities;
b. Capital expenditure programs;
c. Pricing for drilling services;
d. Wages, salaries and staffing levels;
e. Timing and level of discretionary expenses throughout the Company;
f. Approach to financing including repayments thereof; and
g. Risk tolerance and risk management.

Typically, once rig utilization increases, even relatively small increases can have a significant positive financial effect on AKITA's performance. Readers should be aware however that other influences, including changes in the proportions of drilling performed by different rig classes, can also have an important effect on the Company's financial results.

In addition to considerations regarding the cyclical nature of AKITA's business, readers should be aware that historically, the first quarter of the calendar year is the most active in the drilling industry. Lower activity levels that result from spring break-up and associated travel bans on public roads typically characterize the second quarter. Slower and weaker drilling activity both during and then following spring break-up were predominant characteristics of the second quarter in 2015.

Generally, AKITA exceeds industry average rig utilization rates as a result of positive customer relations, meaningful joint ventures with Aboriginal and First Nations partners, employee expertise, safety performance, equipment quality and drilling performance.

The following table summarizes second quarter and year-to-date utilization for AKITA and industry for 2015 and 2014:

	Three Months Ended June 30		Six Months Ended June 30	
Utilization rates expressed in percentages	**AKITA**	Industry(1)	**AKITA**	Industry(1)
2015	**27.7**	12.8	**39.7**	24.1
2014	**36.3**	24.9	**49.1**	43.0

(1) Source: Canadian Association of Oilwell Drilling Contractors (CAODC)

AKITA's conventional rigs accounted for 88% of the decrease in the Company's rig utilization for the first six months of 2015 compared to the corresponding period in 2014 even though conventional rigs only constituted 42% of AKITA's fleet at June 30, 2015.

Basis of Analysis in this MD&A , Non-Standard and Additional GAAP Items

The Company reports its joint venture activities in the financial statements in accordance with International Financial Reporting Standards ("IFRS"), IFRS 11 "Joint Arrangements". In determining the classification of its joint arrangements, AKITA considers whether the joint arrangements are structured through separate vehicles, if the legal form of the separate vehicles confers upon the parties direct rights to assets and obligations for liabilities relating to the arrangements, whether the contractual terms between the parties confer upon them rights to assets and obligations for liabilities relating to the arrangements as well as if other facts and circumstances lead to rights to assets and obligations for liabilities being conferred upon the parties to the arrangement prior to concluding that AKITA's joint ventures are appropriately classified as joint ventures rather than joint operations. Under IFRS 11, AKITA is required to report its joint venture assets, liabilities and financial activities using the equity method of accounting. However, for purposes of analysis in this MD&A, the proportionate share of assets, liabilities and financial activities is included as non-standard Generally Accepted Accounting Principles ("GAAP") information ("Adjusted") where appropriate. The Company provides the same drilling services and utilizes the same management, financial and reporting controls for its joint venture activities as are in place for its wholly owned operations. None of AKITA's joint ventures are individually material in size when considered in the context of AKITA's overall operations.

Operating margin, revenue per operating day, operating and maintenance expense per operating day and operating margin per operating day are not recognized measures under IFRS. Management finds and certain investors may find operating margin data to be a useful measurement tool as it provides an indication of the profitability of the business prior to the influence of depreciation, overhead expenses, financing costs and income taxes. Management finds and certain investors may find "per operating day" measures for revenue and operating margin indicate pricing strength while operating and maintenance expense per operating day demonstrates a degree of cost control and provides a proxy for specific inflation rates incurred by the Company. Readers should be cautioned that in addition to the foregoing, other factors, including the mix of rigs between conventional and pad and singles, doubles and triples can also influence these results. Readers should also be aware that AKITA includes standby revenue in its determination of "per operating day" results.

Funds flow from operations is considered an additional GAAP measure under IFRS. AKITA's method of determining funds flow from operations may differ from methods used by other companies and includes cash flow from operating activities before working capital changes as well as equity income from joint ventures adjusted for income tax amounts paid during the period. Management finds and certain investors may find funds flow from operations to be a useful measurement tool to evaluate the Company'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 between and within periods.

Revenue and Operating & Maintenance Expenses

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	**2015**	2014	Change	% Change
Revenue per Interim Financial Statements	**22.5**	28.4	(5.9)	(21%)	**69.3**	82.7	(13.4)	(16%)
Proportionate Share of Revenue from Joint Ventures [1]	**7.7**	16.6	(8.9)	(54%)	**20.5**	34.1	(13.6)	(40%)
Adjusted Revenue [1]	**30.2**	45.0	(14.8)	(33%)	**89.8**	116.8	(27.0)	(23%)

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	**2015**	2014	Change	% Change
Operating & Maintenance Expenses per Interim Financial Statements	**13.9**	18.7	(4.8)	(26%)	**45.1**	53.5	(8.4)	(16%)
Proportionate Share of Operating & Maintenance Expenses from Joint Ventures [1]	**4.9**	10.5	(5.6)	(53%)	**13.1**	21.3	(8.2)	(38%)
Adjusted Operating & Maintenance Expenses [1]	**18.8**	29.2	(10.4)	(36%)	**58.2**	74.8	(16.6)	(22%)

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	**2015**	2014	Change	% Change
Adjusted Revenue [1]	**30.2**	45.0	(14.8)	(33%)	**89.8**	116.8	(27.0)	(23%)
Adjusted Operating & Maintenance Expenses [1]	**18.8**	29.2	(10.4)	(36%)	**58.2**	74.8	(16.6)	(22%)
Adjusted Operating Margin [1][2][3]	**11.4**	15.8	(4.4)	(28%)	**31.6**	42.0	(10.4)	(25%)

$Dollars	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	**2015**	2014	Change	% Change
Adjusted Revenue per Operating Day [1]	**34,130**	36,843	(2,713)	(7%)	**35,598**	35,059	539	2%
Adjusted Operating & Maintenance Expenses per Operating Day [1]	**21,175**	23,933	(2,758)	(12%)	**23,115**	22,466	649	3%
Adjusted Operating Margin per Operating Day [1][2]	**12,955**	12,910	45	0%	**12,483**	12,593	(110)	(1%)

(1) Proportionate share of revenue from joint ventures, adjusted revenue, proportionate share of operating & maintenance expenses from joint ventures, adjusted operating & maintenance expenses, adjusted operating margin, adjusted revenue per operating day, adjusted operating & maintenance expenses per operating day and adjusted operating margin per operating day are non-standard accounting measures. See commentary in "Basis of Analysis in this MD&A, Non-Standard and Additional GAAP Items".

(2) Adjusted operating margin is the difference between adjusted revenue and adjusted operating & maintenance expenses.

(3) Balances may differ from financial statements as a result of rounding.

Second Quarter Comparatives

During the second quarter of 2015, adjusted revenue decreased to $30,205,000 compared to $44,948,000 during the second quarter of 2014 as a result of weak market conditions, particularly for conventional rigs, but also to a lesser extent for pad rigs. Continuing low commodity prices for crude oil and natural gas were primary reasons for this market weakness.

In addition to a decline in overall adjusted revenue for the three month period ended June 30, 2015, adjusted revenue per operating day decreased to $34,130 during the second quarter of 2015 from $36,843 in the comparative quarter of 2014 due to lower day rates for most of AKITA's rigs, which was partially offset by having a higher percentage of pad rigs working. Pad rigs, compared to conventional drilling rigs, typically generate higher revenue on a per day basis.

Adjusted operating and maintenance costs are tied to revenue and amounted to $18,740,000 ($21,175 per operating day) during the second quarter of 2015 compared to $29,198,000 ($23,933 per operating day) in the same period of the prior year. The decreases in operating and maintenance costs, both on a total and "per day" basis, resulted primarily from reduced drilling activity and secondarily from cost reductions.

The adjusted operating margin for the Company decreased to $11,465,000 in the second quarter of 2015 from $15,750,000 during the corresponding quarter of 2014. Lower activity due to weaker market conditions was the primary reason for the decline in operating margin. Although the overall operating margin decreased during the second quarter of 2015 as compared to the corresponding period in 2014, AKITA's adjusted operating margin per operating day increased slightly to $12,955 from $12,910 in the comparative period during 2014, as a result of a change in rig mix which included a higher proportion of pad rigs working.

Year-to-Date Comparatives

During the first six months of 2015, adjusted revenue decreased to $89,707,000 from $116,815,000 during the first six months of 2014 as a result of lower drilling activity. 88% of this decline in activity is attributable to AKITA's conventional rigs.

Although adjusted revenue for the year-to-date period ended June 30, 2015 decreased, adjusted revenue per operating day increased to $35,598 during the first six months of 2015 from $35,059 in the comparative six month period of 2014 due to the same factors that affected second quarter adjusted revenue per operating day.

Adjusted operating and maintenance costs are tied to revenue and amounted to $58,249,000 ($23,115 per operating day) during the first six months of 2015 compared to $74,858,000 ($22,466 per operating day) in the same period of the prior year.

The adjusted operating margin for the Company decreased to $31,458,000 in the first six months of 2015 from $41,957,000 during the corresponding period of 2014. The reduction in operating margin was related to weaker market conditions. The higher percentage of pad drilling that occurred in the first six months of 2015 compared to the first six months of 2014 helped offset the "per operating day" decline in operating margin.

Other Comments

From time to time, the Company requires customers to make pre-payments prior to the provision of drilling services. In addition, from time to time, the Company records cost recoveries related to capital enhancements for specific customer related projects. At June 30, 2015, deferred revenue related to these activities totalled $79,000 (June 30, 2014 - $76,000).

Depreciation and Amortization Expense

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	2015	2014	Change	% Change
Depreciation and Amortization Expense	8.3	7.3	1.0	14%	17.3	15.1	2.2	15%

The depreciation and amortization expense reported in the second quarter of 2015 of $8,276,000 was higher than the corresponding quarter of 2014 ($7,256,000). AKITA depreciates its rig fleet on a unit of production basis and while overall drilling days declined during the second quarter of 2015 compared to the corresponding quarter in 2014, the most active rigs in the second quarter of 2015 were also the rigs with the highest cost bases.

Depreciation and amortization expense for the first six months of 2015 totalled $17,344,000 compared to $15,119,000 for the corresponding period in 2014. As with the depreciation and amortization expense for the second quarter, the higher cost base for AKITA's active rigs more than offset the lower rig activity levels. In the first six months of 2015, drilling rig depreciation accounted for 96% of total depreciation and amortization expense (2014 - 96%).

While AKITA conducts several of its drilling operations via joint ventures, the drilling rigs used to conduct those activities are owned jointly by AKITA and its joint venture partners, and not the joint ventures themselves. Therefore, the joint ventures do not hold any property, plant, or equipment assets directly. Consequently, the depreciation balance reported above includes depreciation on assets involved in both wholly owned and joint ventured activities.

Selling and Administrative Expenses

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	2015	2014	Change	% Change
Selling & Administrative Expenses per Interim Financial Statements	3.7	4.8	(1.1)	(23%)	8.4	10.0	(1.6)	(16%)
Proportionate Share of Selling & Administrative Expenses from Joint Ventures [1]	0.1	0.3	(0.2)	(67%)	0.3	0.5	(0.2)	(40%)
Adjusted Selling & Administrative Expenses [1]	3.8	5.1	(1.3)	(25%)	8.7	10.5	(1.8)	(17%)

(1) Proportionate share of selling and administrative expenses from joint ventures and adjusted selling and administrative expenses are non-standard accounting measures. See commentary in "Basis of Analysis in this MD&A, Non-Standard and Additional GAAP Items".

Adjusted selling and administrative expenses were 9.6% of adjusted revenue in the first six months of 2015 compared to 9.0% of adjusted revenue in the first six months of 2014 as a result of achieving lower adjusted revenue in 2015. The Company has been able to reduce overall selling and administrative costs, particularly in the second quarter as a result of implementing various management controls. The single largest component of selling and administrative expenses was salaries and benefits, which accounted for 58% of these expenses (58% in 2014).

Equity Income from Joint Ventures

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	**2015**	2014	Change	% Change
Proportionate Share of Revenue from Joint Ventures (1)	**7.7**	16.6	(8.9)	(54%)	**20.5**	34.1	(13.6)	(40%)
Proportionate Share of Operating & Maintenance Expenses from Joint Ventures (1)	**4.9**	10.5	(5.6)	(53%)	**13.1**	21.3	(8.2)	(38%)
Proportionate Share of Selling & Administrative Expenses from Joint Ventures (1)	**0.1**	0.3	(0.2)	(67%)	**0.3**	0.5	(0.2)	(40%)
Equity Income from Joint Ventures per Interim Financial Statements	**2.7**	5.8	(3.1)	(53%)	**7.1**	12.3	(5.2)	(42%)

(1) Proportionate share of revenue from joint ventures, proportionate share of operating & maintenance expenses from joint ventures and proportionate share of selling & administrative expenses from joint ventures are non-standard accounting measures. See commentary in "Basis of Analysis in this MD&A, Non-Standard and Additional GAAP Items".

The Company provides the same drilling services and utilizes the same management, financial and reporting controls for its joint venture activities as are in place for its wholly owned operations. The analyses of these activities are incorporated throughout the relevant sections of this MD&A. Joint venture activities are often located in some of the most prospective regions in Canada. Two thirds of AKITA's joint ventures utilize pad drilling rigs.

Other Income

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	**2015**	2014	Change	% Change
Total Other Income	**0.1**	(0.4)	0.5	125%	**(0.1)**	0.0	(0.1)	N/A

Interest income decreased to $68,000 in the first six months of 2015 from $98,000 in the corresponding period in 2014 primarily as a result of reduced interest rates. In addition, between 2011 and 2014, the Company had undertaken significant capital expenditures related to the construction of new rigs and the conversion of conventional rigs into pad rigs, thereby reducing AKITA's cash balances over time.

During the first six months of 2015, the Company incurred interest expense of $285,000 as a result of the Company's indebtedness in addition to the related future cost of the Company's unfunded defined benefit pension plan. During the corresponding six month period in 2014, AKITA incurred interest expense of $77,000 primarily for the future cost of the Company's defined benefit pension plan. The Company reduced its operating loan facility balance during the second quarter of 2015 from $19,814,000 to $2,500,000 at June 30, 2015.

During the first six months of 2015, the Company sold some ancillary assets for $786,000 that resulted in a loss of $111,000. During the first six months of 2014, the Company disposed of certain non-core assets resulting in a $118,000 gain.

Approximately 95% of amounts recorded as "Net Other Gains" during the first six months of 2015 related to foreign exchange that was associated with rig construction for AKITA's new pad triple rig which was deployed during the second quarter of 2015. The comparative period in 2014 included $148,000 in foreign exchange losses related to rig construction partially offset by $56,000 for non foreign exchange related losses.

Income Tax Expense

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	2015	2014	Change	% Change
Current Tax Expense	(1.0)	0.7	(1.7)	(243%)	0.4	4.1	(3.7)	(90%)
Deferred Tax Expense	2.1	0.2	1.9	950%	2.4	(0.0)	2.4	N/A
Income Tax Expense	1.1	0.9	0.2	22%	2.8	4.1	(1.3)	(32%)

Income tax expense decreased to $2,777,000 in the first six months of 2015 from $4,133,000 in the corresponding period in 2014 mainly due to lower pre-tax earnings. In addition to the effect of lower pre-tax earnings, during the second quarter of 2015, the Company recorded a one-time deferred tax expense of $1,191,000 related to a corporate income tax increase implemented by the Government of Alberta. Recent capital additions have affected the portion of income taxes that are deferred to future dates.

Net Income (Loss), Funds Flow and Net Cash From Operating Activities

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	2015	2014	Change	% Change
Net Income (Loss)	(1.6)	2.1	(3.7)	(176%)	2.6	12.2	(9.6)	(79%)
Funds Flow from Operations [1]	9.1	10.6	(1.5)	(14%)	23.1	28.3	(5.2)	(18%)

(1) Funds flow from operations is an additional GAAP measure under IFRS. See commentary in "Basis of Analysis in this MD&A, Non-Standard and Additional GAAP Items".

During the three months ended June 30, 2015, the Company reported a net loss of $1,620,000 or $0.09 per Class A Non-Voting and Class B Common Share (basic and diluted) compared to net income of $2,082,000 or $0.12 per share (basic and diluted) in the comparative quarter of 2014. The second quarter results for 2015 included a one-time deferred income tax charge of $1,191,000 as a result of a provincial corporate income tax rate increase for Alberta in addition to a net loss of $429,000 as a result of routine operations. The net loss reported in the second quarter of 2015 compared to the net income reported in the second quarter of 2014 was also attributable to reductions in drilling activity, reduced day rates, as well as increased depreciation expense. Funds flow from operations decreased to $9,072,000 during the second quarter of 2015 from $10,609,000 in the corresponding quarter in 2014. Funds flow from operations was negatively affected by weaker drilling activity in the second quarter of 2015 but was not affected by depreciation expense or future income tax expense as these items are non-cash items.

Net income decreased to $2,598,000 or $0.14 per Class A Non-Voting and Class B Common Share (basic and diluted) for the first six months of 2015 from $12,231,000 or $0.68 per share (basic and diluted) in the corresponding period of 2014. Funds flow from operations decreased to $23,131,000 during the first six months of 2015 from $28,273,000 in the corresponding period in 2014. Lower net income in 2015 was directly attributable to reductions in drilling activity coupled with reduced day rates, as well as higher depreciation expense and a corporate income tax rate increase in Alberta. Funds flow from operations was negatively affected by weaker drilling activity and lower day rates but was not affected by depreciation or income tax rate changes as these are both non-cash items. As a consequence, while net income for the first six months of 2015 decreased 79% compared to the corresponding period in 2014, the decline in funds flow when comparing the same periods was only 18%.

The following table reconciles funds flow and cash flow from operations:

$Millions	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	2015	2014	Change	% Change
Funds Flow from Operations (1)	9.1	10.6	(1.5)	(14%)	23.1	28.3	(5.2)	(18%)
Change in Non-Cash Working Capital	18.6	24.7	(6.1)	(33%)	15.2	17.0	(1.8)	(13%)
Equity Income from Joint Ventures	(2.7)	(5.8)	3.1	53%	(7.1)	(12.3)	5.2	42%
Interest Paid	0.0	(0.0)	0.0	N/A	(0.2)	(0.0)	(0.2)	N/A
Current Income Tax Expense (Recovery)	(1.0)	0.7	(1.7)	(243%)	0.4	4.1	(3.7)	(90%)
Income Tax Paid (Recovered)	1.0	(1.4)	2.4	171%	(0.4)	(3.2)	2.8	88%
Net Cash from Operating Activities	25.0	28.8	(3.8)	(15%)	31.0	33.9	(2.9)	(9%)

(1) Funds flow from operations is an additional GAAP measure under IFRS. See commentary in "Basis of Analysis in this MD&A, Non-Standard and Additional GAAP Items".

Fleet and Rig Utilization

At June 30, 2015, AKITA had 36 drilling rigs, including nine that operated under joint ventures (32.725 net to AKITA), compared to 37 rigs (33.725 net) in the corresponding period of 2014. During the second quarter of 2015, the Company completed construction of and commenced operations with a new pad drilling rig.

	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	Change	% Change	2015	2014	Change	% Change
Operating Days	885	1,220	(335)	(27%)	2,520	3,333	(813)	(24%)
Utilization Rate	27.7%	36.3%	(8.6)	(24%)	39.7%	49.1%	(9.4)	(19%)

Liquidity and Capital Resources

Cash used for capital expenditures totalled $11,874,000 in the first six months of 2015 (2014 - $42,973,000). Nearly three quarters of current year capital expenditures relate to the completion of a new pad rig that was deployed during the second quarter. Other capital expenditures related to routine items.

At June 30, 2015, AKITA's Statement of Financial Position included working capital (current assets minus current liabilities) of $7,414,000 compared to working capital of $14,483,000 at June 30, 2014 and a working capital deficiency of $5,028,000 at December 31, 2014. Readers should also be aware of the seasonal nature of AKITA's business and its effect on non-cash working capital balances. Typically, non-cash working capital balances reach annual maximum levels at the end of the first quarter or during the second quarter as a result of break-up. Non-cash working capital amounted to $2,689,000 at June 30, 2015 compared to a non-cash working capital deficiency of $7,040,000 at December 31, 2014. During the first six months of 2015, AKITA undertook a much reduced capital expenditure program compared to the comparative period in 2014, contributing to working capital and non-cash working capital during the current year.

The Company did not have a normal course issuer bid in place during the first six months of 2015. During the first six months of 2014, the Company purchased 27,600 Class A Non-Voting Shares at an average purchase price of $15.49 pursuant to its normal course issuer bid.

The Company chooses to maintain a conservative Statement of Financial Position due to the cyclical nature of the industry. In addition to its cash balances, the Company has an operating loan facility with its principal banker totalling $100,000,000 that is available until 2019. Although the facility has been provided in order to finance general corporate needs, capital expenditures and acquisitions, management intends to access this facility primarily to enable the Company to fund rig construction requirements related to drilling contracts that it might be awarded. The interest rate on the facility varies based upon the actual amounts borrowed and ranges from 0.45% to 1.45% over prime interest rates or 1.45% to 2.45% over guaranteed notes, depending on the preference of the Company. The Company had borrowings of $2,500,000 from this facility at June 30, 2015, down from $20,000,000 at December 31, 2014.

As part of the loan facility agreement, the Company must adhere to the following financial covenants:

- Funded debt to EBITDA shall not be greater than 3.00 to 1. As at June 30, 2015, AKITA's actual rate was 0.05 to 1;
- EBITDA to interest expense shall not be less than 3.00 to 1. As at June 30, 2015, AKITA's actual rate was 106.44 to 1; and
- Tangible assets to funded debt shall not be less than 2.25 to 1. As at June 30, 2015 AKITA's actual rate was 116.14 to 1.

Readers should be aware that the terms "funded debt", "EBITDA", "interest expense" and "tangible assets" have been specifically defined in the loan facility agreement and are not necessarily defined by or consistent with either GAAP or determinations by other users for other purposes.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to augment existing resources in order to meet growth opportunities.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, repurchase or issue new shares, sell assets or take on long-term debt. Since 1999, dividend rates have increased eight times with no decreases. The last dividend increase was declared on March 5, 2014.

During the 10 year period since 2005, AKITA has repurchased 796,408 Class A Non-Voting shares through normal course issuer bids and has issued 158,200 Class A Non-Voting shares upon exercise of stock options.

The Company had four rigs under multi-year contracts at June 30, 2015. Of these contracts, two are anticipated to expire in 2016, one in 2018 and one in 2019.

From time to time, the Company may provide guarantees for bank loans to joint venture partners in respect of sales of joint venture interests. At June 30, 2015, AKITA provided $8,482,000 in deposits as security with the bank for those purposes (June 30, 2014 and December 31, 2014 - $9,381,000). These deposits have been recorded as "Restricted Cash" on AKITA's Interim Consolidated Statements of Financial Position.

Summary of Quarterly Results

The following table shows key selected quarterly financial information for the Company:

$Thousands, except per share

Three Months Ended	Mar. 31	Jun. 30	Sep. 30	Dec. 31
2015				
Revenue	**46,715**	**22,536**		
Net income (loss)	**4,218**	**(1,620)**		
Earnings (loss) per share (basic) ($)	**0.24**	**(0.09)**		
Earnings (loss) per share (diluted) ($)	**0.23**	**(0.09)**		
Funds flow from operations [(1)]	**14,059**	**9,072**		
Net cash from operating activities	**6,015**	**25,011**		
2014				
Revenue	54,342	28,365	36,556	46,011
Net income	10,150	2,081	3,854	4,994
Earnings per share (basic and diluted) ($)	0.57	0.12	0.21	0.27
Funds flow from operations [(1)]	17,665	10,609	10,942	16,979
Net cash from operating activities	5,127	28,789	4,641	2,065
2013				
Revenue	60,761	28,324	33,096	45,930
Net income	12,495	2,757	3,540	7,723
Earnings per share (basic) ($)	0.70	0.15	0.20	0.43
Earnings per share (diluted) ($)	0.70	0.15	0.19	0.43
Funds flow from operations [(1)]	19,985	9,121	11,300	17,213
Net cash from (used in) operating activities	6,356	26,725	6,932	(459)

(1) Funds flow from operations is an additional GAAP measure under IFRS. See commentary in "Basis of Analysis in this MD&A, Non-Standard and Additional GAAP Items".

Key trends over the past ten quarters, after giving consideration to the seasonal nature of AKITA's operations, are as follows:

- Activity levels, which are directly correlated to revenue, net income and funds flow from operations[(1)] generally increased through 2013 and most of 2014 as a result of strong market conditions. By the first quarter of 2015, this trend reversed as market conditions weakened substantially. The weaker market persisted into the second quarter of 2015 resulting in lower activity during the traditional spring break-up period and resulting in a delayed and weaker transition to post break-up drilling;
- Operating margin[(2)] per operating day which influences both net income and funds flow from operations[(1)] had been generally decreasing during 2013 and 2014 due to a change in classes of rigs worked. During the first six months of 2015, weak market conditions resulted in a general decline for operating margins per operating day. This decline in operating margins on a per day basis was mostly offset by the changes in rig classes worked; and
- Net cash from operating activities is not directly correlated to market strength on a quarterly basis. Changes in the balance to this account are also related to the timing of changes in various non-cash working capital accounts.

(1) Funds flow from operations is an additional GAAP measure under IFRS. See commentary in "Basis of Analysis in this MD&A, Non-Standard and Additional GAAP Items".

(2) Operating margin is the difference between adjusted revenue and adjusted operating & maintenance expenses.

Significant Accounting Estimates and Judgments

The preparation of the accompanying interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements as well as the reported amounts for revenue and expenses during the period. Estimates and judgments are continually evaluated and are based upon historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Actual outcomes could differ materially from these estimates.

Impairment of Assets

The Company conducted a detailed analysis of its impairment testing process and results at December 31, 2014. Management is satisfied that no additional internal or external indicators of impairment have occurred since the impairment test performed at that date. Further, management has determined that the conclusion reached at December 31, 2014 to not record any asset impairment remains valid at June 30, 2015.

Useful Lives of Drilling Rigs

The preparation of AKITA's interim financial statements requires management to make significant estimates relating to the useful lives of drilling rigs. Depreciation is calculated using a detailed approach based on major components and results in an average useful life of 3,600 operating days per rig. Drilling rigs are depreciated using the unit of production method. Assuming a 10% difference in the actual useful lives of drilling rigs compared to the accounting estimate of useful life and based upon actual drilling days achieved for the six months ended June 30, 2015, drilling rig depreciation could be either increased or decreased by $1,664,000 (2014 - $1,453,000). AKITA's depreciation expense does not have any effect on the changes to the financial condition for the Company, as depreciation is a non-cash item.

Defined Benefit Pension Liability

A significant estimate used in the preparation of AKITA's interim financial statements relates to the measurement of the defined benefit pension liability for selected employees that was recorded as $3,642,000 at June 30, 2015 (June 30, 2014 - $2,745,000). AKITA's pension liability estimates do not have any effect on the changes to financial condition for the Company, as the defined benefit pension is an unfunded item. However, total liabilities and results of operations including net income could be either understated or overstated as a result of pension estimates that are either too high or too low. AKITA utilizes the services of a third party to assist in the actuarial estimate of the Company's pension expense and liability. For 2015, key assumptions relate to the use of a 3.8% discount rate as well as anticipated retirement dates and life expectancies for members of the program.

Deferred Income Taxes

The Company makes assumptions relating to the measurement of deferred income taxes, including related to future tax rates, timing of reversals of timing differences and the anticipated tax rules that will be in place when timing differences reverse. Consequently, total liabilities of the Company as well as results of operations including net income could be either understated or overstated. At June 30, 2015, the Company revised its assumptions related to future tax rates based on a corporate income tax rate increase implemented by the Government of Alberta. This resulted in the Company recording a one-time adjustment of $1,191,000 additional deferred tax expense during the quarter.

Incomplete Transactions at Period End

The Company makes assumptions relating to transactions that were incomplete at the Statement of Financial Position date. Depending on the actual transaction, total assets and liabilities of the Company as well as results of operations including net income could be either understated or overstated as a result of differences between amounts accrued for incomplete transactions and the subsequent actual balances.

Accounting Changes Not Yet Adopted

Certain new or amended standards or interpretations have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are not required to be adopted in the current period. The Company has not early adopted these standards or interpretations. The standards which the Company anticipates may have a material effect on the consolidated financial statements or note disclosures are described below.

IFRS 15, "Revenue from Contracts with Customers", replaces the previous guidance on revenue recognition and provides a framework to determine when to recognize revenue and at what amount. The new standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of the new standard on its financial statements.

IFRS 9, "Financial Instruments", amends the classification and measurement of financial assets and introduces a new expected loss impairment model. This standard is effective for annual periods beginning on or after January 1, 2018, and shall be applied retrospectively. The Company is currently evaluating the impact of the new standard on its financial statements.

There are no other standards and interpretations that have been issued, but are not yet effective, that the Company anticipates will have a material effect on its consolidated financial statements once adopted.

Future Outlook

The drilling industry is cyclical and certain key factors that have an effect on AKITA's results are beyond management's control. Like other drilling contractors, AKITA is exposed to the effects of fluctuating crude oil and natural gas prices and changes in the exploration and development budgets of its customers.

Typically, AKITA's utilization improves each year following spring break-up. While rig activity has improved when comparing July 2015 to the previous month, the rate of improvement has been slower than normal.

Weakness and uncertainty weigh heavily on the short to medium term prospects for the Canadian drilling industry including for AKITA. Currently low commodity prices for crude oil and natural gas are having an adverse affect on capital spending by the Company's customers. Significant uncertainty exists as to the timing and quantum of any improvement in commodity prices for crude oil and natural gas, as well as if improvements will even occur in the near term. While some progress is being made by industry proponents towards the development of one or more LNG facilities on the west coast of British Columbia, the pace of developments is slow, multi-faceted and not without opposition and there is a risk that no projects will get to the completion stage. In Alberta, additional corporate taxes and the prospect of a new royalty regime have also adversely affected any recovery in drilling activity.

Despite the foregoing challenges, AKITA intends to rely on the pad portion of its fleet to ensure it remains a relevant alternative for its customers, especially as it pertains to larger "resource play" types of developments. The Company expects this approach to continue to result in activity levels that are in excess of industry average activity. Meanwhile, the Company continues to see limited opportunities for conventional drilling rigs in the short term.

As a result of this heightened level of uncertainty, the Company continues to maintain a very strong balance sheet including minimizing or eliminating debt financing until better opportunities arise.

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 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 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. Except as required by law, the Company does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by it or on its behalf.

Management's Responsibilty for Financial Information

As at June 30, 2015, management evaluated, under the supervision of and the participation of the President and Chief Executive Officer (the "CEO") and the Vice President, Finance and Chief Financial Officer (the "CFO"), the effectiveness of the Company's disclosure controls and procedures ("DC&P") as defined under National Instrument 52-109. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P was effective as at June 30, 2015.

No changes were made to the Company's internal control over financial reporting ("ICFR") during the quarter ended June 30, 2015, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. Based on the evaluation of the design and operating effectiveness of the Company's ICFR, the CEO and CFO concluded that the Company's ICFR was effective as at June 30, 2015. The evaluation of the effectiveness of the Company's internal control over financial reporting was performed utilizing the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework") as revised effective May 24, 2013, under the supervision of, and with the participation of, the CEO and CFO.

As in prior quarters, AKITA's audit committee reviewed this document, including the attached unaudited interim condensed consolidated financial statements.

Interim Consolidated Statements of Financial Position

Unaudited $Thousands		June 30, 2015	June 30, 2014	December 31, 2014
Assets				
Current Assets				
Cash		$ 4,725	$ 4,990	$ 2,012
Accounts receivable	Note 5	12,885	26,510	39,981
Income taxes recoverable		2,894	-	3,011
Prepaid expenses and other		761	691	257
		21,265	32,191	45,261
Non-current Assets				
Restricted cash	Note 6	8,482	9,381	9,381
Other long-term assets		971	972	1,025
Investment in joint ventures	Note 7	3,576	15,235	6,214
Property, plant and equipment	Note 8	272,732	239,759	279,045
Total Assets		$ 307,026	$ 297,538	$ 340,926
Liabilities				
Current Liabilities				
Operating loan facility	Note 5	$ 2,500	$ -	$ 20,000
Accounts payable and accrued liabilities		9,747	14,752	28,589
Deferred revenue		79	76	175
Dividends payable	Note 9	1,525	1,525	1,525
Income taxes payable		-	1,355	-
		13,851	17,708	50,289
Non-current Liabilities				
Financial instruments	Note 5	166	76	226
Deferred income taxes	Note 10	29,468	22,729	27,053
Deferred share units	Note 11	280	117	91
Pension liability		3,642	2,745	3,426
Total Liabilities		47,407	43,375	81,085
Shareholder's Equity				
Class A and Class B shares	Note 12	23,871	23,871	23,871
Contributed surplus		3,787	3,307	3,557
Accumulated other comprehensive income (loss)		(280)	88	(280)
Retained earnings		232,241	226,897	232,693
Total Equity		259,619	254,163	259,841
Total Liabilities and Equity		$ 307,026	$ 297,538	$ 340,926

The accompanying notes are an integral part of these interim consolidated financial statements.

Interim Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

Unaudited $Thousands		Three Months Ended		Six Months Ended	
		June 30 2015	June 30 2014	**June 30 2015**	June 30 2014
Revenue		**$ 22,536**	$ 28,365	**$ 69,251**	$ 82,708
Costs and expenses					
Operating and maintenance		**13,858**	18,744	**45,102**	53,535
Depreciation and amortization	Note 8	**8,276**	7,256	**17,344**	15,119
Selling and administrative		**3,726**	4,830	**8,437**	10,055
Total costs and expenses		**25,860**	30,830	**70,883**	78,709
Revenue less costs and expenses		**(3,324)**	(2,465)	**(1,632)**	3,999
Equity income from joint ventures	Note 7	**2,694**	5,837	**7,073**	12,318
Other income (losses)					
Interest income		**37**	35	**68**	98
Interest expense		**(79)**	(43)	**(285)**	(77)
Gain (loss) on sale of assets		**79**	117	**(111)**	118
Net other gains (losses)		**33**	(542)	**262**	(92)
Total other income (losses)		**70**	(433)	**(66)**	47
Income (loss) before income taxes		**(560)**	2,939	**5,375**	16,364
Income taxes	Note 10	**1,060**	857	**2,777**	4,133
Net income (loss) and comprehensive income (loss) for the period attributable to shareholders		**(1,620)**	2,082	**2,598**	12,231
Earnings (Loss) per Class A and Class B Share	Note 13				
Basic		**$ (0.09)**	$ 0.12	**$ 0.14**	$ 0.68
Diluted		**$ (0.09)**	$ 0.12	**$ 0.14**	$ 0.68

The accompanying notes are an integral part of these interim consolidated financial statements.

Interim Consolidated Statements of Changes in Shareholders' Equity

Unaudited
$Thousands

	Attributable to the Shareholders of the Company						
	Class A Non-Voting Shares	Class B Common Shares	Total Class A and Class B Shares	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
Balance at December 31, 2013	$ 22,542	$ 1,366	$ 23,908	$ 3,185	$ 88	$ 218,107	$ 245,288
Net income for the period	-	-	-	-	-	12,231	12,231
Shares repurchased	(37)	-	(37)	-	-	(390)	(427)
Stock options charged to expense	-	-	-	122	-	-	122
Dividends	-	-	-	-	-	(3,051)	(3,051)
Balance at June 30, 2014	$ 22,505	$ 1,366	$ 23,871	$ 3,307	$ 88	$ 226,897	$ 254,163
Net income for the period	-	-	-	-	-	8,848	8,848
Remeasurement of pension liability	-	-	-	-	(368)	-	(368)
Stock options charged to expense	-	-	-	250	-	-	250
Dividends	-	-	-	-	-	(3,052)	(3,052)
Balance at December 31, 2014	$ 22,505	$ 1,366	$ 23,871	$ 3,557	$ (280)	$ 232,693	$ 259,841
Net income for the period	-	-	-	-	-	2,598	2,598
Stock options charged to expense	-	-	-	230	-	-	230
Dividends	-	-	-	-	-	(3,050)	(3,050)
Balance at June 30, 2015	**$ 22,505**	**$ 1,366**	**$ 23,871**	**$ 3,787**	**$ (280)**	**$ 232,241**	**$ 259,619**

The accompanying notes are an integral part of these interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

Unaudited $Thousands		Three Months Ended		Six Months Ended	
		June 30 2015	June 30 2014	**June 30 2015**	June 30 2014
Operating Activities					
Net income (loss) and comprehensive income (loss)		**$ (1,620)**	$ 2,082	**$ 2,598**	$ 12,231
Non-cash items included in net income (loss):					
Depreciation and amortization	Note 8	**8,276**	7,256	**17,344**	15,119
Deferred income taxes (recovery)	Note 10	**2,059**	191	**2,415**	(9)
Expense for defined benefit pension plan		**114**	96	**230**	194
Expense for stock options and deferred share units	Note 11	**351**	171	**420**	239
(Gain) loss on sale of assets		**(79)**	(117)	**111**	(118)
Unrealized foreign currency loss		**-**	945	**73**	647
Unrealized gain on financial guarantee contracts		**(29)**	(15)	**(60)**	(30)
Funds flow from operations		**9,072**	10,609	**23,131**	28,273
Change in non-cash working capital:					
Accounts receivable		**25,719**	22,490	**27,096**	15,832
Prepaid expenses and other		**295**	550	**(504)**	(326)
Income taxes recoverable		**(1,094)**	-	**117**	-
Accounts payable and accrued liabilities		**(6,189)**	1,799	**(11,417)**	1,795
Deferred revenue		**(48)**	(93)	**(96)**	(258)
		27,755	35,355	**38,327**	45,316
Equity income from joint ventures	Note 7	**(2,694)**	(5,837)	**(7,073)**	(12,318)
Pension benefits paid		**(6)**	(1)	**(14)**	(5)
Interest paid		**(44)**	(9)	**(214)**	(10)
Income taxes expense (recovery) - current	Note 10	**(999)**	666	**362**	4,142
Income taxes paid (recovered)		**999**	(1,385)	**(362)**	(3,209)
Net cash from operating activities		**25,011**	28,789	**31,026**	33,916
Investing Activities					
Capital expenditures	Note 8	**(6,857)**	(24,909)	**(11,874)**	(42,973)
Change in non-cash working capital related to capital		**(18)**	(5,173)	**(7,285)**	(6,545)
Net distributions from investments in joint ventures	Note 7	**3,094**	4,356	**9,711**	7,175
Change in cash restricted for loan guarantees		**899**	(3,431)	**899**	(3,431)
Change in term deposits		**-**	-	**-**	5,000
Proceeds on sale of assets		**81**	1,241	**786**	1,242
Net cash used in investing activities		**(2,801)**	(27,916)	**(7,763)**	(39,532)
Financing Activities					
Change in operating loan facility		**(17,314)**	-	**(17,500)**	-
Dividends paid		**(1,525)**	(1,526)	**(3,050)**	(2,965)
Repurchase of share capital		**-**	-	**-**	(427)
Net cash used in financing activities		**(18,839)**	(1,526)	**(20,550)**	(3,392)
Increase (decrease) in cash		**3,371**	(653)	**2,713**	(9,008)
Cash, beginning of period		**1,354**	5,643	**2,012**	13,998
Cash, End of Period		**$ 4,725**	$ 4,990	**$ 4,725**	$ 4,990

The accompanying notes are an integral part of these interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

For the six months ended June 30, 2015 and June 30, 2014 (unaudited)

1. General Information

AKITA Drilling Ltd. and its subsidiaries (the "Company" or "AKITA") provide contract drilling services, primarily to the oil and gas industry. From time to time, the Company is involved in other forms of drilling including potash mining and the development of storage caverns. The Company owns and operates 36 drilling rigs (32.725 net) in Canada.

The Company conducts certain rig operations via joint ventures with Aboriginal and First Nations partners whereby rig assets are jointly owned. While joint venture interests are at least 50% owned by the Company, in each case the joint venture is governed on a joint basis.

The contract drilling business in which the Company operates is subject to seasonal fluctuations primarily due to weather conditions affecting the ability to move rigs and other heavy equipment. Historically, rig utilization in the first quarter of the calendar year is the highest. Lower activity levels that result from warmer weather which necessitates travel bans on certain public roads characterize the second quarter while the summer drilling season begins when road bans are lifted. Activity builds throughout the fall and peaks during the winter months.

The Company is a limited liability company incorporated and domiciled in Alberta, Canada. The address of its registered office is 1000, 333 – 7th Avenue SW, Calgary, Alberta. The Company is listed on the Toronto Stock Exchange.

2. Basis of Preparation

The unaudited interim condensed consolidated financial statements ("interim financial statements") for the six months ended June 30, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial reports including IAS 34, "Interim Financial Reporting", and should be read in conjunction with the audited annual consolidated financial statements, including the notes thereof, for the year ended December 31, 2014, which have been prepared in accordance with IFRS.

Items included in the interim financial statements of each of the Company's consolidated entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These interim financial statements are presented in Canadian dollars.

The accounting policies applied in these interim financial statements are based on IFRS issued and effective as of July 28, 2015, the date that the Company's Audit Committee of the Board of Directors approved the interim financial statements.

3. Significant Accounting Policies

The accounting policies adopted are consistent with those reported in the Company's 2014 Annual Report.

4. Significant Accounting Estimates and Judgments

The preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements as well as the reported amounts for revenue and expenses during the period. Estimates and judgments are continually evaluated and are based upon historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Actual outcomes could differ materially from these estimates.

Impairment of Assets

The Company provided a detailed analysis of its impairment testing process and results at December 31, 2014. The Company is satisfied that no additional internal or external indicators of impairment have occurred since the impairment test performed at that date. Further, the Company has determined that the conclusions reached at December 31, 2014, to not record any asset impairment remain valid at June 30, 2015.

Useful Lives of Drilling Rigs

The preparation of AKITA's interim financial statements requires management to make significant estimates relating to the useful lives of drilling rigs. Depreciation is calculated using a detailed approach based on major components and results in an average useful life of 3,600 operating days per rig. Drilling rigs are depreciated using the unit of production method. Assuming a 10% difference in the actual useful lives of drilling rigs compared to the accounting estimate of useful life and based upon actual drilling days achieved for the six months ended June 30, 2015, drilling rig depreciation could be either increased or decreased by $1,664,000 (2014 - $1,453,000). AKITA's depreciation expense does not have any effect on the changes to the financial condition for the Company, as depreciation is a non-cash item.

Defined Benefit Pension Liability

A significant estimate used in the preparation of AKITA's interim financial statements relates to the measurement of the defined benefit pension liability for selected employees that was recorded as $3,642,000 at June 30, 2015 (2014 - $2,745,000). AKITA's pension liability estimates do not have any effect on the changes to financial condition for the Company, as the defined benefit pension is an unfunded liability. However, total liabilities and results of operations including net income could be either understated or overstated as a result of pension estimates that are either too high or too low. AKITA utilizes the services of a third party to assist in the actuarial estimate of the Company's pension expense and liability. For 2015, a key assumption relates to the use of a 3.8% discount rate.

Deferred Income Taxes

The Company makes assumptions relating to the measurement of deferred income taxes, including future tax rates, timing of reversals of timing differences and the anticipated tax rules that will be in place when timing differences reverse. Consequently, total liabilities of the Company as well as results of operations including net income could be either understated or overstated. At June 30, 2015, the Company revised its assumptions related to future tax rates based on corporate income tax rate increases passed by the Government of Alberta, resulting in the Company recording a one-time adjustment of $1,191,000 additional deferred tax expense during the quarter.

Incomplete Transactions at Period End

The Company makes assumptions relating to transactions that were incomplete at the Statement of Financial Position date. Depending on the actual transaction, total assets and liabilities of the Company as well as results of operations including net income could be either understated or overstated as a result of differences between amounts accrued for incomplete transactions and the subsequent actual balances.

5. Financial Instruments

Operating Loan Facility

The Company has an operating loan facility with its principal banker. The facility totals $100,000,000 with the term ending in 2019.

The interest rate on the facility varies based upon the actual amounts borrowed, but ranges from 0.45% to 1.45% over prime interest rates or 1.45% to 2.45% over guaranteed notes, depending on the preference of the Company. Security for this facility includes a General Security Agreement covering all current and future assets.

At June 30, 2015, the Company had drawn $2,500,000 on its loan facility (2014 - $nil).

The Company is in compliance with its operating loan facility covenants.

Contracts Measured at Fair Value

Forward exchange contracts
From time to time, the Company enters into forward exchange contracts as a risk management strategy. Forward exchange contracts are included in current assets/liabilities except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets/liabilities. The Company does not designate any of its forward exchange contracts as effective accounting hedges and, accordingly, fair values its forward exchange contracts with the resulting gains and losses recorded in the Consolidated Statement of Net Income and Comprehensive Income.

The fair value of the forward exchange contracts is determined by calculating the difference between the contracted foreign exchange rates and the foreign exchange forward rates at the period end date using the contracted amounts. The fair value measurement of the forward exchange contracts has a fair value hierarchy of Level 2 whereby fair value was based on a valuation model that utilized direct observable market data.

The Company did not have any forward exchange contracts outstanding at June 30, 2015 (2014 – US $7,500,000).

Financial guarantee contracts
The Company guaranteed bank loans made to joint venture partners and has provided an assignment of monies on deposit with respect to these loans. The Company has recorded the loan guarantee benefit at its fair value of $166,000 (2014 - $76,000). The fair value measurement of the financial guarantee benefit has a fair value hierarchy of Level 2 whereby fair value was based on a valuation model that utilized indirect observable market data.

Financial Instrument Risk Exposure and Management

The Company is exposed to various risks associated with its financial instruments. These risks are categorized as credit risk, foreign currency risk, and liquidity risk. In addition, the Company is exposed to interest rate risk through its operating loan facility and through its investment in bank guaranteed highly liquid investments.

Credit Risk

The credit risk associated with accounts receivable is generally considered low since substantially all counterparties are well-financed and established oil and gas companies. The Company has detailed credit-granting procedures and in certain circumstances may require customers to make advance payment prior

to the provision of services or take other measures to help reduce credit risk. Management has estimated provisions to recognize potential impairments, which have been included in the accounts.

The terms of the Company's contracts generally require payment within 30 days. The Company's accounts receivable show no significant credit risk exposure in the balances outstanding at:

$Thousands	June 30, 2015	June 30, 2014	December 31, 2014
Within 30 days	$ 10,662	$ 21,641	$ 34,642
31 to 60 days	1,856	3,838	1,803
61 to 90 days	-	671	2,408
Over 90 days	473	472	1,228
Allowance for doubtful accounts	(106)	(112)	(100)
Accounts receivable	$ 12,885	$ 26,510	$ 39,981

Foreign Currency Risk

The Company is exposed to changes in foreign exchange rates as capital expenditures or financial instruments may fluctuate due to changing rates.

Liquidity Risk

The Company is exposed to liquidity risk through its working capital balance. At June 30, 2015, June 30, 2014 and December 31, 2014, this risk was limited by having strong cash flows from operations and a banking facility sufficient to meet all current liabilities. All working capital amounts at June 30 and December 31 are due within one year.

Commodity Risk

The Company is indirectly exposed to commodity risk relating to commodity prices due to the industry in which it works.

6. Restricted Cash

$Thousands	June 30, 2015	June 30, 2014	December 31, 2014
Balance held in bank liquid deposit instruments	$ 8,482	$ 9,381	$ 9,381

During 2011, the Company guaranteed bank loans made to joint venture partners totaling $2,700,000 for a period of four years. The Company has provided an assignment of monies on deposit totaling $542,000 with respect to these loans.

During 2013, the Company guaranteed additional bank loans made to joint venture partners totaling $2,812,000 for a period of four years. The Company has provided an assignment of monies on deposit totaling $2,950,000 with respect to these loans.

During 2014, the Company guaranteed bank loans made to joint venture partners totaling $5,648,000 for a period of four years. The Company has provided an assignment of monies on deposit totaling $4,990,000 with respect to these loans.

The Company's security from its partners for these guarantees includes interests in specific rig assets. The Company has recorded the loan guarantee benefit at its fair value.

7. Investments in Joint Ventures

Joint Venture Interests

The Company conducts certain rig operations via joint ventures with Aboriginal and First Nations partners whereby rig assets are jointly owned. Currently there are 22 different Aboriginal and First Nations groups with equity investments in ten of AKITA's rigs. These equity investments are facilitated through joint venture agreements. Each joint venture operates the rig with the joint venture partners owning a share of each rig directly. The equity ownership of the rigs for each Aboriginal or First Nations partner varies between rigs and groups and ranges from 5% to 50% per group per rig.

While joint venture interests are at least 50% owned by the Company, in each case the joint venture is governed on a joint basis. The Company accounts for the joint venture interests using the equity method of accounting. The following table lists the Company's active joint ventures.

Active Joint Ventures during the Period	Operating Location	AKITA Ownership Interest
Akita Wood Buffalo Joint Venture 22	Canada	85%
Akita Wood Buffalo Joint Venture 25	Canada	85%
Akita Wood Buffalo Joint Venture 26	Canada	85%
Akita Wood Buffalo Joint Venture 27	Canada	85%
Akita Wood Buffalo Joint Venture 28	Canada	70%
Akita Wood Buffalo Joint Venture 33	Canada	62.5%
Akita Sahtu Joint Venture 51	Canada	50%
Akita Equtak Joint Venture 60	Canada	50%
Akita Equtak Joint Venture 61	Canada	50%
Akita Equtak Joint Venture 63	Canada	50%

Continuity of Investment in Joint Ventures

$Thousands	Investment in Joint Ventures
Balance as at December 31, 2013	$ 10,092
Net income for the six month period ended June 30, 2014	12,318
Distributions for the six month period ended June 30, 2014	(7,175)
Balance as at June 30, 2014	15,235
Net income for the six month period ended December 31, 2014	10,678
Distributions for the six month period ended December 31, 2014	(19,699)
Balance as at December 31, 2014	6,214
Net income for the six month period ended June 30, 2015	7,073
Distributions for the six month period ended June 30, 2015	(9,711)
Balance as at June 30, 2015	**$ 3,576**

Summarized Joint Venture Financial Information

This summarized financial information is a reconciliation of the Company's investment in Joint Ventures to the aggregate of the amounts included in the IFRS financial statements of the joint ventures which includes both the Company's and Joint Venture partners' interests.

	AKITA %	JV Partner %	Total	AKITA %	JV Partner %	Total
$Thousands	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014	June 30, 2014
Cash	$ 2,375	$ 903	$ 3,278	$ 12,305	$ 2,745	$15,050
Other current assets	4,145	1,529	5,674	8,547	3,408	11,955
Non-current assets	55	-	55	55	-	55
Total Assets	6,575	2,432	9,007	20,907	6,153	27,060
Current liabilities	2,805	728	3,533	5,090	2,058	7,148
Non-current liabilities	194	34	228	582	103	685
Total Liabilities	2,999	762	3,761	5,672	2,161	7,833
Net Assets	$ 3,576	$ 1,670	$ 5,246	$ 15,235	$ 3,992	$19,227

	AKITA %	JV Partner %	Total	AKITA %	JV Partner %	Total
	Six Months Ended			Six Months Ended		
$Thousands	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014	June 30, 2014
Revenue	$ 20,456	$ 7,689	$ 28,145	$ 34,108	$ 13,222	$ 47,330
Net income	$ 7,073	$ 2,504	$ 9,577	$ 12,318	$ 3,639	$ 15,957

8. Property, Plant and Equipment

Cost $Thousands	**Land and Buildings**	**Drilling Rigs**	**Other**	**Total**
Balance as at December 31, 2013	$ 4,240	$ 387,286	$ 7,816	$ 399,342
Additions	-	42,368	605	42,973
Disposals	-	(4,525)	(212)	(4,737)
Balance as at June 30, 2014	4,240	425,129	8,209	437,578
Additions	121	59,716	1,139	60,976
Disposals	(59)	(26,688)	(411)	(27,158)
Balance as at December 31, 2014	4,302	458,157	8,937	471,396
Additions	-	11,839	35	11,874
Disposals	-	(2,129)	(518)	(2,647)
Balance as at June 30, 2015	**$ 4,302**	**$ 467,867**	**$ 8,454**	**$ 480,623**

Accumulated Depreciation $ Thousands	**Land and Buildings**	**Drilling Rigs**	**Other**	**Total**
Balance as at December 31, 2013	$ 1,168	$ 179,790	$ 5,400	$ 186,358
Disposals	-	(3,401)	(212)	(3,613)
Depreciation expense	41	14,526	507	15,074
Balance as at June 30, 2014	1,209	190,915	5,695	197,819
Disposals	(59)	(20,032)	(411)	(20,502)
Depreciation expense	41	14,251	742	15,034
Balance as at December 31, 2014	1,191	185,134	6,026	192,351
Disposals	-	(1,232)	(518)	(1,750)
Depreciation expense	41	16,640	609	17,290
Balance as at June 30, 2015	**$ 1,232**	**$ 200,542**	**$ 6,117**	**$ 207,891**

Net Book Value $ Thousands	**Land and Buildings**	**Drilling Rigs**	**Other**	**Total**
As at December 31, 2013	$ 3,072	$ 207,496	$ 2,416	$ 212,984
As at June 30, 2014	$ 3,031	$ 234,214	$ 2,514	$ 239,759
As at December 31, 2014	$ 3,111	$ 273,023	$ 2,911	$ 279,045
As at June 30, 2015	**$ 3,070**	**$ 267,325**	**$ 2,337**	**$ 272,732**

The Company had $1,504,000 in Property, Plant and Equipment that was not being depreciated as these assets were under construction as at June 30, 2015 (June 30, 2014 - $47,910,000 and December 31, 2014 – $16,094,000).

In addition to depreciation on its Property, Plant and Equipment, the Company had amortization expense of $54,000 for the six month period ended June 30, 2015 (June 30, 2014- $45,000).

9. Dividends per Share

The following table provides a history of dividends for 2014 and 2015 to date:

Declaration Date	Payment Date	Per Share $	Total ($000's)
March, 2014	April, 2014	0.085	1,526
May, 2014	July, 2014	0.085	1,526
August, 2014	October, 2014	0.085	1,525
November, 2014	January, 2015	0.085	1,525
March, 2015	**April, 2015**	**0.085**	**1,525**
May, 2015	**July, 2015**	**0.085**	**1,525**

10. Income Taxes

Income tax expense is comprised of the following:

	Three Months Ended		Six Months Ended	
$Thousands	**June 30 2015**	June 30 2014	**June 30 2015**	June 30 2014
Current tax expense (recovery)	**$ (999)**	$ 666	**$ 362**	$ 4,142
Deferred tax expense (recovery)	**2,059**	191	**2,415**	(9)
Total income taxes	**$ 1,060**	$ 857	**$ 2,777**	$ 4,133

The following table reconciles the income tax expense using a weighted average Canadian federal and provincial tax rate of 26.17% (2014 – 25.38%) to the reported tax expense. The rate increase is due primarily to an increase in the Alberta tax rate effective June 29, 2015. The reconciling items represent, aside from the impact of tax rate differentials and changes, non-taxable benefits or non-deductible expenses arising from permanent differences between the local tax base and the reported financial statements.

	Three Months Ended		Six Months Ended	
$Thousands	**June 30 2015**	June 30 2014	**June 30 2015**	June 30 2014
Income (loss) before income taxes	**$ (560)**	$ 2,939	**$ 5,375**	$ 16,364
Expected income tax	**(147)**	746	**1,407**	4,153
Add (deduct):				
Change in future income tax rates	**1,180**	(10)	**1,425**	(95)
Permanent differences	**44**	94	**55**	81
Other	**(17)**	27	**(110)**	(6)
Income tax expense	**$ 1,060**	$ 857	**$ 2,777**	$ 4,133

Deferred income taxes are the result of temporary differences between the carrying amounts of certain assets and liabilities in the financial statements and their tax bases.

Deferred Income Taxes $Thousands	**Property, plant and equipment**	**Employee pension benefits**	**Other**	**Total**
Balance as at December 31, 2013	$ 22,801	$ (652)	$ 589	$ 22,738
Charged/(credited) to the statement of net income	116	(45)	(80)	(9)
Balance as at June 30, 2014	22,917	(697)	509	22,729
Charged/(credited) to the statement of net income	4,436	(48)	61	4,449
Credited to other comprehensive income	-	(125)	-	(125)
Balance as at December 31, 2014	27,353	(870)	570	27,053
Charged/(credited) to the statement of net income	2,616	(103)	(98)	2,415
Balance as at June 30, 2015	**$ 29,969**	**$ (973)**	**$ 472**	**$ 29,468**

11. Stock-based Compensation Plans

(a) Stock Options

The following table summarizes stock options reserved, granted and available for future issuance:

(number of options)	**June 30 2015**	June 30 2014	December 31 2014
Reserved under current stock option plan	**1,700,000**	1,700,000	1,700,000
Available for issuance at beginning of the period	**438,500**	568,500	568,500
Granted during the period	**(105,000)**	-	(130,000)
Available for future issuance	**333,500**	568,500	438,500

A summary of the status of the Company's stock option plans as of June 30, 2015 and 2014, and changes during the periods ended on those dates is presented below:

	2015		2014	
	Options	**Weighted Average Exercise Price ($)**	Options	Weighted Average Exercise Price ($)
Options outstanding at January 1	**577,000**	**12.20**	447,000	11.09
Granted	**105,000**	**10.28**	-	-
Options outstanding at June 30	**682,000**	**11.90**	447,000	11.09
Granted			130,000	16.02
Options outstanding at December 31			577,000	12.20
Options exercisable at June 30	**413,000**	**10.96**	307,800	10.28
Options exercisable at December 31			354,300	11.04

The following table summarizes outstanding stock options at June 30:

		2015			2014		
Vesting Period (Years)	Exercise Price ($)	Number Outstanding	Remaining Contractual Life (Years)	Number Exercisable	Number Outstanding	Remaining Contractual Life (Years)	Number Exercisable
5	9.87	150,000	4.8	150,000	150,000	5.8	150,000
3	10.32	6,000	5.7	6,000	6,000	6.7	6,000
6	10.32	91,000	5.7	91,000	91,000	6.7	72,800
5	10.86	97,500	6.7	78,000	97,500	7.7	58,500
5	13.81	102,500	8.2	41,000	102,500	9.2	20,500
5	16.02	130,000	9.2	26,000			
5	10.28	105,000	9.8	21,000			
Weighted Average Contractual Life			7.3			7.2	

(b) Deferred Share Units

A summary of the Company's deferred share unit plan as of June 30, 2015 and 2014, and changes during the periods ended on those dates is presented below:

	2015		2014	
	Deferred Share Units (#)	Fair Value ($000's)	Deferred Share Units (#)	Fair Value ($000's)
Deferred share units outstanding at January 1	7,309	$ 91	-	$ -
Granted during the period	23,077	240	7,229	120
Issued in lieu of dividends	110	1	-	-
Change in fair value during the period	-	(52)	-	(3)
Deferred share units at June 30	30,496	$ 280	7,229	$ 117
Issued in lieu of dividends			80	1
Change in fair value during the period			-	(27)
Deferred share units at December 31			7,309	$ 91

(c) Share-based Compensation Expense

	Three Months Ended		Six Months Ended	
$Thousands	June 30 2015	June 30 2014	June 30 2015	June 30 2014
Stock option expense	$ 147	$ 54	$ 231	$ 122
Deferred share unit expense	204	117	189	117
Total	$ 351	$ 171	$ 420	$ 239

Compensation expense for options has been determined using the Binomial Model based on the following assumptions:

	2015	2014
Risk free interest rate	1.04%	1.49%
Expected volatility	28.0%	39.9%
Dividends yield rate	2.6%	2.6%
Contractual life of options	4.5 years	4.5 years
Weighted average fair value	$ 10.28	$ 10.86
Forfeiture rate	0.0%	0.0%
Fair value of options	$ 2.18	$ 3.76

(d) Share Appreciation Rights

The Company did not have any outstanding Share Appreciation Rights during either 2015 or 2014; therefore no corresponding liability is recorded on the Statement of Financial Position.

12. Share Capital

Authorized:

- An unlimited number of Series Preferred shares, issuable in series, designated as First Preferred Shares, no par value
- An unlimited number of Series Preferred shares, issuable in series, designated as Second Preferred Shares, no par value
- An unlimited number of Class A Non-Voting shares, no par value
- An unlimited number of Class B Common shares, no par value

Issued:

- All issued shares are fully paid

Number of Shares	Class A Non-Voting	Class B Common	Total
Shares outstanding at December 31, 2013	16,319,477	1,653,784	17,973,261
Shares repurchased	(27,600)	-	(27,600)
Shares outstanding at June 30, 2014	**16,291,877**	**1,653,784**	**17,945,661**
Shares repurchased	-	-	-
Shares outstanding at December 31, 2014	**16,291,877**	**1,653,784**	**17,945,661**
Shares repurchased	-	-	-
Shares outstanding at June 30, 2015	**16,291,877**	**1,653,784**	**17,945,661**

Each Class B Common Share may be converted into one Class A Non-Voting Share at the holder's option.

In the event that an offer to purchase Class B Common shares is made to all or substantially all holders of Class B Common Shares while at the same time an offer to purchase Class A Non-Voting Shares on the same terms and conditions is not made to the holders of Class A Non-Voting Shares, and holders of more than 50% of the Class B Common Shares do not reject the offer in accordance with the terms of AKITA's articles of incorporation, then the holders of Class A Non-Voting Shares will be entitled to exchange each Class A Non-Voting Share for one Class B Common Share for the purpose of depositing the resulting Class B Common Share pursuant to the terms of the takeover bid. The two classes of shares rank equally in all other respects.

Sentgraf Enterprises Ltd., controlled by Ronald D. Southern, owns 1,428,790 Class B Common shares, which at June 30, 2015 represented 86.4% of the Class B Common shares. Sentgraf Enterprises Ltd. also owns 4,506,277 Class A Non-Voting shares, which at June 30, 2015 represented 27.6% of the Class A Non-Voting shares.

For the first five months of 2014, the Company had an outstanding normal course issuer bid for the purchase of up to 3% of the outstanding Class A Non-Voting shares. In 2014, 27,600 shares were repurchased and cancelled under the normal course issuer bid at a cost of $427,000 of which $37,000 was charged to share capital and $390,000 was charged to retained earnings. The normal course issuer bid expired on May 29, 2014. The Company has not established a normal course issuer bid to date during 2015.

13. Earnings per Share

	Three Months Ended		Six Months Ended	
$Thousands except per share	**June 30 2015**	June 30 2014	**June 30 2015**	June 30 2014
Net income (loss)	**$ (1,620)**	$ 2,082	**$ 2,598**	$ 12,231
Weighted average outstanding shares	**17,945,661**	17,945,661	**17,945,661**	17,951,390
Incremental shares for diluted earnings per share calculation	**4,539**	146,620	**8,295**	136,707
Weighted average outstanding shares for diluted earnings per share	**17,950,200**	18,092,281	**17,953,956**	18,088,097
Basic earnings (loss) per share ($)	**$ (0.09)**	$ 0.12	**$ 0.14**	$ 0.68
Diluted earnings (loss) per share ($)	**$ (0.09)**	$ 0.12	**$ 0.14**	$ 0.68

14. Segmented Information

The Company operates in one business segment and provides contract drilling services, primarily to the oil and gas industry. From time to time, the Company is involved in other forms of drilling including potash mining and the development of storage caverns. Segment information, when appropriate to disclose separately, is provided on the basis of geographic segments as the Company manages its business through two geographic regions – Canada and the United States. During the first two quarters of 2015 and 2014 the Company operated only in Canada.

15. Related Party Transactions

All related party transactions were made in the normal course of business with regular payment terms and have been recorded at the amounts agreed upon with the related parties.

Joint Ventures

The Company is related to its joint ventures. The accompanying table summarizes the joint ventures' transactions and period balances with AKITA:

	Three Months Ended		Six Months Ended		Year Ended
$Thousands	**June 30 2015**	June 30 2014	**June 30 2015**	June 30 2014	December 31 2014
Revenue	**$ -**	$ -	**$ 30**	$ 33	$ 33
Direct drilling costs	**1,148**	2,554	**3,174**	4,895	9,438
Selling and administrative costs	**135**	272	**351**	562	1,066
Period end accounts payable	**1,706**	3,737	**1,706**	3,737	4,626

16. Commitments and Contingencies

From time to time, the Company enters into drilling contracts with its customers that are for extended periods. At June 30, 2015, the Company had four rigs, including three joint venture rigs, with multi-year contracts. Of these contracts, two are anticipated to expire in 2016, one in 2018 and one in 2019.

The Company entered into two contracts with a related party to provide sponsorship and advertising at an annual cost of $325,000.

The Company leases its office space at an annual cost of approximately $810,000 per year. This lease expires on December 31, 2019.

At June 30, 2015, the Company had capital expenditure commitments of $2,171,000 (June 30, 2014 - $32,605,000 and December 31, 2014 – $5,988,000).

17. Accounting Changes Not Yet Adopted

Certain new or amended standards or interpretations have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are not required to be adopted in the current period. The Company has not early adopted these standards or interpretations. The standards which the Company anticipates may have a material effect on the consolidated financial statements or note disclosures are described below.

IFRS 15, "Revenue from Contracts with Customers", replaces the previous guidance on revenue recognition and provides a framework to determine when to recognize revenue and at what amount. The new standard is effective for annual periods beginning on or after January 1, 2018, and shall be applied retrospectively. The Company is currently evaluating the impact of the new standard on its financial statements.

IFRS 9, "Financial Instruments", amends its classification and measurement of financial assets and introduces a new expected loss impairment model. This standard is effective for annual periods beginning on or after January 1, 2018, and shall be applied retrospectively. The Company is currently evaluating the impact of the new standard on its financial statements.

There are no other standards and interpretations that have been issued, but are not yet effective, that the Company anticipates will have a material effect on the consolidated financial statements once adopted.

Corporate Information

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Arthur C. Eastly
Corporate Director,
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President, Team Spruce Meadows Inc.
Chairman of the Board,
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Dale R. Richardson
Vice President,
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Karl A. Ruud
President and Chief Executive Officer, AKITA Drilling Ltd.,
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Nancy C. Southern
Chairman, President and
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Charles W. Wilson
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Raymond T. Coleman
Vice President, Operations

Colin A. Dease
Corporate Secretary

Fred O. Hensel
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Share Symbol / TSX

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

Website

www.akita-drilling.com