

Trust Unitholders Resident in Canada

Precision Drilling Trust (“Precision”) is an unincorporated open-ended investment trust established under the laws of Alberta which qualifies as a mutual fund trust as defined in the *Income Tax Act* (Canada) (“Tax Act”). The following information is intended to assist Canadian resident individual holders of Precision trust units (“Trust Units”) in the preparation of a 2008 T1 Income Tax Return. The Trust Units are qualified investments for registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), deferred profit sharing plans (“DPSP”) and registered education savings plans (“RESP”) all as defined in the Tax Act.

The following information is based on Precision’s understanding of the Tax Act and is provided as general information only. This information is not exhaustive of all possible income tax considerations under the Tax Act and is not intended to be legal or tax advice to any particular holder of Trust Units. Unitholders or potential unitholders should consult their own legal, business and/or tax advisors as to the tax implications of holding Trust Units in their particular circumstances.

Registered unitholders should receive a “T3 – Statement of Trust Income Allocations and Designations” (“T3 slip”) from the transfer agent, Computershare Trust Company of Canada, which should be mailed on or before March 31, 2009. Unitholders who hold their Trust Units through brokers or investment dealers should receive T3 slips directly from their broker or investment dealer. The deadline for mailing T3 slips is March 31, 2009.

Trust Units held outside of an RRSP, RRIF, DPSP or RESP

If a unitholder holds his or her Trust Units outside an RRSP, RRIF, DPSP or RESP, the unitholder must report taxable income allocated by Precision to the unitholder (that is, “Other income” – Box 26 on the T3 slip) in the unitholder’s 2008 T1 Income Tax Return.

Trust Units held inside of an RRSP, RRIF, DPSP or RESP

If a unitholder holds his or her Trust Units in an RRSP, RRIF, DPSP or RESP, no amounts are required to be reported by the unitholder in the unitholder’s 2008 T1 Income Tax Return.

2007 Tax Information Summary for Canadian Resident Trust Unitholders

The following table provides a summary of the regular cash distributions and the “in-kind” special year-end distribution declared by Precision in fiscal 2008 that were paid or payable as at December 31, 2008 and is intended to be used by Canadian resident Trust unitholders in determining their 2008 income for Canadian tax purposes.

Distribution Information for fiscal 2008 (\$/unit)

Payment Type	Record Date	Payment Date	2008 Taxable Income	2008 Return of Capital	Total Distribution
Regular - Cash	January 31, 2008	February 15, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	February 29, 2008	March 18, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	March 31, 2008	April 15, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	April 30, 2008	May 15, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	May 30, 2008	June 17, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	June 30, 2008	July 15, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	July 31, 2008	August 15, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	August 29, 2008	September 16, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	September 30, 2008	October 15, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	October 31, 2008	November 18, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	November 28, 2008	December 16, 2008	\$0.12809	\$0.00191	\$0.130
Regular - Cash	December 31, 2008	January 15, 2009	\$0.12809	\$0.00191	\$0.130
Special - In-kind ⁽¹⁾	December 31, 2008	January 15, 2009	\$0.14779	\$0.00221	\$0.150
Total			<u>\$1.68487</u>	<u>\$0.02513</u>	<u>\$1.710</u>

⁽¹⁾ The special year-end distribution was settled \$0.15 per unit “in-kind”. Settled “in-kind” essentially means that unitholders do not receive cash or additional Trust Units. Immediately after the “in-kind” special year-end distribution, the outstanding Trust Units of Precision were consolidated so that the number of Trust Units remained unchanged from the number outstanding prior to the “in-kind” special year-end distribution.

Adjusted Cost Base (“ACB”) Implications for Trust Units

The ACB is used in calculating capital gains or losses on the disposition of Trust Units if the unitholder holds his or her Trust Units as “capital property”.

A unitholder’s ACB of his or her Trust Units will be reduced by the portion of the 2008 distributions distributed to a unitholder in excess of taxable income allocated to such unitholder (that is, the return of capital component which will be reflected in the “Amount resulting in cost base adjustment” – Box 42 on the T3 slip). A unitholder’s ACB of his or her Trust Units should be increased by a net amount of \$0.14779 per unit as a result of the “in-kind” special year-end distribution.

Non – resident Trust Unitholders

This summary does not contain information regarding the non-Canadian income tax consequences of holding Trust Units for unitholders who are subject to tax outside of Canada. All non-resident unitholders should consult their tax advisors with respect to the tax implications of holding Trust Units, including any associated filing requirements, in jurisdictions outside of Canada.