

United States and Other Non-resident Trust Unitholders

United States Trust Unitholders

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 individual holders of Precision trust units (“Trust Units”) in reporting distributions received from Precision during 2009 for United States (“U.S.”) federal income tax purposes.

The following information is based on Precision’s understanding of the Internal Revenue Code of 1986 and regulations thereunder and is provided as general information only. This information is not exhaustive of all possible U.S. income tax considerations 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 as well as to determine whether claiming a credit or deduction for foreign income taxes is more beneficial.

Precision understands that it should be treated as a corporation for U.S. federal tax purposes, the Trust Units should be treated as shares of such corporation and that amounts considered to be dividends for U.S. federal income tax purposes that are paid to U.S. individual unitholders should be characterized as qualified dividends received from a qualified foreign corporation. As such, the portion of distributions paid in a year that are considered to be dividends should generally be eligible for the reduced rate of tax available to individuals with respect to dividends received from qualified foreign corporations. However, to qualify for such reduced rate, the unitholder must satisfy certain holding period and other requirements. Unitholders should consult their own tax advisors concerning their eligibility for this reduced rate of U.S. federal income tax.

The portion of the 2009 distribution from Precision that is considered to be a dividend for U.S. federal income tax purposes depends on Precision’s current and accumulated earnings and profits (“E&P”) as determined in accordance with U.S. income tax principles. Precision has determined that it has sufficient E&P for 2009 such that 100% of the cash distributions paid in 2009 should be treated as dividends for U.S. federal income tax purposes.

The “in-kind” distribution paid in January 2009, which was followed by an immediate consolidation of Trust Units so that the number of Trust Units outstanding was unchanged from the number of Trust Units outstanding immediately before the special

“in-kind” distribution, should be treated as a non-taxable event for U.S federal income tax purposes.

Trust Units held inside a Qualified Retirement Plan

If a unitholder holds his or her Trust Units in a qualified retirement plan, cash distributions received by such plan generally would not be required to be reported on the individual’s federal income tax return (generally IRS Form 1040 – U.S. Individual Income Tax Return).

Trust Units held outside a Qualified Retirement Plan

If an individual unitholder holds his or her Trust Units outside a qualified retirement plan, generally the unitholder must report cash dividends received in 2009 on their 2009 federal income tax return (generally IRS Form 1040 – U.S. Individual Income Tax Return). Individual U.S. unitholders who hold their Trust Units through brokers or investment dealers should receive tax reporting information from their brokers or investment dealers and may need to use the information provided on the schedule below to allocate the cash distributions between taxable dividend and return of capital. Precision expects that U.S. brokers or investment dealers will issue an IRS Form 1099 - DIV "Dividends and Distributions" or a similar substitute form. The deadline for mailing Form 1099 - DIV is February 1, 2010.

Individual taxpayers desiring to claim a foreign tax credit for the Canadian taxes shown as withheld on IRS Form 1099 - DIV may have to file IRS Form 1116 "Foreign Tax Credit (Individual, Estate, or Trust)" though some individuals may be able to claim the credit directly on IRS Form 1040. Information regarding the amount of Canadian tax withheld in 2009 should be available from your U.S. broker or investment dealer and, in the case of registered unitholders, from the transfer agent, Computershare Trust Company of Canada, and is not available from Precision. Unitholders should consult their own legal, business and/or tax advisors to determine whether claiming a credit or deduction for foreign income taxes is more beneficial.

Summary of U.S. Tax Information

The following table provides, on a per Trust Unit basis, the breakdown of the amount of each cash distribution, prior to Canadian withholding tax and U.S. backup withholding, paid by Precision for the period January 1, 2009 to December 31, 2009. Each payment is segregated between the portion of the cash distribution that should be treated as a dividend eligible to be treated as a qualified dividend and the portion that should be treated as a return of capital. The amounts shown in the following schedule are in U.S. dollars as converted on the applicable payment date using the Bank of Canada noon day exchange rate on the applicable payment date. This schedule is for information purposes only and amounts computed based on the following table may differ from the amounts shown on the Form 1099 – DIV or similar substitute form.

Cash Distribution Information for fiscal 2009:

Record Date	Payment Date	Forex Rate ⁽¹⁾	2009 Qualified Dividend (\$U.S./unit)	2009 Return of Capital (\$U.S./unit)	2009 Total Cash Distribution (\$U.S./unit)
December 31, 2008	January 15, 2009	1.2625	\$0.103	\$0.000	\$0.103
January 30, 2009	February 17, 2009	1.2601	\$0.032	\$0.000	\$0.032
Total Cash Distributions paid in 2009			<u>\$0.135</u>	<u>\$0.000</u>	<u>\$0.135</u>

⁽¹⁾ Bank of Canada noon day \$Cdn./\$U.S. exchange rate on the applicable payment date.

Other Non-resident Trust Unitholders

Except as specifically discussed above pertaining to United States federal income tax consequences, 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 own legal, business and/or tax advisors with respect to the tax implications of holding Trust Units, including any associated filing requirements, in jurisdictions outside of Canada.