

MANDATE OF THE BOARD OF TRUSTEES OF PRECISION DRILLING TRUST

GENERAL

The board of trustees (the “Board of Trustees”) of Precision Drilling Trust (the “Trust”) has overall responsibility and full authority to manage the Trust’s investments pursuant to the declaration of trust dated as of September 22, 2005 (the “Declaration of Trust”). The Board of Trustees has delegated responsibility for the management and general administration of the affairs of the Trust to Precision Drilling Corporation (“Precision”) pursuant to an administration agreement dated as of November 7, 2005 between the Trust and Precision (the “Administration Agreement”).

The specific matters the Trust has delegated to Precision are set out in Schedule A hereto. The matters the Trust has retained responsibility for under the Declaration of Trust are set out in Schedule B hereto.

As permitted by applicable law, the Board of Trustees may from time to time delegate certain of its responsibilities to Precision or management of Precision, but the Board of Trustees retains its oversight function for all delegated responsibilities.

Each trustee of the Trust (a “Trustee”) is expected to attend in person at all regularly-scheduled meetings of the Board of Trustees. To prepare for meetings, Trustees are expected to review the materials that are sent to each of them in advance of such meetings.

The Trustees, in exercising the powers and authority conferred upon them, will act honestly and in good faith with a view to the best interests of the Trust and in connection therewith will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A Trustee will not be liable in carrying out his or her duties except in cases where the Trustee fails to act honestly and in good faith with a view to the best interests of the Trust or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The duties and standard of care of Trustees are intended to be similar to, and not greater than, those imposed on a director of a corporation under the *Business Corporations Act* (Alberta). The Trustees will not be required to devote their entire time to the investments, business or affairs of the Trust.

STRUCTURE AND AUTHORITY

The composition of the Board of Trustees, including the qualifications of its members, will comply with all requirements of the applicable laws and securities legislation and the rules of any stock exchange upon which the units of the Trust (the “Trust Units”) are listed for trading.

The Trustees are elected by holders of units of the Trust and holders of Class B Limited Partnership Units of Precision Drilling Limited Partnership (together the “Unitholders”) at every annual meeting of the Unitholders. The Corporate Governance and Nominating Committee of Precision reviews and recommends to the board of directors of Precision (the “Board of Directors”), the candidates for nomination to the Board of Trustees. The Board of Directors then submits its recommendations to the Board of Trustees and the Board of Trustees approves the final choice of candidates for nomination and for election by Unitholders. The

term of each Trustee expires at the close of the annual meeting Unitholders following the meeting at which such Trustee was elected.

The Board of Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees for a term to expire at the close of the next annual meeting of Unitholders, provided that the number of additional Trustees so appointed will not exceed one-third of the number of Trustees who held office at the immediately preceding annual meeting of Unitholders. If it becomes necessary to appoint a new Trustee to fill a vacancy on the Board of Trustees or to complement the existing Board of Trustees, the Board of Trustees will, upon the recommendation of the Corporate Governance and Nominating Committee and the Board of Directors, consider possible candidates and assess the qualifications of proposed new Trustees against a range of criteria, including background, experience, professional skills, personal qualities, prior membership on a board including the Board of Trustees or the Board of Directors, the potential for the candidate's skills to augment the existing Board of Trustees and the candidate's availability to commit to the Board of Trustees' activities.

The Board of Trustees is also ultimately responsible for the appointment of directors (the "Directors") to the Board of Directors. In that regard, the Corporate Governance and Nominating Committee recommends to the Board of Directors the candidates for nomination as Directors. The Board of Directors then submits its recommendations to the Board of Trustees and the Board of Trustees approves the final choice of candidates who will be submitted to Unitholders for approval. Following the vote of Unitholders, the Board of Trustees directs 1194312 Alberta Ltd. (the "General Partner") of Precision Drilling Limited Partnership to appoint those candidates who have been approved by Unitholders as Directors of Precision. In the event that a resolution to approve the appointment of the Board of Directors is not passed, or if nominees other than those proposed are approved, the Board of Trustees will either act on the resolution or promptly request that the Corporate Governance and Nominating Committee review the voting results and make a recommendation to the Board of Trustees for an alternate slate of Directors to be nominated for appointment, or such other recommendation as they determine appropriate, following which the Board of Trustees will seek approval from Unitholders, if required, for such recommendation. The Board of Trustees will not take steps to implement or approve any recommendation which would result in less than a majority of the Board of Directors being independent, or which would result in the Trustees constituting a majority of the Board of Directors.

Trustees should have an appropriate mix of skills, knowledge and experience in business and a history of achievements. Trustees are required to commit the requisite time for all of the Board of Trustees' business and will demonstrate integrity, accountability and informed judgement. A majority of the Board of Trustees will be comprised of Trustees who are determined to be "independent" as defined in applicable securities laws and the rules or guidelines of any stock exchange upon which the units of the Trust are listed for trading.

RESPONSIBILITIES

Notwithstanding the delegation of authority for management and administration of all operational matters of the Trust to Precision, the Board of Trustees has retained responsibility for the following matters pursuant to the Declaration of Trust:

- supervision of the activities and management of the investments and affairs of the Trust;
- declaration of distributions to Unitholders;
- issuance, repurchase, redemption, consolidation or subdivision of units of the Trust or other securities of the Trust and matters related thereto;
- the exercise of reasonable commercial efforts to maintain at all times the “mutual fund trust” status of the Trust pursuant to section 132(6) of the *Income Tax Act* (Canada); and
- adoption or amendment of any by-laws of the Trust.

In addition, under applicable securities legislation and stock exchange rules, the Board of Trustees have oversight responsibility for the following matters:

- review and approval of the annual and interim financial statements and accompanying management’s discussion and analysis;
- compliance with public disclosure obligations and insider trading restrictions;
- review and approval of the Trust’s core public disclosure documents including its annual information forms, proxy circulars and annual reports;
- retention, direction and monitoring the independence of the auditors;
- review and approval of the Trust’s system of internal controls and procedures; and
- nomination of Trustees for election and appointment to the Board of Directors.

The Trustees should exercise their responsibility in respect of the foregoing matters by:

- considering and either rejecting or accepting the recommendations of the Board of Directors, management of Precision or another body authorized by the Board of Directors such as the Audit Committee or the Corporate Governance and Nominating Committee;
- satisfying themselves that the appropriate individuals or consultants are doing the required work to discharge their duties in respect of any delegated matters; and
- ensuring that the Board of Trustees have received the necessary information, recommendations and professional advice required to make decisions.

The integrity of Precision’s internal control and management information systems is monitored by the Board of Directors and its committees of the Board of Directors (each a “Committee”). The Audit Committee of Precision is responsible for reviewing internal controls over accounting and financial reporting systems. Quarterly financial presentations are made to the Audit Committee and the Audit Committee receives direct reports from the internal and external auditors of the Trust, including discussions without the presence of management.

Upon the recommendation of the Audit Committee and on the recommendation of the Board of Directors, the Board of Trustees approves the annual audited consolidated financial statements of the Trust and the interim unaudited consolidated financial statements of the Trust.

The Board of Trustees requires that Precision, as administrator of the Trust, make accurate, timely and effective communication to Unitholders of the Trust and the investment community. Precision has a written disclosure policy pertaining to communication with the media and with respect to all continuous disclosure and public reporting requirements to Unitholders and the investment community.

The Board of Trustees, on the recommendation of the Corporate Governance and Nominating Committee, has formally adopted and posted on the Trust's website a set of Corporate Governance Guidelines that affirm the Trust's commitment to maintaining a high standard of corporate governance.

LIMITATION ON THE TRUSTEES' ROLE

In order for the Trust to maintain its status as a "mutual fund trust" under the *Income Tax Act* (Canada) the Board of Trustees will not undertake any activities beside the investment and management of the Trust's property.

The Board of Trustees may request reports on the operations of the business of Precision and may comment thereon, but will not make actual business decisions relating to operational matters in relation to the business of Precision.

Approved April 22, 2008.

SCHEDULE A**TRUST MATTERS DELEGATED TO PRECISION DRILLING CORPORATION**

Capitalized terms used in this Schedule A but not otherwise defined have the meanings ascribed to them under the Declaration of Trust. Subject to and in accordance with the terms, conditions and limitations of the Declaration of Trust, the Trustees have delegated to Precision, and Precision has agreed to be responsible for, the management and general administration of the affairs of the Trust, including, without limitation, the following:

- a. other than those matters set out in Schedule B, undertake any matters required by the terms of the Declaration of Trust to be performed by the Trustees, which are not otherwise delegated therein, and generally provide all other services as may be necessary or as requested by the Trustees for the administration of the Trust;
- b. prepare or cause to be prepared all returns, filings and documents and make all determinations necessary for the discharge of the Trustees' obligations under the Declaration of Trust;
- c. the retention and monitoring, on behalf of the Trustees, of the transfer agent and other organizations serving the Trust;
- d. the authorization and payment on behalf of the Trust of operation expenses incurred on behalf of the Trust and the negotiation of contracts with third party providers of services (including, but not limited to, transfer agents, legal counsel, auditors and printers);
- e. the provision of office space, telephone, office equipment, facilities, supplies and executive, secretarial and clerical services;
- f. dealing with: (i) banks and other institutional lenders, including, without limitation, in respect of the maintenance of bank records and the negotiation and securing of bank financing or refinancing of one or more credit or debt facilities, hedging or swap facilities or other ancillary facilities; (ii) any and all other arrangements for the borrowing of funds in any manner whatsoever; (iii) the grant or issue of covenants, guarantees and/or security of any nature whatsoever to ensure or secure any such facilities or other arrangements, in respect of the Trust or any entity in which the Trust holds any direct or indirect interest and any amendment, deletion or supplement thereto or termination thereof, including without limitation the execution and delivery of all agreements, indentures and other documents giving effect thereto; and (iv) any and all actions reasonably necessary in connection with, or in relation to, those matters referred to in Section 9.5 of the Declaration of Trust;
- g. prepare or cause to be prepared and provide to the Board of Trustees so as to be approved for delivery to Unitholders, annual audited consolidated and interim unaudited financial statements of the Trust, as well as relevant tax information;
- h. prepare, or cause to be prepared, to execute on behalf of the Trust and to file or cause to be filed all income, excise or other tax returns or forms of any nature or kind which are or may be required to be filed with any governmental or other taxing authority with respect to the operations of the Trust;
- i. administer distributions declared payable by the Board of Trustees and administer on behalf of the Trust such distribution reinvestment plans and other similar plans as the Trust may establish from time to time;

- j. ensure compliance by the Trust with, and enforcing all rights of the Trust under, all agreements entered into by the Trust, including the Support Agreement and the Voting and Exchange Trust Agreement;
- k. ensure compliance by the Trust with all applicable securities legislation including, without limitation, continuous disclosure obligations;
- l. prepare or cause to be prepared on behalf of the Trust any circular or other disclosure document required under applicable securities legislation with respect to an offer to acquire securities of another person or in response to an offer to purchase Trust Units;
- m. provide investor relations services to the Trust;
- n. prepare or cause to be prepared and arrange for the distribution of all materials approved for delivery by the Trustees (including notices of meetings and information circulars) in respect of all annual and/or special meetings of Unitholders;
- o. prepare or cause to be prepared and provide or cause to be provided to Unitholders on a timely basis all information to which Unitholders are entitled under the Declaration of Trust and under applicable laws, including information or proxy circulars, annual information forms, prospectuses, quarterly and annual reports, notices, financial reports and tax information relating to the Trust, the form and content of which will be approved by the Trustees;
- p. once approved by the Board of Trustees, take all steps necessary to complete the issuance of securities of the Trust;
- q. attend to all administrative and other matters (including making determinations) arising in connection with any redemptions of Trust Units including, without limitation, the matters set forth in Article 6 of the Declaration of Trust and any designation of capital gain pursuant to Section 5.5 of the Declaration of Trust;
- r. obtain and maintain appropriate liability insurance for the benefit of the Board of Trustees, Board of Directors and officers of Precision and its affiliates;
- s. ensure that the Trust elects in the prescribed manner and within the prescribed time under subsection 132(6.1) of the *Income Tax Act* (Canada) to be a “mutual fund trust” within the meaning of that act since inception, and assuming the requirements for such election are met, monitor the Trust's status as such a mutual fund trust and provide the Board of Trustees with written notice when the Trust ceases or is at risk of ceasing to be such a mutual fund trust;
- t. monitor whether more than 10% of the fair market value of the property of the Trust is “specified property” or “taxable Canadian property” for purposes of the *Income Tax Act* (Canada);
- u. monitor the beneficiaries of the Trust to ensure that no fewer than 150 beneficiaries hold one “block of units” (as that expression is defined in the *Income Tax Act* (Canada)) with an aggregate fair market value of not less than \$500;
- v. undertake, manage and prosecute any and all proceedings from time to time before or in respect of governmental authorities on behalf of the Trust;
- w. prepare or cause to be prepared for approval by the Board of Trustees any prospectus or comparable documents of the Trust to qualify the sale of securities of the Trust from time to time; and

- x. promptly notify the Trust of any event that might reasonably be expected to have a material adverse effect on the affairs of the Trust.

SCHEDULE B**RETAINED RESPONSIBILITIES OF THE BOARD OF TRUSTEES UNDER THE
DECLARATION OF TRUST**

Capitalized terms used in this Schedule B but not otherwise defined have the meanings ascribed to them under the Declaration of Trust. Pursuant to the Declaration of Trust, the Board of Trustees has retained the following responsibilities:

- a. to supervise the activities and manage the investments and affairs of the Trust;
- b. to invest, hold shares, trust units, beneficial interests, partnership interests (other than general partnership interests), joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;
- c. to enter into any agreement or instrument to create or provide for the issue of Trust Units and Special Voting Units (including any firm or best efforts underwriting agreement), to cause such Trust Units and Special Voting Units to be issued for such consideration as the Trustees, in their sole discretion, may deem appropriate and to do such things and prepare and sign such documents, including the prospectus and any registration rights agreement, to qualify such Trust Units and Special Voting Units for sale in whatever jurisdictions they will be sold or offered for sale;
- d. except as prohibited by applicable law, to delegate any of the powers and duties of the Board of Trustees to any one or more agents, representatives, officers, employees, independent contractors or other persons the doing of such things and the exercise of such powers hereunder as the Board of Trustees may from time to time reasonably require, so long as any such delegation is not inconsistent with any of the provisions of the Declaration of Trust and subject at all times to the general control and supervision of the Board of Trustees;
- e. to redeem Trust Units (or rights, warrants, convertible securities, options or other securities) for such consideration as the Board of Trustees may deem appropriate in their sole discretion and to redeem Special Voting Units for no consideration and such redemption to be subject to the terms and conditions of the Declaration of Trust;
- f. without the approval or confirmation of Unitholders, enact and from time to time amend or repeal by-laws not inconsistent with the Declaration of Trust containing provisions relating to the Trust, the Trust Assets and the conduct of the affairs of the Trust, but not in conflict with any provision of the Declaration of Trust;
- g. to subdivide or consolidate from time to time the issued and outstanding Trust Units;
and
- h. to purchase Trust Units for cancellation in accordance with applicable regulatory requirements.