

# **PRECISION DRILLING TRUST/PRECISION DRILLING CORPORATION**

## **INSIDER TRADING POLICY**

### **THE PRECISION GROUP**

Precision Drilling Trust (the “Reporting Issuer”) holds all of the Class A Units of Precision Drilling Limited Partnership (“PDLP”) and PDLP holds all of the outstanding shares of Precision Drilling Corporation (the “Company”) through its general partner 1194312 Alberta Ltd. (the “General Partner”). For the purposes hereof the Reporting Issuer Group means all of the Reporting Issuer, PDLP, the General Partner, the Company and all of the Subsidiaries of the Company.

### **PERSONS TO WHOM THIS POLICY APPLIES**

This Policy applies to all directors, officers employees and Consultants of the Reporting Issuer Group.

Each trustee, director, officer, employee or Consultant of the Reporting Issuer Group may be required periodically to certify, in writing, compliance with this Policy.

### **STATEMENT OF POLICY**

The purpose of this Policy is to ensure that the Reporting Issuer and all persons to whom this Policy applies meet their obligations under the provisions of applicable securities laws and stock exchange rules by establishing a process for the timely disclosure of all Material Information, ensuring that all persons to whom this Policy applies understand their obligations to preserve the confidentiality of Undisclosed Material Information and ensuring that all appropriate parties who have Undisclosed Material Information are prohibited from insider trading (“Insider Trading”) and tipping (“Tipping”) under applicable law, stock exchange rules and this Policy. This Policy covers disclosures in documents filed with the securities regulators and written statements made in the Reporting Issuer’s annual and quarterly reports, news releases, letters to shareholders, presentations by senior management of the Reporting Issuer Group and information contained on the Reporting Issuer’s web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

### **DEFINITIONS**

Except as specifically defined in this Policy or in Schedule ‘A’ all capitalized terms used in this Policy have the meanings set forth in the Securities Act (Alberta) and applicable rules thereunder.

## **PURCHASE AND SALE OF SECURITIES**

### **A. TRADING OFFICER**

The “Trading Officer” will be the Corporate Secretary of the Company. The Trading Officer will be available to any trustee, director, officer, employee or Consultant of the Reporting Issuer Group contemplating a purchase or sale of any Securities of the Reporting Issuer who may wish to consult with the Trading Officer regarding compliance of such trade with this Policy.

### **B. PROHIBITION AGAINST TIPPING AND INSIDER TRADING OF REPORTING ISSUER’S SECURITIES**

No trustee, director, officer, employee or Consultant of the Reporting Issuer Group: (i) may purchase or sell Securities of the Reporting Issuer while they possess Undisclosed Material Information (doing so would constitute a breach of this Policy and constitute Insider Trading) or; (ii) may inform others of Undisclosed Material Information, except in the necessary course of business (doing so would constitute a breach of this Policy and constitute Tipping).

No trustee, director or Senior Officer of the Reporting Issuer or any Specified Person may purchase or sell Securities of the Reporting Issuer during a Financial Black-Out Period and no trustee, director or Senior Officer of the Reporting Issuer may purchase or sell Securities of the Reporting Issuer during any Other Black-Out Period.

### **C. EXCEPTIONS**

The trading prohibitions in subsection B above do not apply to the acquisition of Securities of the Reporting Issuer through the exercise of a stock option or through other Securities based purchase plans, such as a group RRSP Plan, but do apply to the subsequent sale of the Securities of the Reporting Issuer received as a result of such plans.

## **OTHER ISSUERS**

Insider Trading in Securities of another public issuer and Tipping in respect of Securities of another public issuer, by the Reporting Issuer Group or its trustees, directors, officers, employees or Consultants can bring the Reporting Issuer into disrepute. Accordingly, none of the Reporting Issuer Group nor a trustee, director, officer, employee or Consultant of the Reporting Issuer Group who is in a special relationship with another public issuer, shall engage in any Insider Trading in Securities of another public issuer or engage in Tipping in respect of Securities of another public issuer.

## **INSIDER REPORTS**

Immediately after becoming an Insider and immediately following the purchase or sale of any Securities of the Reporting Issuer, an Insider must ensure that their Insider trading report is electronically filed unless: (a) such Insider is considered by the Reporting Issuer to be exempted from filing Insider reports under National Instrument 55-101-Insider Reporting Exemptions; and (b) both the Insider and the Reporting Issuer have executed the Notice of Reliance on Insider Reporting Exemptions attached as Appendix B. The Reporting Issuer will keep a list of all Insiders exempted from the Insider reporting requirement by Part 2 and 3 of National Instrument 55-101-Insider Reporting Exemptions; and will also keep a list of all Insiders not exempted from

the Insider reporting requirement by Part 2 and 3 of National Instrument 55-101-Insider Reporting Exemptions.

It is the responsibility of the Insider to ensure Insider reports are filed electronically within the required time period.

### **ADDITIONAL PROHIBITED TRANSACTIONS**

Because the Reporting Issuer believes it is improper and inappropriate for any personnel to engage in short-term or speculative transactions involving Securities of the Reporting Issuer, no trustee, director, officer, employee or Consultant of the Reporting Issuer Group shall engage in any of the following activities with respect to the Securities of the Reporting Issuer:

- trading on a short-term basis (any Reporting Issuer Securities purchased on the open market must be held for a minimum of four months and ideally longer unless those securities are acquired pursuant to a Securities option plan or other incentive plan of the Reporting Issuer, in which case such restriction shall not apply);
- purchases on margin for the purpose of short-term speculation;
- short sales;
- buying or selling derivative positions including: “put” or “call” options, collars or any other type of spread betting.

### **CONSEQUENCES OF NON-COMPLIANCE WITH THIS POLICY**

Any trustee, director, officer, employee or Consultant of the Reporting Issuer Group who violates this Policy may face disciplinary action up to and including termination of his or her employment or contract for cause and without notice. Violation of this Policy may also constitute a breach of securities law, including laws against Insider Trading and Tipping, and the Reporting Issuer may refer any such breach to the appropriate regulatory authority.

**Approved by the Board of Directors of Precision Drilling Corporation on October 24, 2007.**

## APPENDIX A

### Definitions

**“Consultants”** means

- (i) those individuals that have entered into an agreement with any of the Reporting Issuer Group to provide specified services and that individual is to carry out such services at the direction of the particular member of the Reporting Issuer Group ; or
- (ii) those corporate entities that have entered into a contract with any of the Reporting Issuer Group which contract contemplates the provision of specified services to be carried out by a specified individual or individuals and that individual or individuals are to carry out such services at the direction of the particular member of the Reporting Issuer Group; and
- (iii) consultants shall include all individuals specified in (ii) above;

**“Financial Black-out Period”** means the period that will commence on the first day following the end of a quarter or year end and end on the second day following the issuance of a news release disclosing quarterly financial results or year end results.

**“Other Black-out Period”** means the period from the date of notice from a Trading Officer that a black-out period (other than a Financial Black-out Period) has been imposed until the earlier of the end of a full trading day after the press release pertaining to the reason for the particular black-out period, unless a Trading Officer has otherwise advised, in which case it shall end at the time specified by the Trading Officer.

**“Insider”** shall have the meaning ascribed to it in the Securities Act (Alberta) and includes each trustee, director or Senior Officer of the Reporting Issuer and its Subsidiaries;

**“Material Information”** means: (i) a change in the business, operations or capital of the Reporting Issuer Group, as a whole, or a fact that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Reporting Issuer Group; or (ii) a decision to implement a change referred to in subclause (i) made by the board of directors or other persons acting in a similar capacity or by senior management of the Reporting Issuer Group (or applicable Reporting Issuer Group) who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable;

**“Securities”** of a reporting issuer or other issuer means securities as defined under applicable securities law (and includes shares, units, options, warrants, rights and other instruments and interests) issued by a reporting issuer or other issuer and includes any security, whether issued by the particular reporting issuer or other issuer, the market price, value or payment obligation of which vary materially with the market price of securities of the reporting issuer or other issuer of which is derived from, referenced to or based on a security of the reporting issuer or other issuer.

**“Senior Officer”** of the Reporting Issuer includes the Chair of the Board of Directors, the President, the Chief Executive Officer, Corporate Controller, Chief Financial Officer, Vice

President, Chief Accounting Officer, Treasurer, Corporate Secretary or any other individual who performs functions for the Reporting Issuer similar to those normally performed by a person holding such office and the five highest paid employees of the Reporting Issuer including those mentioned previously.

**“Specified Person”** means each person who is advised in writing by a Trading Officer that such person is a Specified Person for the purposes of the Policy.

**“Trading Day”** means a day on which the Toronto Stock Exchange is open for trading and on which the trading in the Reporting Issuer’s Securities is not halted or suspended;

**“Undisclosed Material Information”** means Material Information that has not been generally disclosed. Material Information shall not be considered generally disclosed until the end of the first Trading Day after the Material Information was fully disclosed by press release.

APPENDIX B

**NOTICE OF RELIANCE ON INSIDER REPORTING EXEMPTIONS**

National Instrument 55-101-Insider Reporting Exemptions

The undersigned Insider of Precision Drilling Trust (the “Trust”) hereby notifies the Trust and Precision Drilling Corporation (“Precision”) as the administrator of the Trust that it intends to rely on the exemption in Part 2 or Part 3 of National Instrument 55-101-Insider Reporting Exemption;

Precision hereby advises the undersigned Insider that the Trust has established policies and procedures relating to restricting the trading activities of its Insiders and other persons with access to material undisclosed information relating to the Trust and Precision, as contained in the Trust’s and Precision’s Insider Trading Policy, receipt of a copy of which is hereby acknowledged by the undersigned Insider, and Precision, as administrator of the Trust, will, as part of such policies and procedures, maintain: (i) a list of all insiders of the Trust and Precision exempted from the insider reporting requirement by Part 2 and 3 of National Instrument 55-101-Insider Reporting Exemptions; and (ii) a list of all Insiders of the Trust and Precision not exempted from the insider reporting requirement by Part 2 and 3 of National Instrument 55-101-Insider Reporting Exemptions.

Dated \_\_\_\_\_

\_\_\_\_\_  
(Signature of Insider)

\_\_\_\_\_  
(Print Name of Insider)

PRECISION DRILLING TRUST  
BY ITS ADMINISTRATOR  
PRECISION DRILLING CORPORATION

Per: \_\_\_\_\_