

2000 ANNUAL REPORT



AKTA

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ANNUAL MEETING

The Annual General Meeting of Shareholders will be held at 11:00 a.m. M.D.T. on Thursday May 10, 2001 at the Westin Hotel, Calgary, 320 – 4th Avenue S.W., Calgary, Alberta. Shareholders and other interested parties are encouraged to attend.

Cover Photo: Rig #60 is the first of four new rigs being deployed in the Mackenzie Delta by AKITA/EQUATAK. This major investment in new equipment complements our existing joint venture operations "North of 60". Our focus on the North, along with a strategy and commitment to heavy oil drilling, points to **A NEW ERA FOR AKITA.**

Covers Photo Credit: David Watt Photography

FORWARD-LOOKING STATEMENTS

From time to time AKITA makes written and oral forward-looking statements. These may be included in the Annual Report, filings with Canadian regulators, in reports to shareholders and in other communications. These forward-looking 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 discussions.

By their nature these forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not be achieved. We caution readers of this Annual Report not to place undue reliance on these forward-looking statements as a number of important factors could cause actual future results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

Forward-looking statements may be influenced by the following factors: the level of exploration and development activity carried on by AKITA's customers, world oil and North American natural gas prices, weather, access to capital markets and government policies. We caution that the foregoing list of important factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to AKITA, investors and others should carefully consider the foregoing factors as well as other uncertainties and events.

Corporate Profile

Moving forward with Growth and Change

AKITA DRILLING LTD. is a premiere oil and gas drilling contractor with operations throughout Western Canada and Canada's northern territories. The Company strives to be the industry leader in matters of equipment quality, safety and drilling performance.

These efforts have been beneficial in obtaining important new contracts that support AKITA's current growth. In addition to conventional drilling services, the Company specializes in purpose-built arctic rigs and is active in directional, horizontal and underbalanced drilling providing specialized drilling services to a broad range of independent and multinational oil and gas companies. AKITA currently employs at full operations approximately 650 people operating 32 drilling rigs in all depth ranges. In 2001, the Company will expand its operations to include 36 drilling rigs.



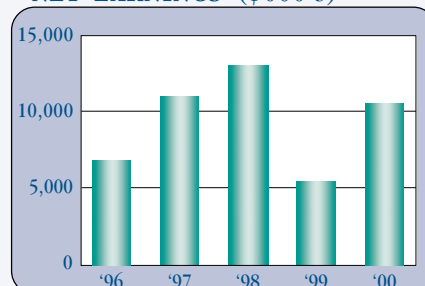
AKITA has a comprehensive safety program with policies and procedures designed to improve work site safety and prevent accidents. The Company maintains one of the best safety records in the industry.

2000 OPERATIONAL PERFORMANCE

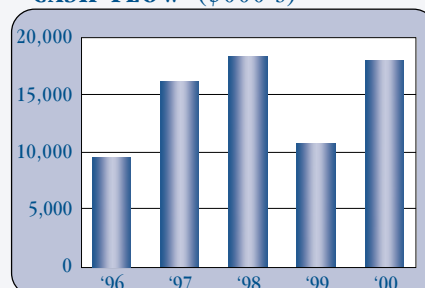
Higher utilization coupled with stronger day rates resulted in AKITA'S increase in profitability for 2000. A strong fourth quarter was a major factor in the 114% increase in earnings from 1999. AKITA has achieved positive earnings in each quarter during its existence.

Improved market conditions had a corresponding impact on cash flow from operations. For the fourth consecutive year deep gas drilling was the strongest segment. Strong cash flow has helped reinforce the Company's commitment to maintain its equipment in superior operating condition and to capitalize on changing market opportunities.

NET EARNINGS (\$'000's)



CASH FLOW (\$'000's)

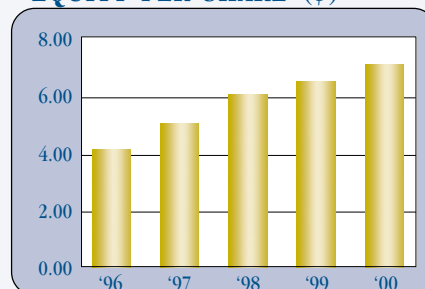


AKITA'S solid financial performance includes 32 consecutive profitable quarters.

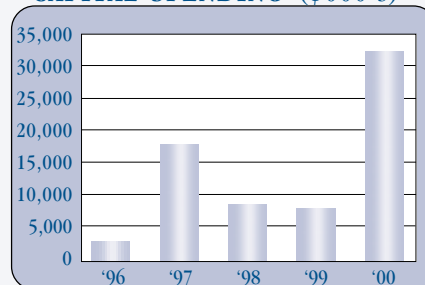
Equity per share grew 13.9% on a one-year basis and 14.6% compounded over the past five years. These increases do not include the benefits of dividends or share repurchases.

In 2000, AKITA began an intensive rig building program which will include several deep capacity rigs built for work in Canada's far north. These rigs will begin to generate revenue and earnings in 2001.

EQUITY PER SHARE (\$)



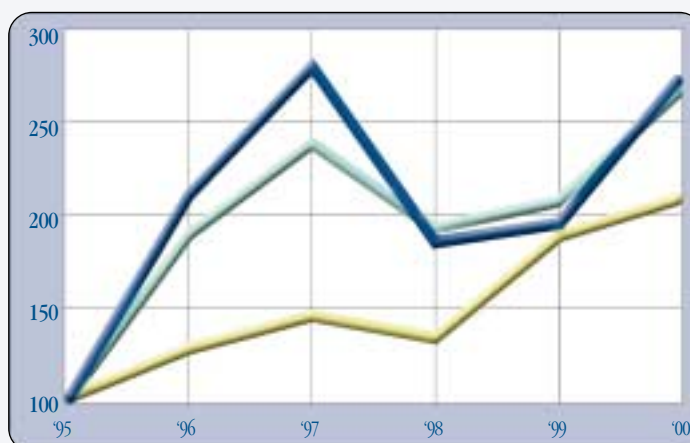
CAPITAL SPENDING (\$'000's)



SHARE PERFORMANCE

FIVE YEAR TOTAL RETURN ON \$100 INVESTMENT

The graph to the right compares the cumulative return over the last five years on the Class A Non-Voting shares and Class B Common shares of the company on December 31, 1995 with the cumulative total return of the TSE 300 Stock Index over the same period, assuming reinvestment of dividends.



	31 Dec 1995	31 Dec 1996	31 Dec 1997	31 Dec 1998	31 Dec 1999	31 Dec 2000
AKITA Class A	100	205	283	177	199	259
AKITA Class B	100	188	245	196	208	255
TSE 300	100	128	148	145	191	205

SHARE PERFORMANCE

		1996	1997	1998	1999	2000
Weighted average number of Class A and Class B shares		9,231,205	9,497,563	9,499,521	9,318,173	9,083,582
Market prices for Class A Shares	High	\$ 11.00	\$ 16.35	\$ 12.80	\$ 11.45	\$ 13.00
	Low	\$ 4.60	\$ 8.60	\$ 5.60	\$ 6.10	\$ 8.00
	Close	\$ 9.50	\$ 12.90	\$ 7.85	\$ 8.55	\$ 10.80
Volume		9,833,974	8,552,552	5,329,046	2,987,533	3,599,012
Market prices for Class B Shares	High	\$ 9.80	\$ 16.30	\$ 10.80	\$ 10.00	\$ 12.00
	Low	\$ 5.00	\$ 9.50	\$ 9.00	\$ 7.00	\$ 8.00
	Close	\$ 9.00	\$ 11.50	\$ 9.00	\$ 9.25	\$ 11.00
Volume		39,746	22,584	7,254	2,872	11,082

DIVIDEND HISTORY

AKITA began paying dividends to shareholders in 1996. It is the current intention of the Board of Directors to continue to pay quarterly dividends in the future. Nevertheless, the payment of any dividend is at the discretion of the Board of Directors and depends upon the financial condition of the Company and other factors.

	1996	1997	1998	1999	2000
Dividends paid per share (\$)	0.10	0.20	0.24	0.28	0.32

Letter to the Shareowners

OUR EARNINGS FOR THE YEAR ended December 31, 2000 were \$11,157,000 or \$1.23 per share on revenue of \$88,441,000. Comparative figures for 1999 were \$5,211,000 or \$0.56 per share on revenue of \$61,316,000. Cash flow from operations for the current year was \$17,110,000 or \$1.88 per share as compared to \$10,894,000 or \$1.15 per share in 1999. Net capital expenditures for 2000 of \$26,548,000 were the highest in the history of the Company.



Improved earnings, expanded
fleet, northern opportunities and
increased dividends all add to
shareowners value.

John B. Hlavka, President and C.E.O. and
Ronald D. Southern, Chairman of the Board

Market conditions improved substantially compared to the previous year. The recovery of oil prices in 1999 was followed by strong prices throughout all of 2000. Of equal importance was the significant rise in 2000 of natural gas prices. These fundamentals provided our customers with generally unprecedented cash flows. However, in 2000, most of these cash flows were used to fund upstream capital spending including mergers and acquisitions.

During 2000, our Company achieved utilization of 60.0% compared to the industry average of 55.2% and AKITA's utilization of 49.9% in 1999. Deep rig activity led the market as a result of natural gas drilling. AKITA is exceptionally well positioned for both shallow and deep gas drilling with 34% of its rigs being singles (the majority of which are under 950 metre capacity) and 25% of

its rigs having depth capacities of 4,000 metres or greater. By contrast, the industry as a whole has three quarters of its rigs in a mid-depth range between 950 metres and 3,050 metres. By the end of 2000, we added a 900 metre capacity single and a 5,000 metre triple (through AKITA/EQUITAK) to enhance AKITA's leverage to natural gas drilling.

The development of highly-skilled safety-conscious employees is of fundamental importance at AKITA. In 2000, we more than doubled our investment in training compared to 1999 primarily to expand our base of qualified drillers and rig managers. AKITA is well positioned with experienced staff for our existing rigs and for the four new rigs currently under construction.

AKITA's emphasis on training, safety and environmental management continues to yield benefits. In April 2000, AKITA was awarded the Canadian Association of Oilwell Drilling Contractors' Class A Safety Award of Excellence for the second consecutive year. This honour is awarded to the drilling contractor achieving the highest standard in safety performance during that year. 2000 represented the fifth year in a row that our lost time accident frequency was less than 1.0, improving to 0.67 from the award winning level of 0.86 in 1999.

We have consistently maintained a strong balance sheet at AKITA. Entering into 2000, our Company had five successive years holding more than \$20 Million in working capital and no long-term debt. Over the same period, we have continually been reminding our shareowners that AKITA is poised to capitalize on suitable investment opportunities as they arise. We believe that time has now come.

We identified some exciting opportunities during 2000. On June 5, one of AKITA's 50% owned joint ventures, AKITA/EQUITAK, announced the construction of a new Arctic rig for a senior oil and gas producer. Five months later, AKITA/EQUITAK announced agreements to construct three more Arctic rigs. This latter announcement was followed by AKITA's approval to construct a rig for use in Western Canada. AKITA's planned share of these five additions to the fleet totals \$54 Million.

Each new rig is supported by a multi-year agreement with a senior oil and gas producer. Although we will need to use external financing to accomplish this growth, shareowners can take comfort that a complete financial plan has been prepared to cover a wide variety of potential scenarios, both positive and negative. Even in our most pessimistic future views, we remain confident that AKITA can manage anticipated debt levels with relative ease. In all cases, we predict that shareowners will achieve much improved earnings and cash flow growth.

Clearly, we are placing a great deal of emphasis on opportunities in Canada's northern territories. AKITA has determined its best strategy in this regard is to work co-operatively with local communities and aboriginal partners in ways that provide meaningful training, employment, and business opportunities for community residents and enhanced access to northern locations for AKITA.

Each of our joint ventures allows for decision making on a joint basis, with AKITA providing drilling and management expertise and our partners ensuring the best interests of the community are maintained. This is our commitment. We initiated it nearly two decades ago and intend to stick by it through what we see as a bright future.

In November 2000, your Board of Directors approved the payment of an increased quarterly dividend to \$0.09 per share. This represents an increase of 12.5% calculated on an annualized basis. During the first quarter of 2000, AKITA made direct contributions to enhance share value through purchases pursuant to its normal course issuer bid by repurchasing 80,800 Class A Non-Voting shares at an average price of \$8.67 per share. No further purchases under the normal course issuer bid are planned at this time.

AKITA's prospects have never been brighter. Our Company is financially strong and our people are knowledgeable and committed. Market conditions in the south are very strong with all rigs currently active. Barring a significant drop in rig utilization as a result of commodity price collapse or other unforeseen factors, we expect that this segment of our business alone should result in earnings improvements over 2000. In addition, AKITA's first Arctic rig began contributing to our results in January 2001. Rigs under construction are poised to add further incremental benefits later this year. We remain receptive to additional opportunities to enhance our already strong position, particularly in the north.

None of the foregoing results would have happened without a significant contribution from many different sources. We would like to thank our employees who worked so hard to meet the challenges set before them last year, and create and capitalize on our opportunities. Of course, both our customers and suppliers play vital roles in determining our success.

You, our shareowners, have had to be patient during this past year as the larger market tended to overlook the fundamental value that has been created in AKITA. Our promise is to continue to build value, the best way we know how: through growth in fleet size and revenue base, and in improved earnings. Finally, we would like to thank each of our directors for their counsel and guidance in making our Company even better.

On behalf of the Board of Directors,

[Signed "Ronald D. Southern"]

Ronald D. Southern
Chairman of the Board

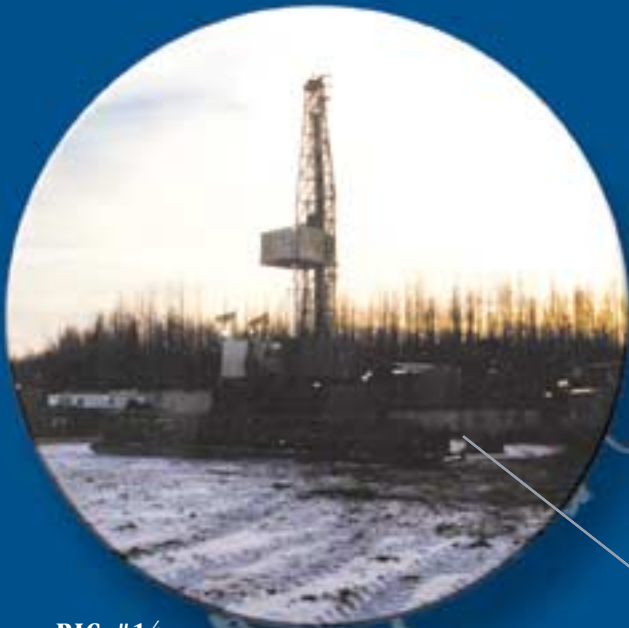
[Signed "John B. Hlavka"]

John B. Hlavka
President and C.E.O.

March 22, 2001

AKITA

North of 60°



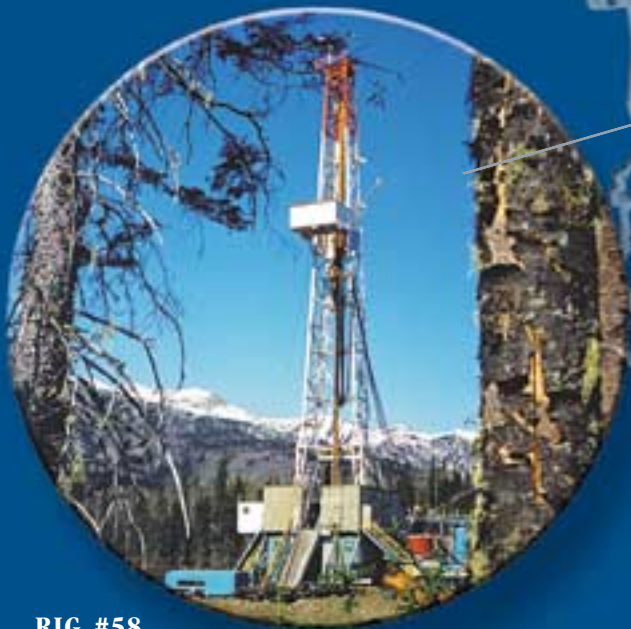
RIG #14
Tsiigehtchic

- AKITA's commitment to local employment is consistent throughout the north. One third of the rig workers on Rig #14 are from the surrounding area.



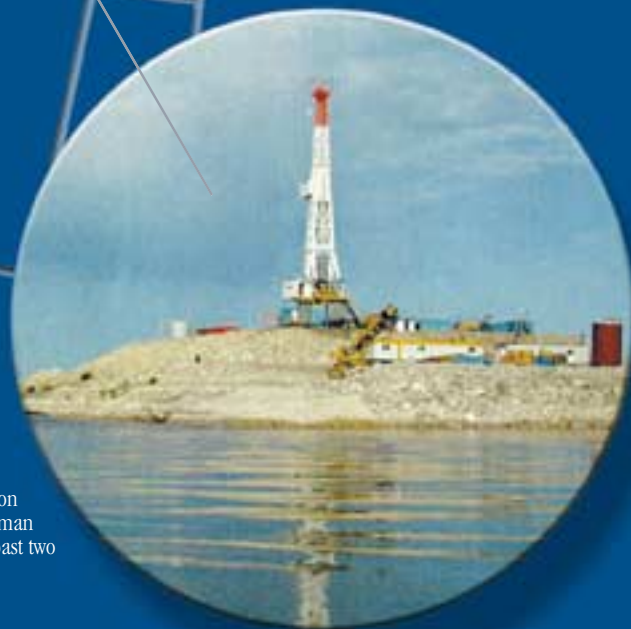
RIG #60
Mackenzie Delta

- Rig #60 represents the first of four new drilling rigs for AKITA/EQUTAK exploring the Mackenzie Delta.
Photocredit: David Watt Photography



RIG #58
Fort Liard

- AKITA/SAHCHO has been actively drilling near Fort Liard since March 1998.



RIG #51
Norman Wells

- AKITA/SAHTU drilled on islands outside of Norman Wells for each of the past two summers.

AKITA Drilled 95% of all wells drilled "North of 60°" in the year 2000.

AKITA'S self-propelled substructure is a significant aspect of the modifications to improve Rig #32's efficiency for heavy oil pad drilling.

Although heavy oil drilling tends to be more cyclical than certain other forms of drilling in the Western Canadian Sedimentary Basin, AKITA is committed to this segment of the business due to its long-term potential.

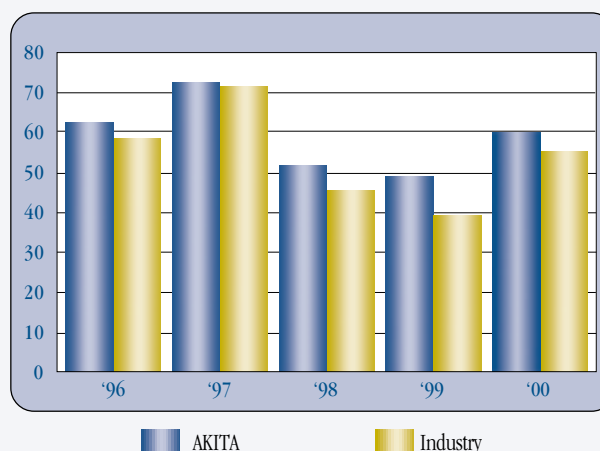


OPERATIONS REVIEW

AKITA MARKETS TO ITS CUSTOMERS USING A STRATEGY WHEREBY THE MAJORITY OF ITS WORK IS PERFORMED ON LONGER-TERM MULTI-WELL PROGRAMS.

Rig utilization rates are an indication of how effectively a drilling company uses its assets, and directly influence profitability. Historically, AKITA has been successful in achieving above-industry utilization rates through maintaining the highest standards and by focussing the majority of its rigs on longer-term programs for key oil and gas producers. In some cases, individual rigs have remained exclusively with customers for several years. As a result, the Company tends to have less downtime than the industry average.

RIG UTILIZATION RATES (Percent)



AKITA consistently achieves rig utilization rates that are higher than industry average.

The following table highlights AKITA's utilization rate for the past five years:

RIG UTILIZATION RATES (PERCENT)

	2000	1999	1998	1997	1996
AKITA	60.0	49.9	53.8	73.5	62.9
Industry	55.2	39.7	44.9	72.1	58.7
Difference	4.8	10.2	8.9	1.4	4.2

AKITA drilled 1,325 wells for a total of 1,140,000 metres or approximately 8% of the total wells drilled in Western Canada in 2000. The Company provided drilling services for 60 customers.

AKITA MAINTAINS A DIVERSIFIED FLEET AND IS ACTIVE IN ALL DEPTH RANGES OF THE WESTERN CANADIAN DRILLING MARKET.

AKITA operates a well-maintained, diversified and efficient fleet of 32 drilling rigs within the Western Canadian Sedimentary Basin and in Canada's northern territories. Similar to 1999, most of AKITA's 2000 drilling activity was related to exploration and development for natural gas. The Company's large percentage of deep capacity equipment assures particularly favourable exposure to deep gas drilling which occurs in the foothills and some mountain regions of Alberta and British Columbia, and in the Northwest and Yukon Territories, while our shallow rigs provide strong exposure to shallow gas drilling typical of Southern Alberta and Saskatchewan. AKITA's rig mix ensures that it is able to participate effectively in changing markets.

The following table compares the range of drilling capabilities for the Company's fleet to the industry:

DRILLING DEPTH CAPABILITY	AKITA		INDUSTRY	
	Depth Capacity	No. of Rigs % of Fleet	No. of Rigs % of Fleet	
	0 to 1,524 metres	11 34%	113 18%	
	1,525 to 2,279 metres	7 22%	148 24%	
	2,280 to 3,049 metres	6 19%	220 35%	
	3,050 to 3,799 metres	0 0%	80 13%	
	3,800 to 6,700 metres	8 25%	62 10%	
	Total	32 100%	623 100%	

In addition to adding two rigs to the fleet during 2000, the Company modified one of its double sized rigs for heavy oil drilling including placing self-propelled wheels under the main substructure in order to expedite moving between wells. As well, one light triple was upgraded and modified to increase its capacity from 2,800 metres to 4,000 metres in order to meet the evolving needs of AKITA's customers. AKITA's capital expenditure program is designed to be adaptable to changing market conditions without compromise of quality.

AKITA HAS FOCUSED A GREAT DEAL OF ITS NEW RESOURCES ON THE DEVELOPMENT OF THE OIL AND GAS POTENTIAL OF CANADA'S NORTHERN TERRITORIES.

AKITA has been a part of the north since 1982 and is responding to the renewed interest in this area.

AKITA's northern operations work within three different Joint Ventures. In the south-west portion of the Northwest Territories, parts of Northern British Columbia and parts of the southeast Yukon Territory, AKITA operates through AKITA/SAHCHO Drilling Ltd. Lying within the geographic region of AKITA/SAHCHO is Fort Liard - a region that has recently generated great excitement and exploration activity. In the central Mackenzie region of the Northwest Territories operations are conducted through AKITA/SAHTU Drilling Ltd. The centre of this region is Norman Wells, site of a major oil field. Furthest North are the operations of AKITA/EQUTAK Drilling Ltd. Of key importance at this time is the natural gas potential of the Mackenzie Delta region. AKITA/EQUTAK built and deployed its first new rig to the Delta on January 1, 2001 and is currently constructing three additional rigs for relocation to the Delta later this year.

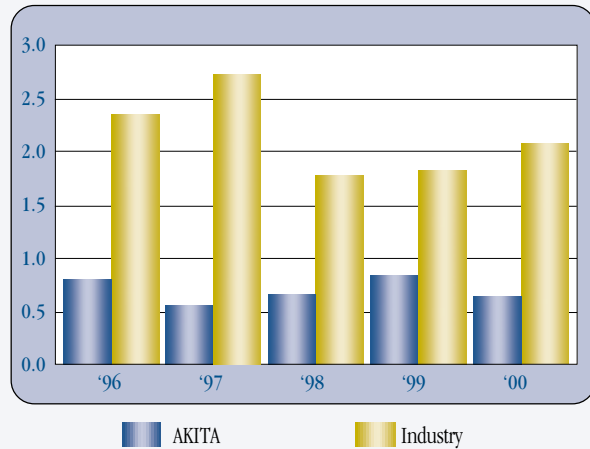
The remoteness of these locations coupled with seasonal and logistical challenges make this market segment both difficult to manage and exciting in its potential. AKITA understands the challenges and has the experience to be successful in this northern environment, one that is rich in history and traditional cultural values. AKITA's commitment to each of these regions and joint ventures includes training, employment and economic benefits for community residents. For example, during the summer of 2000, Rig #51 drilled eight wells near Norman Wells. Three quarters of the total project employment including over one half of the rig workers came from within the Sahtu Settlement Area.

During 2000, AKITA drilled a total of 18 wells North of 60° using 5 rigs. This represented 95% of all wells drilled "North of 60°" during the year.

AKITA HAS DEVELOPED DETAILED WORKING STANDARDS TO ENSURE A CONSISTENT, EFFICIENT AND SAFE LEVEL OF OPERATIONS FOR ALL OF ITS RIGS.

AKITA is strongly committed to the ongoing safety of its employees and continually achieves one of the safest working records in the Canadian drilling industry. The Company considers methods to eliminate or reduce hazards in the design of equipment and through the use of standardized operating procedures which are regularly updated. AKITA's lost time accident frequency, which represents lost time accidents per 200,000 hours worked, has been consistently and significantly better than the industry average as demonstrated in the following table:

LOST TIME ACCIDENT FREQUENCY
(per 200,000 hours worked)



AKITA was awarded the Class A Safety Award for the second year in a row

LOST TIME ACCIDENT FREQUENCY

	Five Year Average	2000	1999	1998	1997	1996
AKITA	0.72	0.67	0.86	0.69	0.60	0.80
Industry	2.17	2.15	1.83	1.77	2.75	2.35
AKITA's frequency as a percentage of industry	33.2	31.2	47.0	40.0	21.8	34.0

Field employees complete extensive safety training and must meet current industry certifications. Managers, employees and subcontractors are all required to understand and accept their responsibility for maintaining a safe working environment.

In order to meet the needs of a very active market place and in light of the significant expansion underway for AKITA, in 2000 the Company increased its training budget accordingly.

AKITA maintains a rigorous process to ensure its operations do not adversely impact the environment.

AKITA has had a long-standing commitment to ensure that its daily operations are environmentally responsible and are in compliance with all regulatory requirements. The Company continually monitors products used and procedures followed in its operations as well as changes in regulations to ensure responsible management of environmental issues. The Board of Directors receives regular reports regarding compliance with AKITA's comprehensive environmental management programs. AKITA's programs have been in place for several years and are continually monitored, improved upon and added to as circumstances warrant. During 2000, the Company did not have any incidents significant enough to require reporting to government agencies.

The depth capacity of Rig #40 was increased from 2,800 metres to 4,000 metres during the year. This rig is currently drilling for deep natural gas in the Alberta Foothills.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING SETS OUT MANAGEMENT'S ANALYSIS of the financial position and results of operations for AKITA Drilling Ltd. for the years ended December 31, 2000 and 1999. The information is intended to assist readers in analyzing the financial affairs of the Company. In addition to the information in this section, AKITA's audited financial statements for 2000 and 1999 including notes thereon, found on pages 24 to 32, provide information on the Company's financial position and results of its operations.

REVENUE AND OPERATING & MAINTENANCE EXPENSES

	\$Million	2000	1999	Change	%
Revenue		88.4	61.3	27.1	44%
Operating & Maintenance Expenses		55.9	41.8	14.1	34%

Overall revenue increased to \$88,441,000 or \$13,388 per operating day during 2000 from \$61,316,000 or \$11,216 per operating day during 1999 as a result of both higher utilization and day rates. Day rate increases were most pronounced in the deep segment of the market, which was also the most active sector. Operating and maintenance costs vary directly with revenue and amounted to \$55,875,000 or \$8,458 per operating day during 2000 compared with \$41,803,000 or \$7,645 per operating day for the prior year.

DEPRECIATION EXPENSE

	\$Million	2000	1999	Change	%
Depreciation Expense		6.5	5.6	0.9	16%

AKITA depreciates its rigs using the unit of production method based on an estimated life of 2,000 operating days per rig. The depreciation increase to \$6,551,000 during 2000 from \$5,627,000 during 1999 was directly attributable to the higher number of operating days in 2000 as demonstrated by the 60% utilization rate. Assets other than rigs are depreciated over their estimated remaining lives using a straight line or declining balance basis of calculation.

SELLING & ADMINISTRATIVE EXPENSES

	\$Million	2000	1999	Change	%
Selling & Admin Expense		7.8	6.1	1.7	28%

Selling and administrative expenses were 8.8% of total revenue in 2000 compared to 9.9% of total revenue in 1999. The single largest component was salaries and benefits, which accounted for 62% of these expenses (66% in 1999).

OTHER INCOME

\$Million	2000	1999	Change	%
Other Income	1.6	1.4	0.2	12%

Other income increased to \$1,567,000 in 2000 from \$1,403,000 in 1999. Interest income decreased 17.3% to \$1,107,000 in 2000 compared to \$1,340,000 in 1999 as a result of much of the Company's cash balances being utilized in the construction of new rigs. Gains from asset sales amounted to \$460,000 in 2000 compared to \$63,000 in the previous year.

INCOME TAX EXPENSE

\$Million	2000	1999	Change	%
Current Tax	8.9	4.0	4.9	122%
Future Tax	(0.3)	0.0	(0.3)	n/a

Income tax expense increased to \$8,635,000 in 2000 from \$3,983,000 in 1999 due to higher pretax earnings. Effective January 1, 2000, the Company retroactively adopted the liability method of accounting for income taxes. This change in accounting did not have any effect on the Company's financial position as at December 31, 1999 or operating results for the year then ended. The impact of the change in the current year was to reduce both the future income liability and the income tax expense by \$282,000.

NET EARNINGS AND CASH FLOW

\$Million	2000	1999	Change	%
Earnings	11.2	5.2	6.0	115%
Cash Flow	17.1	10.9	6.2	57%

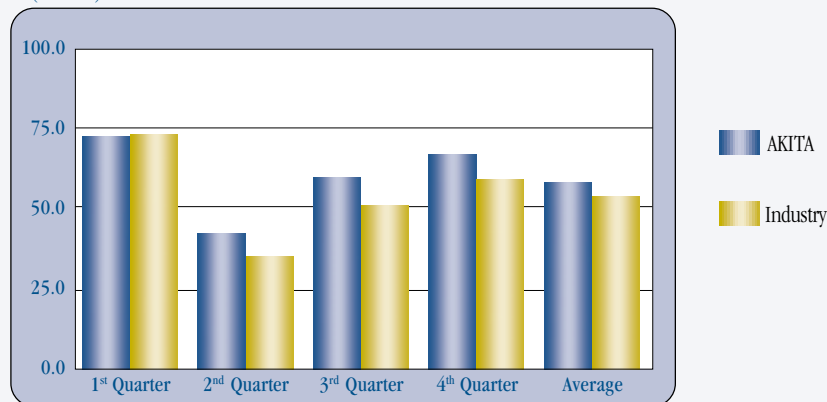
Net earnings increased to \$11,157,000 or \$1.23 per Class A Non-Voting share and Class B Common share for 2000 from \$5,211,000 or \$0.56 per share in 1999. Cash flow from operations increased to \$17,110,000 or \$1.88 per share in 2000 from \$10,894,000 or \$1.15 per share in 1999. Higher activity levels coupled with higher day rates accounted for these improvements in earnings and cash flow.

FLEET AND UTILIZATION

Utilization rates are a key statistic for the drilling industry since they measure sales volume and influence pricing. During 2000, AKITA's utilization rate was 60.0%, which was 11.1 percentage points higher than the previous year and 4.8 percentage points higher than the 2000 industry average. For the fourth consecutive year, deep rig activity targeting natural gas led the market. Medium depth capacity rigs, which typically drill for oil targets, represented the slowest segment.

The following graph highlights AKITA's 2000 utilization rates compared to the industry average:

QUARTERLY RIG UTILIZATION RATES
(Percent)



The Canadian drilling industry is seasonal with activity building in the fall and peaking during the winter months as northern transportation routes become available when areas with muskeg conditions freeze sufficiently to allow the movement of rigs and other heavy equipment. The peak Canadian drilling season ends with “spring breakup,” at which time drilling operations are curtailed due to seasonal road bans (temporary prohibitions on road use) and restricted access to agricultural land. During 2000, the seasonal differences were larger than normal, with the third quarter falling below the five-year average for the Company.

LIQUIDITY AND CAPITAL RESOURCES

As a result of AKITA's strong financial position, capital expenditures were funded entirely out of internally generated cash flow for both 2000 and 1999. At December 31, 2000, AKITA had \$17,227,000 in working capital including \$8,190,000 in cash, compared to \$30,368,000 in working capital, including \$20,729,000 in cash, for the previous year. Most of the reduction in cash and working capital balances can be attributed to a more active capital expenditure program than in previous years.

Subsequent to year-end, the Company augmented its financing facilities by increasing its bank operating line from \$5,000,000 to \$10,000,000. Interest is payable on the operating line at prime interest rates and is secured by accounts receivable. The total amount of available financing varies with receivable balances. In addition, AKITA obtained a new \$40 Million financing facility to partially fund construction of drilling rigs. This facility bears interest at the rate of prime plus ½% during construction and is divided into two components thereafter. One half will continue to bear interest at prime plus ½% while the second portion will bear interest at Government of Canada bond rates plus 210 basis points. Both portions of this facility have a maximum term of four years. As a result of major rig construction projects described in greater detail in the Capital Assets section of this MD&A, AKITA expects to utilize all of its net cash position within the first half of 2001 and begin to draw upon its loan facilities.

DIVIDENDS

\$ Per Share	2000	1999	Change	%
Dividends	0.32	0.28	0.04	14%

During 2000, AKITA paid dividends totalling \$0.32 per share (\$2,913,000) on its Class A Non-Voting and Class B Common shares compared to \$0.28 per share (\$2,632,000) for 1999. The payment of any dividends is at the discretion of the Board of Directors and depends upon the financial condition of AKITA and other factors. In November 2000, the Board declared a 12.5% increase in the quarterly dividend rate to \$0.09 per share.

NORMAL COURSE ISSUER BID

During 2000, the Company purchased 80,800 Class A Non-Voting shares at an average price of \$8.67 pursuant to a normal course issuer bid which commenced on January 24, 2000 and expired on January 23, 2001.

During the previous year, the Company purchased 342,800 Class A Non-Voting shares at an average price of \$8.79 pursuant to a normal course issuer bid which commenced on January 22, 1999 and expired on January 21, 2000.

As a result of its significant capital expenditure program for 2001, the Board of Directors has elected not to continue with a share repurchase program at this time.

CAPITAL ASSETS

Total fixed asset additions for 2000 were \$34,649,000. As a result of recovering its proportionate share of costs related to one of its joint ventures, net fixed asset additions for AKITA were \$26,548,000 in 2000 compared with \$7,670,000 in the previous year. The highlight of 2000's capital expenditure program was the construction of Rig #60 and its related camp for one of AKITA's Joint Ventures (AKITA/EQUTAK). In addition, significant progress had already been made on the construction of three additional rigs for AKITA/EQUTAK and one for AKITA. Total capital spent in 2000 on new rigs was \$25.6 Million with AKITA's net portion being \$17.5 Million. In addition to new rigs, AKITA upgraded one of its triples by increasing its capacity from 2,800 metres to 4,000 metres, modified one of its double sized rigs for heavy oil drilling and upgraded one of its single sized rigs. The total cost of these three projects was \$5.7 Million. Additional capital of \$3.3 Million was spent purchasing a top drive, tubulars and other rig components.

AKITA's net book values for rigs and related equipment remain significantly lower than current replacement costs. At year-end, the average carrying value of AKITA's rig fleet was \$1.6 Million per rig. AKITA's conservative depreciation policy is designed to reduce the risk of its asset carrying values being overstated at any point in the drilling cycle.

INVESTMENTS

AKITA owns 430 of the 4,644 shares issued and outstanding in 31323 Alberta Ltd. (formerly Western Rock Bit Company Limited), a private company. During 1999, AKITA received a dividend of \$322,000 that was applied to reduce the carrying value of the investment. No dividend or other income was received from AKITA's investment during 2000.

BUSINESS RISKS AND RISK MANAGEMENT

The drilling industry is cyclical and the business of AKITA is directly affected by fluctuations in the level of exploration and development activity carried on by its customers. Drilling activity is seasonal and, in turn, is directly affected by a variety of factors, including weather, world oil and North American natural gas prices, access to capital markets and government policies. Any prolonged or significant decrease in energy prices or economic activity, or adverse change in government regulation could have a significant negative impact on exploration and development drilling activity in Canada. AKITA's marketing program emphasizes the continuous development of long term relationships with a core base of customers who maintain ongoing drilling programs during all phases of the economic cycle.

The success of AKITA also depends on other factors, including competition and the management of operational and environmental risks. AKITA manages its risks in these areas by:

- employing well trained, experienced and responsible employees
- improving the skills of its employees through training programs
- maintaining an efficient fleet of rigs through a rigorous ongoing maintenance program
- constantly upgrading its rig fleet
- maintaining comprehensive insurance policies with respect to its operations
- ensuring that all employees comply with clearly defined safety standards
- reducing environmental risk through the implementation of industry leading standards, policies and procedures.

AKITA is subject to federal, provincial, territorial and local environmental protection laws concerning emissions to the air, discharges to surface and subsurface waters and the handling, use, emission and disposal of materials and wastes from drilling operations.

AKITA is committed to preserving and protecting the environment and minimizing the discharge of deleterious materials into the environment in accordance with environmental protection laws and regulations. AKITA verifies compliance with these laws and regulations as well as its own well developed and closely monitored internal procedures through a program of regular environmental audits. Some risk of unintentional breaches of environmental protection laws and potential liability is occasionally inherent in particular operations of the industry.

AKITA does not believe that environmental protection laws and regulations affect its operations differently from other responsible companies in the contract drilling industry. Ongoing capital and operating costs of compliance with existing laws and regulations have not been quantified but are not expected to have a material impact on the earnings or competitive position of AKITA.

During 2000, AKITA entered into contracts to construct and operate five drilling rigs on its own behalf or through one of its Joint Ventures. During its due diligence, AKITA identified certain key issues and risks to be dealt with. Principal among them are:

- prudent financial hurdles have been established and are in place for each contract
- a qualified construction team has been assembled and is continually monitored to help ensure the construction progress and costs are in keeping with plans
- bank financing has been arranged to ensure the Company has the financial capacity to complete its commitments
- an expanded crew training program is underway to ensure AKITA has fully capable crews to staff new rigs as well as the existing fleet
- management is taking steps to ensure that new venture activities do not detract from other operations.

At this time, AKITA's management is confident that it will be successful in meeting each of its objectives for successful implementation of these rigs.

AKITA maintains comprehensive insurance policies with respect to its operations in amounts that it believes are adequate and in accordance with industry standards. AKITA's liability with respect to its well-site activities is limited by provisions of its agreements with oil and gas well operators that either limit AKITA's liability or provide for indemnification of AKITA against certain risks. As a matter of policy, AKITA ensures blowout insurance has been obtained by its customers and thereby reduces its related risk.

FUTURE OUTLOOK

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

AKITA's prospects currently appear to be the best in the Company's history. Strong commodity prices are enabling the upstream petroleum industry to generate record cash flows. This backdrop has, in turn, been a significant factor in AKITA having its existing rigs booked for the balance of 2001. (It should be noted that bookings, although strong indicators of upcoming activity, are not the same as committed contracts). Additional support for this level of confidence in AKITA's prospects comes from the current industry forecast prepared by the Canadian Association of Oilwell Drilling Contractors which projects industry drilling of over 18,500 wells in 2001 compared to 16,485 wells in 2000.

In addition to the foregoing, the first of AKITA/EQUTAK joint venture's Arctic rigs commenced operations in January 2001. This rig will be followed later this year by three more joint venture rigs in the Mackenzie Delta and one additional wholly-owned rig in Western Canada. Each of these rigs involve significant capital expenditures for the Company and will enhance AKITA's earnings and cash flow accordingly through long-term contracts with major producers.

AKITA is continuing to pursue other opportunities, particularly in the north.

- ▶ AKITA's "Assistant Driller" training program represents a significant investment in the on-the-job transfer of knowledge on our rigs.



- ▲ Safe operating procedures and paying attention to details are key aspects of AKITA's quality.



- ◀ Field employees receive extensive safety training and must meet current industry certifications.



- ▶ AKITA's commitment to the north includes training, employment and economic benefits for community residents.



- ▼ AKITA has detailed standardized operating procedures to help ensure the safe operation of large equipment.





- ▲ AKITA's highly skilled employees are among the most experienced in the Canadian contract drilling industry.



- ◀ It is AKITA's goal to ensure that every well is professionally managed in order to develop the strongest possible working relationships with its customers.



- ▶ Crews on Rig #58 have achieved an average of 1,603 accident free days.



- ▼ AKITA's dedicated employees - vital for our success.



- ◀ AKITA's commitment goes beyond the rig floor and encompasses all of its operations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of AKITA Drilling Ltd., Management's Discussion and Analysis and other information relating to the organization contained in this Annual Report are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared in accordance with accounting policies detailed in the notes to the financial statements and are in conformity with accounting principles generally accepted in Canada using methods appropriate for the industry in which the Company operates. Where necessary, estimates of transactions and operations that were incomplete at year-end have been made by management. Financial information throughout the Annual Report is consistent with the financial statements.

Management ensures the integrity of the financial statements by maintaining systems of internal control. These systems are designed to provide assurance that assets are safeguarded from loss or unauthorized use, that transactions are properly recorded and that the financial records are reliable for preparing the financial statements.

PricewaterhouseCoopers LLP, the Company's independent auditors, have conducted an examination of the financial statements, which included an evaluation of internal controls to the extent they considered necessary, and have had full access to the Audit Committee. Their report appears on page 23.

The Board of Directors, through its Audit Committee comprised of three non-management directors, oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management and the independent auditors to discuss auditing and financial matters and to gain assurance that management is carrying out its responsibilities.

[Signed "John B. Hlavka"]

John B. Hlavka
President and C.E.O.

[Signed "Murray J. Roth"]

Murray J. Roth
Vice President Finance

AUDITORS' REPORT

TO THE SHAREHOLDERS OF AKITA DRILLING LTD.

We have audited the balance sheets of AKITA Drilling Ltd. as at December 31, 2000 and 1999 and the statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[Signed "Price Waterhouse Coopers LLP"]

Chartered Accountants
Calgary, Alberta

March 9, 2001, Calgary, Alberta

BALANCE SHEET

(Dollars in thousands)

December 31		2000	1999
Assets			
Current assets			
Cash		\$ 8,190	\$ 20,729
Accounts receivable		24,898	20,340
Other		280	690
		33,368	41,759
Investments	Note 1	42	42
Capital assets	Note 2	52,119	31,662
		\$ 85,529	\$ 73,463
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 14,145	\$ 9,730
Income taxes payable		1,996	1,661
		16,141	11,391
Future income taxes		1,883	2,177
Pension liability	Note 8	1,881	1,725
Class A and Class B Shareholders' Equity			
Share capital	Note 3	18,043	18,206
Retained earnings		47,581	39,964
		65,624	58,170
		\$ 85,529	\$ 73,463

Approved by the Board

[Signed "Dale Richardson"]

Director

[Signed "Perry Spitznagel"]

Director

STATEMENT OF EARNINGS AND RETAINED EARNINGS

(Dollars in thousands, except per share)

Year ended December 31	2000	1999
Revenue	\$ 88,441	\$ 61,316
Costs and expenses		
Operating and maintenance	55,875	41,803
Depreciation	6,551	5,627
Selling and administrative	7,790	6,095
	70,216	53,525
	18,225	7,791
Other income Note 5	1,567	1,403
Earnings before income taxes	19,762	9,194
Income taxes Note 6		
Current	8,929	4,017
Future	(294)	(34)
	8,635	3,983
Net earnings	11,157	5,211
Retained earnings, beginning of year	39,964	39,314
Dividends	(2,997)	(2,700)
Refundable dividend tax	-	461
Adjustment on repurchase and cancellation of share capital	(543)	(2,322)
Retained earnings, end of year	\$ 47,581	\$ 39,964
Earnings per Class A and Class B share		
Basic	\$ 1.23	\$ 0.56
Fully diluted	\$ 1.20	\$ 0.55

STATEMENT OF CASH FLOWS

(Dollars in thousands, except per share)

Year ended December 31	2000	1999
Operating activities		
Net earnings	\$ 11,157	\$ 5,211
Non-cash items included in earnings		
Depreciation	6,551	5,627
Future income tax	(294)	(34)
Pension expense	156	153
Gain on disposal of capital assets	(460)	(63)
Cash flow from operations	17,110	10,894
Change in non-cash working capital	(2,365)	(5,820)
	14,745	5,074
Investing activities		
Capital expenditures	(34,649)	(7,670)
Proceeds on disposal of capital assets	8,101	-
Capital dividend from investment	-	322
Refundable dividend tax	-	461
Change in non-cash working capital	2,883	222
	(23,665)	(6,665)
Financing activities		
Repurchase of share capital	(706)	(3,015)
Issue of Class A Non-Voting shares	-	23
Dividends	(2,997)	(2,700)
Change in non-cash working capital	84	68
	(3,619)	(5,624)
Increase (decrease) in cash	(12,539)	(7,215)
Cash position, beginning of year	20,729	27,944
Cash position, end of year	\$ 8,190	\$ 20,729
Cash flow from operations per Class A and Class B share		
Basic	\$ 1.88	\$ 1.15
Fully diluted	\$ 1.85	\$ 1.14

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(tabular amounts in thousands of dollars except where noted)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition on contracts

Revenue resulting from the supply of contracted services is recorded by the percentage of completion method. Any anticipated loss is provided for in its entirety when the estimated loss is identified.

Depreciation

Drilling rigs are depreciated using the unit of production method based on an initial estimated life of 2,000 days per rig.

Replacement drill pipe and other ancillary drilling equipment are depreciated using a straight-line basis at rates varying from 6% to 12.5% per annum.

Buildings, furniture, fixtures and equipment are depreciated using the declining balance method at rates varying from 10% to 25% per annum.

Investments

The Company records ownership of its investment in 31323 Alberta Ltd. (formerly Western Rock Bit Company Limited), a private company, at cost.

Stock based compensation plans

The Company has two stock-based compensation plans, which are described in Note 4. No compensation expense is recognized for these plans when stock options or share appreciation rights are issued to employees. Any consideration paid by employees on exercise of stock options is credited to share capital. If stock options are repurchased from participants, the consideration paid is charged to retained earnings.

Compensation expense for share appreciation rights is accrued monthly to the date of vesting based upon the excess of anticipated share price as determined by independent third parties over the base value of the rights. The accrued liability is adjusted for the effect of changes in the anticipated share price through charges or credits to compensation expense.

Income Taxes

Effective January 1, 2000, the Company retroactively adopted the liability method of accounting for income taxes. Previously, the Company accounted for income taxes using the deferral method. Under the liability method, future tax assets and liabilities are determined based on differences between financial reporting and tax bases of

assets and liabilities, and are measured using tax rates that will be in effect when the differences are expected to reverse. The effect of a change in tax rates is recognized in income in the period that the change occurs.

This change in accounting did not have any effect on the Company's financial position as at December 31, 1999 or operating results for the year then ended. The impact of the change in the current year was to reduce both the future income tax liability and the income tax expense by \$282,000.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current presentation.

2. CAPITAL ASSETS

	2000		1999	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Drilling rigs and related equipment	\$ 78,322	\$ 27,179	\$ 51,583	\$ 20,988
Other	2,465	1,489	2,387	1,320
	\$ 80,787	\$ 28,668	\$ 53,970	\$ 22,308
Net Book Value	\$ 52,119		\$ 31,662	

3. SHARE CAPITAL

Authorized

An unlimited number of Series Preferred shares, issuable in series, designated as First Preferred Shares

An unlimited number of Series Preferred shares, issuable in series, designated as Second Preferred Shares

An unlimited number of Class A Non-Voting Shares

An unlimited number of Class B Common Shares

Issued	Class A Non-Voting		Class B Common		Total	
	Number of Shares	Consideration	Number of Shares	Consideration	Number of Shares	Consideration
December 31, 1998	8,669,569	\$ 17,506	829,952	\$ 1,370	9,499,521	\$ 18,876
Purchased	(342,800)	(693)	-	-	(342,800)	(693)
Stock option plans	5,000	23	-	-	5,000	23
Conversions Class B to Class A	1,610	2	(1,610)	(2)	-	-
December 31, 1999	8,333,379	\$ 16,838	828,342	\$ 1,368	9,161,721	\$ 18,206
Purchased	(80,800)	(163)	-	-	(80,800)	(163)
Stock option plans	-	-	-	-	-	-
Conversions Class B to Class A	-	-	-	-	-	-
December 31, 2000	8,252,579	\$ 16,675	828,342	\$ 1,368	9,080,921	\$ 18,043

Each Class B Common share may be converted into one Class A Non-Voting share at the shareholder's option. If a takeover bid is made for the Class B Common shares, holders of Class A Non-Voting shares are entitled, in certain circumstances, for the duration of the bid, to exchange each Class A Non-Voting share for one Class B Common share for the purpose of depositing the resulting Class B Common shares pursuant to the terms of the takeover bid. The two classes of shares rank equally in all other respects.

On January 22, 1999, the Company commenced a normal course issuer bid for the purchase of up to 5% of the outstanding Class A Non-Voting shares. In 1999, 342,800 shares were repurchased and cancelled under this plan at a cost of \$3,015,000, of which \$693,000 was charged to share capital and \$2,322,000 to retained earnings.

On January 24, 2000, the Company commenced a new normal course issuer bid for the purchase of up to 5% of the outstanding Class A Non-Voting shares. In 2000, 80,800 shares were repurchased and cancelled under this plan at a cost of \$706,000, of which \$163,000 was charged to share capital and \$543,000 to retained earnings.

Basic earnings per share and cash flow per share have been calculated on the basis of the weighted average number of Class A Non-Voting and Class B Common shares outstanding during the year. Fully diluted earnings per share and fully diluted cash flow per share have been calculated using the weighted average number of Class A Non-Voting and Class B Common shares that would have been outstanding had all of the stock options been exercised at the beginning of the year.

4. STOCK BASED COMPENSATION PLANS

At December 31, 2000, the Company had two fixed stock-based compensation plans, which are described below.

The Company's Compensation and Succession Committee, subject to Board approval, may designate directors, officers, employees and other persons providing services to the Company to be offered options to purchase Class A Non-Voting shares. A maximum of 850,000 Class A Non-Voting shares have been reserved for issuance pursuant to outstanding options. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the date of grant.

In addition to stock options, share appreciation rights (SARs) may be granted to directors, officers and key employees of the Company. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant. The holder is entitled on exercise to receive a cash payment from the Company equal to any increase in the market price of the Class A Non-Voting shares over the base value of the SAR exercised. The base value is equal to the closing price of the Class A Non-Voting shares on the day before the grant.

A summary of the status of the Company's stock based compensation plans as of December 31, 2000 and 1999, and changes during the years ended on those dates is presented below:

	2000		1999	
	Shares	Weighted Average Exercise Price (\$)	Shares	Weighted Average Exercise Price (\$)
Outstanding at beginning of year	405,000	7.37	390,000	7.38
Granted	45,000	8.59	45,000	7.39
Exercised	-	-	(5,000)	4.55
Cancelled	-	-	(25,000)	8.98
Outstanding at end of year	450,000	7.49	405,000	7.37
Options exercisable at year-end	117,000	5.85	99,000	4.94
Share appreciation rights at year-end	270,000	8.59	270,000	8.59

The following table summarizes information about stock based compensation plans at December 31, 2000:

Exercise Price	Number Outstanding	Remaining Contractual Life (years)	Number Exercisable
\$0.76	20,000	2.0	20,000
4.55	70,000	2.9	70,000
3.65	20,000	3.1	20,000
8.98	250,000	6.0	250,000
7.39	45,000	8.1	18,000
8.59	45,000	9.0	12,000

Share appreciation rights expense (recovery) amounted to \$207,000 (1999 – (\$640,000)).

5. OTHER INCOME

	2000	1999
Interest	\$ 1,107	\$ 1,340
Gain on sale of capital assets	460	63
	\$ 1,567	\$ 1,403

6. INCOME TAXES

The income tax provision differs from that which would be computed using the statutory rates. A reconciliation of the differences is as follows:

	2000	1999
Earnings before income taxes	\$ 19,792	\$ 9,194
Expected income tax at statutory rate of 44.75% (1999-45.00%)	8,857	4,137
Add (Deduct):		
Reduction in future tax rate	(282)	-
Other	60	(154)
Income tax provision	\$ 8,635	\$ 3,983

The future income tax liability of \$1,883,000 at December 31, 2000 (1999 - \$2,177,000) relates to an excess in net book value of capital assets over the undepreciated capital cost for tax purposes, partially offset by future tax recoveries in respect of accrued liabilities for pensions and share appreciation rights.

Income taxes paid amounted to \$8,594,000 (1999 - \$2,832,000).

7. RELATED PARTY

The Company is affiliated with the ATCO Group of companies through its majority shareholder. The accompanying table summarizes transactions and year end balances with those affiliates. These transactions were in the ordinary course of business and were considered to be at fair market value.

	2000	1999
Revenue	\$ -	\$ -
Purchases		
Capital	1,600	183
Operating	113	108
Year end accounts receivable	-	-
Year end accounts payable	11	17

8. PENSIONS

The Company has a defined contribution Pension Plan which covers substantially all of its employees. Under the provisions of the Plan, the Company contributes 5% of regular earnings for eligible employees on a current basis.

The Company has also established an unfunded defined benefit Pension Plan for selected employees. At December 31, 2000 the unfunded present value of accrued pension benefits amounted to \$2,249,000 of which \$1,881,000 has been provided for in the financial statements. The balance will be amortized over the estimated remaining service lives of the respective employees. During the year, the Company charged \$1,223,000 to expense in respect to its pension plans (1999 - \$804,000).

9. FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities as at December 31, 2000 included cash, accounts receivable, accounts payable and the 9.3% equity investment in 31323 Alberta Ltd. (formerly Western Rock Bit Company Limited) (WRB). During the year, the Company did not hold or issue any derivative financial instruments.

The credit risk associated with accounts receivable is generally considered to be low since substantially all counterparties are well established and financed oil and gas companies. Provisions have been estimated by management and included in the accounts to satisfy any anticipated bad debts.

Due to the current nature of cash, accounts receivable and accounts payable, fair value of these items is considered to be equal to book value.

The Company's investment in WRB is carried at cost which, in the opinion of management, approximates fair value.

10. COMMITMENTS AND SUBSEQUENT EVENTS

During 2000, the Company made commitments to construct rigs for customers to be used under long-term contracts. Four rigs were under construction at December 31, 2000. Three of these commitments were made by AKITA/EQUTAK Drilling, a joint venture controlled 50% by AKITA while the fourth commitment was made by the Company directly. AKITA's share of the total estimated cost for rigs under construction is approximately \$43 Million. At December 31, 2000, AKITA had expended \$10.7 Million.

Subsequent to year-end, in conjunction with the construction of these and other anticipated rigs, the Company has reorganized its financing arrangements with its banker. The Company has a \$10 Million revolving line of credit. The facility bears interest at the bank's prime lending rate. The Company also has a \$40 Million specific facility to partially fund construction of drilling rigs. This facility bears interest at bank prime plus ½% during construction, and is divided into two components at the completion of construction. One half will continue to bear interest at prime plus ½% while the second half will bear interest at Government of Canada bond rates plus 210 basis points. Both halves of this facility have a maximum term of four years.

The Company leases its office space at an annual cost of approximately \$172,000 per year. Lease expiry will occur in 2005.

FINANCIAL REVIEW FROM THE COMMENCEMENT OF OPERATIONS

(Dollars in thousands, except per share and per operating day)

	Annual Ranking	2000	1999	1998	1997
Summary of Operations					
Revenue	2	\$ 88,441	\$ 61,316	\$ 75,463	\$ 89,100
Earnings before income taxes	2	\$ 19,792	\$ 9,194	\$ 19,762	\$ 21,421
Income taxes	2	\$ 8,635	\$ 3,983	\$ 6,855	\$ 10,058
Net earnings	3	\$ 11,157	\$ 5,211	\$ 12,907	\$ 11,363
As a percentage of average shareholders' equity	6	18.0%	9.0%	24.0%	25.5%
Earnings per Class A and Class B share	2	\$ 1.23	\$ 0.56	\$ 1.36	\$ 1.20
Cash flow from operations	2	\$ 17,110	\$ 10,894	\$ 17,914	\$ 15,467
As a percentage of average shareholders' equity	5	27.6%	18.5%	33.3%	34.7%
Cash flow per Class A and Class B share	2	\$ 1.88	\$ 1.15	\$ 1.89	\$ 1.63
EBITDA(Note)	1	\$ 24,776	\$ 13,418	\$ 19,726	\$ 24,228
EBITDA per operating day	1	\$ 3,751	\$ 2,454	\$ 3,348	\$ 3,288

Financial position at year end

Working capital	6	\$ 17,227	\$ 30,368	\$ 30,481	\$ 23,883
Current ratio	7	2.07:1	3.67:1	4.16:1	2.04:1
Total assets	1	\$ 85,529	\$ 73,463	\$ 70,032	\$ 73,947
Shareholders' equity	1	\$ 65,624	\$ 58,170	\$ 58,190	\$ 48,767
per share	1	\$ 7.23	\$ 6.35	\$ 6.13	\$ 5.13

Other

Capital expenditures	1	\$ 26,548	\$ 7,670	\$ 7,832	\$ 15,372
Depreciation	1	\$ 6,551	\$ 5,627	\$ 5,022	\$ 4,247

Note: EBITDA is calculated as earnings before interest, taxes, depreciation and amortization
Herein, EBITDA calculations exclude dividend income.

1996	1995	1994	1993
\$ 63,340	\$ 57,429	\$ 61,498	\$ 44,142
\$ 12,841	\$ 11,200	\$ 12,401	\$ 4,751
\$ 5,728	\$ 5,147	\$ 5,377	\$ 2,166
\$ 7,113	\$ 6,053	\$ 7,024	\$ 2,585
19.3%	19.8%	29.1%	15.5%
\$ 0.77	\$ 0.66	\$ 0.77	\$ 0.32
\$ 9,713	\$ 8,475	\$ 9,184	\$ 4,458
26.3%	27.8%	38.1%	26.8%
\$ 1.05	\$ 0.93	\$ 1.01	\$ 0.55
\$ 13,715	\$ 12,192	\$ 13,262	\$ 5,404
\$ 2,272	\$ 2,222	\$ 2,133	\$ 1,055
\$ 26,844	\$ 20,932	\$ 16,351	\$ 10,675
3.47:1	3.28:1	2.29:1	2.38:1
\$ 53,603	\$ 44,610	\$ 41,999	\$ 29,937
\$ 40,460	\$ 33,388	\$ 27,574	\$ 20,650
\$ 4.27	\$ 3.66	\$ 3.03	\$ 2.27
\$ 3,760	\$ 3,655	\$ 3,408	\$ 1,737
\$ 2,547	\$ 2,206	\$ 1,986	\$ 1,254



AKITA has four rigs currently under construction. These rigs will be completed in the second half of 2001. Collectively, they will enhance value for our shareholders through increased earnings and cash flow.

CORPORATE INFORMATION

DIRECTORS

William L. Britton, Q.C.
Deputy Chairman of the Board
of the Corporation
Partner, Bennett Jones LLP,
Calgary, Alberta

Linda A. Heathcott
Executive Vice President,
Spruce Meadows
President,
Team Spruce Meadows Inc.
Calgary, Alberta

John B. Hlavka
President and Chief Executive Officer
of the Corporation
Calgary, Alberta

Dale R. Richardson
Vice President,
Sentgraf Enterprises Ltd.
Calgary, Alberta

Margaret E. Southern,
O.C., L.V.O., LL.D.
President, Spruce Meadows
Calgary, Alberta

Nancy C. Southern
Co-Chairman and Chief Executive Officer,
ATCO Ltd. and Canadian Utilities Limited
Calgary, Alberta

Ronald D. Southern,
C.B.E., C.M., LL.D.
Chairman of the Board
of the Corporation
Co-Chairman and
Chief Executive Officer,
ATCO Ltd. and
Canadian Utilities Limited
Calgary, Alberta

C. Perry Spitznagel
Partner, Bennett Jones LLP,
Calgary, Alberta

OFFICERS

John B. Hlavka
President and
Chief Executive Officer

Robert J. Hunt
Senior Vice President,
Marketing and the North

Craig W. Kushner
Corporate Secretary &
Human Resources
Administrator

Murray J. Roth
Vice President Finance

Karl A. Ruud
Executive Vice President and
Chief Operating Officer

HEAD OFFICE

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BANKER

Alberta Treasury Branches
Calgary, Alberta

COUNSEL

Bennett Jones LLP
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AUDITORS

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SHARE SYMBOL/TSE

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

WEBSITE

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AKITA's northern joint ventures:

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