

(Canadian dollars except as indicated)

*This news release contains "forward-looking information and statements" within the meaning of applicable securities laws. For a full forward-looking information and statements and the risks to which they are subject, see the "Cautionary Statement Regarding Forward-Looking Statements" later in this news release.*

The Board of Directors of [Precision Drilling Corp.](#) (TSX:PD) (NYSE:PDS) ("Precision" or the "Corporation") has declared a dividend of \$0.07 per common share, payable on August 21, 2015, to shareholders of record on August 10, 2015. For Canadian income tax purposes, Precision's common shares are designated as "eligible dividends", unless otherwise indicated by Precision.

Net loss this quarter was \$30 million, or \$0.10 per diluted share, compared to a net loss of \$7 million, or \$0.02 per diluted share, in the second quarter of 2014.

Revenue this quarter was \$334 million or 30% lower than the second quarter of 2014, mainly due to lower activity from our North American operations. Revenue from our Contract Drilling Services and Completion and Production Services segments decreased over the comparative period by 46%, respectively.

Earnings before income taxes, finance charges, foreign exchange, and depreciation and amortization (adjusted EBITDA see "Additional Information" section) for the second quarter were \$88 million or 32% lower than the second quarter of 2014. Our activity for the quarter, as measured by drilling rig utilization, was 39% in Canada and 39% in the U.S. while increasing 17% internationally, compared to the second quarter of 2014. Our adjusted EBITDA margin was 26% this quarter, compared to 27% in the second quarter of 2014. The decrease in adjusted EBITDA as a percent of revenue was due to decreased activity and lower pricing in our Completion and Production Services segment and costs associated with restructuring, which were partially offset by higher activity in our Contract Drilling Services segment. EBITDA margin in our Completion and Production Services segment decreased 10 percentage points over the prior year, and the segment remains challenged for this segment.

Net loss for the first six months of 2015 was \$6 million, or \$0.02 per diluted share, compared to net earnings of \$94 million, or \$0.32 per diluted share, in the first six months of 2014, while revenue was \$847 million, or 26% less than 2014.

Our current expected capital plan for 2015 is \$546 million, an increase of \$40 million compared to the \$506 million capital plan announced in the first quarter of 2015. The 2015 capital increase is due to one additional new-build contract for a ST-1200 rig for deep basin drilling in Canada and additional long lead time contracts. The 2015 capital plan is utilization based and if activity levels change, Precision has the ability to adjust its plan accordingly. Of the 18 new-build rigs scheduled for delivery in 2015 (13 rigs in the U.S., four in Canada and one internationally) ten were delivered in the first quarter, six in the second quarter, one was delivered early in the third quarter and the final rig is scheduled for delivery in the fourth quarter. After delivery of the final contracted new-build rig in 2015, Precision's drilling rig fleet will consist of 331 drilling rigs, including 236 Tier 1 rigs, 73 Tier 2 rigs and 22 Tier 3 rigs. Of the 331 rigs, 124 will be in Canada, 106 in the U.S. and six internationally.

Kevin Neveu, Precision's President and Chief Executive Officer, stated: "The first half of 2015 has been characterized by substantial challenges in our market as our customers grapple with depressed commodity prices and sharply reduced drilling budgets. During this period, the success of our business model and the value offered by Precision Drilling has been partially overshadowed by the rapid decline in activity, yet we see signs of our market stabilizing and an emerging shift by customers from managing drilling programs based on contract portfolios to the traditional performance and value based approach."

"Despite the sharply reduced customer demand and a particularly harsh Canadian spring break-up, Precision's resilient margins and strong contract position during the second quarter demonstrate the effectiveness of our variable cost business model and strong contract position enjoyed with our customers. Our High Performance drilling fleet of 235 Super Series Tier 1 rigs, comprehensive North American and Middle East footprint, excellent operating performance and strong balance sheet position are foundations for growth as our customers shift their focus back to performance and value."

"The Canadian new-build rig announced today, redeployment of several of our U.S. ST-1200 Tier 1 rigs to Canada for deep basin drilling and discussions with customers to reactivate idle Tier 1 rigs later this year are signs that our customers' focus is indeed shifting to High Performance drilling services we provide."

"Internationally, we have successfully deployed our third rig to Kuwait, bringing total deployments for the last twelve months to five rigs in Saudi Arabia and one to country of Georgia. International activity is generally less volatile than North America, and although there are challenges, we remain focused on expanding this segment of our business over the long term."

"Through this challenging market environment, we will continue to invest in our people, particularly in training and safety for our Precision and Nisku Tech Centres, while we leverage our scale to lower operating costs and to create value for our customers and shareholders."

## SELECT FINANCIAL AND OPERATING INFORMATION

Adjusted EBITDA and funds provided by operations are additional GAAP measures. See "ADDITIONAL GAAP MEASURES".

## Financial Highlights

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	% Change	2015	2014	% Change
<i>(Stated in thousands of Canadian dollars, except per share amounts)</i>						
Revenue	334,462	475,174	(29.6 )	846,582	1,147,423	(26.9 )
Adjusted EBITDA	88,355	129,695	(31.9 )	251,739	366,969	(31.6 )
Adjusted EBITDA % of revenue	26.4	27.3	1.9	29.7	32.0	2.3
Net earnings (loss)	(29,817 )	(7,174 )	315.6	(5,784 )	94,383	1,743.2
Cash provided by operations	169,877	228,412	(25.6 )	385,015	398,539	(3.4 )
Funds provided by operations	53,173	97,805	(45.6 )	208,359	329,198	(36.7 )
Capital spending:						
Expansion	94,204	117,654	(19.9 )	291,521	185,839	56.9
Upgrade	12,092	25,593	(52.8 )	32,035	45,450	(29.5 )
Maintenance and infrastructure	6,749	31,607	(78.6 )	15,311	49,564	(68.8 )
Proceeds on sale	(3,598 )	(9,979 )	(63.9 )	(6,474 )	(17,236 )	(59.5 )
Net capital spending	109,447	164,875	(33.6 )	332,393	263,617	26.1
Earnings (loss) per share:						
Basic	(0.10 )	(0.02 )	400.0	(0.02 )	0.32	(150.0)
Diluted	(0.10 )	(0.02 )	400.0	(0.02 )	0.32	(150.0)
Dividends paid per share	0.07	0.06	16.7	0.14	0.12	16.7

## Operating Highlights

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	% Change	2015	2014	% Change
Contract drilling rig fleet	329	333	(1.2 )	329	333	(1.2 )
Drilling rig utilization days:						
Canada	2,327	4,805	(51.6 )	8,557	16,189	(47.1 )
U.S.	5,219	8,490	(38.5 )	12,416	16,963	(26.8 )
International	1,129	962	17.4	2,263	1,952	15.9
Service rig fleet	177	221	(19.9 )	177	221	(19.9 )
Service rig operating hours	28,374	51,270	(44.7 )	76,375	133,834	(42.9 )

## Financial Position

	June 30, 2015	December 31, 2014
<i>(Stated in thousands of Canadian dollars, except ratios)</i>		
Working capital	508,738	653,630
Long-term debt <sup>(1)</sup>	1,980,575	1,852,186
Total long-term financial liabilities	2,012,913	1,881,275
Total assets	5,193,847	5,308,996
Long-term debt to long-term debt plus equity ratio <sup>(1)</sup>	0.45	0.43

(1) Net of unamortized debt issue costs.

Precision's strategic priorities for 2015 are as follows:

1. Work with our customers to lower well costs - Deliver High Performance, High Value services to customers to create maximum value for development drilling programs. Utilize our unique platform of Tier 1 assets, geographically diverse operations and highly skilled personnel to deliver cost-reducing solutions. Grow our cost-reducing integrated directional drilling service.
2. Maximize cost efficiency throughout the organization - Continue to leverage Precision's scale to reduce costs and continue to optimize the benefits of the variable nature of operating and capital expenses. Maintain an efficient corporate cost structure by optimizing assets, people and business management. Maintain our uncompromising focus on worker safety, premium service quality and customer satisfaction.
3. Reinforce our competitive advantage - Gain market share as Tier 1 assets remain most in demand rigs. High-grade our active rig fleet, build new-build rigs and maximizing customer opportunities to utilize High Performance assets. Deliver consistent, reliable, High Performance service and continue to develop the industry's best people.
4. Manage liquidity and focus activities on cash flow generation. Monitor working capital, debt and liquidity. Maintain a scalable cost structure responsive to changing competition and market demand. Adjust capital plans according to utilization and customer demand.

For the second quarter of 2015, the average natural gas prices and the West Texas Intermediate price of oil were lower than the 2014

	Three months ended June 30,		Year ended
	2015	2014	Dec 31,
			2014
Average oil and natural gas prices			
Oil			
West Texas Intermediate ( <i>per barrel</i> ) (US\$)	57.68	103.14	93.06
Natural gas			
Canada			
AECO ( <i>per MMBtu</i> ) (Cdn\$)	2.66	4.69	4.45
U.S.			
Henry Hub ( <i>per MMBtu</i> ) (US\$)	2.72	4.58	4.33

*Summary for the three months ended June 30, 2015:*

- Operating loss (see "Additional GAAP Measures" in this news release) this quarter was \$32 million, or negative 9% of revenue versus earnings of \$24 million and 5% of revenue in 2014. Operating results were negatively impacted by the decrease in drilling activity in our North American operating segments partially offset by improved results internationally.
- General and administrative expenses this quarter were \$37 million, \$5 million lower than the second quarter of 2014. The decrease was primarily due to cost saving initiatives and lower incentive compensation which is tied to the price of our common shares partially offset by the effect of the weakening Canadian dollar on our U.S. dollar denominated expenses and restructuring charges incurred this quarter.
- Net finance charges were \$32 million, an increase of \$7 million compared with the second quarter of 2014 due to the issuance of Senior Notes on June 3, 2014 and the effect of the weakening Canadian dollar on our U.S. dollar denominated interest.
- Average revenue per utilization day for contract drilling rigs increased in the second quarter of 2015 to \$22,939 from the prior year second quarter of \$22,217 in Canada and increased in the U.S. to US\$27,731 from US\$24,320. The increase in revenue rates for Canada is primarily due to additional Tier 1 rigs operating partially offset by competitive pricing in some rig segments. In Canada, for the second quarter of 2015, 60% of utilization days were achieved from drilling rigs working under term contracts compared to 53% in the 2014 comparative period. The increase in rates for the U.S. was primarily due to a higher percentage of revenue being generated from Tier 1 rigs compared to the prior year quarter. Idle-but-contracted payments and larger turnkey jobs relative to the prior year quarter. In the U.S., for the second quarter of 2015, 70% of utilization days were generated from rigs working under term contracts compared to 72% in the 2014 comparative period. Turnkey revenue for the second quarter of 2015 was US\$17 million compared with US\$20 million in the 2014 comparative period. Within the Completion and Production segment, hourly rates for service rigs were \$718 in the second quarter of 2015 compared to \$940 in the second quarter of 2014. The decrease in rates is the result of pricing pressure across all service rig classes and the absence of our U.S. coil tubing assets, which were sold in 2014.
- Average operating costs per utilization day for drilling rigs increased in the second quarter of 2015 in both Canada and the U.S. In Canada, costs increased to \$12,818, compared to the prior year second quarter of \$11,695 and in the U.S. costs increased to US\$15,896 in 2015 compared to US\$13,502 in 2014. The cost increase in both markets was primarily due to higher labour burden and a lower activity base to support larger turnkey jobs during the quarter in the United States.
- We realized revenue from international contract drilling of \$63 million in the second quarter of 2015, a \$17 million increase over the second quarter of 2014. This increase was primarily due to expansion in the Middle East with three new-build rigs deployed in 2014, one rig deployed to the country of Georgia in the first quarter of 2015 and a new-build rig deployed in the second quarter to Kuwait. Average revenue per utilization day in our international contract drilling increased by an increase of 4% over the comparable prior year quarter.
- Directional drilling services realized revenue of \$5 million in the second quarter of 2015 compared with \$23 million in the prior year quarter. This decrease was primarily the result of a decline in activity in both the U.S. and Canada.
- Funds provided by operations in the second quarter of 2015 were \$53 million, a decrease of \$45 million from the prior year quarter of \$98 million. The decrease was primarily the result of lower activity levels.
- Capital expenditures for the purchase of property, plant and equipment were \$113 million in the second quarter, a decrease of \$10 million from the prior year quarter of \$123 million. Capital spending for the second quarter of 2015 included \$94 million for expansion capital, \$12 million for upgrades and \$7 million for the maintenance of existing assets and infrastructure spending.

*Summary for the six months ended June 30, 2015:*

- Revenue for the first half of 2015 was \$847 million, a decrease of 26% from the 2014 period.
- Operating earnings were \$16 million, a decrease of \$140 million or 90% from 2014. Operating earnings were 2% of revenue in 2015 compared to 10% of revenue in 2014. Operating earnings were negatively impacted by the decreased drilling activity and rates in our North American operating segments and capital asset additions over the past year and a half.
- General and administrative costs were \$82 million, an increase of \$1 million over the first half of 2014 primarily as a result of restructuring charges of \$1 million and the effect of the weakening Canadian dollar on our U.S. dollar denominated expenses partially offset by cost saving initiatives and lower incentive compensation.

- Net finance charges were \$52 million, an increase of \$2 million from the first half of 2014 due to the issuance of US\$400 million on June 3, 2014 and the effect of the weakening Canadian dollar on our U.S. dollar denominated interest partially offset by \$14 million related to an income tax dispute settlement.
- Funds provided by operations (see "Additional GAAP Measures" in this news release) in the first half of 2015 were \$208 million, a decrease from the prior year comparative period of \$329 million.
- Capital expenditures for the purchase of property, plant and equipment were \$339 million in the first half of 2015, an increase from the first period in 2014. Capital spending for 2015 to date included \$292 million for expansion capital, \$32 million for upgrade capital and \$15 million for maintenance of existing assets and infrastructure.

## OUTLOOK

### *Contracts*

Our portfolio of term customer contracts provides a base level of activity and revenue and, as of July 22, 2015, we had term contracts for 45 rigs in Canada, 43 in the U.S. and nine internationally for the third quarter of 2015 and an average of 46 rigs contracted in Canada and 43 rigs internationally for the full year. In Canada, term contracted rigs normally generate 250 utilization days per year because of the seasonal nature of access. In most regions in the U.S. and internationally, term contracts normally generate 365 utilization days per year.

### *Drilling Activity*

In the U.S., our average active rig count in the quarter was 58 rigs, down 36 rigs over the second quarter in 2014 and down 22 rigs from the first quarter of 2015. We currently have 51 rigs active in the U.S.

In Canada, our average active rig count in the quarter was 26 rigs, a decrease of 27 over the second quarter in 2014. We currently have 26 rigs active in Canada and expect typical seasonal volatility through the third quarter, but in general we expect to benefit from the fleet enhancements over the next few years.

Internationally, our average active rig count in the quarter was 13 rigs, up 2 rigs over the second quarter in 2014 and in line with the first quarter. One new-build rig went to work in Kuwait and was operating at the end of the quarter. We currently have 12 rigs active in the U.S.

### *Industry Conditions*

To date in 2015, drilling activity has decreased relative to this time last year for both Canada and the U.S. According to industry sources, the U.S. active land drilling rig count was down approximately 54% from the same point last year and the Canadian active land drilling rig count was down approximately 50%. The decrease in the North American rig count has resulted in the trend of high-grading toward Tier 1 rigs, which is expected to continue given the current market conditions.

In Canada there has been strength in natural gas and gas liquids drilling activity related to deep basin drilling in northwestern Alberta and British Columbia while the trend towards oil-directed drilling in the U.S. continues. To date in 2015, approximately 45% of the Canadian industry's active rigs were drilling for oil targets, compared to 60% for Canada and 82% for the U.S. at the same time last year.

### *Capital Spending*

Capital spending in 2015 is expected to be \$546 million:

- The 2015 capital expenditure plan includes \$422 million for expansion capital, \$78 million for sustaining and infrastructure expenditures and \$46 million for upgrade existing rigs. We expect that the \$546 million will be split \$540 million in the Contract Drilling segment and \$6 million in the Production Services segment.
- Precision's expansion capital plan for 2015 includes 18 new-build drilling rigs, 16 of which were delivered in the first half of the year. One rig was deployed to Canada early in the third quarter and one is expected to be deployed in Canada in the fourth quarter. Of the 13 rigs delivered, 13 rigs went to the U.S., four to Canada and one to Kuwait, all of which are on long-term contracts.
- Precision's sustaining and infrastructure capital plan is based upon currently anticipated activity levels for 2015.

## SEGMENTED FINANCIAL RESULTS

Precision's operations are reported in two segments: the Contract Drilling Services segment, which includes the drilling rig, directional drilling, completion and manufacturing divisions; and the Completion and Production Services segment, which includes the service rig, snubbing, coil tubing and wastewater treatment divisions.



(2) Canadian Association of Oilwell Drilling Contractors ("CAODC"), and Precision - excludes non-CAODC rigs and non-reporting CAODC members.

United States onshore drilling statistics:(1)	2015		2014	
	Precision	Industry(2)	Precision	Industry(2)
Average number of active land rigs for quarters ended:				
March 31	80	1,353	94	1,724
June 30	57	873	93	1,802
Year to date average	69	1,104	94	1,760

(1) United States lower 48 operations only.

(2) Baker Hughes rig counts.

Revenue from Contract Drilling Services was \$300 million this quarter, or 27% lower than the second quarter of 2014, while adjusted EBITDA decreased by 26% to \$110 million. The decreases were mainly due to lower drilling rig utilization days in our Canadian and U.S. contract drilling businesses partially offset by higher average day rates in Canada and the U.S. along with higher activity and average day rates in our international drilling business.

Drilling rig utilization days in Canada (drilling days plus move days) were 2,327 during the second quarter of 2015, a decrease of 52% compared to 2014 primarily due to the decrease in industry activity resulting from lower commodity prices. Drilling rig utilization days in the U.S. were 5,219 or 39% lower than the same quarter of 2014 as U.S. activity was down due to lower industry activity. The majority of our North American activity came from oil and liquids-rich natural gas related plays. Drilling rig utilization days in our international business were 1,129 or 17% higher than the same quarter of 2014 due to contracted rigs added in Kuwait and the Kingdom of Saudi Arabia in 2014 and the country of Georgia and Kuwait in 2015 partially offset by lower activity in Mexico.

Compared to the same quarter in 2014, drilling rig revenue per utilization day was up 3% in Canada, 14% in the U.S. and 4% in international. The increase in average day rates for the U.S. was primarily due to a higher percentage of revenue being generated from Tier 1 rigs compared to the prior year quarter, idle-but-contracted payments and large turnkey jobs in the quarter relative to the prior year comparative quarter. In Canada the day rate increase was the result of rig mix as proportionately more Tier 1 rigs are working compared to the prior year. The average international day rate is up as we are realizing a higher percentage of our fleet utilization from our Middle East operations.

In Canada, 62% of utilization days in the quarter were generated from rigs under term contract, compared to 53% in the second quarter of 2014. In the U.S., 78% of utilization days were generated from rigs under term contract as compared to 72% in the second quarter of 2014. At the end of the quarter, we had 48 drilling rigs under contract in Canada, 47 in the U.S. and 12 internationally.

Operating costs were 60% of revenue for the quarter, which was one percentage point lower than the prior year period. On a per utilization day basis, operating costs for the drilling rig division in Canada were higher over the prior year primarily because of the impact of fixed costs on lower activity increase and an increase in crew labour rates. In the U.S., operating costs for the quarter on a per day basis were higher than the prior year primarily from higher labour burden costs and large turnkey jobs in the quarter relative to the prior year comparative quarter.

Depreciation expense in the quarter was 17% higher than in the second quarter of 2014 due to the addition of new-build rigs deployed in 2014 and the first half of 2015.

## SEGMENT REVIEW OF COMPLETION AND PRODUCTION SERVICES

<i>(Stated in thousands of Canadian dollars, except where noted)</i>	Three months ended June 30,			Six months ended June 30,		
	2015	2014	% Change	2015	2014	% Change
Revenue	35,589	66,508	(46.5 )	101,671	169,573	(40.0 )
Expenses:						
Operating	31,993	56,564	(43.4 )	85,970	135,548	(36.6 )
General and administrative	4,300	4,807	(10.5 )	9,348	9,435	(0.9 )
Adjusted EBITDA(1)	(704 )	5,137	(113.7 )	6,353	24,590	(74.2 )
Depreciation	8,706	11,433	(23.9 )	17,464	22,861	(23.6 )
Operating earnings(1) (loss)	(9,410 )	(6,296 )	49.5	(11,111 )	1,729	(742.6 )
Operating earnings (loss) as a percentage of revenue	(26.4 %)	(9.5 %)		(10.9 %)	1.0 %	
Well servicing statistics:						
Number of service rigs (end of period)	177	221	(19.9 )	177	221	(19.9 )
Service rig operating hours	28,374	51,270	(44.7 )	76,375	133,834	(42.9 )
Service rig operating hour utilization	17 %	25 %		23 %	36 %	
Service rig revenue per operating hour(2)	718	940	(23.6 )	792	904	(12.4 )

(1) See "ADDITIONAL GAAP MEASURES".

(2) Prior year comparative has been changed to conform to the current year calculation.

Revenue from Completion and Production Services was down \$31 million or 46% compared to the second quarter of 2014 due to lower activity levels in all service lines and lower average rates. In response to lower oil prices, customers curtailed spending and activity including well completion and production programs. Our well servicing activity in the quarter was down 45% from the second quarter of 2014. Revenue was also negatively impacted by the sale of our U.S. coil tubing operations in the fourth quarter of last year. Approximately 92% of our first quarter Canadian service rig activity was oil related.

During the quarter, Completion and Production Services generated 76% of its revenue from Canadian and 24% from U.S. operations.

Average service rig revenue per operating hour in the second quarter was \$718 or \$222 lower than the second quarter of 2014. The decrease was primarily the result of industry pricing pressure and the sale of our U.S. coil tubing assets which generally received a higher rate per hour.

Adjusted EBITDA was \$6 million lower than the second quarter of 2014 due to a decline in activity and pricing.

Operating costs as a percentage of revenue increased to 90% in the second quarter of 2015, from 85% in the second quarter of 2014. Operating costs per service rig operating hour were lower than in the second quarter of 2014 due to cost cutting measures and the sale of our U.S. coil tubing which typically operates at a higher cost per hour.

Depreciation in the quarter was 24% lower than the second quarter of 2014 because of decommissioning assets in the fourth quarter of 2014 and the disposal of our U.S. coil tubing assets.

## SEGMENT REVIEW OF CORPORATE AND OTHER

Our Corporate and Other segment provides support functions to our operating segments. The Corporate and Other segment had an adjusted EBITDA loss of \$21 million for the second quarter of 2015, \$3 million less than 2014 comparative period due primarily to lower share based incentive compensation.

## OTHER ITEMS

Net financial charges for the quarter were \$32 million, an increase of \$7 million from the second quarter of 2014. The increase is due to the impact of the weaker Canadian dollar on the value of our U.S. dollar denominated debt and the issuance of US\$400 million 5.25% Senior Notes on June 3, 2014. We had a foreign exchange loss of \$8 million during the second quarter of 2014 due to the strengthening of the Canadian dollar versus the U.S. dollar from March 31, 2015, which affected our net U.S. dollar denominated monetary position in the Canadian dollar-based companies.

Income tax expense for the quarter was a recovery of \$43 million compared with an expense of \$6 million in the same quarter in 2014. Income tax expense is recognized by applying the income tax rate expected for the full financial year to the pre-tax income of the interim reporting period. On June 29, 2015, the province of Alberta increased the Alberta corporate income tax rate from 10% to 12% effective July 1, 2015. The impact of this income tax rate increase was recognized in the current quarter.

In August 2014 the Ontario Court of Appeal ruled in favour of Precision's wholly owned subsidiary, reversing a decision by the Ontario Superior Court of Justice in June 2013 regarding the reassessment of Ontario income tax for the subsidiary's 2001 through 2004 taxation years. The Ontario Minister of Revenue made an application to the Supreme Court of Canada seeking leave to appeal this decision. On March 5, 2015, the Supreme Court of Canada brought the appeal process to an end and in April we received payment of \$69 million from the Ontario tax authorities, \$55 million for the refund of assessed taxes and \$14 million in interest.

## LIQUIDITY AND CAPITAL RESOURCES

The oilfield services business is inherently cyclical in nature. To manage this, we focus on maintaining a strong balance sheet so we have the financial flexibility we need to continue to manage our growth and cash flow throughout the business cycle.

We apply a disciplined approach to managing and tracking results of our operations to keep costs down. We maintain a variable cost structure so we can respond to changes in demand.

Our maintenance capital expenditures are tightly governed by and highly responsive to activity levels with additional cost savings leverage provided through our internal manufacturing and supply divisions. Term contracts on expansion capital for

new-build rig programs provide more certainty of future revenues and return on our capital investments.

### Liquidity

During the quarter we increased the size of our demand letter of credit facility from US\$25 million to US\$40 million to provide additional availability to issue letters of credit for international opportunities.

In June 2014 we issued US\$400 million of 5.25% Senior Notes due in 2024 in a private offering. The Notes are guaranteed on a senior unsecured basis by current and future U.S. and Canadian subsidiaries that also guarantee our revolving credit facility and certain other indebtedness.

In addition, we amended our credit agreement governing our revolving credit facility to, among other things, voluntarily reduce the size of the revolving credit facility from US\$850 million to US\$650 million and extend the maturity to June 3, 2019.

As at June 30, 2015 we had \$2,009 million outstanding under our senior unsecured notes. The current blended cash interest cost of our debt is approximately 6.2%.

Amount	Availability
Senior facility (secured)	
US\$650 million (extendible, revolving term credit facility with US\$250 million accordion feature)	Undrawn, except US\$26 million in
Operating facilities (secured)	
\$40 million	Undrawn, except \$21 million in out
US\$15 million	Undrawn
Demand letter of credit facility (secured)	
US\$40 million	Undrawn, except US\$33 million in
Senior notes (unsecured)	
\$200 million	Fully drawn
US\$650 million	Fully drawn
US\$400 million	Fully drawn
US\$400 million	Fully drawn

### Covenants

#### Senior Facility

The revolving term credit facility requires that we comply with certain financial covenants including leverage ratios of consolidated senior debt to earnings before interest, taxes, depreciation and amortization as defined in the agreement (Adjusted EBITDA) of less than 3:1 and consolidated total debt to Adjusted EBITDA of less than 4:1 for the most recent four consecutive fiscal quarters. During the first quarter we received temporary relief for the period up to and including December 31, 2016 for the ratio of consolidated total debt to Adjusted EBITDA whereby the ratio of less than 4:1 is increased to less than 6:1. For purposes of calculating the leverage ratios, consolidated total debt includes all outstanding secured and unsecured indebtedness, while consolidated senior debt only includes secured indebtedness. EBITDA as defined in our revolving term facility agreement differs from Adjusted EBITDA as defined under Additional GAAP Measures by the exclusion of bad debt expense and certain foreign exchange amounts. As at June 30, 2015 our consolidated senior debt to Adjusted EBITDA ratio was 0.14:1 while our consolidated total debt to EBITDA ratio was 3.14:1.

Under the revolving credit facility we are also required to maintain an Adjusted EBITDA coverage ratio, calculated as Adjusted EBITDA to interest expense, of greater than 2.75:1 for the most recent four consecutive fiscal quarters. During the first quarter we received temporary relief for the period up to and including December 31, 2016 for the interest to Adjusted EBITDA coverage ratio whereby ratio of greater than 2.75:1 is reduced to greater than 2.5:1. As at June 30, 2015 our Adjusted EBITDA coverage ratio was 5.89:1.

In addition, the revolving credit facility contains certain covenants that place restrictions on our ability to incur or assume additional indebtedness; dispose of assets; pay dividends, share redemptions or other distributions; change its primary business; incur liens on assets; engage in transactions with affiliates; enter into mergers, consolidations or amalgamations; and enter into speculative swap agreements. At June 30, 2015, we were in compliance with the covenants of the revolving credit facility.

#### Senior Notes

The senior notes require that we comply with certain financial covenants including an Adjusted EBITDA to interest coverage



ratio of greater than 2.5:1 for the most recent four consecutive fiscal quarters.

In addition, the senior notes contain certain covenants that limit our ability and the ability of certain subsidiaries to incur additional indebtedness and issue preferred shares; create liens; make restricted payments (including the payment of dividends); create or permit to exist restrictions on our ability or certain subsidiaries to make certain payments and distributions; engage in amalgamations, mergers or consolidations; make certain dispositions and engage in transactions with affiliates. At June 30, 2015, we were in compliance with the covenants of our senior notes.

#### *Hedge of investments in foreign operations*

We utilize foreign currency long-term debt to hedge our exposure to changes in the carrying values of our net investment in certain foreign operations as a result of changes in foreign exchange rates.

Effective January 1, 2015 we have included the US\$400 million of 5.25% Senior Notes due in 2024 as a designated hedge of our investment in our U.S. dollar denominated foreign operations and now all of our U.S. dollar Senior notes are designated as a net investment hedge.

Effective April 30, 2015 a portion of our U.S. dollar denominated debt that was previously treated as a hedge of our net investment in our U.S. operations was designated as a hedge of the investment in our foreign operations that have a U.S. dollar functional currency.

To be accounted for as a hedge, the foreign currency denominated long-term debt must be designated and documented as such and must be effective at inception and on an ongoing basis. We recognize the effective amount of this hedge (net of tax) in other comprehensive income. We recognize ineffective amounts (if any) in earnings.

#### *Average shares outstanding*

The following table reconciles the weighted average shares outstanding used in computing basic and diluted earnings per share:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Weighted average shares outstanding - basic	292,865	292,511	292,843	292,287
Effect of stock options and other equity compensation plans -	-	-	-	424
Weighted average shares outstanding - diluted	292,865	292,511	293,843	292,711

#### QUARTERLY FINANCIAL SUMMARY

*(Stated in thousands of Canadian dollars, except per share amounts)*

	2014		2015	
Quarters ended	September 30	December 31	March 31	June 30
Revenue	584,590	618,525	512,120	334,462
Adjusted EBITDA <sup>(1)</sup>	199,390	234,011	163,384	88,355
Net earnings (loss):	52,813	(114,044)	24,033	(29,817)
Per basic share	0.18	(0.39)	0.08	(0.10)
Per diluted share	0.18	(0.39)	0.08	(0.10)
Funds provided by operations <sup>(1)</sup>	196,217	172,059	155,186	53,173
Cash provided by operations	146,733	134,887	215,138	169,877
Dividends paid per share	0.06	0.07	0.07	0.07
	2013		2014	
Quarters ended	September 30	December 31	March 31	June 30
Revenue	488,450	566,909	672,249	475,174
Adjusted EBITDA <sup>(1)</sup>	137,660	197,744	237,274	129,695
Net earnings (loss):	29,443	67,921	101,557	(7,174)
Per basic share	0.11	0.24	0.35	(0.02)
Per diluted share	0.10	0.24	0.35	(0.02)
Funds provided by operations <sup>(1)</sup>	127,684	155,816	231,393	97,805
Cash provided by operations	88,341	94,452	170,127	228,412

Dividends paid per share            0.05            0.06            0.06            0.06

(1) See "ADDITIONAL GAAP MEASURES".

## ADDITIONAL GAAP MEASURES

We reference Generally Accepted Accounting Principles (GAAP) measures that are not defined terms under International Financial Reporting Standards to assess performance because we believe they provide useful supplemental information to investors.

### *Adjusted EBITDA*

We believe that adjusted EBITDA (earnings before income taxes, financing charges, foreign exchange, and depreciation and amortization) as reported in the Consolidated Statement of Earnings (Loss) is a useful measure, because it gives an indication of the results from our principal business activities prior to consideration of how our activities are financed and the impact of foreign exchange, taxation and non-cash depreciation and amortization charges.

### *Operating Earnings (Loss)*

We believe that operating earnings (loss), as reported in the Consolidated Statements of Earnings (Loss), is a useful measure because it provides an indication of the results of our principal business activities before consideration of how those activities are financed and the impact of foreign exchange and taxation.

### *Funds Provided by Operations*

We believe that funds provided by operations, as reported in the Consolidated Statements of Cash Flow is a useful measure because it provides an indication of the funds our principal business activities generate prior to consideration of working capital, which is primarily made up of highly liquid balances.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements contained in this report, including statements that contain words such as "could", "should", "can", "anticipate", "estimate", "intend", "plan", "expect", "believe", "will", "may", "continue", "project", "potential" and similar expressions and statements relating to matters that are not historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking information and statements").

In particular, forward looking information and statements include, but are not limited to, the following:

- the payment of our declared quarterly dividend;
- our capital expenditure plans for 2015;
- timing on the expected delivery of rigs under our 2015 new-build program;
- the expected changes in the size and distribution of our rig fleet following the delivery of all remaining contracted new-build rigs;
- our strategic priorities for the remainder of 2015;
- the possible reactivation of idle Tier 1 rigs later this year;
- our focus on continued international expansion; and
- our plans to continue investing in training and safety.

These forward-looking information and statements are based on certain assumptions and analysis made by Precision in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. These include, among other things:

- the decline in oil prices will continue to pressure customers into reducing or limiting their drilling budgets;
- the status of current negotiations with our customers and vendors;
- continued demand for Tier 1 rigs;
- customer focus on safety performance;
- our ability to deliver rigs to customers on a timely basis; and
- the general stability of the economic and political environments in the jurisdictions where we operate.

Undue reliance should not be placed on forward-looking information and statements. Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from our expectations. Such risks and uncertainties include, but are not limited to:

- volatility in the price and demand for oil and natural gas;
- fluctuations in the demand for contract drilling, well servicing and ancillary oilfield services and its impact on customer spending;
- the risks associated with investing in capital assets and the impact arising out of the emergence of potentially disruptive technologies;
- shortages, delays and interruptions in the delivery of equipment supplies and other key inputs;
- the effects of seasonal and weather conditions on operations and facilities;
- the availability of qualified personnel and management;
- the existence of competitive operating risks inherent in our businesses;
- changes in environmental and safety rules or regulations including increased regulatory burden on horizontal drilling and hydraulic fracturing;
- terrorism, social, civil and political unrest in the foreign jurisdictions where we operate;
- fluctuations in foreign exchange, interest rates and tax rates; and
- other unforeseen conditions which could impact the use of services supplied by Precision and Precision's ability to respond to such conditions.

Readers are cautioned that the forgoing list of risk factors is not exhaustive. Additional information on these and other factors that could affect our business, operations or financial results are included in reports on file with applicable securities regulatory authorities, including but not limited to Precision's Annual Information Form for the year ended December 31, 2014, which may be accessed on Precision's SEDAR profile at [www.sedar.com](http://www.sedar.com) or under Precision's EDGAR profile at [www.sec.gov](http://www.sec.gov). The forward-looking information and statements contained in this news release are made as of the date hereof and Precision undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

#### INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

*(Stated in thousands of Canadian dollars)*

	<i>June 30, 2015</i>	<i>December 31, 2014</i>
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##### ASSETS

###### Current assets:

Cash	\$ 433,693	\$ 491,481
Accounts receivable	315,591	598,063
Income tax recoverable	-	55,138
Inventory	18,417	9,170
Total current assets	767,701	1,153,852

###### Non-current assets:

Income tax recoverable	3,297	3,297
Property, plant and equipment	4,196,907	3,928,826
Intangibles	3,931	3,302
Goodwill	222,011	219,719
Total non-current assets	4,426,146	4,155,144
Total assets	\$ 5,193,847	\$ 5,308,996

##### LIABILITIES AND EQUITY

###### Current liabilities:

Accounts payable and accrued liabilities	\$ 252,601	\$ 493,038
Income tax payable	6,362	7,184
Total current liabilities	258,963	500,222

###### Non-current liabilities:

Share based compensation	14,977	14,252
Provisions and other	17,361	14,837
Long-term debt	1,980,575	1,852,186
Deferred tax liabilities	485,632	486,133
Total non-current liabilities	2,498,545	2,367,408

###### Shareholders' equity:

Shareholders' capital	2,316,321	2,315,539
Contributed surplus	33,284	31,109
Retained earnings	1,647	48,426
Accumulated other comprehensive income	85,087	46,292
Total shareholders' equity	2,436,339	2,441,366
Total liabilities and shareholders' equity	\$ 5,193,847	\$ 5,308,996

#### INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) (UNAUDITED)

<i>(Stated in thousands of Canadian dollars, except per share amounts)</i>	Three months ended June 30, 2015	2014	Six months ended June 30, 2015
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Revenue		\$ 334,462	\$ 475,174	\$ 846
Expenses:				
Operating		209,553	304,285	512
General and administrative		36,554	41,194	82,
Earnings before income taxes, finance charges, foreign exchange and depreciation and amortization				
		88,355	129,695	251
Depreciation and amortization		120,128	105,923	236
Operating earnings (loss)		(31,773 )	23,772	15,
Foreign exchange		8,318	(298 )	(20
Finance charges		32,348	25,562	52,
Earnings (loss) before income taxes		(72,439 )	(1,492 )	(16
Income taxes:				
Current		1,213	204	7,5
Deferred		(43,835 )	5,478	(18
		(42,622 )	5,682	(10
Net earnings (loss)		\$ (29,817 )	\$ (7,174 )	\$ (5,7
Net earnings (loss) per share:				
Basic		\$ (0.10 )	\$ (0.02 )	\$ (0.0
Diluted		\$ (0.10 )	\$ (0.02 )	\$ (0.0

#### INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

		Three months ended June 30,	
		2015	2014
<i>(Stated in thousands of Canadian dollars)</i>			
Net earnings (loss)		\$ (29,817 )	\$ (7,174 )
Unrealized gain (loss) on translation of assets and liabilities of operations denominated in foreign currency		(39,087 )	(64,952 )
Foreign exchange gain (loss) on net investment hedge with U.S. denominated debt, net of tax		30,305	39,585
Comprehensive income (loss)		\$ (38,599 )	\$ (32,541 )

#### INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

		Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
<i>(Stated in thousands of Canadian dollars)</i>					
Cash provided by (used in):					
Operations:					
Net earnings (loss)		\$ (29,817 )	\$ (7,174 )	\$ (5,784 )	\$ 94,383
Adjustments for:					
Long-term compensation plans		9,300	8,480	12,707	18,791
Depreciation and amortization		120,128	105,923	236,225	211,628
Foreign exchange		9,068	2,080	(20,377 )	(2,309 )
Finance charges		32,348	25,562	52,030	49,994
Income taxes		(42,622 )	5,682	(10,644 )	14,891
Other		(50 )	(3,427 )	1,349	(1,928 )
Income taxes paid		(4,092 )	(3,838 )	(9,788 )	(12,869 )
Income taxes recovered		249	3,342	1,111	3,354
Interest paid		(55,744 )	(38,945 )	(63,193 )	(46,970 )
Interest received		14,405	120	14,723	233
Funds provided by operations		53,173	97,805	208,359	329,198
Changes in non-cash working capital balances		116,704	130,607	176,656	69,341
		169,877	228,412	385,015	398,539
Investments:					
Purchase of property, plant and equipment		(113,045 )	(174,854 )	(338,867 )	(280,853 )
Proceeds on sale of property, plant and equipment		3,598	9,979	6,474	17,236
Income taxes recovered		55,138	-	55,138	-
Changes in non-cash working capital balances		(99,649 )	16,612	(154,276 )	304
		(153,958 )	(148,263 )	(431,531 )	(263,313 )
Financing:					

Increase in long-term debt	-	436,600	-	436,600
Repayment of long-term debt	-	(13,942 )	-	(30,670 )
Debt issue costs	-	(10,166 )	(975 )	(10,166 )
Dividends paid	(20,498 )	(17,553 )	(40,995 )	(35,080 )
Issuance of common shares on the exercise of options	93	3,493	93	6,103
	(20,405 )	398,432	(41,877 )	366,787
Effect of exchange rate changes on cash and cash equivalents				
	(11,005 )	(8,253 )	30,605	(6,126 )
Increase (decrease) in cash and cash equivalents	(15,491 )	470,328	(57,788 )	495,887
Cash and cash equivalents, beginning of period	449,184	106,165	491,481	80,606
Cash and cash equivalents, end of period	\$ 433,693	\$ 576,493	\$ 433,693	\$ 576,493

#### INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(Stated in thousands of Canadian dollars)

	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income	Retained
Balance at January 1, 2015	\$ 2,315,539	\$ 31,109	\$ 46,292	\$ 48,421
Net loss for the period	-	-	-	(5,784)
Other comprehensive income for the period	-	-	38,795	-
Dividends	-	-	-	(40,995)
Share options exercised	142	(49 )	-	-
Shares issued on redemption of non-management directors' DSUs				
	640	(324 )	-	-
Share based compensation expense	-	2,548	-	-
Balance at June 30, 2015	\$ 2,316,321	\$ 33,284	\$ 85,087	\$ 1,647

(Stated in thousands of Canadian dollars)

	Shareholders' capital	Contributed surplus	Accumulated other comprehensive loss	Retained
Balance at January 1, 2014	\$ 2,305,227	\$ 29,175	\$ (23,475 )	\$ 88,411
Net earnings for the period	-	-	-	94,381
Other comprehensive income for the period	-	-	1,183	-
Dividends	-	-	-	(35,081)
Share options exercised	8,806	(2,703 )	-	-
Share based compensation expense	-	2,792	-	-
Balance at June 30, 2014	\$ 2,314,033	\$ 29,264	\$ (22,292 )	\$ 147,700

#### SECOND QUARTER 2015 EARNINGS CONFERENCE CALL AND WEBCAST

[Precision Drilling Corp.](#) has scheduled a conference call and webcast to begin promptly at 12:00 noon MT (2:00 p.m. ET) on Thursday, July 23, 2015.

The conference call dial in numbers are 1-866-226-1793 or 416-340-2216.

A live webcast of the conference call will be accessible on Precision's website at [www.precisiondrilling.com](http://www.precisiondrilling.com) by selecting "Investor Centre", then "Webcasts". Shortly after the live webcast, an archived version will be available for approximately 30 days.

An archived recording of the conference call will be available approximately one hour after the completion of the call until August 23, 2015 by dialing 1-800-408-3053 or 905-694-9451, pass code 4661905.

About Precision

Precision is a leading provider of safe and High Performance, High Value services to the oil and gas industry. Precision provides

customers with access to an extensive fleet of contract drilling rigs, directional drilling services, well service and snubbing rigs, coil tubing services, camps, rental equipment, and wastewater treatment units backed by a comprehensive mix of technical support services and skilled, experienced personnel.

Precision is headquartered in Calgary, Alberta, Canada. Precision is listed on the Toronto Stock Exchange under the trading symbol "PD" and on the New York Stock Exchange under the trading symbol "PDS".

## Contact

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