

Corporate Governance Guidelines

PRECISION DRILLING CORPORATION CORPORATE GOVERNANCE GUIDELINES

1. Director Qualification Standards

The Board of Directors (the "Board of Directors") of Precision Drilling Corporation (the "Corporation") shall be comprised of a majority of independent directors. The independence of each director shall be determined in accordance with applicable securities laws or the rules of any stock exchange on which the shares of the Corporation are listed for trading.

The Board of Directors has determined that the Corporation is best served by separating the positions of Chair of the Board of Directors and President and Chief Executive Officer ("President and Chief Executive Officer"). The Chair of the Board of Directors shall be an independent member of the Board of Directors and appointed by the other members of the Board of Directors.

The Corporate Governance, Nominating and Risk Committee of the Corporation ("CGNRC") shall annually review the competencies, skills and personal qualities applicable to candidates to be considered for nomination to the Board of Directors. The objective of this review will be to maintain the composition of the Board of Directors in a way that provides an effective mix of skills, diversity and experience to provide for the overall stewardship of the Corporation.

The CGNRC of the Corporation will report at least annually to the Board of Directors.

2. Director Responsibilities

The primary duty of the directors is to help the Corporation realize its full potential. They do this not just by reacting to events or to proposals at meetings, but by bringing to the Corporation's affairs a creative vision, initiative and a sense of how outside events and developments can affect its future. The directors are encouraged to speak their minds while respecting others, so that different viewpoints can flourish in the process of developing a sensible consensus.

Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Corporation in a manner consistent with their fiduciary duties.

Each director is expected to attend in person all regularly-scheduled meetings of the Board of Directors and of all Board of Directors' committees upon which they serve. It is acceptable for directors to participate in such meetings by conference call if attendance in person is not possible. To prepare for meetings, directors should review the materials that are sent to Directors in advance of those meetings. Directors are to advise the Chair of the Board of Directors or committee upon which they serve of matters which they believe should be added to a meeting agenda.

The Board of Directors expects directors as well as officers and employees of the Corporation to act ethically at all times and to acknowledge their adherence to policies comprising the Code of Business Conduct for the Corporation (the "Code of Business Conduct"). The Board of Directors is responsible for monitoring the Corporation's compliance with the Code of Business Conduct.

An important task of the Board of Directors is to encourage, challenge, counsel and monitor management of the Corporation, while leaving management free to direct the Corporation's day to day operations. Relations with the President and Chief Executive Officer of the Corporation should be open and constructive; all aspects of an issue should be discussed in a constructive atmosphere and there should be a shared interest in finding the best way to proceed, with the Board of Directors' response to each challenge ideally emerging from effective discussion and analysis by the Board of Directors and management.

The Board of Directors must ensure that the Corporation has a sound but innovative strategic plan that will enable it to flourish in the future. The Board of Directors is expected to contribute creative judgment and a fresh perspective to this task and to review the plan at least annually, and more frequently if the Board of Directors deems it necessary, to ensure that it remains current and applicable.

The Board of Directors should approve budgets and monitor operating performance and ensure that it has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary.

The Board of Directors should review at least annually, and more frequently if the Board of Directors deems it necessary, the performance of each business segment of the Corporation and the strength of the Corporation's competitive position and the relative returns it is delivering to its shareholders.

The Board of Directors must ensure that communications with Precision's shareholders and the investment community are complete and open, particularly as they relate to the Corporation's strategies, policies and risk profile.

The Board of Directors will schedule executive sessions where independent directors meet with or without management participation at each regularly-scheduled meeting of the Board of Directors. The Board of Directors will establish methods by which interested parties may communicate directly with the independent directors of the Board of Directors as a group and cause such methods to be disclosed.

The Board of Directors shall at all times maintain (a) an Audit Committee, (b) a CGNRC and (c) a Human Resources and Compensation Committee ("HRCC"), each of which must report to the Board of Directors. Each such committee must operate in accordance with applicable laws, its charter and the applicable rules of each of the Toronto Stock Exchange and the New York Stock Exchange. The Board of Directors may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and as the Board of Directors sees fit. The purpose of the committees of the Board of Directors is to assist the Board of Directors in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a committee of the Board of Directors, the Board of Directors is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided in the charter of the committee or a resolution of the Board of Directors, the role of a committee of the Board of Directors is to review and make recommendations to the Board of Directors with respect to the approval of matters considered by such committee.

3. Director Access to Management

The Corporation shall provide each director with complete access to the management of the Corporation, subject to reasonable advance notice to the Corporation and reasonable efforts to avoid disruption to the Corporation's management, business and operations.

4. Director Compensation

The Board of Directors, upon recommendation of the CGNC, will determine and review the form and amount of director compensation.

5. Director Orientation and Continuing Education

The Board of Directors, upon recommendation of the CGNC, will establish or identify and provide access to appropriate orientation programs, sessions or materials for newly elected directors of the Corporation for their benefit either prior to or within a reasonable period of time after their nomination or election as a director. The Board of Directors will encourage, but not require, directors to periodically participate in or attend appropriate programs, sessions or receive materials as to the responsibilities of directors of publicly-traded companies.

6. Management Evaluation and Succession

The Board of Directors (not including any members of management of the Corporation) will conduct an annual review of the performance and compensation of the President and Chief Executive Officer, taking into account the views and recommendations of the Human Resources and Compensation Committee as set forth in that committee's charter.

The Board of Directors will establish and review such formal or informal policies and procedures, in consultation with the HRCC, the President and Chief Executive Officer and others, as it considers appropriate, regarding executive succession planning.

7. Annual Performance Evaluation of the Board of Directors

The Board of Directors will annually review its own performance and review and reassess the adequacy of its charter. The Board of Directors shall make an annual determination as to whether it and its committees are functioning effectively. The full Board of Directors will discuss its evaluation to determine what, if any, action could improve Board of Directors and committee performance. The Board of Directors, with the assistance of the CGNRC, as appropriate, shall review these Corporate Governance Guidelines on an annual basis to determine whether any changes are appropriate.