



INFORMATION CIRCULAR
dated March 15, 2007
for the
Annual Meeting
to be held on April 25, 2007

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Xtreme Coil Drilling Corp. ("Xtreme" or the "Corporation") for use at the Annual Meeting of the shareholders of Xtreme (the "Meeting") to be held on April 25, 2007 at 3:00 p.m. The meeting will be held in the Viking Room, Calgary Petroleum Club, Calgary, Alberta, Canada, and at any adjournment thereof, for the purposes set forth in the Notice of Annual Meeting. Instruments of Proxy must be received by Xtreme c/o Valiant Trust Company, 310, 606 4th Street S.W., Calgary, Alberta T2P 1T1, not less than 48 hours (excluding Saturdays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The Board of Directors (the "**Board**") of Xtreme has fixed the record date for the Meeting at the close of business on March 20, 2007 (the "**Record Date**"). Only holders of common shares (the "**Common Shares**") of Xtreme of record as at that date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers Common Shares after the Record Date and the transferee establishes ownership of such Common Shares and demands, not later than the close of business 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting.

Unless otherwise stated, the information contained in this Information Circular is given as at March 15, 2007.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors and/or officers who are named in the proxy of Xtreme. Each shareholder has the right to appoint a proxyholder other than the persons designated above, who need not be a shareholder, to attend and to act for the shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

REVOCABILITY OF PROXY

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the registered office of Xtreme at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of the management of Xtreme. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Annual Meeting and this Information Circular will be borne by Xtreme. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other

means of communication and by directors and officers of Xtreme, who will not be specifically remunerated therefor. While no arrangements have been made to date by Xtreme, it may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by Xtreme in soliciting proxies will be paid by Xtreme.

No person is authorized to give any information or make any representations other than those contained in this Information Circular, and if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

EXERCISE OF DISCRETION BY PROXY

Common Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted on any ballot in accordance with the specification so made.

In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by Xtreme are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Annual Meeting. At the time of printing this Information Circular management of Xtreme knows of no such amendment, variation or other matter.

NOTICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to many public shareholders of the Corporation, as a substantial number of the public shareholders of the Corporation do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("**ADP**"). ADP typically mails a scannable Voting Instruction Form in lieu of the Form of Proxy. The Beneficial Shareholder is asked to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively the Beneficial Shareholder can call a toll-free telephone number or access ADPs dedicated voting website at www.proxyvotecanada.com to deliver their voting instructions and vote the Common Shares held by Beneficial Shareholder, ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Common Shares directly at the Meeting - the Voting Instruction Form must be returned to ADP well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

BUSINESS OF THE MEETING**Presentation of Financial Statements**

At the Meeting, shareholders will receive and consider the audited financial statements of Xtreme for the period ended December 31, 2006 and the Auditor's Report on such statements.

Fixing the Number of Directors

At the Meeting, it is proposed that the number of directors to be elected at the Meeting be set at seven (7), as may be adjusted between shareholders' meetings by way of resolution of the Board of the Corporation. Accordingly, unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of fixing the number of directors to be elected at the Meeting at seven (7).

Election of Directors

At the Meeting shareholders will be asked to elect seven (7) directors to hold office until the next annual general meeting of the Corporation or until their successors are elected or appointed. There are presently seven (7) directors of Xtreme.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the election as directors of the seven nominees hereinafter set forth.

Richard Charron
Daniel Remenda
David Tuer
Thomas Wood

Kyle Swingle
Randolph Charron
Marc Staniloff

The names and municipalities and countries of residence of the persons nominated for election as directors, the number of Common Shares as at March 15, 2007, beneficially owned, directly or indirectly, or over which each director exercises control or direction, the period served as a director, and the principal occupation of each director, are as follows.

Name and Jurisdiction of Residence	Position Held	Director Since	Principal Occupation or Employment and, if not a Previously Elected Director, Occupation during the Past Five Years	Number of Common Shares Owned, Directly or Indirectly, or Controlled or Directed⁽¹²⁾
Richard Charron ⁽⁵⁾ Calgary, Alberta Canada	Chief Executive Officer and a Director	May 2005	Chief Executive Officer of Xtreme	342,735 (1.02%)
Thomas Wood ⁽³⁾⁽⁶⁾ Calgary, Alberta Canada	Chairman, Managing Director, US & International Operations, Founder and a Director	June 2005	Chief Executive Officer of Round Up Resource Services Ltd.	3,429,902 (10.16%)
Kyle Swingle ⁽⁴⁾⁽⁷⁾ Denver, Colorado United States	Chief Operating Officer, Canadian Operations, Founder and a Director	December 2005	Chief Operating Officer, Canadian Operations of Xtreme	975,548 (2.89%)
Randolph Charron ⁽²⁾⁽⁴⁾⁽⁸⁾ Calgary, Alberta Canada	Founder and a Director	June 2005	President of Characo Corporation	2,463,999 (7.30%)
Daniel Remenda ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁹⁾ Calgary, Alberta Canada	Director	June 2005	President of Danich Investments Limited	384,889 (1.14%)
David Tuer ⁽¹⁾⁽²⁾⁽³⁾⁽¹⁰⁾ Calgary, Alberta Canada	Director	May 2006	Executive Vice Chairman, BA Energy Inc.	106,000 (0.31%)
Marc Staniloff ⁽¹⁾⁽²⁾⁽¹¹⁾ Calgary, Alberta Canada	Director	August 2006	Principal occupation since 2005, Chairman and Chief Executive Officer and, prior thereto, from 2001 to 2005, President and Chief Executive Officer of Superior Lodging Corp., a hotel ownership and franchising company. From 1997 to 2001, Founder and President of Royop Hospitality Corporation, a hotel and retail development and franchising company.	522,483 (1.55%)

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Nomination and Corporate Governance Committee
- (3) Member of the Compensation Committee
- (4) Member of the Health, Safety and Environmental Committee
- (5) Richard Charron also holds 300,000 options, each option entitling the holder to acquire one (1) common share at \$3.00 per share at any time prior to July 10, 2010.
- (6) Of these 3,429,902 Common Shares, 70,000 Common Shares are held by Netzero Inc., a corporation owned and controlled by Thomas Wood. Thomas Wood also owns 275,000 options, each option entitling the holder to acquire one (1) common share at an exercise price of \$3.00 per share at any time prior to July 21, 2010.
- (7) Of these 975,548 Common Shares, 942,548 Common Shares are held by Kyle W. Swingle Revocable Trust and Kathy Swingle Revocable Trust. Kyle Swingle also owns 666,666 performance warrants, each performance warrant entitling the holder to acquire one (1) common share at an exercise price of \$0.01 per share at any time on or prior to July 21, 2008, and 300,000 options, each option entitling the holder to acquire one (1) common share at an exercise price of \$3.00 per share at any time prior to July 21, 2010.
- (8) Of these 2,463,999 Common Shares, 700,000 Common Shares are held by Characo Corporation, 4,500 are held by E-Soft Inc., both companies owned and controlled by Randolph Charron and 99,000 by Randolph Charron's spouse. Randolph Charron also holds 175,000 options, each option entitling the holder to acquire one (1) common share at \$3.00 per share at any time prior to July 10, 2010.

- (9) Of these 384,889 Common Shares, 100,000 Common Shares are held by Danich Investments Inc., and 271,555 Common Shares are held by DZR Trust III, both companies owned and controlled by Daniel Remenda, and 13,334 Common Shares are held by members of Daniel Remenda's family. Daniel Remenda also owns 150,000 options, each option entitling the holder to acquire one (1) common share at \$3.00 per share at any time on or prior to July 21, 2010.
- (10) David Tuer also owns 50,000 options, each option entitling the holder to acquire one (1) common share at \$3.00 per share at any time on or prior to December 5, 2010.
- (11) Of these 522,483 Common Shares, 7,666 Common Shares are held by Marc Staniloff's spouse, 31,000 Common Shares are held in trust for Marc Staniloff's children, 55,300 Common Shares are held by SLC Development Corp., 264,484 Common Shares are held by Stanbar Investments Consultants Ltd. and 49,000 Common Shares are held by TKS (Sub Holdings Ltd., all of which companies are owned and controlled by Marc Staniloff. Marc Staniloff also owns 30,000 options, each option entitling the holder to acquire one (1) common share at \$11.94 per share at any time on or prior to August 23, 2011.
- (12) The information as to common shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Corporation by the respective nominees.

As at March 15, 2007, no proposed director and his associates and affiliates, beneficially owned, directly or indirectly, or controlled or directed, voting securities carrying more than 10 percent of the voting rights attached to all voting securities of Xtreme, or of a subsidiary of Xtreme, other than Thomas Wood.

As at March 15, 2007, our directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 8,482,993 common shares, or approximately 25.1 percent of the issued and outstanding common shares.

The information as to common shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Corporation by the respective nominees.

Other Reporting Issuers

Certain directors of the Corporation are presently directors of other reporting issuers as set out in the table below.

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
Thomas Wood	Wrangler West Energy Corp.
Randolph Charron	Phoenix Technology Income Fund Wrangler West Energy Corp.
David Tuer	Rockwater Capital Corporation Daylight Energy Trust Canadian Natural Resources Limited

Cease Trade Orders or Bankruptcies

To our knowledge, no director, officer or other member of management of Xtreme is, or within the ten years prior to the date of this Information Circular has been, a director, officer or promoter or any other issuer that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or
- (b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.
- (c) was a director or officer of a corporation that within a year of the person ceasing to act as a director or officer of the corporation became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In addition, no proposed director has, within the ten years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold its assets.

Appointment of Auditors

Unless otherwise directed, it is management's intention to vote proxies in favour of an ordinary resolution to appoint PricewaterhouseCoopers LLP, Chartered Accountants, to serve as auditors of Xtreme until the next annual meeting of the shareholders and to authorize the directors to fix the auditor's remuneration. PricewaterhouseCoopers LLP has been the Corporation's auditors since May, 2005.

Certain information regarding Xtreme's Audit Committee, including the fees paid to Xtreme's auditors in the last two fiscal years, that is required to be disclosed in accordance with Multilateral Instrument 52-110 of the Canadian Securities Administrators will be contained in Xtreme's annual information form for the year ended December 31, 2006, an electronic copy of which is available on the internet on Xtreme's SEDAR profile at www.sedar.com.

INFORMATION CONCERNING THE CORPORATION

Voting Shares and Principal Holders Thereof

As at March 15, 2007, 33,750,292 Common Shares of Xtreme were issued and outstanding, each such Common Share carrying the right to one vote per Common Share on a ballot at the Meeting. A quorum for the transaction of business at the Meeting is not less than two persons present in person, and representing not less than 5% of the Common Shares entitled to be voted at the Meeting. The Board of Xtreme have fixed the record date for the Meeting as the close of business on March 20, 2007.

To the knowledge of the directors and senior officers of Xtreme, as at March 15, 2007, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying more than 10 percent of the voting rights attached to any class of voting securities of the Corporation, except as set out below.

Class of Securities	Name and Address of Securityholder	Beneficial Ownership	Total Number of Securities Held	Percentage of Issued Securities of This Class
Common	CDS & Co. 25 The Esplanade PO Box 1038, Stn. A Toronto, ON M5W 1G5	Unknown	19,565,974	57.97%
Common	Thomas Wood c/o 1402, 500 – Fourth Avenue SW Calgary, AB T2P 2V6	Directly and Indirectly	3,429,902	10.16%

Executive Compensation

Cash and Other Compensation

The information provided below relates to remuneration paid to Xtreme's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Vice-President, Engineering, during the financial years ended December 31, 2006 and 2005 (the "**Named Executive Officers**"). The Corporation had no other executive officers who served during the most recently completed financial year whose total salary and bonus exceeded \$150,000 or who acted as Xtreme's Chief Executive Officer or Chief Financial Officer.

Summary Compensation Table ⁽⁹⁾

Name and Principal Position	Fiscal Year Ended December 31,	Annual Compensation			Long-Term Compensation			All Other Compensation (\$) ⁽³⁾
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) ⁽⁸⁾	Awards		Payouts	
					Securities Under Options Granted (#)	Shares Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
Richard Charron	2006	150,000	(²)	7,500	Nil	Nil	Nil	12,000
Chief Executive Officer	2005	100,000 ⁽¹⁾	Nil	Nil	300,000	Nil	Nil	8,000
Kyle Swingle	2006	170,115 ⁽⁶⁾⁽⁷⁾	(²)	Nil	Nil	Nil	Nil	13,609 ⁽⁷⁾
Chief Operating Officer, Canadian Operations	2005	53,008 ⁽¹⁾⁽⁶⁾⁽⁷⁾	Nil	Nil	300,000	Nil	Nil	4,241 ⁽⁷⁾
Richard Havinga	2006	200,000	25,000 ⁽²⁾	10,000	25,000	Nil	Nil	12,000
Vice President, Engineering & Design	2005	91,667 ⁽¹⁾	32,500	Nil	200,000	Nil	Nil	5,500
Vic Fitch	2006	73,333 ⁽⁵⁾	20,000 ⁽²⁾	3,700	Nil	Nil	Nil	8,000
Chief Financial Officer	2005 ⁽⁴⁾	-	-	-	50,000	-	-	-

Notes:

- (1) Prorated for 2005 based on salaries of CDN\$150,000 and US\$150,000 and CDN\$200,000, respectively.
- (2) Bonus Plan has not been formalized or approved by the Board at the time of this disclosure.
- (3) Represents car allowances included in annual income.
- (4) Mr. Fitch was not a Named Executive Officer in 2005. Mr. Fitch assumed his position of Chief Financial Officer of Xtreme on May 1, 2006.
- (5) Prorated for 2006 based on salary of \$110,000.
- (6) Mr. Swingle's annual base salary is US\$150,000 and his other compensation is US\$12,000.
- (7) Converted to Canadian dollars.
- (8) Represents employer matching contributions to Employee Stock Purchase Plan.
- (9) During the fiscal years covered by the Summary Compensation Table, all perquisites and other personal benefits, securities or property, in the aggregate, of each Named Executive Officer, was not greater than the lesser of \$50,000 and 10 percent of the total of the annual salary and bonus of each Named Executive Officer.

Stock Options Granted to the Named Executive Officers

The following table sets forth individual grants of options to purchase shares for each of the named Executive Officers in the most recently completed financial year.

Name	Securities under Options/SARs Granted	Percent of total options granted to Employees during year ended December 31, 2006	Exercise or Base Price (\$/Security)	Market Value of underlying Securities on date of grant (\$/Security)	Expiration Date
Richard Havinga	25,000	5%	\$10.14	\$253,500	October 27, 2011

Stock Options Exercised by the Named Executive Officers

The following table sets forth with respect to the Named Executive Officers the number of options exercised during the fiscal year ended December 31, 2006, and the number of unexercised stock options and the value of in-the-money stock options as at December 31, 2006.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Stock Options/SARs at December 31, 2006 (Exercisable/Unexercisable) (#)	Value of Unexercised in-the- Money Stock Options at December 31, 2006 ⁽¹⁾ (Exercisable/Unexercisable) (\$)
Richard Charron	-	-	100,000/200,000	940,000/1,880,000
Kyle Swingle	-	-	100,000/200,000	940,000/1,880,000
Vic Fitch	-	-	16,666/33,334	156,660/313,340
Richard Havinga	-	-	66,666/158,334	626,660/1,309,840

Note:

- (1) Based on the closing price of the Common Shares on the TSX on December 31, 2006 of \$12.40 per Common Share.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under Xtreme's equity compensation plans as at March 15, 2006.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants</u>	<u>Weighted average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation</u>
Equity compensation plans approved by securityholders	2,122,000	\$4.22	1,253,029
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	2,122,000	\$4.22	1,253,029

Penalties or Sanctions

No proposed director or any personal holding companies of a proposed director of Xtreme have been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director of Xtreme.

Termination of Employment, Change in Responsibilities and Employment Contracts

Xtreme currently has one employment agreement in place with Richard Havinga. Pursuant to the employment agreement Mr. Havinga will receive a base salary of \$200,000 per year. In addition, Mr. Havinga received a signing bonus of \$32,500, which was paid by the issuance of 21,667 Xtreme shares. Mr. Havinga is also eligible to participate in any bonus plans, which may be approved by the Board. The agreement provides that in the event of termination without cause or upon a change of control, Mr. Havinga will be entitled to receive employee compensation equal to nine (9) months salary and all other amounts accrued but not yet paid to Mr. Havinga. As of the date hereof, Mr. Havinga holds options to purchase 200,000 Common Shares exercisable at \$3.00 per share and expiring on July 21, 2010 and options to purchase 25,000 Common Shares exercisable at \$10.14 per share and expiring on October 27, 2011.

Compensation Committee

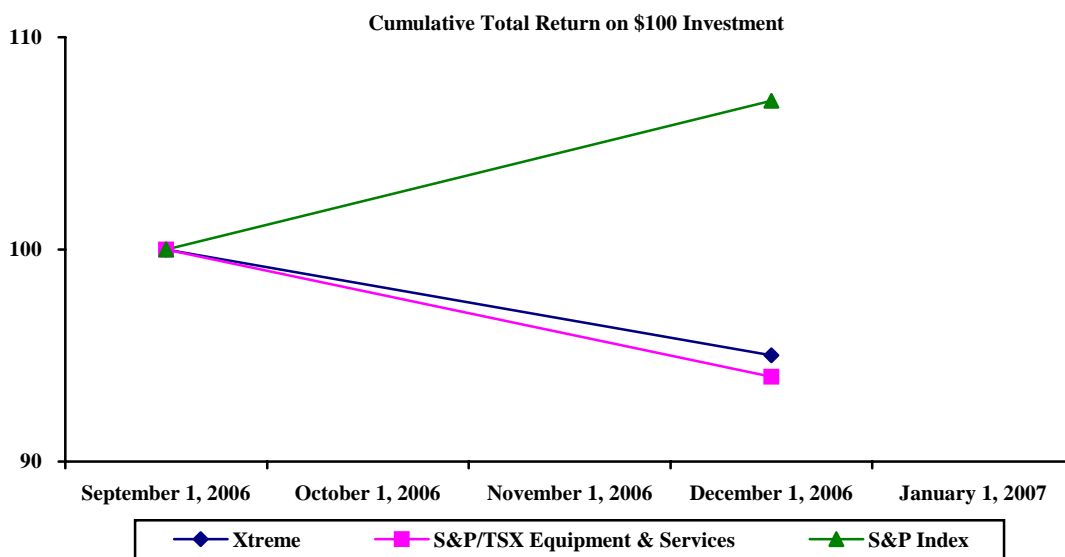
Xtreme's Compensation Committee is composed of Messrs. David Tuer and Thomas Wood. Mr. Wood is also the chairman of the Board of Xtreme. None of Messrs. Tuer or Wood had or has a relationship with Xtreme that requires disclosure regarding indebtedness of directors and executive officers or interest of informed persons in material transactions. In addition, none of these individuals was an executive officer of Xtreme and also served as a director or member of the compensation committee of another issuer, one of whose executive officers served on the compensation committee of Xtreme or as a director of the Corporation.

Compensation of Directors

The Corporation does not pay any retainer fees to its directors and directors are not paid for attendance at board or committee meetings but they will be reimbursed for all reasonable expenses incurred in order to attend such meetings. Directors are entitled to participate in Xtreme's stock option plan.

Performance Graph

The following graph compares Xtreme's cumulative total shareholder return (assuming an investment of \$100 on September 5, 2006) on the Common Shares of the Corporation during the period ended December 31, 2006, with the cumulative total return of the S&P/TSX 300 Composite Index and TSX Oil & Gas Equipment and Services Index for the same period.



	September 5, 2006	December 31, 2006
Xtreme	100	95
S&P/TSX Composite Index	100	107
TSX Oil & Gas Equipment and Services Index	100	94

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

Except as disclosed below, no person who is, or at any time during the most recently completed financial year was, a director, nominee for election as a director, executive officer or senior officer of Xtreme, or any associate of any such director, nominee or officer, is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or any of its subsidiaries, nor is, or at any time since the beginning of the most recently completed financial year of the Corporation has, any indebtedness of any such person to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Xtreme or any of its subsidiaries.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During December 31, 2006 (\$)	Amount Outstanding as at February 28, 2007 (\$)	Financially Assisted Securities Purchases During December 31, 2006 (#)	Security for Indebtedness	Amount Forgiven During December 31, 2006 (\$)
						Nil
Richard Havinga Vice President, Engineering	Lender	\$321,329	\$314,146	Nil	Security in 200,000 Common Shares of Xtreme	Nil

On June 22, 2005, Xtreme lent \$300,000 was lent to Richard Havinga to acquire 200,000 Common Shares at a price of \$1.50 per share, with such purchase to be funded by a loan bearing interest at prime plus 0.5 percent for a five year term. Interest is paid quarterly on the loan and the loan is secured with the Common Shares issued to Mr. Havinga

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Xtreme's Board has overall responsibility for the management of the business and affairs of Xtreme. At scheduled meetings, the Board and the Audit, Nominating and Corporate Governance, Compensation and Health, Safety and Environmental Committees (the "**Committees**") of the Board receive and discuss reports prepared by management which address strategic and operating issues, assess actual performance against planned performance, and assess the overall financial position of Xtreme. The Board and the Committee meetings are convened as necessary.

National Policy 58-101 Disclosure of Corporate Governance Practices requires reporting issuers to disclose their corporate governance practices with reference to a series of guidelines for effective corporate governance (the "**Corporate Governance Guidelines**") adopted by the TSX. The Corporation's alignment to the Corporate Governance Guidelines is discussed below.

Independence of Members of Board

Xtreme's Board consists of seven (7) directors, three (3) of whom are independent based upon the tests for independence set forth in Multilateral Instrument 52-110. Daniel Remenda, David Tuer and Marc Staniloff are independent. Randolph Charron is not independent as he is an immediate family member of Richard Charron, the Chief Executive Officer of Xtreme. Richard Charron is not independent as he is also the Chief Executive Officer of Xtreme. Kyle Swingle is not independent as he is also the Chief Operating Officer, Canadian Operations of Xtreme. Thomas Wood is not independent as he is also the Chairman and Managing Director, United States and International Operations of Xtreme.

A majority of the Board is not independent. However, to facilitate the Board's exercise of independent judgement in carrying out its responsibilities, the independent directors of Xtreme hold meetings comprised of just of the independent directors of the Corporation. The independent directors of the Corporation meet privately after each regularly scheduled Board meeting and from time to time as required. The total number of meetings comprised entirely of independent directors in the issuer's most recently completed financial year is three.

The Chairman of the Board, Thomas Wood is not an independent director and his responsibilities include managing the operations of Xtreme in the United States. In order to provide leadership for the independent directors, each of the committees of the Board is comprised of a majority of independent directors. The independent members of the Board are encouraged to speak freely during all Board meetings and independent directors are encouraged to have meetings independent of management at their discretion and are also free to retain, at the expense of the Corporation, any advisors or consultants as they deem necessary.

Responsibilities of the Board

The Board has the statutory responsibility to oversee the conduct of the business of Xtreme and to supervise management, which is responsible for the day-to-day conduct of the business of Xtreme. The Board's fundamental objectives are to enhance and preserve long term shareholder value and to ensure the Corporation meets its obligations on an ongoing basis. While the Board has delegated the responsibility for day-to-day management of Xtreme to the Chief Executive Officer, the Board has acknowledged its responsibility for the stewardship of Xtreme, including the responsibility for: (i) the appointment of the Chief Executive Officer and succession planning; (ii) in consultation with the Chief Executive Officer, the identification of the principal risks of the Corporation's business and review of management's implementation of appropriate systems to manage these risks; (iii) the approval of all financings and significant acquisitions or dispositions by the Corporation; (iv) reviewing the implementation and integrity of the Corporation's internal control and management information systems; (v) in consultation with the Chief Executive Officer, developing and monitoring the Corporation's strategic planning; and (vi) reviewing the Corporation's system for timely and accurate reporting to shareholders of financial and other matters in accordance with applicable law, including the approval of all of Xtreme's major compliance and communication documents, including annual and quarterly reports, financial documents, press releases and other significant disclosure documents.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

Participation of Directors in Board Meetings

The participation of the directors in board meetings is described in the following table.

During the year ended December 31, 2006, four board meetings were held. The attendance record of each director for the board meetings held is as follows.

Richard Charron attended 100% of the meetings (4 out of 4)
 Kyle Swingle attended 100% of the meetings (4 out of 4)
 Thomas Wood attended 100% of the meetings (4 out of 4)
 Randolph Charron attended 100% of the meetings (4 out of 4)
 Daniel Remenda attended 100% of the meetings (4 out of 4)
 David Tuer attended 100% of the meetings (3 out of 3)⁽¹⁾
 Marc Staniloff attended 100% of the meetings (1 out of 1)⁽²⁾

Notes:

- (1) Mr. Tuer became a director on May 1, 2006.
- (2) Mr. Staniloff became a director on August 10, 2006.

Board Mandate

The Board has adopted a Board Mandate, the text of which is attached as Schedule "A" to this Information Circular.

Position Descriptions

The Board has developed written descriptions for the chairman of the Board as well as for the chair of each committee of the board. The Board and the Chief Executive Officer have developed a written position description for the Chief Executive Officer.

Orientation and Continuing Education

There is no specific education and orientation program for new Board members. Regular Board meetings include meetings with management, where new Board members can familiarize themselves with Xtreme's operations. All of the members of the Board have extensive experience at the directorship, and in some cases managerial levels and most in the oil and gas industry. The Board will ensure that any new directors are provided with suitable materials and training to assist in their orientation to the Corporation and to their roles within the Board.

Xtreme has formed a Nomination and Corporate Governance Committee, which is comprised of a majority of independent directors, which are Messrs. Randolph Charron, David Tuer and Marc Staniloff. The Nomination and Corporate Governance Committee has been appointed to, among other things, review, monitor and make recommendations regarding the orientation and ongoing development programs for directors, such programs to be designed to ensure that new directors fully understand the role of the Board and its Committees, the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that Xtreme expects from its directors) and the nature and operations of Xtreme's business. Continuing education opportunities should be focused on enhancing individual director's skills and abilities as directors and maintaining the currency of their knowledge and understanding of Xtreme's business and affairs.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of Xtreme. The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**"). A copy of the Code can be found under Xtreme's profile on SEDAR at www.sedar.com.

Xtreme has formed a Nomination and Corporate Governance Committee, which is comprised of a majority of independent directors, which are Messrs. Randolph Charron, David Tuer and Marc Staniloff. The mandate of the Nomination and Corporate Governance Committee is, with respect to corporate governance, to generally assume responsibility for developing the approach of the Corporation to matters concerning corporate governance and to review and make recommendation to the Board as to such matters. Specifically, to fulfill this responsibility, the Nomination and Corporate Governance Committee endeavours to, among other things: (i) review periodically the Corporation's approach to governance issues; (ii) review annually the mandate for the Board and the position description for the Board Chair; (iii) review annually the mandates and/or terms of reference for the duties of the Board and, where appropriate, make recommendations thereon including changes in the role, size, composition and structure of the Committees; (iv) evaluate regularly the effectiveness and contribution of the Board, the Board Chair and the Chair of each Committee and the effectiveness and contribution of individual directors, having regard for the mandate of the Board and position description, the results of surveys of the directors, attendance at Board Committee meetings, overall contribution and, in the case of individual directors, the competencies and skills the

individual director is expected to bring to the Board; (v) review and approve the annual corporate governance report to be made in either the annual report to shareholders or the management proxy circular prepared in connection with the Corporation's annual meeting describing the governance practices of the Corporation with reference to the reporting requirements of applicable securities laws and, as applicable, any stock exchange requirements; (vi) review periodically the Corporation's disclosure guidelines; (vii) review annually, for Board approval, any update to the Board Manual outlining the policies and procedures by which the Board will operate and the mandates and/or terms of reference for the Board, the Board Chair, the Chief Executive Officer, individual directors, Committees and Committee Chairs; (viii) assess the needs of the Board in terms of the frequency and location of Board and Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required; (ix) to review the Nomination and Corporation Governance Committees terms of reference; (x) review and consider the engagement of professionals and other advisors; (xi) as required, to establish and update Code; and (xii) review management's monitoring of the Corporation's compliance with the Code.

There have been no material change reports filed pertaining to any departures from the Code.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with Xtreme promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material. The Code imposes a similar disclosure requirement on all non-director representatives of the Corporation and requires such persons to report such conflict to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Nomination and Corporate Governance Committee and fully inform such person or the committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until authorized to do so by the reporting officer, or the Nomination and Corporate Governance Committee.

Nomination of Directors

The mandate of the Nomination and Corporate Governance Committee, with respect to nomination functions, is to evaluate the Board and to nominate the appropriate candidates to serve the Board as directors, chairpersons, as committee members and as chairpersons for committees. Specifically to fulfill this responsibility, the Nomination and Corporate Governance Committee endeavours to, among other things: (i) develop, and annually update, a long-term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of the Corporation; (ii) develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board's short-term needs and long-term succession plans including considering the competencies and skills the Board, as a whole, should possess and the competencies and skill each existing director possesses (iii) recommend to the Board nominees for election as members of the Board taking into consideration such matters as is relevant including the matters referred to above, and the competencies and skills each new nominee will bring to the Board and the ability of any such new nominee to devote sufficient time and resources to his or her duties as a member of the Board; and (iv) review, monitor and make recommendations regarding the orientation and ongoing education and development programs for directors.

Compensation of Directors and the Chief Executive Officer

Compensation levels are reviewed annually by the Board and the Compensation Committee, which committee makes recommendations to the Board based on performance and industry conditions. The Compensation Committee is composed of a majority of independent directors, these being Thomas Wood, Daniel Remenda and David Tuer.

The mandate of the Compensation Committee is to, among other things: (i) recommend a performance evaluation process for the Chief Executive Officer including reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation and, when approved, ensure the process is implemented, including the evaluation of the Chief Executive Officer's performance in light of those goals and objectives; (ii) review and approve the Chief Executive Officer's compensation based on the evaluation of the Chief Executive Officer including share award and share option plans, if any, incentives and bonuses and benefit plans; (iii) review and recommend the compensation philosophy, guidelines and plans for Xtreme's employees and executives; (iv) in consultation with the Chief Executive Officer, review the appointment and approve the compensation, including share award and share option plans, if any, incentives and bonuses and benefit plans for the executive team other than the Chief Executive Officer; (v) review the share award, share option or similar plans, if any, with the Chief Executive Officer including: (a) designation of the employees who will participate; (b) share, share award and share

option availability; and (c) administration of share purchases for distribution; (d) review with the Chief Executive Officer existing management resources and plans, including recruitment and training programs, to ensure that qualified personnel will be available for succession to executive positions of the Corporation and key officer positions in its major subsidiaries, and report on this matter to the Board at least once each year; (vii) review and endorse major changes in the organizational structure of management as proposed by the Chief Executive Officer; (viii) review and recommend for approval the executive compensation disclosure and the "Report On Executive Compensation"; (x) review annually director compensation and recommend compensation terms that adequately reflect the responsibilities being assumed by directors, the Board Chair and Committee Chairs and members; and (xi) annually review and recommend changes to the Compensation Committee's mandate.

No compensation is paid to directors of Xtreme; however, directors are compensated by the grant of stock options under the Stock Option Plan. Directors' liability insurance is provided.

Other Committees of the Board

The Board presently has four committees. In addition to the Nomination and Corporate Governance Committee and Compensation Committee, the Board has a Health, Safety and Environmental Committee and an Audit Committee.

Health, Safety and Environmental Committee

Xtreme has formed a Health, Safety and Environmental Committee, which is comprised of Daniel Remenda, Kyle Swingle and Randolph Charron, one independent and two non-independent directors.

The mandate of the Health, Safety and Environmental Committee is to, among other things: (i) to review and monitor the environmental policies and activities of Xtreme on behalf of the Board to ensure that the Corporation is in compliance with environmental laws and legislation; (ii) to recommend actions for developing policies, programs and procedures to ensure that the Corporation environmental policies and procedures are being adhered to and achieved; (iii) to review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended; and (iv) to recommend actions for developing policies, programs and procedures to ensure that the principles set out in the Corporation's policies related to the health and safety of its employees in the workplace are being adhered to and achieved.

The Health, Safety and Environmental Committee conducts an annual review and assessment of its performance and its mandate, including compliance with its mandate, and its role, duties and responsibilities, and submit such report, including recommending changes to the such mandate, to the Board.

Audit Committee

Disclosure with respect to the composition of Xtreme's Audit Committee, the Corporation's Audit Committee Charter and other disclosure required by NI 52-110 is contained in Schedule "A", of Xtreme's Annual Information Form a copy of which can be found under Xtreme's profile at www.sedar.com.

The Audit Committee has developed a policy and procedures for: (i) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters. A copy of this policy can be found under Xtreme's profile at www.sedar.com.

REPORT ON EXECUTIVE COMPENSATION

The mandate of the Board and Compensation Committee includes the appointment of the Chief Executive Officer for Xtreme together with the outline of the terms of employment, development of a position description, annual evaluation of the Chief Executive Officer's performance and the ongoing evaluation of the Chief Executive Officer's compensation package.

The Compensation Committee is charged with the power to review and evaluate the performance of the Chief Executive Officer, to receive the Chief Executive Officer's evaluation of senior officers' performance, to review the compensation of the members of the Board and to review and approve the Chief Executive Officer's compensation and the compensation of directors.

In consultation with the Chief Executive Officer, the Compensation Committee also participates in the appointment of executive officers, establishment of management authority, approval of terms of employment and remuneration packages therein for executive officers and annual evaluation of executive officer's performance as submitted by the Chief Executive Officer.

Mr. Havinga entered into an employment contract with Xtreme on June 22, 2005. Terms and Conditions are outlined under the section "Termination of Employment, Changes in Responsibilities and Employment Contracts" herein.

Compensation Committee

The Compensation Committee is comprised of a majority of independent directors being, Messrs David Tuer, Daniel Remenda, and Thomas Wood. The mandate of the Corporate Governance and Compensation Committee is as set forth above and such committee is charged with a periodic review and approval of compensation of the executive officers of Xtreme. The Corporation's current compensation plan for its executive officers consists of the following items: (i) competitive base salary; (ii) a bonus plan; and (ii) the Stock Option Plan.

Base Salaries

Executive officers' salaries are reviewed annually and are established taking into consideration individual salaries as compared to those paid to executives and other companies of comparable size within the oil and natural gas services industry. Such information is provided from time to time to the Corporation by independent consultants who regularly review compensation practices in Canada. The executive salaries of Xtreme are intended to be in the median range of competitive compensation in the oil and natural gas services industry.

Bonus Plan

Xtreme does not yet have a formal bonus plan. However, the Board in conjunction with the Compensation Committee is currently working on implementing such a plan.

Stock Option Plan

Xtreme has in place a Stock Option Plan providing for the granting of stock options to officers, directors, employees and consultants of Xtreme and its affiliates. The purpose of the Stock Option Plan is to develop the interest of officers, directors, employees and consultants of Xtreme and its affiliates in the growth and development of Xtreme and its affiliates by providing them with the opportunity through share options to acquire ownership interest in Xtreme. As at March 15, 2007, pursuant to the Stock Option Plan, Xtreme had options to acquire 2,122,000 common shares outstanding (approximately 6.3 percent of the total common shares currently outstanding). Below are some of the key features of the Stock Option Plan:

1. our directors, officers, employees and consultants, or those of our subsidiaries, are eligible to receive options under the Stock Option Plan;
2. the maximum number of common shares issuable pursuant to the Stock Option Plan is a "rolling" maximum equal to 10 percent of the total outstanding common shares. Any increase in the issued and outstanding common shares will result in an increase in the available number of common shares issuable under the Stock Option Plan, and any exercises of options will make new grants available under the Stock Option Plan;
3. the purchase price for common shares under each option is determined by the Board on the basis of the market price, where "Market Price" shall mean the weighted average of the closing price per share for the immediately preceding ten (10) consecutive trading days on the Toronto Stock Exchange;
4. when exercising a stock option, the person exercising it has the right to require us to pay an "in the money" amount to him or her and the option will be terminated. The "in the money" amount is calculated by subtracting the exercise price of an option from the weighted average trading price of common shares for the ten (10) days prior to giving notice to us of the election to exercise the right. The Board has the ability to determine not to accept the notice and require the individual to exercise the option instead. The advantage to us of allowing for this right is that if the holder of the option exercises the right instead of exercising the option in the traditional manner, shares would not be issued, resulting in less dilution during the term of the Stock Option Plan;
5. the Stock Option Plan will provide that the aggregate number of common shares reserved for issuance to any one person under the plan, together with all of our other share compensation arrangements, must not exceed 5 percent of the then outstanding common shares;
6. the vesting arrangements are within the discretion of the Board;
7. the term of stock option grants are within the discretion of the Board, but cannot be longer than five (5) years;
8. options terminate within a period of time following an optionholder ceasing to be at least one of an employee, director, officer or consultant of ours or a subsidiary of ours. However, in the event of death, the

Board has the discretion to extend the expiry date, but in any event the option cannot have a term greater than five (5) years;

9. options granted under the plan are non-assignable; and
10. the number of Common Shares issued to insiders, within a one year period, cannot exceed 10 percent of our issued common shares.

Chief Executive Officer Compensation

The Chief Executive Officer's responsibility is to provide direction and leadership in setting and achieving goals which will create value for Xtreme's shareholders. During 2006, Xtreme's Chief Executive Officer was compensated with a base salary of \$150,000.

In addition to the salary, the Chief Executive Officer has the ability to earn a bonus and receive stock option grants under the Stock Option Plan. The intent of the bonus and stock option opportunities is to provide the Chief Executive Officer with incentive to strategically grow Xtreme with such growth to be reflected in the market price of the Corporation's Common Shares, thereby aligning the interests of the Chief Executive Officer with that of the shareholders of Xtreme.

Summary

The Compensation Committee believes that Xtreme's compensation policies recognize the contributions of management to date and allow Xtreme to attract or attain a group of employees who are talented and motivated to contribute to the Corporation's success. Compensation policies of Xtreme are reviewed by the Compensation Committee to ensure that they remain competitive with other companies in the oil and gas services industry.

Submitted on behalf of the Compensation Committee:

David Tuer, Daniel Remenda and Thomas Wood

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Corporation, any shareholder who beneficially owns, directly or indirectly, or exercise control or direction over more than 10 percent of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Management of Xtreme is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, senior officer, or any one who has held office as such since January 1, 2006, or of any associate or affiliate of any of the foregoing individuals, in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors, except for as set forth in this Information Circular.

MANAGEMENT CONTRACTS

Management functions of Xtreme and its subsidiaries are not, to any substantial degree, performed by a person or company other than the directors or senior officers of Xtreme and its subsidiaries.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

ADDITIONAL INFORMATION

Additional information relating to Xtreme is available on SEDAR at www.sedar.com. Financial information in respect of Xtreme and its affairs is provided in Xtreme's annual audited consolidated financial statements for the year ended December 31, 2006 and the related management's discussion and analysis. Copies of Xtreme's financial statements and related management discussion and analysis are available upon request by contacting Vic Fitch, Chief Financial Officer at 1402, 500 Fourth Avenue SW, Calgary, Alberta T2P 2V6, or by phone at (403) 262-9500.

SCHEDULE "A"

XTREME COIL DRILLING CORP.

MANDATE OF THE BOARD OF DIRECTORS

Introduction to Stewardship Duties

The purposes and responsibilities outlined in this Mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities.

The Board is responsible to shareholders and others for the stewardship of the Corporation. The Board is responsible to oversee management of the business affairs of the Corporation, as described, and to act with a view to the best interests of the Corporation, growing value and maximizing return to shareholders.

The Board has plenary power with respect to the Corporation. Any responsibility not delegated to management or a Committee of the Board remains with the Board.

General Legal Obligations of the Board

6. The Board is responsible for the following legal matters oversight:
 - (a) overseeing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
 - (b) approving changes in the By-laws, Articles of Incorporation, matters requiring shareholder approval, and agendas for shareholder meetings; and
 - (c) approving Xtreme's legal structure, names and brands, mission statement and vision statement, and any amendments thereto.
7. The following business matters are the responsibility of the Board generally:
 - (a) the nomination for election, on recommendation of the Nomination and Corporate Governance Committee, directors who will represent the best interests of Xtreme, and also reflect the best interests of shareholders;
 - (b) the acquisition of subsequent investments by the Corporation and the negotiation of management agreements respecting subsequent investments; and
 - (c) any offering of securities of the Corporation including:
 - (i) the determination of any distribution record date other than the last date of each calendar year;
 - (ii) the determination of any borrowing, issuing any guarantee, and granting any security and subordination; and
 - (iii) the determination of the manner in which the Corporation shall exercise voting rights in respect of any securities owned by the Corporation;
 - (d) all required administrative services of the Corporation , including, without limitation:
 - (i) the retention and monitoring, on behalf of the Corporation, of the transfer agent and other organizations serving the Corporation;
 - (ii) the authorization and payment on behalf of the Corporation of operation expenses incurred on behalf of the Corporation;
 - (iii) the preparation of accounting, management and other reports (including quarterly and annual reports to shareholders of the Corporation, financial statements, tax reporting to shareholders of the Corporation and income tax returns);
 - (iv) keeping and maintaining the books and records of the Corporation and the supervision of compliance by the Corporation with record keeping requirements under applicable regulatory regimes;

- (v) the calculation of the amount, and the determination of the frequency, of distributions by the Corporation;
 - (vi) the handling of communications and correspondence with shareholders of the Corporation and the preparation of notices of distributions to shareholders of the Corporation;
 - (vii) responding to investors' enquiries and general investor relations in respect of the Corporation;
 - (viii) dealing with banks and other institutional lenders, including in respect of the maintenance of bank records and the negotiation and securing of bank financing or refinancing of one or more credit or debt facilities, hedging or swap facilities or other ancillary facilities;
 - (ix) the preparation of the Corporation's reports to relevant securities regulatory authorities and any similar organization of any government or the committee of any stock exchange to which the Corporation is obligated to report and to otherwise deal with any such regulatory authorities;
 - (x) the organization of meetings of shareholders of the Corporation; and
 - (xi) the provision of such other administrative services as may be reasonably required for the ongoing business and administration of the Corporation;
- (e) to oversee the management of the business and affairs of Xtreme including the relationships among the Corporation and their respective affiliates with their executives, affiliates, shareholders, Directors and Officers;
- (f) to act honestly and in good faith with a view to the best interests of Xtreme;
- (g) to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- (h) to act in accordance with its obligations contained in the *Business Corporations Act* (Alberta), the *Securities Act* of each province and territory of Canada, other relevant legislation, regulations and policies, and the Corporation's Articles and By-laws;
- (i) in particular, it should be noted that the following matters must be considered by the Board as a whole:
- (i) submit to the shareholders of the Corporation any question or matter requiring the approval of the shareholders of the Corporation;
 - (ii) fill a vacancy among the Directors or in the office of auditor;
 - (iii) issue securities except in the manner and on the terms permitted by law and authorized by the Board;
 - (iv) declare distributions;
 - (v) purchase, redeem or otherwise acquire shares issued by the Corporation;
 - (vi) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase shares of the Corporation;
 - (vii) approve management proxy circulars;
 - (viii) approve take-over bid circulars or Directors' circulars;
 - (ix) approve any financial statements; or
 - (x) adopt, amend or repeal By-laws of the Corporation.

Composition and Board Organization

Nominees for Directors are initially considered and recommended by the Nomination and Corporate Governance Committee of the Board, approved by the entire Board and appointed annually by the Corporation in accordance with the direction given to the Corporation by vote of the shareholders of the Corporation.

The Board will maintain an appropriate number of independent Directors to perform their duties and responsibilities. A majority of Directors comprising the Board must qualify as "independent" Directors in accordance with the

definition of "independent" Director from time to time under the requirements or guidelines for Board service under applicable securities laws and the rules of any stock exchange on which the Corporation's shares are listed for trading. On at least an annual basis, the Board will conduct an analysis and make a determination as to the "independence" of each Board member.

The appropriate number of Directors from time to time will be determined to fairly reflect the investment in Xtreme by those shareholders other than a significant shareholder or significant group of shareholders.

Certain of the responsibilities of the Board referred to herein may be delegated to Committees of the Board. The responsibilities of those Committees will be as set forth in their respective mandates, as amended from time to time.

The Board's set of criteria for addressing composition of the Board will include the present and anticipated skill set needed by the Board, experience, ethics, education, time availability, involvement in activities that conflict with Xtreme's business, term and the number of other directorships held. Other matters may be included that vary from time to time.

Duties and Responsibilities

1. Managing the Affairs of the Board and Governance

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described under the heading "General Legal Obligations of the Board". Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:

- (a) developing the Board's approach to governance, including the development and maintenance of the Board Manual and the Governance Guidelines, which may be delegated to the Nomination and Corporate Governance Committee;
- (b) planning its composition and size;
- (c) selecting the Board Chair or "Lead Director";
- (d) nominating candidates for election to the Board;
- (e) appointing Committees;
- (f) determining Director compensation;
- (g) developing position descriptions or terms of reference for the Board Chair and the Chair of each Committee of the Board, as well as for the President, Chief Executive Officer and for individual Directors; and
- (h) assessing the effectiveness of the Board itself, Committees and individual Directors in fulfilling their responsibilities at least annually.

2. Management and Human Resources

The Board has oversight responsibility for:

- (a) the appointment and succession of the CEO and evaluating the CEO's performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
- (b) satisfying itself as to the integrity of the CEO and that the CEO and other Executive Officers create a culture of integrity throughout the organization;
- (c) approving a position description or terms of reference for the CEO;
- (d) reviewing CEO performance at least annually against agreed upon written goals and objectives that the CEO is responsible for meeting and that have been approved by the Board;
- (e) approving decisions relating to senior management, including appointment and discharge of Officers, compensation and benefits for Executive Officers, acceptance of outside directorships on public companies by Executive Officers (other than not-for-profit organizations), and special arrangements with Executive Officers, or other employee groups;

- (f) ensuring succession planning programs are in place, including programs to train and develop management; and
- (g) approving certain matters relating to all employees, including:
 - (i) the annual salary policy/program for employees;
 - (ii) new benefit programs or material changes to existing programs; and
 - (iii) material benefits granted to retiring employees outside of benefits received under any approved pension and other benefit programs.

3. Strategy and Plans

The Board has oversight responsibility to:

- (a) participate with management in the development of, and ultimately approve, Xtreme's strategic plan, which strategic plan will take into account, among other things, the opportunities and risks of the business;
- (b) approve the annual business plans that enable Xtreme to realize its objectives;
- (c) approve annual capital and operating budgets that support Xtreme's ability to meet its strategic objectives;
- (d) approve any political or charitable donations policy or budget;
- (e) approve the entering into, or withdrawing from, lines of business or geographic markets that are, or are likely to be, material to Xtreme;
- (f) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (g) approve material divestitures and acquisitions;
- (h) approve major leases; and
- (i) monitor Xtreme's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

4. Financial and Corporate Issues

The Board has oversight responsibility to:

- (a) take reasonable steps to ensure the implementation and integrity of Xtreme's internal control and management information systems;
- (b) monitor operational and financial results;
- (c) approve the Audit Committee recommendation to recommend appointment of external auditors and approve auditors' fees;
- (d) approve annual and quarterly financial results as approved by the Audit Committee and to approve release thereof by management;
- (e) approve any management proxy circular, annual information form and any documents incorporated by reference therein;
- (f) approve distributions on or in respect of the Corporation's shares;
- (g) approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses;
- (h) approve banking resolutions and significant changes in banking relationships;
- (i) approve appointments, or material changes in relationships with corporate trustees;
- (j) review coverage, deductibles and key issues regarding corporate insurance policies;
- (k) approve contracts, arrangements or commitments that may have a material impact on Xtreme; and
- (l) approve the commencement or settlement of litigation that may have a material impact on Xtreme.

5. Business and Risk Management

The Board has oversight responsibility for the following functions, which may be delegated to one or more Committees of the Board:

- (a) ensure management identifies the principal business and financial risks and implements appropriate systems to manage these risks;
- (b) review operating and financial performance relative to budgets or objectives;
- (c) receive reports from management on matters relating to, among others, ethical conduct, environmental management, employee health and safety, human rights, and related party transactions;
- (d) to the extent the same have not been delegated to the Audit Committee, to assess and monitor management control systems:
 - (i) assess information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems; and
 - (ii) understand principal risks and review whether Xtreme achieves a proper balance between risk and returns, and that management ensures that systems are in place to address the risks identified.

6. Policies and Procedures

The Board has oversight responsibility to:

- (a) approve and monitor compliance with all significant policies and procedures by which Xtreme is operated;
- (b) direct management to ensure Xtreme operates at all times within applicable laws and regulations and according to the Code of Conduct adopted by Xtreme; and
- (c) review significant new corporate policies or material amendments to existing policies.

7. Compliance Reporting and Communications

The Board has oversight responsibility to:

- (a) ensure Xtreme has in place effective communication processes with shareholders of the Corporation and other stakeholders and financial, regulatory and other recipients;
- (b) approve interaction with shareholders of the Corporation on all items requiring shareholder response or approval;
- (c) ensure that the financial performance of the Corporation is reported to shareholders, other securityholders and regulators in compliance with applicable law and regulations on a timely and regular basis, fairly and in accordance with generally accepted accounting principles;
- (d) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (e) report annually to shareholders of the Corporation on the Board governance for the preceding year.

8. Standards of Liability

Nothing contained in this Mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of its Committees. The purposes and responsibilities outlined in this Mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities.