



XTREME COIL DRILLING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

(\$ thousand, except where indicated and share and per share date)

Management for Xtreme Coil Drilling Corp. ("Xtreme Coil", the "Company") based this MD&A on the operating and financial results for the three and twelve months ended December 31, 2008. Management recommends reading this discussion and analysis of Xtreme Coil's financial condition and results of operations in conjunction with the audited consolidated financial statements for the year ended December 31, 2008. Management has prepared these interim consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") and expressed all amounts in Canadian dollars unless otherwise stated. Management's discussion and analysis is based on information available as at March 16, 2009.

FORWARD-LOOKING STATEMENTS

This MD&A, or documents incorporated herein, may include certain information, statements and assumptions regarding management's view of future events, expectations, plans, initiatives or prospects constituting forward-looking information within the meaning of securities laws. Forward-looking information may relate to Xtreme Coil's future outlook and anticipated events or results and may include statements related to anticipated future contracts; commodity pricing; rates of currency exchange; operating expenses; rig building, completion or deployment; capital expenditures and other 2009 guidance provided throughout this MD&A.

These statements are based on certain factors and assumptions regarding, among others: assessment of current, and projections for future, operations; ongoing and future business negotiations and opportunities to enter new, continue or extend existing contracts; the availability and cost of financing; foreign currency exchange rates; timing and magnitude of capital expenditures; costs and other variables affecting rig operating and construction expenses; the ability of vendors to provide rig component equipment, services and supplies, including labour, in a cost-effective and timely manner; the issuance of applied-for patents; jurisdictional changes in taxation rates; and, government regulations. Although Xtreme Coil considers the assumptions reasonable, based on information available to management as of March 16, 2009, the assumptions may ultimately prove incorrect.

Forward looking-information is also subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from management's current expectations. These factors include, but are not limited to: the cyclical nature of drilling market demand, currency exchange rates, and commodity prices; access to credit and to equity markets; competition for customers from other drilling contractors, labour and vendor-provided rig components. Because of these risks and uncertainties, actual results, expectations, achievements or performance may differ materially from what is anticipated or indicated by these forward-looking statements.

Management's assumptions included the following: continued operation of the existing fleet of drilling equipment without additional significant capital expenditures; renewal of the revolving credit facility; ongoing access to key supplies required to continue operating equipment, including fuel; continued successful performance of drilling and related equipment; expectations regarding gross margin; recruitment and retention of qualified personnel; continuation or extension of existing long-term contracts; revenue expectations related to shorter-term drilling activity; willingness and ability of customers to remit amounts owing to Xtreme Coil in accordance with normal industry practices; management of accounts receivable in direct relation to revenue generation.

Management considered the following risk factors when preparing the MD&A: fluctuations in crude oil and natural gas commodity prices, supply and demand; fluctuation in foreign exchange and interest rates; financial stability of Xtreme Coil's customers; current and future applications for Xtreme Coil's proprietary technology; competition from other drilling contractors; regulatory and economic conditions; environmental constraints; changes to government legislation; international trade barriers or restrictions; global political and military events.



Financial outlook information contained in this MD&A about prospective results of operations, financial position or cash flow from operating activities is based on assumptions about future events, including economic conditions and proposed courses of action, and on management's assessment of relevant information currently available. Readers are cautioned such financial outlook information contained in this MD&A is not appropriate for purposes other than for which it is disclosed herein. Readers should not place undue importance on forward-looking information and should not rely on this information as of any other date. Except as required pursuant to applicable securities laws, Xtreme Coil disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.

DESCRIPTION OF THE BUSINESS

Xtreme Coil is a drilling contractor designing, building and operating Coil Over Top Drive® ("COTD™") drilling rigs which employ new patented and patent-pending coil designs and technologies. In addition to their coil capability, these drilling rigs can drill with conventional jointed drill pipe. Xtreme Coil has built drilling rigs in Canada under contracts with several third parties. Upon completion of the COTD™ drilling rigs, Xtreme Coil operates the rigs under contract to oil and natural gas exploration and production ("E&P") companies. Xtreme Coil currently conducts drilling operations in the United States and México and routinely pursues opportunities to provide contract drilling services within and beyond our current regions of operation.

Xtreme Coil's corporate and head office is in Calgary, Alberta, Canada. During 2008 3Q, Xtreme Coil established offices in Houston, Texas and near Poza Rica, in the state of Veracruz, México. Xtreme Coil also has United States operational offices in Casper, and Cheyenne, Wyoming.

At December 31, 2008 Xtreme Coil had three long-term drilling contracts with a major E&P company in the United States. We prepare project proposals and conduct ongoing contract negotiations with current and potential new customers. During 2008, Xtreme Coil signed contracts to deploy six rigs for drilling operations in México and entered into a separate letter of intent under which the same customer will contract a seventh drilling rig for delivery to México on a mutually agreed date in the future. Early in 2009, Xtreme Coil entered into a further long-term contract with this customer for two additional drilling rigs which are now being deployed for operations in the same oil development project. Xtreme Coil's now has eight rigs contracted in México. At March 16, 2009, Xtreme Coil had 11 rigs committed under long-term contracts.

At December 31, 2008, the United States Patent and Trademark office had issued four patents to Xtreme Coil. In January 2009, the United States Patent and Trademark office issued Xtreme Coil's fifth patent. An earlier patent received even broader issuance when it was approved by the Eurasian patent office for regions under its jurisdiction throughout Europe and Asia. Xtreme Coil has more than 60 further patent applications pending in the United States, Canada and other jurisdictions. Xtreme Coil's issued patents and patent applications cover coiled tubing drilling and transportation technology including equipment and methods for coiled tubing drilling to deeper horizons of 3,000 meters (10,000 feet) or more.

Xtreme Coil's common shares trade on the Toronto Stock Exchange under the symbol "XDC".



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EQUIPMENT UNDER CONSTRUCTION

Xtreme Coil has designed six models of COTD™ drilling rigs with five designs completed and deployed to field operations. At December 31, 2008, Xtreme Coil had 16 COTD™ rigs completed (2007 - 11 rigs). During 2008, we deployed several newly completed rigs to the United States and México. Since inception, we had anticipated 70 to 80 percent of Xtreme Coil's drilling rig fleet would work in the United States. The regional deployment of our drilling fleet changed during 2008. Of the sixteen rigs in the field at December 31, 2008, ten rigs were in the United States and six were in Mexico. At March 16, 2009, eight rigs were contracted to México and eight rigs remain in the United States.

During 2008 4Q, we completed and deployed one drilling rig, an XTC 400, to México. In February 2009, we announced redeployment of two XTC 400 rigs from the United States Rocky Mountain region to México. We had planned to build 18 drilling rigs during our first phase of construction. However, we have temporarily suspended drilling rig construction due to economic uncertainty and decreased demand in the United States drilling markets. In addition to 16 completed drilling rigs, we have a number of components in stock or on order for two further drilling rigs.

SELECTED ANNUAL INFORMATION

	31 Dec 2008	31 Dec 2007	31 Dec 2006
<i>(\$ thousand, except where indicated)</i>			
Revenue	78,114	32,195	4,817
Net income (loss)	2,741	(3,203)	(1,812)
Net income (loss) per share	0.07	(0.10)	(0.07)
Capital assets	238,345	188,913	88,511
Total assets	289,394	213,464	117,735
Total long-term financial liabilities	49,140	29,969	139
Operating days ¹	2,948	1,492	216

SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Three months ended	31 Dec 2008	30 Sep 2008	30 Jun 2008	31 Mar 2008
<i>(\$ thousand, except where indicated)</i>				
Revenue	28,924	26,328	10,527	12,335
EBITDA ¹	6,539	5,899	715	2,253
Net income (loss)	2,508	1,278	(1,541)	496
Net income (loss) per share <i>(dollars)</i>	0.06	0.03	(0.04)	0.01
Capital assets	238,345	231,392	211,948	192,855
Total assets	289,394	279,457	249,043	219,049
Operating days ¹	949	947	473	579
Rig utilization <i>(percentage)</i>	68	83	52	74
Weighted average rigs in service	15.2	12.4	10.0	9.0
Completed rigs, end of quarter	16	15	12	11

¹ see Non-GAAP measures

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Three months ended	31 Dec 2007	30 Sep 2007	30 Jun 2007	31 Mar 2007
<i>(\$ thousand, except where indicated)</i>				
Revenue	12,416	9,574	5,416	4,789
EBITDA ¹	2,237	(342)	(564)	(456)
Net loss	204	1,338	1,144	517
Net loss per share (dollars)	0.01	0.04	0.03	0.02
Capital assets	188,913	167,788	148,503	111,908
Total assets	213,464	190,191	175,358	168,612
Operating days ¹	579	398	280	235
Rig utilization (percentage)	77	62	66	65
Weighted average rigs in service	8.1	7.0	4.6	4.0
Completed rigs, end of quarter	11	8	7	4

¹ see Non-GAAP measures

During the last eight quarters, Xtreme Coil's revenue, EBITDA, net income, assets and operating days have generally increased in relation to the increase in the size of our drilling rig fleet. In the near-term we expect the nine rigs in place and operating under long-term contracts at the end of 2008 4Q will be our primary source of revenue generation. During 2009 2Q, we expect the long-term contract signed for two additional drilling rigs for México will further supplement revenue. Until we obtain either short-term work for rigs not operating under long-term contracts or until we sign additional long-term contracts, we anticipate somewhat lower revenue than generated during 2008 4Q.

Xtreme Coil achieved a similar level of operating days in 2008 4Q as in 2008 3Q. During the final three months of 2008, our expanded fleet of drilling equipment generated approximately the same operating days as the previous quarter which resulted in a 2008 4Q utilization decrease to 68 percent (2008 3Q - 83 percent). At December 31, 2008, nine of the 16 rigs (58 percent) operated under long-term contracts. In late February 2009, we announced signing of a new contract for two additional rigs in México, bringing Xtreme Coil's rig fleet to 69 percent committed under long-term contracts.

By 2008 4Q, drilling operations in México were achieving maximum potential utilization while, in the United States, utilization dropped to approximately 54 percent (2008 3Q - approximately 91 percent) with the decrease primarily occurring in the latter part of the quarter.

RESULTS OF OPERATIONS

Revenue

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Total revenue	28,924	12,416	133	78,114	32,195	143
Operating days	949	579	64	2,948	1,492	98
Revenue per operating day	30.5	21.4	42	26.5	21.6	23
Rig utilization (percentage)	68	77	(12)	69	68	3

At December 31, 2008, Xtreme Coil had completed 16 rigs (2007 - 9 rigs). As we constructed, commissioned and deployed new drilling rigs during 2008, operating days and revenue increased. Due to a weak Canadian drilling market and the opportunity to deploy more equipment to México, Xtreme Coil moved two rigs from Canada to México in mid-2008.



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For the three and twelve months ended December 31, 2008, total revenue and revenue per operating day increased over the previous periods. In 2008 4Q and 2008 3Q Xtreme Coil achieved the highest number of operating days in any period to date. This was a result of the increased number of drilling rigs in the fleet as well as the number of contracts in place. Rig utilization percentages for the year were similar for 2008 compared to 2007. In 2008 4Q utilization was down 12 percent due to downward trending activity levels throughout the United States. Compared to 2008 3Q, total operating days in 2008 4Q were similar as increased activity in México virtually offset decreasing activity in the United States.

Total revenue is generally related to operating days. Most of Xtreme Coil's revenue is denominated in United States dollars ("USD"). The USD increased relative to the Canadian dollar ("CAD") during 2008 4Q as compared to both 2008 3Q and 2007 4Q which contributed to the increase in revenue. Total revenue in 2008 4Q and 2008 3Q also included certain charges not related to operating days. The largest of these charges were for the mobilization of six drilling rigs to México, for early termination of certain contracts, for pricing increase provisions in certain contracts and for standby of rigs waiting to commence operations. We would not generally expect these items to recur at the same level in future periods although the result is an increase in both total revenue and revenue per operating day when compared to prior periods.

Throughout 2009, Xtreme Coil will continue to communicate frequently with our existing customers and to market our drilling rigs to a broader range of potential customers, in an effort to maximize utilization of our drilling rigs and related equipment. In addition, we are actively pursuing energy projects in international regions like the Middle East, northern Africa, eastern Europe and Asia Pacific where contracts involving several of our rigs would have the potential to achieve high utilization and strong revenue.

We anticipate the operation of eight drilling rigs in México, under term contracts, will contribute to revenue stability for 2009. Xtreme Coil believes demand for services in México during 2009 will remain strong as the country focuses on developing existing hydrocarbon reserves to replace historic declines in production rates.

In response to weaker drilling market conditions in the United States, management intends to continue to market the potential advantages of Xtreme Coil's newer and efficient fleet of COTD™ drilling rigs. Three of Xtreme Coil's rigs in the United States are operating under long-term contracts.

Operating Expenses

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Operating expenses	19,516	8,969	118	55,221	27,209	103
Operating expenses (percentage of revenue)	67	72	(7)	71	85	(16)
Operating expenses per operating day	20.6	15.5	33	18.7	18.2	3

Field operations continued to grow throughout 2008. For the three and twelve months ended December 31, 2008, operating costs, as a proportion of revenue, decreased as infrastructure expenses moderated in proportion to the expansion of Xtreme Coil's rig fleet.

The increase in operating expenses for the three and twelve months ended December 31 primarily reflects the increase in the number of drilling rigs in operation and the higher number of operating days generated. Specifically, for 2008 4Q, the weighted average number of drilling rigs in operation increased to 15.2 rigs (2007 4Q - 8.1 rigs). As a percentage of revenue, operating expenses were lower for several reasons. Our México operations produced higher margins than historically generated. In addition, revenue associated with early termination of contracts and price escalation revenue did not relate to operating days and did not have associated operating expenses.

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Compared to 2008 3Q, the increase in the value of the USD relative to the CAD during 2008 4Q resulted in higher operating expenses since a large portion of operating expenses are denominated in USD. Expenses associated with mobilization of drilling rigs to México were lower on a trailing quarter basis since more rigs were delivered to México during 2008 3Q.

Gross Margin¹

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Gross margin	9,408	3,447	173	22,893	4,986	359
Gross margin (percentage of revenue)	33	13	148	29	15	89
Gross margin per operating day	9.9	6.0	67	7.8	3.3	132

¹ see Non-GAAP measures

For the three and twelve months ended December 31, 2008, gross margin improved primarily as a result of the increased number of operating days. As revenues and operating days have increased, we have achieved economies of scale which improves gross margin.

Revenue items without directly associated operating expenses - primarily early termination of contracts and price escalation revenue - produce higher gross margin in terms of both total amount and percentage of revenue. Revenue items such as mobilization of rigs to México may increase the total gross margin. However, because the associated costs are generally close to the revenue charged, this decreases gross margin in terms of percentage of revenue.

Compared to 2008 3Q, the increase in the value of the USD relative to the CAD in 2008 4Q resulted in higher operating expenses since a large portion of operating expenses are denominated in USD.

Selling, General and Administration Expense ("SG&A")

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
SG&A	2,870	1,210	137	7,487	4,111	82
SG&A (percentage of revenue)	10	10	2	10	13	(25)

For the three and twelve months ended December 31, 2008, SG&A, increased primarily in relation to development of administrative infrastructure to support expanded international operations, including the establishment of an office in Houston, Texas. During 2008 4Q, we recorded a provision for potential bad debts of \$494 (2007 4Q - \$29).

Compared to 2008 3Q, SG&A in 2008 4Q was higher, primarily reflecting additional infrastructure to support expanded operations as well as a provision for potential bad debt.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")¹

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
EBITDA	6,539	2,237	192	15,406	875	1,661

¹ see Non-GAAP measures

For the three and twelve months ended December 31, 2008, EBITDA increased as a result of increased operations by our expanded drilling fleet. EBITDA for 2008 4Q was 11 percent higher than generated in 2008 3Q. During 2008, 4Q the higher gross margin amount was largely offset by higher SG&A.



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Depreciation and Amortization

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Depreciation and amortization	2,555	1,583	61	8,167	3,766	117

Depreciation based on a unit-of-production increases in proportion to the increase in operating days. For the three and twelve months ended December 31, 2008, the increase in depreciation and amortization is proportionate to operating days and reflects the increase in equipment commencing active field operations.

Compared to 2008 3Q, operating days for 2008 4Q were similar and depreciation increased. This increase is primarily related to our larger, more expensive rigs comprising a larger proportion of operating days.

Stock-based Compensation

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Stock-based compensation	531	141	277	1,251	556	125

For the three and twelve months ended December 31, 2008, stock-based compensation increased from the prior periods as the board of directors responded to growth in Xtreme Coil's operations in the United States and México by granting options to purchase common shares to new employees.

Compared to 2008 3Q, stock-based compensation for 2008 4Q increased due to a larger volume of options granted.

Foreign Exchange

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Foreign exchange (gain) loss	(1,106)	73	1,615	(875)	576	252

Foreign exchange gain or loss results primarily from a translation of Xtreme Coil's net working capital balances denominated in USD or México pesos ("MXN") and from the portion of revolving debt denominated in USD. At December 31, 2008 the amount of USD denominated revolving debt was \$17 million USD.

During 2008 3Q, Xtreme Coil commenced operations in México, thereby introducing exposure to another foreign currency. A portion of revenue generated and expenses incurred by our operations in México is denominated in MXN. Overall, the majority of revenue generated by Xtreme Coil is denominated in USD.

Compared to 2008 3Q, in 2008 4Q the CAD decreased in value relative to the USD and increased in value relative to the MXN. All three currencies experienced significant volatility throughout 2008 3Q and 2008 4Q.

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Interest Expense and Income

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Interest expense	1,212	457	165	3,215	685	369
Interest income	(2)	(20)	(90)	(24)	(654)	(96)
Net interest expense (income)	1,210	437	177	3,191	31	10,194

During 2008, Xtreme Coil continued to draw on its credit facilities. We used the facilities primarily to complete the construction of additional drilling rigs which totalled 16 at December 31, 2008, as well as to provide cash for ongoing operating requirements and to establish operations in México.

Throughout most of the first nine months of 2007, Xtreme Coil had a cash surplus which generated interest income. During 2007 3Q, the draw on credit facilities commenced, incurring larger interest expenses. In 2008, Xtreme Coil continued to use the credit facilities, supplemented with equity raised in 2008 2Q, to fund expansion of the drilling rig fleet.

Compared to 2008 3Q, net interest expense increased in 2008 4Q to \$1,210 from \$898 as a result of an increase in use of the credit facility. Other than the impact of interest rate changes, we anticipate net interest expenses in the near term to remain at a level similar to 2008 4Q.

Income (Loss) Before Tax

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Income (loss) before tax	3,341	3	n/a	3,626	(4,054)	189

For the three and twelve months ended December 31, 2008, income before tax grew primarily as a result of Xtreme Coil's transition from a building phase to an operating phase.

Compared to 2008 3Q, income before tax in 2008 4Q increased to \$3,341 (2008 3Q - \$1,873). The larger items strengthening income before tax were revenue for early termination of certain contracts and a gain on foreign exchange. Higher bad debt provision and interest expense reduced the increase in income before tax.

Income Tax

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Income tax expense (recovery)	832	207	302	885	(851)	204

As Xtreme Coil achieved profitability in 2008, the Company recorded a tax expense of \$885 (2007 - recovery \$851). The effective income tax rate for 2008 was 24.41 percent (2007 - recovery rate 20.99 percent).

Net Income (loss)

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Net income (loss)	2,508	(204)	1,329	2,741	(3,203)	186



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Financial Condition, Liquidity and Capital Resources

(\$ million)	Year ended Dec 31		
	2008	2007	2006
Long-term liabilities	49.1	30.0	0.1
Less: working capital (deficit)	6.2	(10.0)	10.6
Net debt ¹	42.9	40.0	(10.5)

¹ see Non-GAAP measures

Capital Expenditures and Commitments

	Three months ended Dec 31			Year ended Dec 31		
	2008	2007	% Change	2008	2007	% Change
Capital expenditures	8.1	22.6	(64)	56.0	103.8	(46)
Commitments	3.4	20.5	(83)	3.4	20.5	(83)

Since inception Xtreme Coil has invested heavily in its capital expansion program. By the end of 2008 4Q Xtreme Coil's fleet of drilling rigs grew to 16 (2007 4Q - 11). Following three years of significant growth, during which Xtreme Coil built and deployed the current fleet of drilling rigs, the company has transitioned to an operating phase. As at 2008 4Q, Xtreme Coil's working capital grew to approximately \$6 million (2007 3Q - deficit \$10 million).

For the year ended December 31, 2008, investment in fixed assets was primarily for continued construction of drilling rigs. In 2008 3Q, Xtreme Coil announced the temporary suspension of the drilling rig construction program. This has had minimal effect on contracts with third parties. Xtreme Coil is continuing to complete components for existing contractual commitments. However, there was no commitment under contract with third parties to complete all components of rigs after the 16th rig and there were no significant penalties to Xtreme Coil as a result of the announced pause in capital expenditures. Commitments remaining are primarily for long-lead components ordered before the suspension of the rig construction program.

Lower capital expenditure for 2008 4Q, compared to 2007 4Q, reflect the larger capital expenditures program during 2007 and the suspension of Xtreme Coil's rig construction program by 2008 4Q. Compared to 2008 3Q, capital expenditures in 2008 4Q decreased to \$8.1 million (2008 3Q - \$21.8 million) and commitments reduced to \$3.4 million (2008 3Q - \$4.5 million) as the rig expansion program was temporarily suspended. The decrease in working capital to \$6.2 million (2008 3Q - \$13.2 million) was notably affected by the classification of the revolving debt facility. During 2008 4Q, an additional \$5 million of revolving debt that had been recorded as long-term debt was classified in the current portion of long-term debt.

Under its current cost structure, Xtreme Coil can achieve positive cash flow from operating activities provided at least eight of the current 16 drilling rigs continue operations. Xtreme Coil currently has 11 rigs under existing contracts. Any additional shorter-term day work, undertaken by the remaining five rigs, would further strengthen future cash flow from operating activities.

Xtreme Coil has forecasted results for 2009 using our best estimates of conditions in the areas we are presently operating. These forecasts are based on maintaining existing contracts and what we anticipate is an achievable utilization of equipment. In this forecast, we expect to generate sufficient cash flow from operating activities to fund our operations and the limited capital expenditures for which we have commitments. Xtreme Coil currently expects to utilize any additional available cash flow to reduce debt or to fund future capital requirements.

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With the announced suspension of Xtreme Coil's capital expansion program, we expect future capital expenditures will be much lower than previous periods. Primarily, during 2009 1Q, we expect to incur some minor capital expenditures to prepare two additional rigs to move from the United States and prepare for operations in México. Management expects to fund these expenditures and other commitments using cash flow from operating activities and existing credit facilities. Xtreme Coil expects to reinvest remaining cash flow from operating activities to reduce debt or to fund future capital requirements.

Xtreme Coil will build no new rigs until there is a contract for the new rigs to commence operations on completion. The terms of each new contract will determine how Xtreme Coil will finance new rig construction.

During 2008 2Q, Xtreme Coil entered into an agreement for new credit facilities with our existing lender and another lender on a syndicated basis. The new credit facilities include a \$15 million revolving operating line and a revolving extendible facility, initially set at \$70 million and reduced to \$60 million by December 31, 2008 as scheduled. The credit facilities require Xtreme Coil to maintain certain financial covenants. At December 31, 2008, Xtreme Coil was not in compliance with two covenants. The two unfulfilled covenants were an EBIT to interest coverage ratio and a funded debt to EBITDA ratio. The syndicate provided a waiver in regards to covenant non-compliance.

From management's ongoing communication with Xtreme Coil's banking syndicate, we believe the institutions are in sound financial position. Xtreme Coil conducts ongoing communication to maintain its working relationship with the banking syndicate. These discussions, in light of the current credit crisis and economic downturn, lead management to believe Xtreme Coil's relationship with the banking syndicate will continue. Renewal of the revolving credit facility is scheduled for late May 2009 and Xtreme Coil has formally requested an extension of the facility.

This table summarizes Xtreme Coil's contractual obligations as at December 31, 2008.

Payments Due by Period

Contractual Obligations	Total	Less than 1 year	1 - 3 years	4 - 5 years
Capital lease obligations	119	82	37	-
Operating leases	2,303	827	1,078	398
Revolving credit facility	58,930	9,822	39,286	9,822
Operating facility	7,878	7,878	-	-
Commitments	3,374	3,374	-	-
Total contractual obligations	72,604	21,983	40,401	10,220

In 2008, Xtreme Coil entered into an agreement for new credit facilities which extended the revolving facility to May 2009. Xtreme Coil has requested renewal of the facility and has been granted previous requests for renewal. The above table is prepared with a repayment schedule applicable only if the lender did not renew the facility. However, based on our discussions with the lenders we expect the facility to be renewed. We expect cash flow generated from operating activities and existing credit facilities will be sufficient to fund payments due in less than one year.



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Segmented Information

This table summarizes the results of operations for Xtreme Coil's three geographic operating segments.

	Three months ended 2008 Dec 31				Three months ended 2007 Dec 31		
	Canada	United States	México	Total	Canada	United States	Total
Revenue	-	15,065	13,859	28,924	1,584	10,832	12,416
Operating days	-	492	457	949	76	503	579
Revenue per day	-	30.6	30.3	30.5	20.8	21.5	21.4

	2008				2007		
	Canada	United States	México	Total	Canada	United States	Total
Revenue	3,783	53,915	20,416	78,114	4,365	27,830	32,195
Operating days	200	2,236	512	2,948	219	1,273	1,492
Revenue per day	18.9	24.1	39.9	26.5	19.9	21.8	21.6

Operations commenced in México in 2008 3Q. For both quarters of operations in México, revenue includes amounts charged to fund the initial mobilization of the rigs to the region. These revenues will only recur to the extent that new rigs are deployed into the region. This additional revenue has increased revenue per day beyond what we would expect to generate from ongoing operations.

Revenue in the United States in 2008 4Q includes some one-time charges for cancellation of contracts. This revenue is not expected to recur and also increased revenue per day above what we would expect to generate from ongoing operations.

Outstanding Common Shares

(\$ million)	Year ended Dec 31		% Change
	2008	2007	
Common shares, beginning of period	33,965,407	27,723,625	23
Private placement	5,872,896	5,360,000	11
Warrants exercised	666,666	666,667	-
Agent options exercised	-	6,315	-
Options exercised	281,200	208,800	35
Options exercised under share buy-back and cancelled	(60,000)	-	-
Common shares issued	6,760,762	6,241,782	8
Common shares, end of period	40,726,169	33,965,407	20

As at December 31, 2008, Xtreme Coil had outstanding 2,969,000 (2007 - 2,012,200) options to purchase common shares at a weighted average exercise price of \$5.79 (2007 - \$4.60) per share.

In January 2008, the holder exercised 333,333 vested Series 1 Performance Warrants and 333,333 vested Series 2 Performance Warrants. After this transaction, no Series 1 or Series 2 Performance Warrants remain outstanding.

On May 1, 2008 Xtreme Coil and our joint venture partner completed a private placement pursuant to which our joint venture partner subscribed for 4,780,000 common shares of Xtreme Coil at a price of \$7.32 per share for aggregate gross proceeds of \$34,990.

MANAGEMENT'S DISCUSSION AND ANALYSIS



Xtreme Coil completed the acquisition of the 49 percent interest held by our joint venture partner in Coil-X, including their outstanding loan to Coil-X, by the issuance of 1,092,896 common shares of Xtreme Coil at a price of \$7.32 per common share, 1,000,000 purchase warrants and 700,000 performance warrants. Each whole warrant will entitle our joint venture partner (once vested, in the case of the performance warrants) to purchase one common share of Xtreme Coil for \$9.87 for a period of 24 months following the date of closing of the transaction.

Previously, the Coil-X joint venture partner held 2,092,574 warrants. The closing of the purchase of the joint venture partner's interest resulted in cancellation of these warrants.

Share capital on March 16, 2009 was \$207.5 million, and there were 40,726,169 common shares issued and outstanding, as well as 1,000,000 purchase warrants, 700,000 performance warrants, and 2,865,000 options to purchase common shares.

SUBSEQUENT EVENTS

In January 2009, the United States Patent and Trademark office issued a fifth patent to Xtreme Coil entitled "Coiled Tubing/Top Drive Rig and Method", which addresses multiple methods of deploying coiled tubing on a top drive equipped drilling rig also capable of utilizing jointed pipe for crude oil and natural gas drilling applications. One aspect of this complex patent includes the utilization of a vertically-travelling injector to accommodate longer bottom hole assemblies which can be deployed under pressure for re-entry drilling projects. Xtreme Coil also received notification regarding an earlier patent which received even broader issuance when it was approved by the Eurasian patent office for regions under its jurisdiction throughout Europe and Asia.

On February 27, Xtreme Coil announced preparations to deploy two more Coil Over Top Drive® ("COTD™") drilling rigs under a new long-term contract between Weatherford de México S.A. de C.V. and Xtreme Coil's wholly-owned subsidiary, Xtreme Coil Drilling México, S.A. de C.V. This new commitment in México required two XTC 400 drilling rigs to operate in the Chicontepec oil development project near Poza Rica. Two rigs from the Rocky Mountain region of the United States will fulfil this commitment.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer (the "certifying officers") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") for the company, in accordance with the requirements of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Xtreme Coil's certifying officers cannot guarantee the company's DC&P and ICFR will prevent all error and all fraud. A control system, no matter how well-designed and implemented, can provide only reasonable assurance of meeting the control system's objectives. Such controls must also consider the benefits of controls in relation to the cost of such controls. Due to the inherent limitations in any control systems, no evaluation of controls can absolutely assure detection of all control issues within a company. Inherent limitations include the potential for faulty judgments in decision-making, and the occurrence of breakdowns resulting from simple errors and mistakes. Individual acts by some persons, or collusion by two or more people, can circumvent controls and management can override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

DC&P are intended to provide reasonable assurance the company will disclose required information, in accordance with regulatory reporting requirements, within the time periods specified. As at December 31, 2008, the certifying officers have evaluated the design and effectiveness of the company's DC&P. Based on their evaluation, they have concluded Xtreme Coil's DC&P are designed and operating effectively to provide reasonable assurance material information relating to the company, including its consolidated subsidiaries, is made known to them by others within those entities in a timely manner. ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian GAAP. As at December 31, 2008, the certifying officers have evaluated the design and effectiveness of the company's ICFR. Based on their evaluation, they have concluded Xtreme Coil's ICFR are effective, but there are control deficiencies discussed below.



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Xtreme Coil has a limited number of staff distributed among several geographically-dispersed locations. This has created situations where it is not feasible to achieve complete segregation of duties. Also, due to the limited number of staff in different locations, the company does not have a sufficient number of finance personnel with all of the technical accounting knowledge to address all non-routine accounting transactions that may arise, particularly where expertise in specific-country regulations, including taxation, is required.

Management works to mitigate the risk resulting from these deficiencies by emphasizing the oversight and diligence of the certifying officers and Corporate Controller to ensure minimization of the risk of a misstatement resulting from this deficiency. In addition, the Company has engaged the services of qualified taxation and other consultants, as necessary, to assist with certain complex and non-routine accounting transactions that may arise. Further, the Company is in the process of centralizing the accounting function for its United States and Canadian operations in the Casper, Wyoming office.

No change to the Company's internal control over financial reporting occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, Xtreme Coil's ICFR.

NON-GAAP MEASURES

Xtreme Coil uses both GAAP and non-GAAP measures to assess performance and provides non-GAAP measures as supplemental information to investors. 'Operating days', 'utilization', 'gross margin' and 'EBITDA' do not have standardized meanings prescribed by GAAP. Xtreme Coil's method of calculating operating days, rig utilization, gross margin and EBITDA may differ from methods used by other companies and may not be comparable to measures used by others.

Operating days

Operating days represent the total of all drilling, moving, standby and other revenue days in the period. Management uses operating days to measure rig utilization which quantifies the revenue-generating activity of the fleet of drilling rigs.

Rig utilization

Xtreme Coil calculates rig utilization as operating days divided by total days after drilling rigs commence initial field operations.

Gross margin

Gross margin represents the revenue minus operating expenses. Management believes that gross margin is a useful supplemental measure of the financial performance of our principal business activities before considering how activities are financed or taxed, as well as other expenses not closely associated with activity levels.

EBITDA

EBITDA is defined as earnings before interest, taxes, depreciation and amortization, stock-based compensation, foreign exchange gains or losses and gains or losses on sale of equipment. Management believes that EBITDA is a useful supplemental measure of the financial performance of Xtreme Coil's principal business activities before considering how activities are financed or taxed, and before the impact of stock-based compensation, foreign exchange rate fluctuations or sales of equipment.

Net debt

Net debt is used by management and the investment community to analyze the amount of debt minus the working capital of the Company.



CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements, in conformity with Canadian GAAP, requires management to make estimates and assumptions that affect the results of operation and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on historical experience, trends in the industry and information available from outside sources. Management reviews these estimates on an ongoing basis. Different accounting policies, or changes to estimates or assumptions could potentially have a material effect, positive or negative, on Xtreme Coil's financial position and results of operations. Actual results could differ from those reported.

Recoverable amounts for equipment and intangible assets

The carrying value of equipment and intangible assets is periodically reviewed for impairment or whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. This requires Xtreme Coil to forecast future revenue to be derived from the utilization of these assets based upon assumptions about future business conditions and technological developments. Significant, unanticipated changes to these assumptions could require a provision for impairment in the future. During 2008 4Q Xtreme Coil completed its assessment and concluded that there was no impairment of the carrying value.

Depreciation

The accounting estimate that has the greatest impact on the financial results is depreciation and amortization. Depreciation incorporates estimates of useful lives and residual values of Xtreme Coil's capital assets. These estimates may change as we obtain more experience or as general market conditions change and we analyse the impact on Xtreme Coil's operations and capital assets.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets purchased. Goodwill is not subject to amortization, but is tested for impairment at least annually by applying a fair value based test. Any goodwill impairment will be recognized as an expense if the carrying amount of the goodwill exceeds its fair value. Xtreme Coil tested goodwill for impairment at December 31, 2008 and no impairment was determined. Goodwill is allocated to operations in México.

Stock-based compensation

Compensation expense associated with options to purchase common shares at their grant date is an estimate based on various assumptions such as volatility, risk-free interest and expected life using the Black-Scholes methodology to produce an estimate of the fair value of such compensation.

Allowance for doubtful accounts receivable

Xtreme Coil assesses the credit worthiness of customers and grants credit based on past payment history, financial conditions and anticipated industry conditions. We monitor customer payments regularly and establish provision for doubtful accounts based on the specific situation and overall industry conditions. The cyclical nature of the oil and natural gas industry can cause credit risk to change suddenly and without notice.

Future tax recovery

Xtreme Coil uses the liability method which takes into account the differences between financial statement treatment and tax treatment of certain transactions, assets and liabilities. Future tax assets are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Valuation allowances are established to reduce future tax assets when it is more likely than not that some portion or all of the asset will not be realized. Estimates of future taxable income and ongoing tax planning arrangements have been considered in assessing the utilization of available tax losses. Changes in circumstances and assumptions may require changes to the valuation allowances associated with Xtreme Coil's future tax assets.



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New accounting standards adopted

The Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards: section 1535, Capital Disclosures, sections 3862 and 3863, Financial Instruments - Disclosures and Presentation, and section 3031, Inventories. Xtreme Coil adopted these new standards effective January 1, 2008. Section 1535 establishes disclosure requirements about an entity's capital and how capital is managed. The purpose is to enable users of financial statements to evaluate the entity's objectives, policies and processes for managing capital as further discussed (see note 15 - Capital management). This standard had no impact on the classification or measurement of the Company's consolidated financial statements.

Sections 3862 and 3863, Financial Instruments - Disclosures and Presentation, revise and enhance disclosure requirements and carry forward, unchanged, presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks as discussed further. These standards had no impact on the classification or measurement of Xtreme Coil's consolidated financial statements.

Section 3031 provides more extensive guidance on measurement, and expands disclosure requirements to increase transparency. The new standard requires additional disclosures in relation to inventories carried at net realizable value, the amount of inventories recognized as an expense, and the amount of any inventory write downs. There was no impact on the valuation of inventory as at January 1, 2008 or on the net income for the current or prior periods (see note 6 - Inventory).

New accounting pronouncements

International financial reporting standards

The Canadian Accounting Standards Board confirmed in 2008 the requirement for publicly accountable enterprises to use International Financial Reporting Standards ("IFRS") in 2011. Xtreme Coil will begin reporting under IFRS in the first quarter of 2011 with comparative data for the prior year. IFRS uses a conceptual framework similar to Canadian GAAP but could need to address significant differences in recognition, measurement and disclosures. Education sessions are being provided for employees, senior management and the Audit Committee to increase knowledge and awareness of IFRS and its impacts. The Company has also engaged an external expert advisor.

Xtreme Coil is also evaluating the potential impact of IFRS on financial covenants, business contracts and internal controls over financial reporting. Since a number of IFRS standards are changing, we will continue to assess the impact of the proposed standards on the consolidated financial statements and disclosure as additional information becomes available and cannot make a reasonable determination of financial impacts at this time. Based on initial assessments, we have identified property, plant and equipment and employee benefits as likely to have the greatest potential impact. Compliance with, and initial adoption of, IFRS requirements will require a significant amount of effort. In 2009, Xtreme Coil will complete a more detailed analysis and evaluation of the financial impact of the issues identified in the assessment and diagnostic phases as well as the impact on, and implementation of, financial reporting computer systems.

Future accounting standards

In February 2008, the CICA approved Handbook section 3064 Goodwill and Intangible Assets, replacing previous guidance. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to the initial recognition. These recommendations are effective for Xtreme Coil beginning January 1, 2009. Goodwill and intangible assets which are not assets as defined by GAAP will be derecognized and charged to equity at that date. The adoption of these recommendations is not expected to have a material impact on earnings or assets.



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CRITICAL ACCOUNTING POLICIES

During 2008, Xtreme Coil made no changes to its accounting policies.

Depreciation

Xtreme Coil depreciates drilling rigs using a unit-of-production method based on 5,000 drilling days with an estimated residual value of 20 percent of historical cost. We considered several alternative methods of depreciation including straight-line and declining balance. The unit-of-production method of depreciation we apply to drilling equipment recognizes usage of equipment as an appropriate basis for allocating the amortizable value over its useful life. Xtreme Coil depreciates drill pipe on a straight-line basis over eight years. We considered other alternatives including unit-of-production. Because we expect to drill the majority of our wells using coiled tubing rather than conventional jointed pipe, we believe our drill pipe may last longer than drill pipe used by most conventional drilling companies. For Xtreme Coil's operations, the straight-line depreciation method is appropriate.

Foreign currency translation

Xtreme Coil's United States and México operations are categorized as integrated foreign operations. As a result, we use the temporal method of translation under which we translate all foreign currency transactions at the rate in effect as at the transaction date. We translate monetary assets and liabilities at the rate in effect as at the balance sheet date, non-monetary assets and liabilities at their historical rate and recognize gains and losses in the consolidated statements of operations during the period in which they occur.

Inventory

Inventory is composed of coiled tubing and parts and is recorded at the lower of cost and net realizable value determined on a first-in, first-out basis.

Revenue recognition

Xtreme Coil generally provides services under contracts with customers that include a fixed or determinable price based on daily rates. We recognize revenue when services are rendered.

SEASONALITY AND OTHER OPERATIONAL CONSTRAINTS

Areas of the United States where Xtreme Coil has drilling operations are infrequently subject to weather constraints like hurricanes in the southern states but may experience operations restrictions for other reasons. Some areas are subject to environmental orders which include specific well leases and can prevent drilling activity during certain periods when authorities prioritize wildlife or habitat protection. These restrictions may also affect activity levels and operating results.

In the region of México, where Xtreme Coil is currently active, drilling operations can be constrained by certain weather conditions, particularly hurricanes, and excessive heat or rain. These weather conditions may interrupt periods of activity which may affect operating results. On occasion, movement of drilling rigs, as well as goods and services, can experience delays while the authorities negotiate access or settle local disputes.

Currently, Xtreme Coil does not have field operations in Canada where seasonal weather conditions can restrict drilling operations. Particularly, movement heavy equipment in the north depends on ground freezing to support the equipment. Road bans prevent heavy equipment from moving until the ground is dry enough to support the loads. The timing and duration of freezing and spring can affect drilling activity levels and operating results.



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BUSINESS RISKS AND UNCERTAINTIES

A number of risks and uncertainties affect Xtreme Coil's operations. Although Xtreme Coil takes actions to mitigate some of these risks, many risks are beyond management's control. The risks discussed in this section do not constitute an exhaustive list of all possible risks.

Foreign exchange

Foreign exchange volatility may create gains or losses which have an effect on Xtreme Coil's financial results. Xtreme Coil reports all activities in CAD. Most of our contracts are denominated in USD or in México pesos and those currency rates of exchange to CAD fluctuate. Xtreme Coil is exposed to risk from fluctuations in foreign currency exchange rates in the United States and México where it operates rigs. The Company translates revenue and expenses denominated in USD and México pesos into CAD during the reporting period. Monetary assets and liabilities denominated in foreign currencies are translated at the current rate as at the balance sheet date and any foreign exchange gains or losses are included in income.

Interest rate

Xtreme Coil is exposed to interest rate risk to the extent changes in market interest rates can impact operating and revolving credit facilities which have a floating interest rate. At December 31, 2008, an increase or decrease of one percent in the effective interest rate would have changed net income by approximately \$422.

Credit risk

Xtreme Coil is exposed to credit risk in relation to its accounts receivable which includes balances owing from customers primarily operating in the oil and natural gas industry. Management assesses credit worthiness of customers on an ongoing basis, as well as their ability to remit amounts owing to Xtreme Coil in accordance with standard industry practices, and considers the credit risks on these amounts as normal for the industry. Xtreme Coil is exposed to significant concentration of credit risk because the majority of accounts receivable balances are with a small group of customers (see note 17 - Segmented information).

Xtreme Coil accounts receivable is recorded net of a provision of \$494 (2007 - \$29).

The following table summarizes the Xtreme Coil's accounts receivable amounts past due which management does not consider impaired.

Accounts receivable	2008 Dec 31	2007 Dec 31
Receivables less than 90 days	\$ 22,427	\$ 11,766
Receivables greater than 90 days (for which no provision is considered necessary)	4,864	1,273
	\$ 27,291	\$ 13,039

Liquidity risk

Liquidity risk relates to risks Xtreme Coil may encounter in meeting obligations associated with financial liabilities and commitments. Since inception, Xtreme Coil has entered into credit and equity financing arrangements sufficient to complete the committed rig construction program and to fund working capital requirements. Xtreme Coil anticipates the current level of financial capacity will be sufficient to fund commitments related to the committed rig build program and to fund working capital. While the company has, on occasion, not met certain covenants, it has obtained any necessary waivers regarding non-compliance from the lending syndicate of Canadian financial institutions. We anticipate modest future capital expenditures due to the temporary suspension of Xtreme Coil's rig expansion program. The Company anticipates generating positive cash flow from operating activities, management of accounts receivable in direct relation to revenue generation and the utilization of available cash to pay down debt.



Proprietary technologies

Integral to Xtreme Coil's equipment are certain technologies which require proving in actual field operations. We cannot assure the current and future applications for Xtreme Coil's proprietary technology nor the effectiveness of these technologies in field operations. Competing technologies could prove more effective than those developed and used by Xtreme Coil. In addition, patents applied-for may not be issued.

Demand for contract drilling services

Demand for Xtreme Coil's COTD™ contract drilling services depends on the level of oil and natural gas industry activity which also influences the potential to extend or continue existing long-term contracts. Shorter-term drilling activity can result in revenue unpredictability. Numerous factors over which Xtreme Coil has no control influence industry activity including, but not limited to, fluctuations in crude oil and natural gas prices, changes in supply or demand for commodities, competition from other drilling contractors, government legislation, regulatory and economic conditions, global political and military events, international trade barriers, location access or labour disputes, as well as fuel and environmental conservation or incidents.

Vendor services and supplies

Xtreme Coil's contract drilling services may incur risk or interruption of ongoing access to key supplies, including fuel, which could impair the ability to continue to operate equipment. When significant assets were under construction and an aggressive rig and related equipment building program was underway, Xtreme Coil depended on suppliers to deliver equipment on schedule and to meet required quality standards. Issues of poor quality standards from suppliers or failure of suppliers in any aspect of an equipment building program has the potential to severely impact Xtreme Coil's operating activities, financial performance, reputation and retention of customers.

Performance of equipment and employees

Xtreme Coil's financial and operating results are dependent on continued successful performance of drilling rigs and related equipment and the continued operation of the existing fleet without additional significant capital expenditures. The Company's ability to expand contracted drilling and related services depends on successful recruitment and retention of qualified personnel, when needed. Any unexpected loss of Xtreme Coil's key personnel, or inability to retain or recruit skilled personnel, could have an adverse effect on Xtreme Coil's business, results of operations and financial performance.

OUTLOOK

During 2009, Xtreme Coil anticipates a sustained period of recession and general economic uncertainty coupled with tight North American credit and equity market conditions. Lower demand for crude oil and natural gas commodities has depressed commodity prices. Many of Xtreme Coil's customers utilize cash flow to fund drilling operations. Because periods of lower commodity prices reduce cash available to invest in drilling projects, we expect lower drilling activity, particularly in the United States. However, in some regions outside North America, drilling demand is stronger.

Throughout 2008 4Q, Xtreme Coil had active operations in the United States and México. We transferred equipment from Canada to México during 2008 3Q because the Canadian drilling market had begun to deteriorate. The current economic weakness in the United States suggests limitations for near-term prospects for new drilling activity in the regions where five rigs in our fleet not under long-term contract are located and available. Although we continue to market the advantages of our much newer fleet of COTD™ drilling rigs to current and future projects in the United States, we are simultaneously pursuing opportunities in regions like the Middle East, northern Africa, eastern Europe and Asia Pacific where contracts involving several of our rigs would have the potential to achieve high utilization and strong revenue.



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To date in 2009, Xtreme Coil is operating nine rigs under existing long-term contracts. Currently, we have 11 of 16 rigs under long-term contract. We expect the next two rigs contracted to México will begin operations in 2009 2Q. A significant portion of our cost structure fluctuates in direct relation to drilling rig activity. Therefore, we anticipate 2009 1Q will reach gross margin levels similar to those generated during 2008 4Q.

For 2009 1Q, we expect to generate fewer operating days than in 2008 4Q. We expect the nine rigs under contract at the end of 2008 4Q will be the primary source of revenue.

Xtreme Coil expects drilling opportunities in México to remain robust. The historic decline in daily oil production requires aggressive expansion of onshore drilling operations, particularly in the Chicontepec area where our rigs operate and where we now have a team of operational and technical people. In response to México's projects focused on increasing oil production, we continue to discuss further opportunities to deploy Xtreme Coil's drilling rigs to ongoing and new projects in that country.

During 2009, Xtreme Coil will continue to pursue strategic projects and contracts outside North America and México in response to interest generated from discussions initiated during 2009 in several international drilling regions and for projects to which our COTD™ drilling rigs are well suited.

ADDITIONAL INFORMATION

Information relating to Xtreme Coil, including the Annual Information Form, is available on SEDAR at www.sedar.com. To obtain copies of published corporate information, contact Xtreme Coil Drilling Corp., 1402, 500 Fourth Avenue SW, Calgary, AB T2P 2V6 (telephone +1 403.262 9500), visit Xtreme Coil's website www.xtremecoildrilling.com or e-mail ir@xtremecoil.com.

2008 Trading

	Open	High	Low	Close	Volume
Quarter 1	\$ 7.75	\$ 8.75	\$ 6.50	\$ 7.50	1,452,120
Quarter 2	\$ 7.50	\$ 10.95	\$ 7.50	\$ 10.00	6,215,040
Quarter 3	\$ 9.25	\$ 10.00	\$ 5.75	\$ 7.00	3,343,936
Quarter 4	\$ 6.37	\$ 6.74	\$ 1.53	\$ 1.54	3,992,262
					15,003,358