

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, these securities may not be offered or sold within the United States of America or to a U.S. Person (as such term is defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws or an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America. See "Plan of Distribution".*

*Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Xtreme Coil Drilling Corp. at 1402, 500 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2V6, Telephone: (403) 450-1190 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## Preliminary Short Form Prospectus

New Issue

June 16, 2009



**\$40,170,000**  
**10,300,000 Common Shares**

This short form prospectus qualifies the distribution of 10,300,000 common shares (the "Common Shares") of Xtreme Coil Drilling Corp. (the "Corporation"). The outstanding Common Shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol "XDC". On June 9, 2009, the last trading day prior to the announcement of this offering, the closing price of the Common Shares on the TSX was \$4.25. On June 15, 2009, the closing price of the Common Shares on the TSX was \$4.39. The price of the Common Shares was determined by negotiation between the Corporation and Peters & Co. Limited, on its own behalf and on behalf of National Bank Financial Inc. (collectively, the "Underwriters"). The Corporation has applied to list the Common Shares on the TSX. Listing will be subject to the Corporation fulfilling all of the requirements of the TSX.

|                            | <b>Price: \$3.90 per Common Share</b> |                          | <b>Net Proceeds to the Corporation<sup>(1)</sup></b> |
|----------------------------|---------------------------------------|--------------------------|--|
|                            | <b>Price to Public</b>                | <b>Underwriters' Fee</b> |  |
| Per Common Share .....     | \$3.90                                | \$0.2145                 | \$3.6855   |
| Total <sup>(2)</sup> ..... | \$40,170,000                          | \$2,209,350              | \$37,960,650   |

Notes:

- (1) Before deducting expenses of this offering estimated to be \$200,000, which will be paid from the general funds of the Corporation.
- (2) The Corporation has granted to the Underwriters an option (the "Over-Allotment Option") to purchase an additional 1,545,000 Common Shares on the same terms as set forth above, exercisable in whole or in part at any time from the date of the closing of this offering until and including 30 days thereafter, to cover over-allotments, if any. This short form prospectus also qualifies both the grant of the Over-Allotment Option and the distribution of the Common Shares issuable upon exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the Price to Public, Underwriters' Fee and Net Proceeds to the Corporation (before deducting expenses of this offering) will be \$46,195,500, \$2,540,752.50 and \$43,654,747.50, respectively. See "Plan of Distribution". A purchaser who acquires Common Shares forming any part of the Underwriters' over-allocation position, if applicable, acquires those Common Shares under this short form prospectus regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The following table sets forth the number of Common Shares that have been issued or may be issued by the Corporation pursuant to the Over-Allotment Option.

| <u>Underwriters' Position</u> | <u>Maximum size or number of securities held</u> | <u>Exercise period</u>                          | <u>Exercise price</u>   |
|-------------------------------|--|---|-------------------------|
| Over-Allotment Option         | 1,545,000 Common Shares                          | Until 30 days after the closing of the offering | \$3.90 per Common Share |

**The Underwriters propose to offer the Common Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Common Shares at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Common Shares remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See "Plan of Distribution".**

**An investment in the securities offered hereunder is speculative and involves a high degree of risk. The risk factors identified under the headings "Risk Factors" and "Note Regarding Forward-Looking Statements" in this short form prospectus should be carefully reviewed and evaluated by prospective subscribers before purchasing the securities being offered hereunder.**

The head office of the Corporation is located at 1402, 500 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 2V6 and its registered office is located at 4300, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5.

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters on behalf of the Corporation by Stikeman Elliott LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription book at any time without notice. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price for the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution". Definitive Common Share certificates will be available for delivery at closing, which is expected to occur on or about June 29, 2009 but in any event not later than August 4, 2009.

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All dollar amounts in this short form prospectus are in Canadian dollars unless otherwise stated.

### DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at 1402, 500 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2V6, Telephone: (403) 450-1190. These documents are also available through the Internet on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at [www.sedar.com](http://www.sedar.com).

The following documents of the Corporation, filed with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated into and form an integral part of this short form prospectus:

- (a) the annual information form of the Corporation for the year ended December 31, 2008 dated March 30, 2009 (the "AIF");
- (b) the audited consolidated financial statements of the Corporation as at December 31, 2008 and 2007 and for the years ended December 31, 2008 and 2007, together with the notes thereto and the auditors' report thereon;
- (c) management's discussion and analysis of the financial condition and results of operations of the Corporation for the year ended December 31, 2008;
- (d) the unaudited interim consolidated financial statements of the Corporation as at March 31, 2009 and for the three months ended March 31, 2009 and 2008 and the notes thereto;
- (e) management's discussion and analysis of the financial condition and results of operations of the Corporation for the three months ended March 31, 2009;
- (f) the information circular of the Corporation dated March 16, 2009 with respect to the annual and special meeting of the shareholders of the Corporation held on April 22, 2009;
- (g) the material change report of the Corporation dated April 2, 2009 with respect to the appointment of a new Chief Financial Officer;
- (h) the material change report of the Corporation dated June 4, 2009 with respect to the amendment to the Corporation's credit facilities; and
- (i) the material change report of the Corporation dated June 15, 2009 with respect to this offering.

Any documents of the type required by National Instrument 44-101 to be incorporated by reference in a short form prospectus filed by the Corporation with the securities commissions or similar authorities in the provinces of Canada after the date of this short form prospectus and before the termination of this offering, are deemed to be incorporated by reference in this short form prospectus.

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.**

#### **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This short form prospectus and the documents incorporated by reference herein contain forward-looking statements. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including, without limitation, those described in this short form prospectus under the heading “Risk Factors”. Many factors could cause the Corporation’s actual results, performance or achievements to vary from those described in this short form prospectus. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this short form prospectus as intended, planned, anticipated, believed, estimated or expected and such forward-looking statements included in this short form prospectus or the documents incorporated by reference herein should not be unduly relied upon. These statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference herein, as the case may be. Except as required by applicable securities laws, the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements.

The forward-looking statements contained in this short form prospectus are based on certain key assumptions regarding, among other things, the timing of obtaining regulatory approvals, the closing date of this offering and the use of the net proceeds of this offering. Forward-looking statements contained in certain documents incorporated by reference into this short form prospectus are based on the key assumptions described in such documents. The reader is cautioned that such assumptions, although considered reasonable by the Corporation at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this short form prospectus and in the documents incorporated by reference herein as a result of numerous known and unknown risks and uncertainties and other factors which are discussed in the documents incorporated herein by reference.

The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this short form prospectus:

- general economic conditions in Canada, the United States, Mexico and elsewhere internationally;
- drilling activity levels;
- the demand for oilfield services during and after drilling and completion of oil and gas wells;
- volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally;
- dependence on a single contractor with respect to the Corporation’s operations in Mexico;
- inability to renew existing drilling service contracts on terms favourable to the Corporation, or at all;
- competition;
- the ability to integrate technological advances and match advances of competition;
- reliance upon suppliers;
- the availability of capital;

- uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; and
- the other factors considered under “Risk Factors”.

These factors should not be construed as exhaustive.

## NON-GAAP MEASURES

The Corporation uses both Canadian generally accepted accounting principles (“GAAP”) and non-GAAP measures to assess performance and provides non-GAAP measures as supplemental information to investors. “Operating days”, “rig utilization”, “gross margin”, “EBITDA” and “net debt” do not have standardized meanings prescribed by GAAP. The Corporation’s method of calculating operating days, rig utilization, gross margin, EBITDA and net debt 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 of the Corporation uses operating days to measure rig utilization which quantifies the revenue-generating activity of the fleet of drilling rigs.

### Rig Utilization

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

### Gross Margin

Gross margin represents revenue minus operating expenses. Management of the Corporation believes that gross margin is a useful supplemental measure of the financial performance of the Corporation’s principal business activities before considering how activities are financed or taxed, as well as other expenses not closely associated with activity levels. The following is a reconciliation of gross margin to net income as calculated in accordance with GAAP:

|                                     | <u>Three months ended<br/>March 31, 2009</u> | <u>Twelve months ended<br/>December 31, 2008</u> |
|-------------------------------------|--|--|
| Net income                          | 2,379  | 2,741  |
| Tax expense (recovery)              | (1,199)                                      | 885  |
| Interest expense                    | 1,003  | 3,191  |
| Loss on sale of equipment           | -  | 46   |
| Foreign exchange loss (gain)        | 914  | (875)  |
| Stock-based compensation            | 241  | 1,251  |
| Amortization of intangibles         | 70   | 271  |
| Depreciation of capital assets      | 2,779  | 7,896  |
| Selling, general and administrative | 2,109  | 7,487  |
| Gross margin                        | 8,296  | 22,893   |

### 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 of the Corporation believes that EBITDA is a useful supplemental measure of the financial performance of the Corporation’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. The following is a reconciliation of EBITDA to net income as calculated in accordance with GAAP:

|                                | <b>Three months ended<br/>March 31, 2009</b> | <b>Twelve months ended<br/>December 31, 2008</b> |
|--------------------------------|--|--|
| Net income                     | 2,379  | 2,741  |
| Tax expense (recovery)         | (1,199)                                      | 885  |
| Interest expense               | 1,003  | 3,191  |
| Loss on sale of equipment      | -  | 46   |
| Foreign exchange loss (gain)   | 914  | (875)  |
| Stock-based compensation       | 241  | 1,251  |
| Amortization of intangibles    | 70   | 271  |
| Depreciation of capital assets | 2,779  | 7,896  |
| EBITDA                         | 6,187  | 15,406   |

### **Net Debt**

Net debt is used by management of the Corporation to analyze the amount of the Corporation's outstanding debt less the working capital of the Corporation.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Stikeman Elliott LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, provided the Common Shares are listed on a designated stock exchange (which includes the TSX) on the date of closing of this offering, the Common Shares offered hereby will, on the date of closing, be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder in effect on the date hereof (the "Tax Act") for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts. However, the holder of a tax free savings account which governs a trust which holds Common Shares will be subject to a penalty tax if the holder does not deal at arm's length with the Corporation for the purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for the purposes of the Tax Act.

### **XTREME COIL DRILLING CORP.**

The Corporation is a drilling services contractor utilizing proprietary COTD™ rigs intended for deeper crude oil and natural gas drilling with larger diameter coiled tubing. The Corporation's core business focuses on the design, manufacture and operation of coiled tubing drilling rigs. The Corporation currently focuses on the drilling market in Mexico and the United States, but continues to consider opportunities in regions outside North America.

On May 1, 2006, the Corporation completed an amalgamation with Norquay Capital Ltd. ("Norquay") which constituted Norquay's "qualifying transaction" for the purposes of the TSX Venture Exchange Inc. (the "TSXV") policies. The amalgamated entity continued operating as Xtreme Coil Drilling Corp. On May 4, 2006, the Common Shares commenced trading on the TSXV under the symbol "XDC". On September 5, 2006, the Common Shares began trading on the TSX under the symbol "XDC" and were de-listed from the TSXV. See "General Development of the Business" in the AIF.

The Corporation's principal office is located at 1402, 500 – 4th Avenue S.W., Calgary, Alberta, T2P 2V6 and its registered office is located at 4300, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5. The Corporation has also established a corporate office in Houston, Texas, United States and has field offices in Casper, Wyoming, United States, and near Poza Rica in the state of Veracruz, Mexico.

### **RECENT DEVELOPMENTS**

Concurrent with this offering, the Corporation applied to the TSX to offer up to an additional 750,000 Common Shares, on a private placement basis, at a price of \$3.90 per Common Share to certain directors, officers and employees of the Corporation. Closing of the private placement is expected to occur on or prior to June 29, 2009 and is subject to certain customary conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX.

On May 29, 2009, the Corporation announced execution of a second amendment to its credit agreement dated May 30, 2008. The amendment extends the Corporation's existing credit facilities, continuing its \$15 million operating loan facility ("Tranche A") and converting its \$60 million revolving credit facility into an extendible term loan ("Tranche B"). While the Tranche A facility remains essentially unchanged, the amended Tranche B facility requires minimum principal payments based on a five-year amortization of the outstanding balance at May 29, 2009. Quarterly installments in arrears begin June 30, 2009 and continue until the stated maturity date of January 4, 2011, at which time the remaining facility balance becomes due and payable unless such facility is extended. Under the terms of the amending agreement, the Corporation may request an extension of the facility at any time more than 90 days before the stated maturity date. A debt service coverage ratio covenant replaces the earnings before interest and taxes interest coverage and funded debt to EBITDA covenants that previously applied to quarterly financial reporting periods.

On May 3, 2009, the Corporation accepted a letter of intent which, subject to execution of the definitive contract, will require two XTC 200DT<sup>Plus</sup> rigs to move from Texas to México with drilling expected to begin in the third quarter of 2009. After these two rigs have commenced operations, ten COTD<sup>TM</sup> rigs will be operating in México. Earlier in 2009, the Corporation entered into a contract for two XTC 400 drilling rigs to work in México. These two rigs were modified to customer specifications, transported and subsequently deployed to México and both have commenced drilling operations. All rigs in México operate under day rate contracts. The Corporation has entered into renewal discussions for the first six rigs in México and anticipates negotiating the optional 365 day contract renewals during summer 2009.

## PLAN OF DISTRIBUTION

Pursuant to an agreement dated effective June 10, 2009 (the "Underwriting Agreement") among the Corporation and the Underwriters, the Corporation has agreed to issue and sell an aggregate of 10,300,000 Common Shares to the Underwriters, and the Underwriters have severally agreed to purchase the Common Shares on June 29, 2009 or on such other date as may be agreed among the parties to the Underwriting Agreement (such date not to be later than August 4, 2009) at a price of \$3.90 per Common Share. The Underwriting Agreement provides that the Corporation will pay the Underwriters' fee of \$0.2145 per Common Share, for an aggregate fee of \$2,209,350, in consideration for their services in connection with this offering. The offering price of the Common Shares was determined by negotiation between the Corporation and Peters & Co. Limited, on its own behalf and on behalf of the other Underwriter.

The Corporation has granted the Over-Allotment Option to the Underwriters pursuant to which the Underwriters have the option to purchase an additional 1,545,000 Common Shares on the same terms as set forth above, exercisable in whole or in part at any time from the date of the closing of this offering until and including 30 days thereafter, to cover over-allotments, if any. This short form prospectus also qualifies both the grant of the Over-Allotment Option and the distribution of the Common Shares issuable upon exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the Price to Public, Underwriters' Fee and Net Proceeds to the Corporation (before deducting expenses of this offering) will be \$46,195,500, \$2,540,752.50 and \$43,654,747.50, respectively. A purchaser who acquires Common Shares forming any part of the Underwriters' over-allocation position, if applicable, acquires those Common Shares under this short form prospectus regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated upon the occurrence of certain stated events. If an Underwriter fails to purchase the Common Shares which it has agreed to purchase, the remaining Underwriter may terminate its obligation to purchase its allotment of Common Shares, or may, but is not obligated to, purchase the Common Shares not purchased by the Underwriter which fails to purchase. The Underwriters are, however, obligated to take up and pay for all of the securities if any of the securities are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their affiliates, agents, directors, officers, shareholders and employees against certain liabilities and expenses.

The Corporation has applied to list the Common Shares on the TSX. Listing will be subject to the Corporation fulfilling all of the requirements of the TSX.

The Corporation has agreed with the Underwriters that it will not, during the period ending 90 days following the Closing Date, sell or offer to sell any Common Shares, or otherwise issue, lend, transfer or dispose of any securities exchangeable, convertible or exercisable for Common Shares, or announce any intention to do any of the foregoing (other

than for purposes of the stock option plan or the exercise of purchase warrants outstanding as of June 10, 2009), without the prior written consent of Peters & Co. Limited, such consent not to be unreasonably withheld.

The Underwriters may over-allot or effect transactions which stabilize or maintain the market price for the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Certificates for the Common Shares will be available for delivery at the closing of this offering, which is expected to take place on or about June 29, 2009 but in any event not later than August 4, 2009.

The Underwriters propose to offer the Common Shares initially at the offering price specified herein. After a reasonable effort has been made to sell all of the Common Shares at the price specified, the Underwriters may subsequently reduce the selling prices to investors from time to time in order to sell any of the Common Shares remaining unsold. In the event the offering price of the Common Shares is reduced, the compensation received by the Underwriters will be decreased by the amount the aggregate price paid by the purchasers for the Common Shares is less than the gross proceeds paid by the Underwriters to the Corporation for the Common Shares. Any such reduction will not affect the proceeds received by the Corporation.

The Common Shares offered hereby have not been and will not be registered under the 1933 Act or any state securities laws, and accordingly may not be offered or sold within the United States of America or to U.S. Persons (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. However, the Underwriting Agreement permits the Underwriters (i) to offer and resell the Common Shares acquired pursuant to the Underwriting Agreement to qualified institutional buyers (as defined in Rule 144A under the 1933 Act) in the United States, provided such offers and sales are made in accordance with Rule 144A under the 1933 Act, or (ii) to offer the Common Shares through their U.S. broker-dealer affiliates to certain institutional “accredited investors” that satisfy the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the 1933 Act (“Regulation D”) to whom the Corporation may sell the Common Shares in transactions that comply with Rule 506 of Regulation D. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell Common Shares outside the United States only in accordance with Regulation S under the 1933 Act.

In addition, until 40 days after the commencement of this offering, any offer or sale of Common Shares offered hereby within the United States by any dealer (whether or not participating in this offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with Rule 144A under the 1933 Act.

### CAPITALIZATION OF THE CORPORATION

The following table sets forth the consolidated capitalization of the Corporation as at March 31, 2009, both before and after giving effect to this offering, assuming the Over-Allotment Option is not exercised:

| Designation                               | Authorized | As at March 31, 2009<br>before giving effect to this offering | As at March 31, 2009<br>after giving effect to this<br>offering <sup>(7)</sup> |
|---|------------|---|--|
| Debt <sup>(1)(2)</sup> .....              |            |   |  |
| Tranche A                                 |            | \$10,842,399  | -  |
| Tranche B                                 |            | \$59,547,632  | \$59,547,632   |
| Common Shares <sup>(3)(4)</sup> .....     | Unlimited  | \$207,461,725<br>(40,726,169 Common Shares)                   | \$245,222,375<br>(51,026,169 Common Shares)                                    |
| Preferred Shares .....                    | Unlimited  | Nil   | Nil  |
| Shareholders' Equity <sup>(5)</sup> ..... |            | \$244,590,920   | \$282,351,570 <sup>(6)</sup>   |

Notes:

- (1) Excludes capital leases. See “Recent Developments”.
- (2) Assumes use of proceeds as set forth under “Use of Proceeds”, which does not reduce Tranche B debt as set forth above.
- (3) As at March 31, 2009, the Corporation had outstanding to officers, directors and employees options to purchase an aggregate of 2,865,000 Common Shares at an average price of \$5.66 per Common Share.
- (4) \$250,916,472 (52,571,169 Common Shares) if the Over-Allotment Option is exercised in full.
- (5) At March 31, 2009, the Corporation had a deficit of \$3,258,956, contributed surplus of \$3,756,680, warrants of \$1,630,000 and accumulated other comprehensive income of \$35,001,471.
- (6) \$288,045,667 if the Over-Allotment Option is exercised in full.

- (7) Does not include the concurrent private placement of up to 750,000 Common Shares to certain directors, officers and employees of the Corporation. See "Recent Developments".

## DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. The holders of Common Shares are entitled to dividends if, as and when declared by the board of directors thereon, to one vote per Common Share at any meeting of shareholders of the Corporation and, upon liquidation, to receive all assets of the Corporation that are distributable to holders of such Common Shares. As at June 11, 2009 there were 40,726,169 Common Shares issued and outstanding and no preferred shares were outstanding.

## PRICE RANGE AND TRADING VOLUME OF SECURITIES

The Common Shares are listed and trade on the TSX. The following table sets forth the price ranges and volume traded of the Common Shares, as registered by the TSX, for the periods specified.

|                          | High<br>(\$) | Low<br>(\$) | Volume    |
|--------------------------|--------------|-------------|-----------|
| 2008                     |              |             |           |
| June                     | 10.95        | 9.40        | 1,610,612 |
| July                     | 10.00        | 8.50        | 261,723   |
| August                   | 9.25         | 8.26        | 287,223   |
| September                | 8.99         | 5.75        | 2,794,990 |
| October                  | 6.74         | 3.51        | 573,029   |
| November                 | 3.99         | 1.99        | 750,841   |
| December                 | 3.00         | 1.45        | 2,068,392 |
| 2009                     |              |             |           |
| January                  | 2.24         | 1.40        | 2,107,747 |
| February                 | 1.72         | 1.08        | 128,916   |
| March                    | 1.74         | 1.15        | 475,469   |
| April                    | 3.72         | 1.40        | 1,655,419 |
| May                      | 4.71         | 2.96        | 854,274   |
| June (June 1 to June 15) | 4.44         | 3.85        | 417,689   |

## PRIOR SALES

The Corporation has not sold any Common Shares or securities convertible into Common Shares since June 1, 2008 other than the exercises of stock options to purchase Common Shares as set forth below.

| Date of Issue    | Number of Common Shares | Price per Common Share |
|------------------|-------------------------|------------------------|
| July 17, 2008    | 60,000 <sup>(1)</sup>   | \$3.00                 |
| August 21, 2008  | 100,000                 | \$3.00                 |
| November 3, 2008 | 100,000                 | \$3.00                 |
| November 3, 2008 | 10,000                  | \$3.00                 |

Note:

- (1) In July 2008, Richard Havinga elected to require the Corporation to purchase 60,000 vested stock options to purchase Common Shares in accordance with terms of the Stock Option Plan and the Corporation agreed to acquire such options for cancellation. The Common Shares issued pursuant to such stock options were cancelled immediately. On the same date, Mr. Havinga used proceeds of this exercise to repay to the Corporation an outstanding shareholder loan amounting to \$308,639 including interest.

Since June 1, 2008, the Corporation has also issued stock options to purchase an aggregate of 2,027,000 Common Shares at exercise prices ranging from \$1.50 per Common Share to \$9.49 per Common Share.

## USE OF PROCEEDS

The net proceeds of this offering, after payment of the Underwriters' fee of \$2,209,350 and expenses of this offering estimated to be \$200,000, will be \$37,760,650. If the Over-Allotment Option is exercised in full, the net proceeds of this

offering, after payment of the Underwriters' fee of \$2,540,752.50 and the expenses of this offering estimated to be \$200,000, will be \$43,454,747.50. See "Plan of Distribution". The net proceeds of the offering will initially be used to reduce indebtedness under Tranche A of the Corporation's loan facility and, together with later drawdowns under such facility, to fund ongoing maintenance capital expenditures and for general corporate purposes. The Corporation's current indebtedness under its credit facility was incurred in the normal course of business and operations in connection with previous capital and other expenditures made by the Corporation, including \$56 million of capital expenditures primarily for continued construction of drilling rigs and the payment of an additional \$8 million of refundable net value added tax to the Government of Mexico in connection with the Corporation's importation of drilling rigs into Mexico. These outlays were funded through use of its credit facility and internally generated cash from operations. See "General Development of the Business" in the AIF. While the Corporation's management intends to use the net proceeds as stated above, there may be circumstances not known at this time that lead management to reconsider its use of the net proceeds.

## **INTEREST OF EXPERTS**

Certain legal matters in connection with the issuance of the Common Shares offered hereby will be passed upon on behalf of the Corporation by Stikeman Elliott LLP, Calgary, Alberta and on behalf of the Underwriters by Blake, Cassels & Graydon LLP, Calgary, Alberta. The partners and associates of Stikeman Elliott LLP, as a group, and the partners and associates of Blake, Cassels & Graydon LLP, as a group, each own, directly or indirectly, less than 1% of the outstanding Common Shares. PricewaterhouseCoopers LLP are the auditors of the Corporation and are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

## **RISK FACTORS**

A prospective investor should consider carefully the risk factors set out below. In addition, prospective investors should carefully review and consider all other information contained in this short form prospectus before making an investment decision and consult their own experts where necessary.

### **Demand for Services**

Demand for the Corporation's coiled tubing drilling technologies and related services depends largely on the level of customer capital budgets dedicated to crude oil and natural gas exploration, development and production activities in Mexico, the United States and, in the future, other regions outside North America. The level of activity in the oil and gas exploration and production industry is volatile. Macro economic and geopolitical factors associated with oil and natural gas supply and demand are prime drivers for pricing and profitability within the oilfield services industry. No assurance can be given that current crude oil and natural gas drilling activity will be maintained or increase or that demand for the Corporation's drilling technology and services will reflect the current level of drilling activity.

As well, exploration and development drilling activities depend, in large measure, on crude oil and natural gas prices, which may be affected by local or international factors or by government regulation, and cannot be accurately predicted. Changes in levels of drilling activity by the Corporation's customers are directly affected by fluctuations in world commodity prices which, in turn, directly affect the Corporation's business. A decline in drilling activities could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

### **Volatility of Industry Conditions**

Demand, pricing and terms for contract drilling services largely depend on the level of exploration and production activity in Mexico, the United States and, in the future, other regions outside North America. Industry conditions are influenced by numerous factors over which the Corporation has no control, including: the level of crude oil and natural gas prices; expectations about future crude oil and natural gas prices; the cost of exploring for, producing and delivering crude oil and natural gas; the expected rates of decline of customers' current production; the discovery and production rates of new crude oil and natural gas reserves; available pipeline and other crude oil and natural gas transportation capacity; worldwide weather conditions; global political, military, regulatory and economic conditions; and the ability of the Corporation's customers to access equity capital or debt financing.

The Corporation's business and operational activities are directly affected by fluctuations in the levels of exploration and production activity carried on by its customers. Drilling activity in the United States and Canada is driven by supply and demand for crude oil and natural gas. In the United States and Canada, the current economic downturn has reduced demand overall. Mexico and other regions where the primary producer is a national entity with economic and social policy responsibilities generally experience lower volatility in drilling activity.

No assurance can be given that expected trends in exploration and production activity will continue or that demand for contract drilling services will reflect the level of activity in the exploration and production sector. Any prolonged substantial reduction in crude oil and natural gas prices would likely affect crude oil and natural gas production levels and, therefore, affect the demand, and resulting prices paid, for contract drilling services. A material decline in crude oil or natural gas prices or industry activity in Mexico or United States could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

## **Capital Markets**

The impact on capital markets resulting from investor uncertainty in the North American economy is currently constraining access to capital for the Corporation's customers in the crude oil and natural gas exploration, development and production sector, and, subsequently, the contract drilling services sector.

As a result of weakened global economies, the Corporation, along with all other oilfield services companies, may experience restricted access to capital, credit facilities and equity, and may face increased borrowing costs. Financial institutions' lending capacities may have diminished and risk premiums may have increased.

For the year ended December 31, 2008, capital expenditures were primarily for continued construction of new drilling rigs. In the third quarter of 2008, the Corporation announced the temporary suspension of the drilling rig construction program. Capital expenditures in early 2009, and until demand for our services increases, are limited to capital required to meet previous commitments for long-lead time rig components and to maintain or adapt drilling equipment to service committed contracts. When new contracts are negotiated, the Corporation expects to finance future capital expenditures from funds generated from operating activities, from borrowings and possible future equity financings. The Corporation's ability to source new capital is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in oilfield services companies and, in particular, the Corporation's securities. To the extent external sources of capital become limited or unavailable, or available on unacceptable terms, the Corporation's ability to make capital investments and to maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and, as a consequence, results of operations may be materially and adversely affected.

If funds generated from operating activities are lower than expected or capital costs for projects exceed current estimates, or if the Corporation incurs major unanticipated expenses related to maintenance of the existing drilling fleet, it will be required to source additional capital to maintain operations and capital expenditures at planned levels. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may result in delays in expanding the Corporation's drilling fleet.

## **Access to Additional Financing**

In the future, it may be necessary for the Corporation to obtain additional credit or equity financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Corporation when needed or on acceptable terms. The Corporation's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Corporation's growth and may have a material adverse effect. Where additional financing is raised by the issuance of Common Shares or securities convertible into Common Shares, control of the Corporation may change and the shareholders of the Corporation may suffer dilution to their investment. The Corporation's activities may also be financed, partially or wholly, with debt which may increase the Corporation's debt levels above industry standards.

## **Leverage and Restrictive Covenants**

The Corporation's ability to make payments or advances will be subject to applicable laws and contractual restrictions in the instruments governing any indebtedness of those entities. The degree to which the Corporation is leveraged could have important consequences for the shareholders of the Corporation including, but not limited to: (i) the Corporation's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii)

all or part of the Corporation's cash flow from operating activities may be dedicated to the payment of the principal of and interest on the Corporation's indebtedness, thereby reducing funds available for future operations; (iii) certain of the Corporation's borrowings are, and may in the future be, at variable rates of interest, which exposes the Corporation to the risk of increased interest rates; and (iv) the Corporation may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. These factors could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

### **Seasonality**

Areas of the United States where the Corporation has drilling operations are infrequently subject to weather constraints such as 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 Mexico, where the Corporation is currently active, drilling operations can be constrained by certain weather conditions, particularly hurricanes, as well as 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, the Corporation does not have field operations in Canada where seasonal weather conditions can restrict drilling operations. Particularly, movement of 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.

### **Alternatives to and Changing Demand for Petroleum Products**

The Corporation's management cannot predict the impact of changing demand for crude oil and natural gas products. Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to crude oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. Any major changes in demand for crude oil and natural gas products may result in a reduction in the demand for drilling services and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and therefore on the trading price of the Common Shares.

### **Sources, Pricing and Availability of Equipment and Equipment Parts**

The Corporation sources equipment and equipment parts from a variety of suppliers, most of whom are located in Canada and the United States. The Corporation'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 are under construction, the Corporation will depend on suppliers to deliver equipment on schedule and to meet required quality standards. If any of the Corporation's suppliers are unable to provide the necessary equipment or parts or otherwise fail to deliver products that meet the Corporation's quality standards or the quantities required, any resulting delays in the provision of services, or in the time required to source and enter agreements with new suppliers, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

### **Technology**

Certain proprietary technologies are integral to the Corporation's equipment and require proving in actual field operations or have only been operating in the field for a limited period of time. The Corporation cannot assure the current and future applications for its proprietary technology, including the ability of the Corporation to continue the use of key technologies integral to its business and operations, nor the effectiveness of these technologies in field operations. Competing technologies could prove more effective than those developed and used by the Corporation. In addition, patents applied-for may not be issued. There could also be alleged infringements on proprietary technologies levelled by the Corporation against third parties or against the Corporation by third parties. Any of the foregoing could result in lost revenues, significant legal costs, and other damages and costs which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

## **Government Regulation**

The Corporation's operations are subject to a variety of federal, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in drilling operations and the transportation of materials and equipment provided to clients. Compliance with, breaches of, or changes to such laws, regulations and guidelines could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares. Rigs currently under contract in Mexico may be subject to restrictions or delays in redeployment in the event of the termination of those contracts.

## **Operating Risks and Insurance**

The Corporation's drilling operations are subject to hazards inherent in the crude oil and natural gas industry, such as equipment defects, malfunction and failures, and natural disasters which result in fires, vehicle accidents, explosions and uncontrollable flows of natural gas or well fluids that can cause personal injury, loss of life, suspension of operations due to weather or other conditions, damage to crude oil and natural gas geological formations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. These risks could expose the Corporation to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators.

Management continuously monitors the Corporation's activities for quality control and safety. However, there are no assurances that the Corporation's safety procedures will always prevent such damages. Although the Corporation will maintain insurance coverage management believes to be adequate and customary within the drilling services industry, there can be no assurance that such insurance will be adequate to cover the Corporation's liabilities. In addition, there can be no assurance that the Corporation will be able to maintain adequate insurance in the future at reasonable and commercially justifiable rates. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by the Corporation, or a claim at a time when the Corporation is unable to obtain liability insurance, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

## **Key Personnel**

The successful operation of the Corporation's business will depend on the abilities, expertise, judgment, discretion, integrity and good faith of the Corporation's executive officers, general managers, employees and consultants. In addition, the ability of management to expand the Corporation's services will depend on the Corporation's ability to attract qualified personnel as needed. Demand for skilled oilfield employees can be constrained by supply in periods of high industry activity. The unexpected loss of the Corporation's key personnel, unavailability of personnel due to malady, quarantine or otherwise or the inability to retain or recruit skilled personnel, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

## **Competition**

The Corporation provides contract oilfield drilling and related services primarily to field operations of companies located in Mexico and the United States. The oilfield services business in which the Corporation operates is highly competitive in most regions. To be successful, the Corporation must provide services that meet specific needs of customers at competitive prices. The principal competitive factors in the markets where the Corporation operates are service quality and availability, reliability and performance of equipment used to provide its services, technical knowledge and experience and reputation for safety and price. The Corporation competes with several regional competitors that are both smaller and larger. These competitors offer similar services in all geographic regions where the Corporation operates. As a result of competition, the Corporation may be unable to continue to provide its present services or to acquire additional business opportunities which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

Reduced levels of activity in the crude oil and natural gas industry can intensify competition and result in lower revenue for the Corporation. Variations in exploration and production corporate expenditure budgets, which are directly affected by fluctuations in commodity prices, the cyclical nature and competitiveness of the crude oil and natural gas industry and governmental regulation, will have an effect on the Corporation's ability to generate revenue and earnings.

## **Foreign Currency Exchange Risk**

The Corporation is exposed to foreign currency fluctuations as certain revenues and expenses derived from its United States operations are denominated in U.S. dollars and certain revenues and expenses derived from the Corporation's Mexico operations are denominated in Mexican pesos. A material increase in the value of the Canadian dollar relative to these other currencies may negatively impact the financial condition of the Corporation. Other than the natural hedges that arise from day-to-day operations, the Corporation does not maintain an active hedge program.

## **Credit Risk**

The Corporation's accounts receivable are, and will be, with customers involved in the crude oil and natural gas industry, whose revenues may be impacted by fluctuations in commodity prices. In addition, the Corporation's accounts receivable is heavily concentrated with a small number of customers. Collection of these receivables could be influenced by economic factors affecting the crude oil and natural gas industry. Any inability of the Corporation to collect these accounts receivable could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

## **Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due or can do so only at excessive cost. The Corporation maintains what it believes to be a conservatively leveraged balance sheet and expects to finance future growth through one of or a combination of internally generated cash flows, borrowing under existing credit facilities, the issuance of debt or the issuance of equity, according to its capital management objectives. Given the Corporation's currently available liquid resources as compared to its contracted obligations, management assesses the Corporation's liquidity risk to be low.

## **Conflicts of Interest**

Certain of the directors of the Corporation are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to, such other procedures and remedies as apply under the Business Corporations Act (Alberta).

There may be situations in which the interests of the Corporation's directors, management, and consultants may conflict with those of the Corporation. Certain of these individuals are not engaged by the Corporation on a full-time basis and are currently involved, and will continue to be involved, in other entities, businesses and activities, all of which will place varying and conflicting demands on their time and attention. Furthermore, some such conflicts may result in an individual being in a direct conflict of interest position in relation to the Corporation. Any conflicts will be resolved in accordance with the provisions of the Business Corporations Act (Alberta) and other applicable laws.

## **Changes in Legislation**

There can be no assurance that legislative changes relating to the crude oil and natural gas industry and any related effect on demand for services industry will not adversely affect the holders of Common Shares.

## **Dependence on Key Contracts**

The business operations of the Corporation depend on successful execution of drilling contracts, primarily written agreements that are cancellable at any time, most of which are subject to termination costs. In addition, the majority of the Corporation's rigs are subject to renewable contracts in respect of which no assurances can be given as to their renewal. The key factors which determine whether a client continues to use the Corporation are service quality and availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, reputation for safety and competitive price. There can be no assurance that the Corporation's relationships with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

A substantial amount of the Corporation's revenues are currently derived from contracts with a single party. The relationship between the Corporation and such party is key to the continued success of the Corporation's operations in Mexico, and any impairment of such relationship could have a material adverse effect on the Corporation and its business and operations. No assurance can be given that they Corporation will be successful in maintaining its relationship with such party.

### **Risks of Foreign Operations**

The Corporation currently conducts its contract drilling and related services business primarily in Mexico and the United States and is pursuing additional opportunities in other international markets. As such, the Corporation is subject to political, economic, and other uncertainties, including, but not limited to, changes in energy policies, currency exchange rate fluctuations, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Corporation conducts operations, as well as risks of loss due to threats to security, criminal activities or terrorism. The Corporation's operations may also be adversely affected by laws and policies affecting foreign trade, taxation and investment and by lack of access to materials, components and skilled workers and time delays associated with shipment of products and materials or interruptions to address local access matters. In the event of a dispute arising in connection with the Corporation's operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of the Corporation's preference or enforcing judgments of one jurisdiction in other jurisdictions. Accordingly, the Corporation's contract drilling and related activities could be substantially affected by factors beyond the Corporation's control, any of which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

### **Environmental Liability Risks**

The Corporation is exposed to potential environmental liability in connection with its business. Certain of the Corporation's operating activities involve the handling, processing and storage of oil and chemical-based products. The Corporation maintains insurance consistent with industry practice to protect against losses due to sudden and accidental environmental contamination, accidental destruction of assets, and other operating accidents or disruptions and liability to third parties. The occurrence of any of the foregoing, any other spill or event resulting in environmental contamination or a breach of environmental rules or regulations to which the Corporation is subject could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows and, therefore, on the trading price of the Common Shares.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Alberta.

The transfer agent and registrar for the Common Shares is Valiant Trust Company at its principal office in Calgary, Alberta and through the offices of their agent, BNY Trust Company of Canada, in Toronto, Ontario.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## AUDITORS' CONSENT

We have read the short form prospectus of Xtreme Coil Drilling Corp. (the "Corporation") dated June ●, 2009 qualifying the distribution of 10,300,000 common shares of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at December 31, 2008 and 2007 and the consolidated statements of operations, comprehensive income (loss) and deficit and cash flows for the years then ended. Our report is dated March 16, 2009.

Calgary, Alberta  
June ●, 2009

Chartered Accountants

## CERTIFICATE OF THE CORPORATION

Date: June 16, 2009

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

(signed) RODNEY J. UCHYTL  
President and  
Chief Executive Officer

(signed) ELIZABETH T. WILKINSON  
Chief Financial Officer

On behalf of the Board of Directors:

(signed) RANDOLPH M. CHARRON  
Director

(signed) DANIEL Z. REMENDA  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Date: June 16, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

**PETERS & CO. LIMITED**

(signed) CHRISTOPHER S. POTTER

**NATIONAL BANK FINANCIAL INC.**

(signed) DION DEGRAND