



2006 Q1

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May 23, 2006

For Immediate Release

Xtreme Updates Corporate Activities and Announces 2006 First Quarter Results

Calgary, Alberta (TSX-V: "XDC") May 23, 2006 – Xtreme Coil Drilling Corp. ("Xtreme" or the "company") provides a business update and announces financial results for the three months ended March 31, 2006. Where possible, we have provided comparative information for the three months ended December 31, 2005.

Xtreme's Ongoing Corporate Activities

Ric Charron, Xtreme's chief executive officer reports, "This is an exciting time for Xtreme's management and shareholders. We are confident that Xtreme's comprehensive business plan has us well-positioned to be operational in the second half of 2006. Construction of our coil drilling rigs is on track and we now can see physical evidence of our growing asset base. We are expanding Xtreme's corporate, technical and field staff in anticipation of commencing drilling operations."

Mr. Charron adds, "I am pleased to announce that, on May 1, 2006, our board of directors approved the appointment of Vic Fitch as chief financial officer. Vic is a certified general accountant and brings to Xtreme more than nine years of experience in the oilfield services industry. Further, as an element of Xtreme's ongoing business development, we have applied for a number of patents in the United States and abroad."

Currently, Xtreme has fifteen patent applications pending in the United States. These patent applications cover Xtreme's coiled tubing technology including equipment and methods for coiled tubing drilling to depths of 3,000 meters and greater.

Xtreme completed an amalgamation with Norquay Capital Ltd. on May 1, 2006. Xtreme's common shares commenced trading on the TSX Venture Exchange under the symbol "XDC" when the market opened on Thursday, May 4, 2006.

2006 First Quarter Highlights

- active build-out program for Xtreme's coil over top-drive drilling rigs;
- ten coil drilling rigs currently at various stages of construction;
- negotiated construction contracts for Xtreme's drilling rig program;
- finalised certain drilling contracts and continuing negotiations with producers in both the United States and Canada;
- raised \$55.3 million through a private placement;
- continued development of proprietary intellectual property.

Throughout the first three months of 2006, Xtreme focused on working with the third party contractors building our coiled tubing drilling rigs. We are making solid progress on ten drilling rigs and expect Xtreme's construction costs on these rigs will total \$85.0 million. Commissioning and operation of Xtreme's first coil drilling rig is expected in late June 2006.

At the same time, Xtreme conducted contract discussions with oil and natural gas producers in both the United States and Canada. Certain contracts are now in place and others are in negotiation.

During the 2006 first quarter, Xtreme raised \$55.3 million through a private placement at \$7.00 per common share. These funds will be utilized for Xtreme's 2006 drilling rig construction and for the early stages of our 2007 construction program.

Management's Discussion and Analysis ("MD&A") For the three months ended March 31, 2006

Management for Xtreme Coil Drilling Corp. ("Xtreme", the "company", "we", "our") has based this MD&A on the operating and financial results for the three months ended March 31, 2006 and management's outlook is based on information available as at May 12, 2006. Xtreme was incorporated May 24, 2005. For this MD&A, where available, Xtreme has provided comparative data for the three months ended December 31, 2005.

Management recommends reading the MD&A in conjunction with Xtreme's audited annual consolidated financial statements and related notes for the year ended December 31, 2005, MD&A for the year ended December 31, 2005, and the unaudited consolidated financial statements for the three months ended March 31, 2006. Management has prepared the consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") and all amounts are expressed in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Except for historical financial information contained herein, matters discussed in this report may be considered forward-looking statements. Such statements include declarations regarding management's intent, belief and current expectations. Prospective investors are cautioned that any such forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) the information is of a preliminary nature and may be subject to further adjustment; (ii) risks related to the uncertainty inherent in the oil and natural gas industry; (iii) the impact of commodity price fluctuations; (iv) start-up risks; (v) general operating risks; (vi) dependence on third parties; (vii) changes in government regulation; (viii) the effect of competition; (ix) dependence on senior management; and (x) fluctuations in currency exchange rates and interest rates.

Description of the Business

Xtreme is in the business of operating as a drilling contractor using coiled tubing drilling rigs which employ new patent-pending coil designs and technologies. In addition to their coil capabilities, these drilling rigs are also designed to drill with conventional jointed drill pipe. Xtreme is currently building these drilling rigs under contract with several third parties. Upon completion of the coiled tubing drilling rigs, Xtreme plans to contract out these drilling rigs to oil and gas exploration and production ("E&P") companies. Xtreme's activities currently focus on both the United States and western Canada, with the majority our operations planned for the United States.

Xtreme's corporate and head office is in Calgary, Alberta. We expect to construct a Canadian field office in Red Deer, Alberta. Xtreme's United States field office is in Casper, Wyoming, and we have plans to establish a sales office in Denver, Colorado.

Currently, Xtreme has fifteen patent applications pending in the United States. These patent applications cover Xtreme's coiled tubing technology including equipment and methods for coiled tubing drilling to depths of 3,000 meters and greater.

Effective May 1, 2006 Xtreme amalgamated with Norquay Capital Ltd. ("Norquay"), a capital pool company. The transaction constituted Norquay's "qualifying transaction" for the purposes of Policy 2.4 of the TSX Venture Exchange. The amalgamated entity will continue operating as Xtreme Coil Drilling Corp. On May 4, 2006, Xtreme's common shares commenced trading on the TSX Venture Exchange under the symbol "XDC".

Equipment Under Construction

Xtreme has designed five different styles of drilling rigs. Currently, we have ten drilling rigs at various stages of construction. Xtreme has taken delivery of the first coil over top-drive unit, the primary component of the multiple sections that comprise a coil drilling rig. The next stages are to complete the assembly with the remaining components and, finally, to fully commission the drilling rig. Depending on the timing of delivery of the remaining buildings and components, management anticipates that the first coil drilling rig will commence active field operations by the end of June 2006.

The first three drilling rigs expected to be completed are designed to work in western Canada. Management expects to deploy the remaining drilling rigs completed during 2006 in the United States. Thereafter, we anticipate that 70 - 80 percent of Xtreme's drilling rig fleet will work in the United States.

Selected Quarterly Financial Information

(unaudited)

Three months ended

	Mar 31 2006	Dec 31 2005	Sep 30 2005	Jun 30 2005
(\$ thousand, except per share amounts)				
Revenue	-	-	-	-
Net loss	272	3,078	209	76
Net loss per share	0.01	0.22	0.02	0.22
Funds used in operations	266	142	156	43
Capital assets	24,545	13,528	5,988	-
Total assets	94,052	41,605	39,854	11,453

Results of Operations

We expect to begin generating revenue upon completion of Xtreme's first coiled tubing drilling rig. The first drilling rig is expected to commence work by the end of June 2006. We are marketing Xtreme drilling rigs in Canada and the United States and seeking long-term contracts for the majority of our fleet. Xtreme has signed three long-term contracts with two major E&P companies in the United States and one contract in Canada. Contract negotiations with other E&P companies are ongoing.

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

SG&A for the three months ended March 31, 2006 was \$599,000 (4Q 2005 - \$344,000). A set-up fee of \$125,000, to establish the new \$50 million credit facility, was included in SG&A for the three months ended March 31, 2006. As Xtreme's equipment continues to near completion, we have incurred additional costs to establish the required infrastructure in preparation for, and support of, active operations. This infrastructure includes increasing the number of total employees from six at 2005 year-end to twelve at March 31, 2006.

Depreciation and Amortization

Depreciation and amortization for the three months ended March 31, 2006 increased to \$65,000 (4Q 2005 - \$42,000). This increase was the result of additional office support equipment. Depreciation of field equipment will not commence until the equipment is completed and available for use.

Stock-Based Compensation

Stock-based compensation for the three months ended March 31, 2006 decreased to \$47,000 (4Q 2005 - \$3,040,000). Most of this decrease results from the recognition in the previous three months of \$2,990,000 in stock-based compensation associated with the Series 1 performance warrants.

Foreign Exchange

Xtreme realized a foreign exchange loss for the three months ended March 31, 2006 of \$3,000 (4Q 2005 - (\$18,000)). These losses result from a translation on Xtreme's United States dollar cash balances. Xtreme is exposed to risk from fluctuations in foreign currency exchange rates because certain ongoing expenses and capital costs are denominated in United States funds although there is no source that generates United States funds. As Xtreme's operations grow and develop, we expect that we will generate the majority of cash flow in United States funds, while the majority of cash requirements for the continuation of drilling rig construction could require settlement in Canadian funds.

Interest Income

Interest income for the three months ended March 31, 2006 was \$337,000 (4Q 2005 - \$219,000). This resulted from investment of temporary surplus cash available while Xtreme is completing the build-out of the initial fleet of coiled tubing drilling rigs. Interest income increased as a result of funds received from the private placement that closed March 2, 2006.

Income Taxes

During the three months ended March 31, 2006, Xtreme recorded a future income tax recovery of \$109,000 (4Q 2005 - \$62,000). The increased recovery provision is primarily the result of increased SG&A.

Net Loss

The net loss for the three months ended March 31, 2006 was \$272,000 (4Q 2005 - \$3,078,000). The majority of this decrease is associated with the previous quarter's recognition of stock-based compensation.

Financial Condition, Liquidity and Capital Resources

At March 31, 2006 Xtreme had cash balances of \$64.8 million (Dec 31, 2005 - \$25.2 million), an increase of almost \$39.6 million. Similarly, working capital increased to \$64.1 million (4Q 2005 - \$23.8 million). The primary reason for these increases was the closing of the private placement.

During the three months ended March 31, 2006, Xtreme closed a private placement of 7.9 million shares at \$7.00 per share for gross proceeds of \$55.3 million. Net proceeds of the issuance, after underwriting fees and expenses, were nearly \$51.9 million. The income tax impact of the underwriting fees and expenses resulted in an increase of \$1.1 million to Xtreme's future income tax asset.

During the three months ended March 31, 2006 Xtreme finalized negotiation of a \$50.0 million debt facility with a Canadian financial institution for construction of equipment, as well as a \$5.0 million operating line to be supported by accounts receivable. Presently, Xtreme has drawn no amounts on these facilities and, other than capital leases entered into after the end of the quarter for field vehicles, Xtreme has no other long-term debt.

Financial Condition, Liquidity and Capital Resources *(continued)*

Xtreme invested nearly \$11.1 million in continued construction costs for equipment during the three months ended March 31, 2006. The cost of the first ten drilling rigs in our program is estimated at approximately \$85.0 million. At March 31, 2006, Xtreme incurred costs of approximately \$24.3 million on deposits and progress payments, leaving costs to complete of approximately \$60.7 million. Management expects that, on a cash basis, funds on hand, together with existing debt facilities, will be sufficient to complete the first ten drilling rigs as well as related ongoing operating requirements. Looking beyond 2006, as Xtreme continues to build more drilling rigs and our asset base grows, we will determine the appropriate vehicle and timing for expanding our financial capacity to support our future capital requirements.

Management expects to acquire land and construct a building for Xtreme's Canadian field operations centre. We anticipate the completion of construction will occur in 2007.

Outstanding Common Shares

As at March 31, 2006, Xtreme had 25,541,680 common shares outstanding. In addition, there were outstanding 1,790,000 options to purchase common shares of Xtreme at a weighted average exercise price of \$3.16 per share. Xtreme also has outstanding 1,000,000 Series 1 and 1,000,000 Series 2 common share performance warrants. Each performance warrant entitles the holder to purchase one common share at a strike price of \$0.01 per common share. The Series 1 warrants are not exercisable until Xtreme's liquidity value exceeds \$4.75 per share for a thirty-day period. Management anticipates this event is likely to occur and, accordingly, expensed \$2.99 million of stock-based compensation in the fourth quarter of 2005. The likelihood of the Series 2 warrants vesting cannot be determined at this time.

As at May 1, 2006, and as a result of the amalgamation with Norquay, Xtreme issued to former shareholders of Norquay 555,555 common shares. In addition Xtreme issued 23,333 agent options at an exercise price of \$4.50 per share in exchange for agent options originally issued by Norquay. Share capital on May 12, 2006 was \$95.0 million (26,097,235 shares).

Critical Accounting Estimates

Xtreme's significant accounting policies are described in note 2 to the annual consolidated financial statements as at December 31, 2005.

Business Risks and Uncertainties

Xtreme is affected by a number of risks and uncertainties. Although Xtreme can take actions to mitigate some of these risks, many risks are beyond our control. The risks discussed in this section should not be construed as an exhaustive list of all possible risks.

As a start-up business with significant assets under construction and an aggressive building program, Xtreme is dependent upon suppliers to deliver equipment on schedule and to meet necessary quality standards. Failure of our suppliers to do so would severely impact Xtreme's ability to expand operations as planned and to retain customers.

In addition, demand for Xtreme's coiled tubing drilling services is largely dependent on the level of oil and gas industry activity. Industry activity is influenced by numerous factors over which we have no control, including the level of oil and natural gas prices, government legislation, regulatory and economic conditions, global political and military events, international trade barriers or disputes, and fuel and environmental conservation measures such as the Kyoto Protocol or similar initiatives.

Outlook

Xtreme's unique patent-pending coiled tubing drilling rigs will drill to a depth of up to 3,000 meters with coil and up to 4,100 meters with jointed pipe. These drilling rigs will allow E&P companies to take advantage of cost savings associated with drilling with coiled tubing, namely those savings associated with faster drilling times. Xtreme's new designs will expand the depth range of current coiled tubing drilling technology. This will open up a larger segment of the drilling market to coiled tubing drilling in the United States and Canada.

North American oil and natural gas drilling activity is currently robust, based largely on sustained strong commodity pricing. Many experts predict these conditions will continue. Xtreme is well-positioned to capitalize on forecasted industry drilling activity levels. Whether commodity prices continue to climb or are reduced to more traditional levels, management expects Xtreme's unique patent-pending coiled tubing drilling rigs will be well received by E&P companies with active drilling programs.

Additional Information

Additional information relating to Xtreme 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: 403.262-9500) or e-mail xtreme.info@xtremecoildrilling.com.

**Xtreme Coil Drilling Corp.
 Consolidated Balance Sheets**

	Mar 31 2006	Dec 31 2005
	<i>(unaudited)</i>	
Assets		
Current assets		
Cash and cash equivalents	\$ 64,812,608	\$ 25,224,576
Accounts receivable	529,263	181,934
Prepaid expenses	99,204	76,593
	65,441,075	25,483,103
Future income tax	1,892,607	641,359
Deferred costs (note 7)	181,300	-
Equipment (note 3)	24,544,757	13,527,576
Intangibles	1,992,523	1,952,708
	\$ 94,052,262	\$ 41,604,746
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,344,438	\$ 1,720,840
Shareholders' Equity		
Share capital (note 5)	93,229,169	40,183,580
Contributed surplus	3,113,823	3,063,832
Deficit	(3,635,168)	(3,363,506)
	92,707,824	39,883,906
	\$ 94,052,262	\$ 41,604,746

Commitments (note 6)

Subsequent event (note 7)

See accompanying notes to the consolidated financial statements

On behalf of the board of directors,

Signed "Thomas Wood"
 Director

Signed "Randolph Charron"
 Director

Xtreme Coil Drilling Corp.
Consolidated Statement of Operations and Deficit

Three Months Ended March 31, 2006

(unaudited)

Sales	\$	-
Expenses		
Selling, general and administrative		599,506
Depreciation of capital assets		39,674
Amortization of intangibles		25,266
Stock-based compensation		49,991
Foreign exchange loss		3,196
Interest (income)		(336,533)
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Loss before income tax		(381,100)
Future income tax recovery		109,438
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Net loss for the period		(271,662)
Deficit, beginning of period		(3,363,506)
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Deficit, end of period	\$	(3,635,168)
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Net loss per common share - basic and diluted		(0.01)
Weighted average number of common shares - basic		20,187,236

See accompanying notes to the consolidated financial statements

Xtreme Coil Drilling Corp.
Consolidated Statement of Cash Flows

Three Months Ended March 31, 2006

(unaudited)

Cash provided by (used in)	
Operating activities	
Net loss for the period	\$ (271,662)
Items not affecting cash:	
Depreciation and amortization	64,940
Stock-based compensation	49,991
Future income tax	(109,438)
	(266,169)
Changes in non-cash operating working capital	(994,003)
	(1,260,172)
Financing activities	
Proceeds from shares issued	55,300,000
Financing costs	(3,396,221)
Deferred costs	(181,300)
	51,722,479
Investing activities	
Acquisitions of equipment	(11,056,855)
Intangibles	(65,081)
Change on non-cash working capital relating to capital items	247,661
	(10,874,275)
Increase in cash and cash equivalents during the period	39,588,032
Cash and cash equivalents - beginning of period	25,224,576
Cash and cash equivalents - end of period	\$ 64,812,608
Supplemental Disclosure of Cash Flow Information	
Interest paid	-
Income tax paid	-

See accompanying notes to the financial statements

Xtreme Coil Drilling Corp.

Notes to the Financial Statements
 For the three months ended March 31, 2006

1. Nature of operations

Xtreme Coil Drilling Corp. ("Xtreme" or the "company"), was incorporated May 24, 2005 under the Business Corporations Act of Alberta. Xtreme is in the business of operating coiled tubing drilling rigs using new patent-pending coil drilling rig designs and technology. Xtreme's patents for the designs are currently pending in the United States. Upon completion of the coiled tubing drilling rigs, Xtreme plans to contract out these units to exploration and production companies in both the United States and Canada. Operations are currently directed from Xtreme's head office in Calgary, Alberta, Canada.

2. Significant accounting policies

These unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles and include only the accounts of the company and its wholly-owned subsidiaries. These interim financial statements follow the same accounting policies and methods as the most recent financial statements for the year ended December 31, 2005. These statements include all adjustments necessary to present fairly the results for the interim periods. The disclosures included below are incremental to those included with the annual financial statements. These unaudited interim financial statements should be read in conjunction with the most recent annual financial statements and notes included in Xtreme's financial statements for the year ended December 31, 2005.

3. Equipment

	Mar 31, 2006			Dec 31, 2005
	(\$)	Cost	Accumulated amortization	Net
Computer equipment		103,082	13,794	89,288
Computer software		103,314	32,712	70,602
Office furniture		118,223	12,035	106,188
Leasehold improvements		56,530	5,440	51,090
Drilling equipment – construction in progress		24,227,589	-	24,227,589
Total		24,608,738	63,981	24,544,757
				13,305,752
				13,527,576

Xtreme is currently building coiled tubing drilling rigs under contract with third parties. The drilling rigs will be depreciated upon completion of the construction at the time the drilling rigs are available for contracting out to Xtreme's customers.

4. Credit facilities

On March 17, 2006, Xtreme negotiated credit facilities with a major Canadian bank. The facilities require Xtreme to maintain certain financial covenants. At March 31, 2006, Xtreme was in compliance with these covenants. At March 31, 2006, Xtreme owed no amount under these facilities.

Xtreme has a \$5 million operating loan facility. This facility bears interest at the bank's prime rate plus 0.25 percent and is secured by accounts receivable.

Xtreme has a \$50 million committed 364-day extendible revolving credit facility. The facility is extendible, at the bank's discretion for a further period of 364 days and, if not extended, reverts to a term loan to be repaid monthly over a period of 48 months. The extendible revolving facility bears interest at the bank's prime rate plus 0.75 percent. The term loan bears interest at the bank's prime rate plus 1.00 percent. A standby fee of 0.35 percent per annum applies to the unutilized portion of the facility. The facility is secured by a general security agreement over all present and future assets, excluding Xtreme's intellectual property.

Xtreme Coil Drilling Corp.

Notes to the Financial Statements
 For the three months ended March 31, 2006

5. Share capital

Authorized and issued shares

Xtreme is authorized to issue an unlimited number of common voting and preferred shares without nominal or par value. Xtreme has no preferred shares outstanding. Following is a summary of Xtreme's issued and outstanding common shares.

	Mar 31, 2006		Dec 31, 2005	
	Number	Amount	Number	Amount
Balance before receivable from shareholder, beginning of period	17,641,680	\$40,483,580	-	\$ -
Shares issued:				
Initial private placement for cash	-	-	6,170,013	9,255,018
Issued in exchange for advance to shareholder	-	-	200,000	300,000
Issued in lieu of signing bonus	-	-	21,667	32,500
Issued in exchange for patents	-	-	1,250,000	1,875,000
Private placement for cash, net of issue cost	-	-	10,000,000	28,525,251
Private placement for cash, net of issue cost (note 5(a))	7,900,000	51,903,779	-	-
Future income tax effect of shares issue cost	-	1,141,810	-	495,811
	7,900,000	53,045,589	17,641,680	40,483,580
Receivable from the shareholder	-	(300,000)	-	(300,000)
Balance, end of period	25,541,680	\$ 93,229,169	17,641,680	\$ 40,183,580

a. Private placements

In March 2006, Xtreme completed an additional private placement pursuant to which 7,900,000 common shares were issued at a price of \$7.00 per common share for gross proceeds of \$55,300,000. A commission of 6 percent of gross proceeds or \$3,318,000 was paid to the agent. In addition, legal and financing fee costs of \$78,221 resulted in net proceeds to Xtreme of \$51,903,779, which were credited to the share capital.

b. Stock options outstanding

Xtreme has established a stock option plan for directors, officers, employees and consultants which permits granting of options to purchase up to a maximum of 10 percent of the company's issued outstanding shares. The number of options, and exercise price thereof, is set by the board of directors at the time of grant, provided that such exercise price shall not be less than that from time to time permitted under the rules of any stock exchange or exchanges on which Xtreme's shares may be listed. The options granted under the plan are exercisable at the discretion of the board, generally for a period not exceeding five years, with one-third of the options vesting each year for the first three years, commencing one year after grant.

Xtreme Coil Drilling Corp.

Notes to the Financial Statements
 For the three months ended March 31, 2006

5. Share capital *(continued)*

b. Stock options outstanding *(continued)*

During the first three months of 2006, the board of directors approved the granting of 45,000, 100,000 and 35,000 stock options at an exercise price of \$3.00, \$4.50 and \$7.00 respectively. In 2005, the board of directors approved granting of a total of 1,610,000 stock options at an exercise price of \$3.00. As at March 31, 2006, a total of 1,790,000 stock options were outstanding. During the 2006 first quarter, a compensation expense of \$49,991 relating to these stock options was recorded as part of stock-based compensation expense and credited to contributed surplus.

Xtreme uses the fair value method of accounting for stock-based compensation. The fair value of options granted by Xtreme was estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants assuming no dividends are paid on common shares, a risk-free interest rate of four percent, an average life of 3.0 years and an expected volatility ranging from zero to 50 percent. The amounts computed according to the Black-Scholes pricing model may not be indicative of the actual values realized upon the exercise of these stock options by the holders. The amount of the fair value is charged to earnings over the period of vesting of the stock options and a corresponding credit is made to contributed surplus. Upon the exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. In the event that stock options expire without being exercised, previously recognized compensation expense associated with such stock options is not reversed.

A summary of the status of the plan as at March 31, 2006, is presented below.

		Mar 31, 2006		Dec 31, 2005	
		Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of period		1,610,000	\$ 3.00	-	\$ -
Granted		180,000	4.61	1,610,000	3.00
Exercised		-	-	-	-
Expired/cancelled		-	-	-	-
Outstanding, end of the period		1,790,000	\$ 3.16	1,610,000	\$ 3.00
Options exercisable, end of period		-	-	-	-

		Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price	
\$3.00	-					
\$4.50	1,755,000	4.5yrs	\$ 3.09	-	-	
\$7.00	35,000	5.0yrs	\$ 7.00	-	-	
\$3.00	-					
\$7.00	1,790,000	4.5yrs	\$ 3.16	-	-	

5. Share capital *(continued)*

c. Diluted earnings per share

The common shares potentially issuable under options and performance warrants are not included in the computation of diluted earnings per share as to do so would be anti-dilutive.

6. Commitments

Xtreme has commitments to suppliers with respect to contracts for the construction of coiled tubing drilling rigs in the amount of \$43.8 million (2005 - \$26.0 million) which are not reflected in these financial statements. The majority of these commitments are for the first ten drilling rigs under construction, although a portion of the commitments is for additional coil drilling rigs to be constructed beyond 2006. Significant additional costs will be incurred, but have not required commitment, to complete the first ten drilling rigs.

Xtreme has entered into an agreement to purchase land for \$1.3 million on which it intends to construct a building for its Canadian field operations. The agreement is subject to certain conditions to complete the transaction.

7. Subsequent event

In January 2006, Xtreme entered into an amalgamation agreement with Norquay Capital Ltd. ("Norquay"). Norquay was a capital pool company and the amalgamation constituted its "qualifying transaction" for the purposes of Policy 2.4 of the TSX Venture Exchange ("TSX-V"). The amalgamation was approved at shareholders' meetings of both Xtreme and Norquay held on April 20, 2006, with the amalgamation occurring on May 1, 2006. The company will continue operating under the name "Xtreme Coil Drilling Corp." Xtreme's common shares were listed and commenced trading on the TSX-V on May 4, 2006.

Since the shareholders of Xtreme constitute the majority of the shareholders of the amalgamated entity, the transaction will be accounted for as a reverse takeover. Current assets and net assets acquired through the amalgamation are both estimated to be \$1.8 million.

Pursuant to the amalgamation, 555,555 shares of Xtreme were issued to former shareholders of Norquay in exchange for shares of Norquay. In addition, Xtreme issued agent options to purchase 23,333 shares of Xtreme with a strike price of \$4.50 per share in exchange for agent options to purchase shares of Norquay.

Costs to complete the amalgamation were estimated at \$250,000. To March 31, 2006, amalgamation costs of \$181,300 were incurred. These costs have been deferred until the 2006 second quarter when the amalgamation was completed.

For further information please contact

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Information relating to Xtreme Coil Drilling Corp. is also available on SEDAR at
www.sedar.com.



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Corporate information

Board of Directors

Randolph M. Charron
President, Characo
Corporation
Calgary, AB

Richard R. Charron
Chief Executive Officer
Xtreme Coil Drilling Corp.
Calgary, AB

Danny Remenda
Independent Businessman]
Calgary, AB

Kyle Swingle
Chief Operating Officer –
Canadian Operations
Xtreme Coil Drilling Corp.
Greenwood Village, CO, USA

David Tuer
Independent Businessman
Calgary, AB

Thomas D. Wood¹
Chairman and Managing
Director, United States and
International Operations
Xtreme Coil Drilling Corp.
Calgary, AB

¹ *Chairman of the Board*

Management

Richard Charron
Chief Executive Officer

Kyle Swingle
Chief Operating Officer
- Canadian Operations

Vic Fitch
Chief Financial Officer

Richard Havinga
Vice President, Engineering
and Manufacturing

Chris White
Manager, United States
Operations

Reg Layden
Manager, Canadian
Operations

Auditors

PriceWaterhouseCoopers LLP
Calgary, AB

Bank

HSBC Bank Canada
Calgary, AB

Solicitors

Burnet, Duckworth & Palmer LLP
Calgary, AB

Stock Exchange and Symbol

TSX-Venture
"XDC"

Registrar and Transfer Agent

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