

# Q2

For the  
six months ended  
June 30, 2007



# X-TREME

COIL DRILLING CORP.

SECOND INTERIM REPORT

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**For Immediate Release**

## **Xtreme Coil Operations Update and 2007 Six Month Results**

**Calgary, Alberta (TSX: "XDC") August 10, 2007** – Xtreme Coil Drilling Corp. ("Xtreme Coil", the "company") provides an operations update and announces financial results for the three months and six months ended June 30, 2007 ("2Q 2007").

### **Current Operations**

Xtreme Coil continues to expand operations in the United States and Canada. Currently, we have seven of our Coil Over Top Drive® (COTD™) drilling rigs deployed and eleven rigs in various stages of construction. Five of our rigs are based in the United States and two are based in Canada.



In July, Xtreme Coil's newest XTC 400 began drilling operations in Colorado [see Rig #8 photo left] under a multi-year contract. The XTC 400 design has the largest coiled tubing injection system in the world. Rig #8 drilled its first well in the Denver-Julesburg Basin of Colorado, achieving a record 51.25 rotating hours drilling with coil from below the surface casing to total depth of approximately 8,375 feet. This 7-7/8" hole, drilled with 3-1/2" coil, is the deepest well drilled with this size of coil. With the additional capacity designed into our XTC 400, we are confident this rig model will soon reach depths of

10,000 feet using Xtreme Coil's innovative technology and drilling systems.

In early August, we completed commissioning our third XTC 400 rig and it will now move to the Piceance Basin in the Rocky Mountain region of the United States where it is committed to a multi-year contract.

We expect to exit 3Q 2007 with ten COTD™ drilling rigs completed and operational, including our fourth model, an XTC 300, committed to a multi-year contract in Colorado.

In addition to the two patents issued during 1Q 2007 for our new drilling technology, Xtreme Coil has a further 34 patent applications under review in the United States, Canada and other jurisdictions.

In July, Coil-X Drilling Systems Corporation ("Coil-X"), Xtreme Coil's joint venture with Shell Technology Ventures Fund 1 B.V., appointed two more individuals to the board of directors to join founding directors, Thomas Wood of Calgary and Eugene Murphy of Houston, TX. Coil-X welcomes Lawrence Hibbard of Houston, TX and Gary L. Warren of Sugar Land, Texas.

### 2007 Second Quarter Highlights

- Rigged up, commissioned and began operating our first XTC 400 coiled tubing drilling rig in western Colorado under long-term contract for a major exploration and production ("E&P") company;
- Rigged up, commissioned and deployed two further new drilling rigs: an XTC 400 and an XTC 200DT;
- Moved one Canadian-based XTC 200ST drilling rig to southern Alberta for a multi-well project;
- Established an oilfield trucking service in Cheyenne, Wyoming to enhance Xtreme Coil's contract drilling services in the Rocky Mountain region of the United States by providing efficient transportation of drilling rigs and related equipment;
- Achieved 280 operating days compared to 235 operating days during 1Q 2007. We expected a larger increase in operating days, but were restrained by the postponement of a June project in the United States and prolonged spring break-up conditions in Canada which prevented our contracted rig from moving.

<i>(\$ thousand except where indicated)</i>	<b>30 Jun 2007</b>	<b>30 Jun 2006</b>
Revenue	<b>5,416</b>	–
Net loss	<b>1,144</b>	<b>334</b>
Net loss per share (\$)	<b>0.03</b>	<b>0.01</b>
Capital assets	<b>148,503</b>	<b>39,804</b>
Operating days	<b>280</b>	–
Rig utilization	<b>66%</b>	–

### Management's Discussion and Analysis ("MD&A") For the three and six months ended June 30, 2007

Management for Xtreme Coil Drilling Corp. ("Xtreme Coil", the "company", "we", "our") has based this MD&A on the operating and financial results for the three and six months ended June 30, 2007 ("2Q 2007") and management's outlook is based on information available as at August 9, 2007. Because Xtreme Coil's operations did not commence until July 2006, for this MD&A and where available, management has provided comparative data for the three months ended March 31, 2007 ("1Q 2007").

Management recommends reading this MD&A in conjunction with Xtreme Coil's audited annual consolidated financial statements and related notes and the MD&A for the year ended December 31, 2006. Management has prepared the consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") and expressed all amounts 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. Management cautions prospective investors 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 preliminary nature of the information which may be subject to further adjustment; (ii) the risks related to 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 Coil is a drilling contractor developing and operating Coil Over Top Drive<sup>®</sup> drilling rigs which employ new patented and patent-pending coil designs and technologies. In addition to their coil capabilities, these drilling rigs can drill with conventional jointed drill pipe. Xtreme Coil is currently building drilling rigs under contract with several third party suppliers and manufacturers. Xtreme Coil contracts completed coiled tubing drilling rigs to oil and natural gas exploration and production ("E&P") companies. Xtreme Coil's activities currently focus on both the United States and western Canada, with the majority of our operations planned for the United States.

Xtreme Coil's corporate and head office is in Calgary, Alberta. Xtreme Coil's United States field offices are in Casper and Cheyenne, Wyoming. We intend to establish a sales office in Denver, Colorado.

In 1Q 2007, the United States Patent and Trademark Office issued two patents to Xtreme Coil and we currently have 34 patent applications pending in the United States, Canada and other jurisdictions. Xtreme Coil undertakes patent applications for new coiled tubing technology relating to equipment and methods for coiled tubing drilling to depths of 3,000 meters (approximately 10,000 feet) and greater. As we develop new equipment and processes, we may make further patent applications.

## Equipment Under Construction

Xtreme Coil has designed five different models of coiled tubing drilling rigs. Currently, we have ordered the majority of components required to build eighteen drilling rigs, and expect to complete fourteen by 2007 year-end. At June 30, 2007, we had seven rigs completed with eleven more drilling rigs in various stages of construction. During the third quarter, Xtreme Coil expects to take delivery of three more new COTD<sup>™</sup> drilling rigs so that our fleet will total 10 rigs exiting the third quarter.

Softening Canadian oilfield activity has led a number of oilfield service contractors to reduce their capital expansion programs, thereby creating additional manufacturing capacity in Canada. Xtreme Coil is just beginning to benefit from this change in our business environment. We plan to take advantage by continuing to expand Xtreme Coil's fleet of coiled tubing drilling rigs. We believe that contracting our coiled tubing drilling rigs will prove more efficient and economical for our customers than using conventional drilling rigs. Consequently, we are expanding Xtreme Coil's fleet while other drilling services may be tempering expansion plans.

Xtreme Coil's rig construction efforts depend on timely delivery of our drilling rig components. This includes obtaining a number of components outside of Alberta, as well as sourcing components from multiple suppliers, to achieve simultaneous production of certain required components with the objective of accelerating delivery of Xtreme Coil's rigs. Once third party suppliers provide the outstanding components, Xtreme Coil completes assembly with the remaining components and, finally, fully rigs-up and commissions each drilling rig prior to deployment for field operations.

### Selected Quarterly Financial Information

(unaudited) (\$ thousand, except per share amounts)	Three months ended							
	30 Jun 2007	31 Mar 2007	31 Dec 2006	30 Sep 2006	30 Jun 2006	31 Mar 2006	31 Dec 2005	30 Sep 2005
Revenue	5,416	4,789	3,620	1,197	-	-	-	-
Net loss	1,144	517	781	426	334	272	3,078	209
Net loss per share	0.03	0.02	0.03	0.02	0.01	0.01	0.22	0.02
Capital assets	148,503	111,908	88,511	64,275	39,804	24,545	13,528	5,988
Total assets	175,358	168,612	117,735	101,169	98,766	94,052	41,605	39,854
Operating days <sup>(1)</sup>	280	235	163	53	-	-	-	-
Rig utilization <sup>(1)</sup>	66%	65%	79%	83%	-	-	-	-
Weighted average rigs in service	4.6	4.0	2.3	0.7	-	-	-	-
Completed rigs, end of quarter	7	4	4	1	-	-	-	-

<sup>(1)</sup> Management cautions readers that 'operating days' does not have a standardized meaning. Xtreme Coil's method of calculating operating days may differ from other companies and may not be comparable to measures used by other companies. Operating days represent the total of all drilling, moving, standby and other revenue days in the period. We calculate rig utilization as operating days divided by total days available.

### Seasonality of Operations

Drilling operations in most of Canada are subject to seasonal weather conditions that restrict drilling operations. Particularly in the Canadian north, movement of heavy equipment depends on the ground freezing in order to support the equipment. As the ground thaws in the spring, road bans are placed on many roads and prevent heavy equipment from moving until the ground is dry enough to support the equipment. This is commonly called "spring break-up". The timing and duration of freezing and spring break-up can affect Xtreme Coil's activity levels and operating results.

In areas of the United States where we currently work, drilling operations are less subject to weather constraints but may be restricted for other reasons. Some areas are subject to environmental stipulations on leases which prevent drilling activity during certain periods when authorities prioritize wildlife or habitat protection. These restrictions may also affect our activity levels and operating results.

### Results of Operations

Xtreme Coil's rigs achieved 280 operating days (1Q 2007 – 235), representing 66 percent utilization for the rigs for 2Q 2007 (1Q 2007 – 65 percent).

In 2Q 2007, our only Canadian-based rig had very few days due primarily to the exceptionally long spring break-up conditions. Although we had contracts for several wells, we were unable to move to most of the leases because of road bans and wet weather. Our utilization in Canada for the second quarter was 9 percent (1Q 2007- 71 percent), compared to industry utilization of 17 percent as reported by CAODC.

During 2Q 2007, our United States-based rigs achieved an 82 percent utilization rate (1Q 2007- 63 percent). Mid-way through 2Q 2007, just prior to commencing drilling under a long-planned program and after engaging our employees in an extensive training program, a customer postponed their planned drilling program. As a result, this rig did not operate during the month of June.

Total revenue for 2Q 2007 was \$5,416,000 (1Q 2007 –\$4,789,000), which equates to \$19,300 per operating day (1Q 2007 – \$20,400). We generated almost all of our revenue during the quarter in the United States. We experienced initial difficulty on certain wells, which negatively affected revenue per operating day. The reduction in the United States dollar, relative to the Canadian dollar, negatively impacted Xtreme Coil's revenue in absolute terms and on a per operating day basis.

Operating costs for 2Q 2007 increased to \$5,043,000 (1Q 2007 - \$4,144,000) as operating days increased. On a per-operating day basis, operating costs increased to \$18,000 (1Q 2007 - \$17,600).

Several factors contributed to additional operating costs.

- Costs of labour to train and retain crews while waiting for new rigs to be ready for service or while transitioning between customers;  
To properly operate the new technology featured on our drilling rigs, Xtreme Coil employees require extensive training. We anticipate labour costs will remain higher than for conventional drilling rigs as we train crews to operate our expanding fleet.
- Costs of down time associated with deployment of our first XTC 400;
- Costs to expand infrastructure to adequately support our drilling operations in the United States;
- Costs of items such as rig moves and equipment rentals were a larger portion of our operating costs during 2Q 2007 as compared to previous periods.

Gross margin for 2Q 2007 was \$373,000 (1Q 2007 – \$645,000) or 7 percent of revenue (1Q 2007 – 13 percent).

The XTC 400 model is Xtreme Coil's largest capacity COTD™ drilling rig. Rig 6, our first XTC 400 commenced operations during the second quarter. We completed Rig 8, our second XTC 400 rig, at the end of the second quarter and it commenced operations early in the third quarter. During 2Q 2007, Rig 6 drilled exclusively with conventional drill pipe, finishing its first well in excess of 10,000 feet in the Piceance Basin of western Colorado. Unfortunately, a number of start-up issues with Rig 6, resulted in significant and costly downtime, primarily relating to conventional technology components from an established third party supplier. We now believe the problems are corrected and modifications will be incorporated in subsequent XTC 400 rigs. We have experienced relatively few problems related to the advanced patented and patent-pending technologies engineered and developed in-house by Xtreme Coil.

During 2Q 2007, we acquired trucks and related equipment to establish trucking operations based in Cheyenne, Wyoming. Management determined it was important to acquire this equipment to move our own drilling equipment, particularly in the nearby Denver-Julesburg Basin of Colorado. We had been encountering difficulties in obtaining trucks capable of moving our rigs on a timely basis. In the start-up phase, we have experienced high utilization of our trucking equipment. Our customers benefited from this enhancement to our contract drilling services and trucking operations made a modest contribution to second quarter financial performance.

We are marketing Xtreme Coil drilling rigs in the United States and Canada and currently have long-term contracts for six rigs with two major E&P companies in the United States. Contract negotiations with other E&P companies are ongoing. The total number of employees in all areas of Xtreme Coil at June 30, 2007 increased to 165 (1Q 2007 – 120).

### **Selling, General and Administration Expense (“SG&A”)**

SG&A for the three months ended June 30, 2007 decreased to \$937,000 (1Q 2007 - \$1,101,000) primarily due to having recorded a one-time expense for costs in excess of insurance coverage in the previous quarter.

### **Depreciation and Amortization**

Depreciation and amortization for the three months ended June 30, 2007 increased to \$673,000 (1Q 2007 - \$433,000). Because our depreciation methodology for drilling rigs is unit-of-production, depreciation increased in proportion to the increased field operating activity.

### **Stock-based Compensation**

Stock-based compensation for the three months ended June 30, 2007 increased to \$144,000 (1Q 2007 - \$129,000). This increase is the result of granting options during the quarter.

### **Foreign Exchange**

Xtreme Coil realized a foreign exchange loss for the three months ended June 30, 2007 of \$334,000 (1Q 2007 - \$20,000 gain). This loss resulted from translation on Xtreme Coil's United States dollar cash and current monetary balances. In particular, most of this loss resulted from the reduction of the United States dollar on net working capital of our United States operations. Currently, our United States operations are considered to be integrated with the Canadian parent, as they are dependent on the parent to fund growth. The integrated nature of the operations requires that Xtreme Coil recognize foreign exchange fluctuations through the income statement on an ongoing basis. As Xtreme Coil's operations grow and mature, we would expect them to move towards a self-sustaining status. As we move towards that stage, we expect to generate the majority of cash flow in United States funds, while the majority of our commitments for continuing drilling rig construction could require settlement in Canadian funds.

### **Interest Expense**

Interest expense for the three months ended June 30, 2007 was \$48,000 (1Q 2007 - \$47,000). The major component of this cost was the standby fee of 0.35 percent on Xtreme Coil's \$50 million revolving credit facility. We also include interest charges for field vehicles under capital leases in this category.

### **Interest Income**

Interest income for the three months ended June 30, 2007 was \$296,000 (1Q 2007 - \$301,000). This resulted from investment of temporary surplus cash available while we are completing the build-out of Xtreme Coil's initial fleet of coiled tubing drilling rigs. Interest income decreased as we utilized more cash to expand our fleet of equipment.

### **Income Taxes**

During the three months ended June 30, 2007, Xtreme Coil recorded a future income tax recovery of \$323,000 (1Q 2007 - \$227,000). The increased recovery provision is primarily the result of a larger loss.

### **Net Loss**

The net loss for the three months ended June 30, 2007 was \$1,144,000 (1Q 2007 - \$517,000). This larger loss was the net result of additional expenses and lower gross margin related to the operation of five drilling rigs during 2Q 2007.

### **Financial Condition, Liquidity and Capital Resources**

At June 30, 2007 Xtreme Coil had cash balances of \$10.3 million (1Q 2007 - \$39.8 million), a decrease of \$29.5 million from March 31, 2007. Similarly, working capital decreased to 1Q 2007 - \$39.4 million). During the quarter, Xtreme Coil invested \$37.2 million in fixed assets (1Q 2007 - \$23.8 million), primarily to continue construction of drilling rigs. At June 30, 2007 Xtreme Coil estimates incurring additional costs of \$78 million. We will determine the appropriate vehicle for expanding Xtreme Coil's financial capacity to fund additional requirements and further growth opportunities.

During 2Q 2007 we invested \$1.7 million in trucks and related equipment to enable us to move our own drilling rigs. We expect to invest an additional \$1.2 million in trucking equipment during 3Q 2007.

Xtreme Coil maintains a \$50.0 million revolving debt facility with a Canadian financial institution for construction of equipment, as well as a \$5.0 million operating line supported by accounts receivable. At the end of 2Q 2007 Xtreme Coil had not drawn on these facilities and, other than capital leases for field vehicles, Xtreme Coil had no other long-term debt. In August, we started drawing on our existing debt facility.

## Outstanding Common Shares

As at June 30, 2007, Xtreme Coil had 33,756,607 common shares outstanding.

As at June 30, 2007, there were outstanding 2,146,000 options to purchase common shares at a weighted average exercise price of \$4.29 per share. During the quarter 6,315 agent options were exercised at an exercise price of \$4.50 per share, and there are no other agent options outstanding. Xtreme Coil has outstanding 333,333 Series 1 and 333,333 Series 2 Performance Warrants. Each performance warrant is fully exercisable and entitles the holder to purchase one common share at a strike price of \$0.01 per common share. Additionally, Xtreme Coil has 2,092,574 other warrants outstanding. These warrants have an exercise price of \$16.00 and become exercisable when the warrant holder contracts a specific number of drilling rigs. The aggregate effect of the stock options, performance warrants and other warrants would increase Xtreme Coil's shares outstanding by 4,905,240.

Share capital on August 9, 2007 was \$161.8 million (33,756,607 shares). The aggregate effect of adding the above described options and warrants would increase Xtreme Coil's outstanding shares to 38,661,847.

## Critical Accounting Estimates

Note 2 in the annual consolidated financial statements as at December 31, 2006 describes Xtreme Coil's significant accounting policies for 2007.

## Changes in Accounting Policies

Xtreme Coil adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, *Comprehensive Income*; Section 3855 *Financial Instruments – Recognition and Measurement*; Section 3861, *Financial Instruments – Presentation and Disclosure* on January 1, 2007.

### *Comprehensive Income*

The new standards introduce comprehensive income which consists of net earnings and other comprehensive income ("OCI"). Xtreme Coil's Consolidated Financial Statements now include a Consolidated Statement of Operations, Comprehensive Loss and Deficit, which includes the components of comprehensive income. Currently, Xtreme Coil has no material entries which comprise OCI.

### *Financial Instruments*

The financial instruments standard establishes the recognition and measurement criteria for financial assets, liabilities and derivatives. The standard requires measurement of all financial instruments at fair value on the initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instruments has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables" or "other financial liabilities" as defined by the standard.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with the changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value with the changes in those fair values recognized in OCI. Financial assets "held-to-maturity", "loans and receivables" or "other financial liabilities" are measured at amortized cost using the effective interest method of amortization. There is no change in the methods used by Xtreme Coil to determine fair value of financial instruments as a result of implementing the new standard.

Cash and cash equivalent are designated as "held-for-trading" and are measured at carrying value which approximates fair value due to the short-term nature of these instruments. Accounts receivable and accrued revenue are designated as "loans and receivables". Accounts payables and accrued liabilities are designated as "other liabilities".

## Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of Xtreme Coil's disclosure controls and procedures as at June 30, 2007. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at June 30, 2007 in providing reasonable assurance that material information relating to Xtreme Coil, including its consolidated subsidiaries, would be made known to them.

## **Internal Control over Financial Reporting**

During the three months ended June 30, 2007, there have been no changes in Xtreme Coil's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

## **Business Risks and Uncertainties**

A number of risks and uncertainties affect Xtreme Coil's operations. Although Xtreme Coil can take actions to mitigate some of these risks, mitigation of many risks is beyond our control. The risks discussed in this section are not an exhaustive list of all possible risks.

As a start-up business with significant assets under construction and an aggressive equipment building program, Xtreme Coil is dependent upon suppliers to deliver components on schedule and to meet necessary quality standards. Failure of our suppliers to deliver or interruption of delivery in any aspect of our building program could severely affect Xtreme Coil's ability to expand operations as planned, to deliver drilling services and to retain customers.

In addition, demand for Xtreme Coil's coiled tubing drilling services is largely dependent on the level of oil and natural gas industry activity in North America. Numerous factors over which Xtreme Coil has no control influence industry activity, including, but not limited to, changes in crude 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.

Commodity prices directly affect our customers' generation of cash which affects the demand for our services. Xtreme Coil's equipment currently delivers drilling services to for a small number of customers. Most of Xtreme Coil's work has been for large, well-established E&P companies which concentrates our credit risk within a small group.

In addition to our other efforts to mitigate Xtreme Coil's exposure to risk, we endeavour to maintain adequate coverage in terms of property and liability insurance for our assets and activities and thus limit our exposure to losses from unforeseen incidents.

## **Outlook**

Xtreme Coil's unique patented and patent-pending coiled tubing drilling rigs will drill to depths that reach 3,000 meters (approximately 10,000 feet) with coil or 4,100 meters (approximately 14,000 feet) with jointed drill pipe. Since Xtreme Coil has introduced these new rig designs, featuring heavier coiled tubing that improves the depth range of current coiled tubing drilling technology, a number of E&P companies have demonstrated their interest in capturing possible cost savings related to faster drilling times. We anticipate this will lead to wider adoption by the drilling market throughout the United States and Canada.

As Xtreme Coil gains more operational experience and proves the capability of our coil drilling equipment, technologies and people, we expect to engage more E&P companies in contracts for our services. Xtreme Coil is well positioned to capitalize on drilling activity in both the United States and Canada. Management expects E&P companies with active drilling programs will continue to utilize Xtreme Coil's unique patented and patent-pending coiled tubing drilling rigs.

## **United States**

Most wells drilled by Xtreme Coil to date have used one of our two smaller rig designs, the XTC 200ST or XTC 200DT, which are built to drill to approximately 2,400 meters (7,900 feet). During the second quarter we completed the first two rigs of our largest design, the XTC 400. The first of these larger rigs, Rig 6, commenced field operations in May 2007 and the second, Rig 8, commenced field operations in July 2007. Early in 3Q 2007, Rig 8 drilled its first well with coiled tubing to a depth of nearly 8,400 feet, again substantiating the deeper zone capability of Xtreme Coil's technology.

While waiting for delivery of our largest rig, certain customers have utilized our smaller rigs on an interim basis. In using our smaller rigs, these customers have often pressed the intended capability of Xtreme Coil's equipment to drill deeper and perform certain other procedures normally intended for our larger rigs. As a result, we have achieved a number of early operational milestones and records, although not without some difficulties. However, we have made significant knowledge gains early in Xtreme Coil's coiled tubing drilling rig operations. In the near term, we expect to continue to develop new procedures

and processes as we move with our customers up the learning curve related to the capability of Xtreme Coil's equipment.

According to rig count data published by Baker Hughes, drilling activity levels in the United States remain strong. Most of Xtreme Coil's rigs operate in the Rocky Mountain region. Despite strong drilling activity levels, we are seeing evidence of downward pressure on spot market contract drilling rates. Four of our five rigs currently in the United States are under long-term contracts which should create revenue above spot market rates. During 3Q 2007, we expect to deliver the rigs allocated to two further long-term contracts now in place. Additional rigs deployed may be subject to spot market conditions.

Xtreme Coil's 2Q 2007 investment in trucking equipment has made our rig moves significantly more efficient. As we deliver our next new rigs into the United States during 3Q 2007, we plan to further expand the trucking fleet. During the second quarter we dedicated our trucks solely to moving Xtreme Coil's drilling equipment. However, we anticipate a larger trucking fleet will allow our trucks to consider moves for other contractors in addition to moving our own drilling rigs and equipment.

### **Canada**

In Canada, several factors have significantly reduced drilling activity, causing downward pressure on spot market contract rates. In recent years, the Canadian market has experienced a significant build-up of drilling rigs, a narrowing of foreign exchange rates between Canada and the United States, and softened natural gas prices. Xtreme Coil's Canadian rigs are currently contracted at spot market prices rather than under long-term contracts. In the near-term Xtreme Coil expects to operate two coiled tubing drilling rigs in Canada, with the rest of our rigs operating in the United States. One rig resumed drilling in July and the second rig is expected to commence drilling in August.

### **Joint Venture**

Coil-X Drilling Systems Corporation, our joint venture with Shell Technology Ventures Fund 1 B.V., is continuing to pursue a number of potential opportunities inside and outside North America. Several interested parties have participated in meetings and discussed the application of Xtreme Coil's technology to their projects.

### **Additional Information**

Information relating to Xtreme Coil is available on SEDAR at [www.sedar.com](http://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), visit Xtreme Coil's website [www.xtremecoildrilling.com](http://www.xtremecoildrilling.com) or e-mail [ir@xtremecoil.com](mailto:ir@xtremecoil.com).

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

<i>(\$ thousand)</i>	<b>30 Jun 2007 <i>(unaudited)</i></b>	<b>31 Dec 2006</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 10,265	\$ 16,740
Accounts receivable	5,264	5,832
Prepaid expenses	1,467	1,774
Inventory	583	388
	<b>17,579</b>	<b>24,734</b>
<b>Future income tax</b>	<b>4,325</b>	<b>2,506</b>
<b>Equipment</b> <i>(note 4)</i>	<b>148,503</b>	<b>88,511</b>
<b>Intangibles</b> <i>(note 5)</i>	<b>4,951</b>	<b>1,984</b>
	<b>\$ 175,358</b>	<b>\$ 117,735</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 16,154	\$ 14,069
Current portion of obligations under capital leases	78	77
	<b>16,232</b>	<b>14,146</b>
<b>Long term liabilities</b>		
Obligations under capital leases	112	139
	<b>16,344</b>	<b>14,285</b>
<b>Shareholders' Equity</b>		
<b>Share capital</b> <i>(note 6)</i>	<b>161,819</b>	<b>105,913</b>
<b>Warrants</b> <i>(note 6d)</i>	<b>1,235</b>	<b>1,235</b>
<b>Contributed surplus</b> <i>(note 6b)</i>	<b>2,797</b>	<b>1,478</b>
<b>Deficit</b>	<b>(6,837)</b>	<b>(5,176)</b>
	<b>159,014</b>	<b>103,450</b>
	<b>\$ 175,358</b>	<b>\$ 117,735</b>

**Commitments** *(note 8)*

See accompanying notes to the consolidated financial statements

**On behalf of the board of directors,**

Signed "*Marc Staniloff*"  
Director

Signed "*Richard R.A. Charron*"  
Chief Executive Officer

## Xtreme Coil Drilling Corp. Consolidated Statement of Operations, Comprehensive Loss and Deficit

<i>(unaudited)</i>	Three months ended Jun 30, 2007	Three months ended Jun 30, 2006	Six months ended Jun 30, 2007	Six months ended Jun 30, 2006
<i>(\$ thousand, except share and per share data)</i>				
<b>Sales</b>	<b>\$ 5,416</b>	<b>\$ –</b>	<b>\$ 10,205</b>	<b>\$ –</b>
<b>Expenses</b>				
Operating expenses	<b>5,043</b>	–	<b>9,187</b>	–
Selling, general and administrative	<b>937</b>	804	<b>2,038</b>	1,403
Depreciation of capital assets	<b>608</b>	56	<b>1,001</b>	96
Amortization of intangibles	<b>65</b>	26	<b>105</b>	51
Stock-based compensation	<b>144</b>	84	<b>273</b>	134
Foreign exchange loss	<b>334</b>	34	<b>314</b>	37
Interest on long-term debt and capital leases	<b>48</b>	45	<b>95</b>	45
Interest (income)	<b>(296)</b>	(621)	<b>(597)</b>	(957)
<b>Loss before tax</b>	<b>(1,467)</b>	(428)	<b>(2,211)</b>	(809)
<b>Future tax recovery</b>	<b>323</b>	94	<b>550</b>	203
<b>Net loss for the period</b>	<b>(1,144)</b>	(334)	<b>(1,661)</b>	(606)
<b>Other comprehensive loss</b>	–	–	–	–
<b>Comprehensive loss</b>	<b>(1,144)</b>	(334)	<b>(1,661)</b>	(606)
<b>Deficit, beginning of period</b>	<b>(5,693)</b>	(3,635)	<b>(5,176)</b>	(3,363)
<b>Deficit, end of period</b>	<b>\$ (6,837)</b>	(3,969)	<b>\$ (6,837)</b>	(3,969)
<b>Net loss per common share - basic and diluted</b>	<b>\$ (0.03)</b>	\$ (0.01)	<b>\$ (0.05)</b>	\$ (0.03)
Weighted average number of common shares – basic	<b>33,753,831</b>	25,925,160	<b>32,172,697</b>	23,072,048
Weighted average number of common shares – diluted <i>(note 6e)</i>	<b>35,636,241</b>	28,486,599	<b>34,055,107</b>	25,633,487

See accompanying notes to the consolidated financial statements

## Xtreme Coil Drilling Corp. Consolidated Statement of Cash Flows

<i>(unaudited)</i>	Three Months ended Jun 30, 2007	Three Months ended Jun 30, 2006	Six Months ended Jun 30, 2007	Six Months ended Jun 30, 2006
<i>(\$ thousand)</i>				
<b>Cash provided by (used in)</b>				
<b>operating activities</b>				
Net loss for the period	\$ (1,144)	\$ (334)	\$ (1,661)	\$ (606)
Items not affecting cash:				
Depreciation and amortization	673	82	1,106	147
Stock-based compensation	144	84	273	134
Unrealized foreign exchange loss	55	-	62	-
Future income tax	(323)	(94)	(550)	(203)
	<b>(595)</b>	<b>(262)</b>	<b>(770)</b>	<b>(528)</b>
Changes in non-cash operating working capital	<b>1,027</b>	136	<b>566</b>	(857)
	<b>432</b>	<b>(126)</b>	<b>(204)</b>	<b>(1,385)</b>
<b>Financing activities</b>				
Proceeds from shares issued on amalgamation	-	1,802	-	1,802
Proceeds from shares issued	29	29	56,315	55,329
Share issue costs	-	(213)	(3,440)	(3,610)
Deferred costs	-	181	-	-
Capital lease payments	(7)	(10)	(26)	(10)
	<b>22</b>	<b>1,789</b>	<b>52,849</b>	<b>53,511</b>
<b>Investing activities</b>				
Acquisition of equipment	(37,181)	(15,145)	(60,946)	(26,202)
Increase in intangibles	(53)	(8)	(82)	(73)
Changes in non-cash working capital relating to capital items	<b>7,252</b>	2,150	<b>1,908</b>	2,397
	<b>(29,982)</b>	<b>(13,003)</b>	<b>(59,120)</b>	<b>(23,878)</b>
(Decrease) increase in cash and cash equivalents during the period	<b>(29,528)</b>	(11,340)	<b>(6,475)</b>	28,248
Cash and cash equivalents, beginning of period	<b>39,793</b>	\$ 64,813	<b>16,740</b>	\$ 25,225
<b>Cash and cash equivalents, end of period</b>	<b>\$ 10,265</b>	<b>\$ 53,473</b>	<b>\$ 10,265</b>	<b>\$ 53,473</b>
<b>Supplemental disclosure of cash flow information</b>				
Interest received	\$ 316	\$ 588	\$ 592	\$ 851
Interest paid	47	1	94	1
Income tax paid	-	-	-	-
<b>Non-cash transactions</b>				
Purchase of patents in exchange for warrants	\$ -	-	\$ 2,990	-

See accompanying notes to the financial statements

## Xtreme Coil Drilling Corp.

Notes to the unaudited Consolidated Financial Statements  
For the six months ended June 30, 2007  
(\$ thousand, except share and per share data)

### 1. Nature of operations

Xtreme Coil Drilling Corp. ("Xtreme Coil"), was incorporated May 24, 2005 under the Business Corporations Act of Alberta. Xtreme Coil is in the business of developing and operating coiled tubing drilling rigs using new patented and patent-pending coil rig designs and technology. Upon completion of the Coil Over Top Drive<sup>®</sup> drilling rigs, Xtreme Coil contracts drilling services to oil and natural gas exploration and development companies in both Canada and the United States. Xtreme Coil's head office is in Calgary, Alberta, Canada and there are field offices in Casper and Cheyenne, Wyoming in the United States.

### 2. Significant accounting policies

These unaudited interim consolidated financial statements ("interim statements") are prepared in accordance with Canadian generally accepted accounting principles and include only the accounts of Xtreme Coil and its subsidiaries. All subsidiaries are wholly-owned and fully consolidated. Xtreme Coil includes joint venture accounts on a proportionate basis and has eliminated all inter-entity transactions. These interim statements follow the same accounting policies and methods as the most recent consolidated financial statements ("annual statements") for the period ended December 31, 2006, except as noted below. These interim 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 statements. These interim statements should be read in conjunction with the most recent annual statements and notes included in Xtreme Coil's annual report for the period ended December 31, 2006.

### 3. Changes in accounting policies

Xtreme Coil adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, *Comprehensive Income*; Section 3855 *Financial Instruments – Recognition and Measurement*; Section 3861, *Financial Instruments – Presentation and Disclosure* on January 1, 2007.

The financial instruments standard establishes the recognition and measurement criteria for financial assets, liabilities and derivatives. All financial instruments are required to be measured at fair value on the initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables" or "other financial liabilities" as defined by the standard.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with the changes in those fair values recognized in net earnings. Financial assets "held-to-maturity" are measured at fair value with the changes in those fair values recognized in OCI. Financial assets "held-to-maturity", "loans and receivables" or "other financial liabilities" are measured at amortized cost using the effective interest method of amortization. The methods used by Xtreme Coil in determining fair value of financial instruments are unchanged as a result of implementing the new standard.

Following is a summary of the accounting model Xtreme Coil has elected to apply to each of its significant categories of financial instruments outstanding as of January 1, 2007.

Cash and cash equivalents	Held for trading
Accounts receivables	Loans and receivables
Accounts payable and accrued liabilities and obligations under capital leases	Other liabilities

As a result of adopting 1530, *Comprehensive Income*, a new statement of Comprehensive Income forms part of Xtreme Coil's consolidated financial statements. There is no material impact on the consolidated financial statements on adoption of these new standards.

## Xtreme Coil Drilling Corp.

Notes to the unaudited Consolidated Financial Statements  
For the six months ended June 30, 2007  
(\$ thousand, except share and per share data)

### 4. Equipment

	30 Jun 2007			31 Dec 2006	
	Cost	Accumulated amortization	Net book value	Net book value	
Office and shop equipment	\$ 1,581	\$ 303	\$ 1,278	\$ 555	
Leasehold improvements	66	19	47	53	
Vehicles	898	128	770	470	
Trucking equipment	1,704	26	1,678	–	
Drilling equipment	72,626	1,051	71,575	33,150	
Drilling equipment – construction in progress	73,155	–	73,155	54,283	
	\$ 150,030	\$ 1,527	\$ 148,503	\$ 88,511	

Xtreme Coil operates coiled tubing drilling rigs under contract and is currently building more coiled tubing drillings rigs under contract with third parties. We depreciate drilling rigs from the time the rigs become operational.

### 5. Intangibles

	30 Jun 2007			31 Dec 2006	
	Cost	Accumulated amortization	Net book value	Net book value	
Patents	\$ 5,206	\$ 255	\$ 4,951	\$ 1,984	

On February 27, 2007 the United States Patent and Trademark office issued Xtreme Coil's first patent and we received notification on March 7, 2007. This first patent related to the Series 2 Performance Warrants. As a result, these performance warrants vested and became exercisable. The value of the performance warrants of \$2,990 is recognized as contributed surplus and capitalized as part of intangibles.

### 6. Share capital Authorized and issued shares

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

	30 Jun 2007		31 Dec 2006	
	Number	Amount	Number	Amount
Balance before receivable from shareholder, beginning of period	27,723,625	\$ 106,213	17,641,680	\$ 40,483
Shares issued:				
Issued in exchange for patents	–	–	–	–
Private placement for cash, net of issue cost	5,360,000	52,840	8,842,705	60,945
Shares issued on amalgamation, net of issue cost	–	–	555,556	1,566
Performance warrants exercised	666,667	2,000	666,667	2,000
Agent options exercised	6,315	29	17,017	93
Future income tax effect of share issue cost at expected tax rates	–	1,037	–	1,126
	6,032,982	55,906	10,081,945	65,730
Balance before receivable from shareholder, end of period	33,756,607	162,119	27,723,625	106,213
Receivable from shareholder	–	(300)	–	(300)
Balance, end of period	33,756,607	\$ 161,819	27,723,625	\$ 105,913

## Xtreme Coil Drilling Corp.

Notes to the unaudited Consolidated Financial Statements  
For the six months ended June 30, 2007  
(\$ thousand, except share and per share data)

### 6. Share capital (continued)

#### a. Private placements

On February 15, 2007, Xtreme Coil completed a private placement of 5,360,000 common shares at a price of \$10.50 per share for gross proceeds of \$56,280. Issue costs of \$3,440 resulted in net proceeds of \$52,840.

#### b. Contributed surplus

	30 Jun 2007		31 Dec 2006	
<b>Contributed surplus - opening balance</b>	<b>\$</b>	<b>1,478</b>	<b>\$</b>	<b>3,064</b>
Stock based compensation		<b>323</b>		401
Warrants vested upon patent issuance		<b>2,990</b>		-
Contributed surplus transferred on exercise of options and warrants		<b>(1,994)</b>		(1,987)
<b>Contributed surplus - ending balance</b>	<b>\$</b>	<b>2,797</b>	<b>\$</b>	<b>1,478</b>

#### c. Stock options outstanding

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

During 2Q 2007, the board of directors approved the granting of 42,000 options at exercise prices ranging between \$10.00 and \$11.45. As of June 30, 2007, a total of 2,146,000 (2006 - 1,968,000) options were outstanding. During the quarter, a compensation expense of \$144 (2006- \$84) relating to these options was recorded as part of stock-based compensation expense and credited to contributed surplus.

Xtreme Coil uses the fair value method of accounting for stock-based compensation. The fair value of options granted 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 ranging from 4.0 to 4.5 percent, an average life of 3.0 years and an expected volatility ranging from zero (when private) 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 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.

## Xtreme Coil Drilling Corp.

Notes to the unaudited Consolidated Financial Statements  
For the six months ended June 30, 2007  
(\$ thousand, except share and per share data)

### 6. Share capital (continued)

#### c. Stock options outstanding (continued)

A summary of the status of outstanding agent options and Xtreme Coil's Stock Option Plan at June 30, 2007 is presented below.

	30 Jun 07		31 Dec 06	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of period	2,085,316	\$ 4.09	1,610,000	\$ 3.00
Granted	85,000	10.83	560,333	7.70
Exercised	(6,315)	4.50	(17,017)	4.50
Expired/cancelled	(18,001)	10.84	(68,000)	7.92
Outstanding, end of the period	2,146,000	\$ 4.29	2,085,316	\$ 4.09
Options exercisable, end of period	639,333	\$ 3.53	542,979	\$ 3.02

  

Range of exercise prices	Options outstanding		Options exercisable	
	Number outstanding	Weighted average remaining contractual life	Number exercisable	Weighted average exercise price
\$3.00 - \$ 4.50	1,755,000	3.1 yrs	585,000	\$ 3.09
\$7.00 - \$13.52	391,000	4.2 yrs	54,333	\$ 8.30
	2,146,000	3.3 yrs	639,333	\$ 3.53

#### d. Performance warrants

As part of the private placement in June 2005, Xtreme Coil issued 1,000,000 Series 1 and 1,000,000 Series 2 Performance Warrants to one officer and two directors. Each performance warrant entitles the holder to purchase one common share at a defined strike price of \$0.01 per common share. Currently there are 333,333 Series 1 Performance Warrants exercisable and outstanding. On March 9, 2007 a total of 666,667 Series 2 Performance Warrants were exercised, leaving 333,333 Series 2 Performance Warrants exercisable and outstanding. Unexercised warrants expire on July 21, 2008.

The joint venture partner holds 2,092,574 warrants. Each warrant, once vested, entitles the holder to acquire one additional common share at an exercise price of \$16.00 per share. The warrant holder is required to contract a specified number of rigs before the warrants are exercisable. All unexercised warrants expire on December 19, 2009. The fair value allocated to these warrants using the Black-Scholes option pricing model is \$1,235. The assumptions used in the model are, a risk-free interest rate of 4 percent, an average life of 3.0 years and an expected volatility of 45 percent.

#### e. Diluted earnings per share

Common shares potentially issuable in exchange for stock options, agent options and performance warrants are not included in the computation of diluted earnings per share as to do so would be anti-dilutive. Diluted weighted average common shares outstanding is calculated using the treasury stock method, which assumes that any proceeds obtained on the exercise of stock options is used to purchase common shares at the average price for the year.

	30 Jun 07	30 Jun 06
Weighted average common shares outstanding - basic	32,172,697	23,072,048
Effect of stock options and warrants	1,882,410	2,561,439
Weighted average common shares outstanding - diluted	34,055,107	25,633,487

## Xtreme Coil Drilling Corp.

Notes to the unaudited Consolidated Financial Statements  
For the six months ended June 30, 2007  
(\$ thousand, except share and per share data)

### 7. Financial Instruments

#### Fair value

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

#### Foreign exchange risk

Xtreme Coil is exposed to risk from fluctuations in foreign currency exchange rates as portions of its financial instruments are denominated in United States dollars. As foreign exchange gains and losses occur, the effect is included in income.

#### Interest rate risk

Xtreme Coil is exposed to interest rate price risk on its fixed rate obligations under capital leases and to interest rate cash flow risk on its short-term investments, as well as its operating and revolving debt facilities.

#### Credit risk

Xtreme Coil is exposed to credit risk in relation to its accounts receivable which includes balances owing from customers primarily operating in the oil and gas industry. Management assesses the credit worthiness of customers on an ongoing basis and considers the credit risks on these amounts as normal for the industry. As noted under Segmented Information, Xtreme Coil is exposed to significant concentration of credit risk in that the majority of its accounts receivable balances are with a small group of customers.

Xtreme Coil is also subject to credit risk on short-term investments, and has established procedures for investing in high quality instruments in order to reduce this risk to an acceptable level.

### 8. Commitments

Xtreme Coil has commitments to suppliers with respect to contracts for the construction of Coil Over Top Drive<sup>®</sup> drilling rigs in the amount of \$25.9 million which are not reflected in these consolidated financial statements.

### 9. Segmented information

Xtreme Coil provides contract drilling services in Canada and the United States. The table below segments information by geographic area.

	Canada	United States	Total
<b>Revenue</b>	1,578	8,627	<b>10,205</b>
<b>Property and equipment, net</b>	91,879	56,624	<b>148,503</b>

Canadian property and equipment includes construction in progress. When completed, this equipment will be transferred to Xtreme Coil's United States operations. Three customers of Xtreme Coil's drilling operations in the United States and Canada represent \$10,100 of revenue.

### Corporate Profile

Xtreme Coil Drilling Corp. ("Xtreme Coil") develops and applies leading edge patented and patent-pending technology and designs to build and transport new Coil Over Top Drive<sup>®</sup> ("COTD<sup>TM</sup>") drilling rigs. These innovative and efficient drilling rigs, developed for operation in both the United States and Canada, use larger coil to drill for hydrocarbons in deeper horizons. Xtreme Coil's proprietary technology also features modular transportation units, larger injectors, larger drilling rigs and new methodologies to achieve deeper, faster and safer drilling. Xtreme Coil's common shares trade on the Toronto Stock Exchange ("TSX") the symbol "XDC".

### **Forward-looking Statements**

The information in this news release may include certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward-looking statements. Assumptions subject to significant risks and uncertainties are the basis for these forward-looking statements. Because of these risks and uncertainties and, as a result of a variety of factors, actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward-looking statements. Although Xtreme Coil believes expectations reflected in any forward-looking statements are reasonable, we can give no assurances that expectations of any forward-looking statements will prove to be correct. Except as required pursuant to applicable securities laws, Xtreme Coil disclaims any intention and assumes no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.

### **For further information please contact**

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## Corporate information

### Board of Directors

*Randolph M. Charron*<sup>4,5</sup>  
President  
Characo Corporation  
Calgary, AB

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

*Daniel Z. Remenda*<sup>2,3,5</sup>  
Independent Businessman  
Calgary, AB

*Marc L. Staniloff*<sup>2,4</sup>  
Chairman  
and Chief Executive Officer  
Superior Lodging Corp.  
Calgary, AB

*Kyle W. Swingle*<sup>5</sup>  
Chief Operating Officer  
Xtreme Coil Drilling Corp.  
Greenwood Village, CO, USA

*David A. Tuer*<sup>2,3,4</sup>  
Independent Businessman  
Calgary, AB

*Thomas D. Wood*<sup>1,3</sup>  
Chairman and Managing  
Director, United States and  
International Operations  
Xtreme Coil Drilling Corp.  
Calgary, AB

### Management

*Richard Charron*  
Chief Executive Officer

*Kyle Swingle*  
Chief Operating Officer

*Vic Fitch*  
Chief Financial Officer  
and Corporate Secretary

*Richard Havinga*  
Vice President  
Engineering and Design

*Scott Hennenfent*  
Corporate Controller

*Chris Brezik*  
General Manager  
Rocky Mountain Region  
United States

*Chris White*  
Manager  
United States Operations

*Reg Layden*  
Manager  
Canadian Operations

### Corporate and Investor Relations

tel: 403 450 1190  
e-mail: [ir@xtremecoil.com](mailto:ir@xtremecoil.com)

### Auditors

PricewaterhouseCoopers LLP  
Calgary, AB

### Bank

HSBC Bank Canada  
Calgary, AB

### Solicitors

Burnet, Duckworth & Palmer LLP  
Calgary, AB

### Stock Exchange and Symbol

TSX, "XDC"

### Transfer Agent and Registrar

Valiant Trust Company  
Calgary, AB  
toll free: 1 866 313 1872  
e-mail: [inquiries@valianttrust.com](mailto:inquiries@valianttrust.com)

### Wholly-owned Subsidiaries

#### Xtreme Coil Drilling Corporation

Casper, Wyoming, USA  
tel: 307 234 3600  
fax: 307 234 3622

#### Xtreme Oilfield Trucking, Inc.

Cheyenne, Wyoming, USA  
tel: 307 632 3679  
fax: 307 632 1364  
[www.xtremeoilfieldtrucking.com](http://www.xtremeoilfieldtrucking.com)

### Joint Venture

#### Coil-X Drilling Systems Corporation

[www.coil-xdrillingsystems.com](http://www.coil-xdrillingsystems.com)

partner: Shell Technology Ventures Fund 1 B.V.  
(Xtreme Coil - 51%)

<sup>1</sup> Chairman of the Board

<sup>2</sup> Audit Committee

<sup>3</sup> Compensation Committee

<sup>4</sup> Governance & Nominating Ctte

<sup>5</sup> Health, Safety, Environment Ctte

Shareholders and other interested individuals can access current public information about Xtreme Coil at [www.xtremecoildrilling.com](http://www.xtremecoildrilling.com) which has historical information, shareholder reports, press releases, the current corporate presentation, as well as trading and contact information.