



1402, 500 Fourth Avenue SW, Calgary, AB T2P 2V6 tel: 403.262 9500; fax: 403.262 9522

For Immediate Release

Xtreme Coil Records Positive Earnings and Cash Flow in 2008 First Quarter

Calgary, Alberta (TSX: "XDC") May 12, 2008 – Xtreme Coil Drilling Corp. ("Xtreme Coil", the "company") provides and operations update and announces financial and operating results for the three months ended March 31, 2008 ("1Q 2008"), together with comparative data for the three months ended March 31 2007 ("2007 1Q") and for the year ended December 31, 2007.

Recent Highlights

- achieved positive earnings, positive cash flow from operating activities in 2008 1Q;
- appointed Rod Uchytíl, President;
- commissioned and deployed first XTC 200DT^{Plus} drilling rig;
- announced, and subsequently completed, transactions including:
 - \$35 million private placement;
 - acquisition of Coil-X;
 - formation of new joint venture.

Operations Update

In the first three months of 2008, Xtreme Coil drilling operations kept pace with the previous quarter. We recorded 579 operating days with nine Coil Over Top Drive[®] ("COTDTM") drilling rigs deployed in the United States and Canada, although our Canadian rigs were shut down for break-up in early March. Our completed rig count remained at 11 for the first three months of 2008.



In January 2008, we sold our newest rig design (*pictured here*), the XTC 200DT^{Plus} which features our largest injector, to Coil-X Drilling Systems Corporation ("Coil-X"). We commissioned this rig in Odessa, Texas where its presence created significant interest. In April, our operations personnel conducted a one day rig tour and demonstration of the XTC 200DT^{Plus} for current and potential customer representatives. This drilling rig, now owned by Xtreme Coil (*see below*), is operating in west Texas, a new region for our company.

For much of the 2008 first quarter, we were engaged in discussions with our joint venture partner regarding transactions to create mutual benefit. On March 31st, we announced our intention to acquire our joint venture partner's 49 percent interest in Coil-X. We describe the details of the transactions and the related \$35 million private placement later in this report. We used the proceeds to pay down our revolving credit facility which remains available to fund our ongoing capital program. As another element of the transactions, we have formed a new Coil-X entity with our joint venture partner to focus on applying Xtreme Coil's technology to certain types of unconventional resource exploration in North America.

In April, Xtreme Coil drilled a record "S" curve with one of our largest rigs, an XTC 400, operating in Colorado. To our knowledge, this more than 7,500 foot well which

achieved a maximum angle of 21 degrees before returning to vertical, is the deepest "S" curve drilled with 3-1/2" coil and a rotary-steerable bottom hole assembly. We are also pleased to report that our XTC 200DT^{Plus}, drilling only its second well, achieved a field record in west Texas, penetrating carbonates, which are very hard formations, to approximately 7,300 feet in a 7-7/8 inch hole. By drilling this well in approximately 50 percent fewer rotating hours than the average offset wells have been drilled, our rig design may have opened up new opportunities previously considered beyond the effective scope of coil.

In May, our board of directors was pleased to appoint Rod Uchytel to the newly created position of President. We expect to benefit from Rod's extensive international experience and his leadership as he continues negotiations related to a number of international drilling projects he initiated as chief operating officer of the original Coil-X joint venture. Joining Rod in our Houston base, we are also pleased to welcome Carl Jon Benge as Vice President, Sales and Marketing. Carl's knowledge of the United States drilling market and his worldwide experience in coiled tubing drilling will be vital to Xtreme Coil's next phase of growth. We have also strengthened our corporate team in Calgary by appointing to the position of Corporate Secretary, Ann Beattie, who joined Xtreme Coil just as we were becoming a public company in 2006. Her significant management experience in Canada's oil and natural gas producer sector adds value as she continues to lead our corporate and investor communications.

Xtreme Coil is pursuing new market opportunities in the United States. We believe our innovative coiled tubing drilling technology is ideally suited to many of the re-entry drilling projects under consideration in several regions of the United States. Re-entry drilling typically refers to new drilling services performed on existing wells to deepen the wellbore or to perform sidetrack operations. Successful re-entry drilling enhances well output, a desirable outcome in established oil and natural gas fields with steep production declines and high dormant well counts. Xtreme Coil's COTDTM rigs that are equipped with our 200,000 lb. injector are capable of drilling farther and deeper and they can accommodate the smaller diameters of coil often used for re-entry drilling. To respond to a broad range of re-entry drilling projects, Xtreme Coil is prepared to work with other contractors who provide complementary drilling services.

During 2008 1Q, we moderated the pace of our drilling rig construction program while we designed a modification to our XTC 300 model. Our technical and design team responded quickly with an initial retrofit to the prototype of this rig on site in Colorado. Now, we are making permanent modifications to the next XTC 300 rigs before they are commissioned and deployed. To respond to our E&P customers, we have altered some of our prototype rig designs in the field where they operate. It is disappointing that in several instances, we are addressing third party workmanship and reliability. We believe, in the case of certain components, problems may be a result of the work load international energy demand is placing on several of our suppliers. We credit Richard Havinga, who leads our engineering group, and Kyle Swingle who guides our drilling operations. These two individuals frequently head off months of delays for Xtreme Coil and our customers. Without their knowledge and commitment, we might be dependent on redesign by backlogged component suppliers.

As Xtreme Coil moves forward with exciting new drilling projects and capable people, we are attracting international interest. To pursue international projects where Xtreme Coil's innovative drilling and related technologies have specific application, we are incurring significant expenses. We are especially interested in projects for which we could "bundle" several rigs to meet a long-term contract in a specific region. We realize international work involves longer lead times and up-front investment, but we are very encouraged by the scope and challenge of several opportunities now under discussion.

Tom Wood
Chairman and Chief Executive Officer
May 12, 2008

2008 First Quarter Highlights

<i>(\$ thousand except where indicated)</i>	2008 Mar 31	2007 Mar 31	% Change
Revenue	12,335	4,789	158
Net income (loss)	496	(517)	196
Net income (loss) per share (\$)	0.01	(0.02)	185
Capital assets	192,855	111,908	42
Operating days ¹	579	235	146
Rig utilization (<i>percentage</i>) ¹	74	65	14

¹ see Non-GAAP measures in MD&A

Management's Discussion and Analysis ("MD&A") For the three months ended March 31, 2008

Management for Xtreme Coil Drilling Corp. ("Xtreme Coil", the "company", "we", "our") based this MD&A on the operating and financial results for the three months ended March 31, 2008. Management recommends reading this discussion and analysis of Xtreme Coil's financial condition and results of operations in conjunction with the audited consolidated financial statements for the year ended December 31, 2007. Management has prepared these interim consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") and expressed all amounts in Canadian dollars unless otherwise stated. Management's discussion and analysis is based on information available as at May 9, 2008.

Forward-Looking Statements

This MD&A, or documents incorporated herein, may include certain information, statements and assumptions regarding management's view of future events, expectations, plans, initiatives or prospects that constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Xtreme Coil's future outlook and anticipated events or results and may include statements related to anticipated future contracts; commodity pricing; rates of currency exchange; rig building, completion or deployment; operating expenses; capital expenditures and other 2008 guidance provided throughout this MD&A.

These statements are based on certain factors and assumptions regarding, among others: projection of current operations; ongoing and future business negotiations and opportunities; timing of capital expenditures; market costs and other variables affecting rig building and operating expenses; the ability of vendors to provide rig component equipment, services and supplies, including labour, in a cost-effective and timely manner; the availability and costs of financing; foreign currency exchange rates; the receipt of applied-for patents; and government regulations. Although Xtreme Coil considers these assumptions reasonable, as of the current date based on information currently available to management, the assumptions may ultimately prove incorrect.

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

Financial outlook information contained in this MD&A about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. 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, except as required pursuant to applicable securities laws.

Description of the Business

Xtreme Coil is a drilling contractor using Coil Over Top Drive[®] ("COTDTM") 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 parties. Upon completion of the COTDTM drilling rigs, Xtreme Coil operates the rigs under contract to oil and natural gas exploration and production ("E&P") companies. Xtreme Coil's operations currently focus on both the United States and western Canada, with the majority of operations planned for the United States. We are exploring several opportunities outside the United States and Canada.

Xtreme Coil's corporate and head office is in Calgary, Alberta. Xtreme Coil has United States field offices in Casper, and Cheyenne, Wyoming, and plans to establish an office in Houston, Texas in the near future.

We market the majority of Xtreme Coil's new drilling rigs in the United States and Canada with the objective of achieving long-term contracts. Xtreme Coil has signed 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.

In 2007, the United States Patent and Trademark Office issued Xtreme Coil its first two patents, both entitled "Coiled Tubing/Top Drive Rig and Method". Xtreme Coil has more than 30 further patent applications pending in the United States, Canada and other jurisdictions. These patent applications cover our coiled tubing drilling and transportation technology including equipment and methods for coiled tubing drilling to deeper horizons of 3,000 meters (10,000 feet) or more.

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

Equipment under Construction

Xtreme Coil has designed six models of COTD™ drilling rigs with five designs completed and deployed to field operations. Currently, we have plans to complete at least eighteen drilling rigs. At March 31, 2008, Xtreme Coil had eleven rigs (2006 – 4 rigs) completed. Of the nine rigs in the field at March 31, 2008, seven rigs were in the United States and two were in Canada. During 2008 1Q, we deployed Xtreme Coil's newest rig, our prototype XTC 200DT^{Plus} to the United States and continued final phases of commissioning of our eleventh COTD™ rig, an XTC 300. Seven more drilling rigs are in various stages of construction.

Selected Quarterly Financial Information (unaudited)

Three months ended

	2008	2007	2007	2007
	31 Mar	31 Dec	30 Sep	30 Jun
<i>(\$ thousand, except where noted)</i>				
Revenue	12,335	12,416	9,574	5,416
Net income (loss)	496	(204)	(1,338)	(1,144)
Net income (loss) per share (dollars)	0.01	(0.01)	(0.04)	(0.03)
Capital assets	192,855	188,913	167,788	148,503
Total assets	219,049	213,464	190,191	175,358
Operating days ¹	579	579	398	280
Rig utilization (percentage) ¹	74	77	62	66
Weighted average rigs in service	9.0	8.1	7.0	4.6
Completed rigs, end of quarter	11	11	8	7

	2007	2006	2006	2006
	31 Mar	31 Dec	30 Sep	30 Jun
Revenue	4,789	3,620	1,197	–
Net income (loss)	(517)	(781)	(426)	(334)
Net income (loss) per share (dollars)	(0.02)	(0.03)	(0.02)	(0.01)
Capital assets	111,908	88,511	64,275	39,804
Total assets	168,612	117,735	101,169	98,766
Operating days ¹	235	163	53	–
Rig utilization (percentage) ¹	65	79	83	–
Weighted average rigs in service	4.0	2.3	0.7	–
Completed rigs, end of quarter	4	4	1	–

¹ see Non-GAAP measures

Xtreme Coil's revenue and operating days increased quarterly until year-end December 2007 as more rigs were deployed and drilling operations expanded. Quarter by quarter increases in capital assets reflect the pace of our rig build program in the first seven quarters.

2008 1Q is the first reporting period in which Xtreme Coil generated positive earnings and positive cash flow from operating activities. We moderated the pace of Xtreme Coil's rig build program in 2008 1Q as we undertook new financing alternatives and modified our prototype XTC 300 rig.

Operating days in 2008 1Q remained constant primarily due to a delay in commencement of operations for two rigs.

Results of Operations

Revenue

	2008 Mar 31	2007 Mar 31	% Change
Total revenue	12,335	4,789	158
Operating days	579	235	146
Revenue per operating day	21.3	20.4	5
Rig utilization (percentage)	74	65	14

In 2008 1Q, the substantial increase in Xtreme Coil's revenue and operating days reflects the year over year increase in the number of drilling rigs in operation. The modest increase in revenue per operating day reflects the higher proportion of larger rigs in Xtreme Coil's fleet operating at higher daily rates. Revenue per operating day was mitigated by a decline in the United States dollar exchange rate from the same period last year.

Total revenue for 2008 1Q was consistent with 2007 4Q as operating days remained constant.

Operating Expenses

	2008 Mar 31	2007 Mar 31	% Change
Operating expenses	8,914	4,144	115
Operating expenses (percentage of revenue)	72	87	(17)
Operating expenses per operating day	15.4	17.6	(13)

Operating expenses increased on a year-over-year basis as the number of drilling rigs in operation increased. As a percentage of revenue, operating expenses declined as infrastructure costs did not increase in proportion to the expansion of the rig fleet. A decline in the United States dollar exchange rate from the same period last year contributed to lower 2008 1Q operating expenses per operating day.

Total operating expenses for 2008 1Q were unchanged from 2007 4Q as operating days remained constant. Operating expenses, as a percentage of revenue and on a per-operating-day basis, were also unchanged from 2007 1Q. As Xtreme Coil's drilling rig fleet expands and field crews become more experienced, we anticipate operating expenses may moderate as a proportion of revenue.

Gross Margin¹

	2008 Mar 31	2007 Mar 31	% Change
Gross margin	3,421	645	430
Gross margin (percentage of revenue)	28	13	115
Gross margin per operating day	5.9	2.8	111

¹ see Non-GAAP measures

In 2008 1Q, the improvement in gross margin resulted from increased revenue generated by our expanding fleet of drilling rigs plus a proportionate decrease in support infrastructure on a per-rig basis.

Gross margin for 2008 1Q compared to 2007 4Q remained constant.

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

	2008 Mar 31	2007 Mar 31	% Change
SG&A	1,168	1,101	6
SG&A (percentage of revenue)	9	23	(61)

For the three months ended March 31, 2008, SG&A, as a percentage of revenue, decreased as Xtreme Coil's rig fleet expanded.

SG&A as a percentage of revenue for 2008 1Q compared to 2007 4Q remained constant.

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

	2008 Mar 31	2007 Mar 31	% Change
EBITDA	2,253	(456)	594

¹ see Non-GAAP measures

In 2008 1Q, the improvement in EBITDA resulted from increased gross margin generated by our expanding fleet of drilling rigs and, at the same time only a modest increase in SG&A.

EBITDA for 2008 1Q, compared to 2007 4Q, remained constant.

Depreciation and Amortization

	2008 Mar 31	2007 Mar 31	% Change
Depreciation and amortization	1,722	433	298

Depreciation is calculated on a unit-of-production basis and will increase in relation to the number of operating days. In 2008 1Q, depreciation increased as a result of more operating days, more rigs deployed and the higher rate of depreciation for larger rigs.

Depreciation and amortization for 2008 1Q, compared to 2007 4Q, reflects the rig fleet's increased number of large rigs, with a higher cost base, as well as more operating days for the XTC 300 and 400 rigs combined with fewer operating days for our XTC 200 rigs.

Stock-based Compensation

	2008 Mar 31	2007 Mar 31	% Change
Stock-based compensation	148	129	15

In 2008 1Q, stock-based compensation increased as the board of directors granted options to purchase common shares to new employees.

For 2008 1Q, compared to 2007 4Q, stock-based compensation was unchanged.

Foreign Exchange

	2008 Mar 31	2007 Mar 31	% Change
Foreign exchange – gain	262	20	1,210

Foreign exchange gains result from a translation on Xtreme Coil's United States dollar net working capital. In 2008 1Q, the increase in the United States dollar and the increase in net working capital for United States operations generated a gain in foreign exchange.

The foreign exchange gain in 2008 1Q, compared to the loss in 2007 4Q, reflects Xtreme Coil's ongoing currency rate exposure. As Xtreme Coil's operations grow and mature, we expect to generate the majority of cash flow in United States funds, while most cash requirements could require settlement in Canadian funds as we continue drilling rig construction.

Gain on Sale of Equipment

	2008 Mar 31	2007 Mar 31	% Change
Gain on sale of equipment	482	–	–

During 2008 1Q, Xtreme Coil realized a gain on the sale of a new drilling rig and related equipment to the joint venture.

Interest Expense and Income

	2008 Mar 31	2007 Mar 31	% Change
Interest expense	(604)	(47)	1,185
Interest income	9	301	(97)
Net interest (expense) income	(595)	254	(334)

During 2008 1Q, Xtreme Coil continued to draw down the \$50 million revolving credit facility as well as the \$5 million operating line. We used the facilities to continue drilling rig construction as well as to provide cash for ongoing operating requirements. During 2007 1Q, Xtreme Coil had a cash surplus which generated interest income.

The increase in net interest expense for 2008 1Q (\$595), compared to 2007 4Q (\$437,) reflects the continuing drawdown of Xtreme Coil's credit facilities.

Income (Loss) Before Tax

	2008 Mar 31	2007 Mar 31	% Change
Income (loss) before tax	532	(744)	172

For 2008 1Q, compared to 2007 1Q, income before tax improved primarily as a result of higher gross margin generated from a larger fleet of equipment. A larger foreign exchange gain and a gain on the sale of equipment also contributed to the higher income before tax. Two items negatively affecting income before tax were higher depreciation from the larger fleet of equipment and the previously discussed interest expense versus net interest income.

During 2008 1Q, compared to 2007 4Q, activity levels were stable. Revenue and most expense categories were similar to the trailing quarter, with the exception of a foreign exchange gain, versus a foreign exchange loss, a gain on the sale of equipment as well as higher depreciation and net interest expense.

Income Taxes

	2008 Mar 31	2007 Mar 31	% Change
Income tax (expense) recovery	(36)	227	(116)

During 2008 1Q, improved earnings compared to the same period in 2007 resulted in a tax expense rather than a tax recovery.

Net Income (Loss)

	2008 Mar 31	2007 Mar 31	% Change
Net income (loss)	496	(517)	196

Financial Condition, Liquidity and Capital Resources

(\$ million)	2008 Mar 31	2007 Dec 31	% Change
Cash balance	0.6	0.4	50
Working capital (deficit)	4.4	(10.0)	144
Long-term liabilities	48.1	30.0	60

Capital Expenditures and Commitments

(\$ million)	2008 Mar 31	2007 Mar 31	% Change
Capital expenditures	11.0	23.8	(54)
Commitments	12.8	28.4	(55)

In 2008 1Q, investment in fixed assets was primarily for continued construction of drilling rigs. As discussed previously, we moderated Xtreme Coil's rig build program in 2008 1Q as we undertook new financing alternatives and design modifications for our prototype XTC 300 rig.

Similarly, for 2008 1Q, compared to 2007 4Q, capital expenditures were reduced to \$11.0 million from \$22.6 million, and commitments were reduced to \$12.8 million from \$20.5 million.

The board of directors has approved Phase I of Xtreme Coil's 2008 capital budget which allocates \$34 million to the rig build program, including commitments existing at December 31, 2007. To complete the remaining rigs in our announced eighteen rig program, we estimate requiring an additional \$19 million. We continue to monitor the timing of commitments and payments for our capital expansion program.

For the three months ended March 31, 2008, Xtreme Coil maintained a \$50 million revolving debt facility with a Canadian financial institution for construction of equipment, as well as an operating line of \$5 million supported by accounts receivable. At March 31, 2008 Xtreme Coil had drawn \$44 million on these facilities. Other than a loan to our joint venture provided by our joint venture partner and capital leases for field vehicles, Xtreme Coil had no other long-term debt.

In March 2008, the existing credit facilities were renewed, extending Xtreme Coil's revolving facility until March 2009. In addition, we have entered into an agreement with our existing lender pursuant to which the lender has agreed to act as best efforts agent and arranger of new credit facilities on a syndicated basis. Currently, the new credit facilities are being documented and we expect closing to occur in 2008 2Q. The new credit facilities are expected to include a \$15 million revolving operating line and a revolving extendible facility, initially at \$70 million to be reduced to \$60 million by December 31, 2008.

In January 2008, Xtreme Coil announced the sale of an XTC 200DT^{Plus} rig to Coil-X Drilling Systems Corporation ("Coil-X") and Xtreme Coil's joint venture partner loaned \$8 million in cash to Coil-X which Coil-X paid to Xtreme Coil as partial consideration for the purchase of the rig. In May Xtreme Coil closed the acquisition of Coil-X. As part of the transaction, the \$8 million of debt by Coil-X was repaid by issuing common shares from Xtreme Coil.

2008 1Q is the first reporting period in which Xtreme Coil generated positive cash flow from operating activities. As Xtreme Coil's revenues grow, we expect to generate stronger cash flow to fund ongoing operating activities. Management anticipates that funds on hand, together with the anticipated expansion of our credit facilities, will be sufficient to complete the announced eighteen drilling rigs as well as to fund related ongoing operating requirements.

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

Payments due by period

Contractual Obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years
Capital lease obligations	131	78	53	–
Operating leases	634	204	349	81
Revolving credit facility	44,000	–	–	44,000
Commitments	12,800	12,800	–	–
Total contractual obligations	57,565	13,082	402	44,081

As described under Subsequent Events, in March 2008, Xtreme Coil's existing credit facilities were renewed, extending our revolving facility until March 2009. No revolving debt payments are required within one year.

The above table excludes the \$4,080 of other long-term liabilities associated with our Coil-X joint venture. As described under Subsequent Events, this liability was settled in 2008 2Q through the issuance of common shares and warrants.

Segmented Information

For the three months ended March 31, this table summarizes results of operations for Xtreme Coil's two geographic operating segments of Canada and the United States.

	2008 Mar 31			2007 Mar 31		
	Canada	United States	Total	Canada	United States	Total
Revenue	2,442	9,893	12,335	1,446	3,343	4,789
Operating days	123	456	579	64	171	235
Revenue (per day)	19.9	21.7	21.3	22.6	19.5	20.4

Outstanding Common Shares

	2008 Mar 31	2007 Dec 31	% Change
Common shares, beginning of period	33,965,407	27,723,625	23
Private placement	–	5,360,000	–
Warrants exercised	666,666	666,667	–
Agent options exercised	–	6,315	–
Options exercised	11,200	208,800	(95)
Common shares issued	677,886	6,241,782	(89)
Common shares, end of period	34,643,273	33,965,407	2

As at March 31, 2008, Xtreme Coil had outstanding 2,054,000 (2007 1Q – 2,012,200) options to purchase common shares at a weighted average exercise price of \$4.67 per share (2007 1Q – \$4.60).

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

As at March 31, 2008 Xtreme Coil had outstanding 2,092,574 warrants held by our joint venture partner. Each warrant, once vested, entitles the holder to acquire one 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. On May 1, 2008, these warrants were cancelled following the purchase of Coil X by Xtreme Coil (see subsequent events note below.).

Share capital on May 9, 2008 was \$207.1 million (40,516,169 common shares). The aggregate effect of adding the previously described options and warrants would increase Xtreme Coil's outstanding common shares to 44,270,169.

Subsequent Events

On May 1, 2008 Xtreme Coil and our joint venture partner completed a private placement pursuant to which our joint venture partner subscribed for 4,780,000 common shares of Xtreme Coil at a price of \$7.32 per share for aggregate gross proceeds of \$34,989,600.

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

The transactions are expected to accelerate both the build-out of Xtreme Coil's fleet of rigs and entry into international operations. Xtreme Coil anticipates using proceeds of the private placement to partially fund an increase the 2008 capital expenditures program and for general working capital purposes. Xtreme Coil and our joint venture partner believe completion of these transactions will also serve to align their interests.

In connection with the acquisition of our joint venture partner's interest in Coil-X, Xtreme Coil and our joint venture partner agreed to form a new joint venture entity, to be owned 51 percent by Xtreme Coil and 49 percent by our joint venture partner. This new joint venture entity will use Xtreme Coil's technology to pursue the design, manufacture, purchase and operation of Coil Over Top Drive® ("COTD™") drilling rigs in certain types of unconventional resource exploration.

In March 2008, Xtreme Coil's existing credit facilities were renewed, extending our revolving facility until March 2009. In addition, we have entered into an agreement with our existing lender pursuant to which the lender has agreed to act as best efforts agent and arranger of new credit facilities on a syndicated basis. Currently, the new credit facilities are being documented and we expect closing to occur in 2008 2Q. The new credit facilities are expected to include a \$15 million revolving operating line and a revolving extendible facility, initially at \$70 million to be reduced to \$60 million by December 31, 2008.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") for the company. In accordance with the requirements of Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, evaluations of the design and operating effectiveness of DC&P and the design effectiveness of ICFR were carried out under their supervision as of March 31, 2008.

Based on these evaluations, the CEO and CFO have concluded that Xtreme Coil's DC&P are designed and operating effectively to provide reasonable assurance that material information relating to the company, including its consolidated subsidiaries, is made known to them by others within those entities. They have also concluded that Xtreme Coil's ICFR is designed effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

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

Non-GAAP Measures

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

Operating Days

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

Rig Utilization

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

Gross Margin

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

EBITDA

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

Critical Accounting Policies and Estimates

Management has used accounting policies in the preparation of the accompanying unaudited interim consolidated financial statements that are consistent with those used in Xtreme Coil's 2007 audited annual consolidated financial statements and described in Note 2 therein, except for the changes in accounting policies described below.

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

position and results of operations. Actual results could differ from those reported. There have been no material changes to critical accounting estimates as described in Xtreme Coil's 2007 annual report.

New accounting standards adopted

The Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards: section 1535, *Capital Disclosures*; sections 3862 and 3863, *Financial Instruments – Disclosures and Presentation*; and section 3031, *Inventories*. Xtreme Coil has adopted these new standards effective January 1, 2008.

Section 1535, *Capital Disclosures*, establishes disclosure requirements related to an entity's capital and how it is managed. The purpose is to enable users of financial statements to evaluate the entity's objectives, policies and processes for managing capital as further discussed in Note 12. This standard had no impact on the classification or measurement of the Company's consolidated financial statements.

Sections 3862 and 3863, *Financial Instruments – Disclosure and Presentation*, revise and enhance its disclosure requirements, and carrying forward, unchanged, its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks as discussed further in Note 9. These standards had no impact on the classification or measurement of Xtreme Coil's consolidated financial statements.

Section 3031, *Inventories* provides more extensive guidance on measurement, and expands disclosure requirements to increase transparency. The new standard requires additional disclosures in relation to inventories carried at net realizable value, the amount of inventories recognized as an expense, and the amount of any write-downs of inventories. There was no impact on the valuation of Xtreme Coil's inventory as at January 1, 2008 or on the net income for the current or prior periods. The reader is referred to Note 4.

New accounting pronouncements

In February 2008, the CICA approved Handbook Section 3064, *Goodwill and Intangible Assets*, replacing previous guidance. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles assets subsequent to the initial recognition. This new standard is applicable to fiscal years after October 2008. Xtreme Coil will adopt this standard on January 1, 2009 and is in the process of evaluating disclosure and presentation requirements of the new standard.

Seasonality of Operations

Drilling operations in most of Canada are subject to seasonal weather conditions that restrict drilling operations. Particularly in Canada, movement of heavy equipment depends on the ground freezing to support the weight of the equipment. As the ground thaws in spring, road bans placed on many roads prevent heavy equipment from moving until the ground is dry enough to support the loads. This period of low activity 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 many areas of the United States, 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.

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, many risks are beyond our control. The risks discussed in this section are not an exhaustive list of all possible risks.

With significant assets under construction and an aggressive building program, Xtreme Coil is dependent on suppliers to deliver equipment on schedule and to meet necessary quality standards. Failure of our suppliers in any aspect of our equipment building program would severely impact Xtreme Coil's ability to expand operations as planned and to retain customers.

Xtreme Coil accounts for, and reports all, activities in Canadian dollars. Certain contracts are denominated in United States dollars and the rates of exchange to the Canadian dollar fluctuate. This foreign exchange risk may create gains or losses which have an effect on Xtreme Coil's financial results.

Integral to Xtreme Coil's equipment are certain technologies which require proving in actual field operations. We cannot assure the effectiveness of these technologies in field operations. Competing technologies could prove more effective than those developed and used by Xtreme Coil. In addition, patents applied-for may not be issued.

Management's ability to expand contracted drilling and related services depends on attracting qualified personnel as needed. Demand is high for skilled oilfield employees and supply is limited. Any unexpected loss of Xtreme Coil's key personnel, or inability to retain or recruit skilled personnel, could have an adverse effect on Xtreme Coil's business, results of operations and cash flows.

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, as well as fuel and environmental conservation.

Outlook

Xtreme Coil's operating results were stable during 2008 1Q, and we achieved our first reporting period with both positive earnings and positive cash flow from operating activities. While we generally expect the trend of improved operating results to continue, there may be some interruption. In the United States, gaps in drilling activity may occur when certain rigs operate under shorter term contracts. In Canada, our rigs completed winter work in 2008 1Q and are now unable to operate during spring break-up. We have drilling commitments in Canada which we expect to commence when weather and ground conditions permit.

During 2008 1Q, Xtreme Coil generated a gain on the sale of a new drilling rig and related equipment to Coil-X. After the acquisition of Coil-X, the XTC 200DT^{Plus} rig, previously owned by Coil-X, is now owned and operated by Xtreme Coil in west Texas, a new operating region for us.

Xtreme Coil's business plan will focus on growth in drilling operations during 2008. We plan to provide our E&P customers with the advantage of cost savings that result from the generally faster drilling times associated with coiled tubing. Xtreme Coil's leading-edge coiled tubing drilling technology has the potential to respond to a larger segment of crude oil and natural gas exploration and development programs in the United States, Canada and outside North America.

We intend to continue to strengthen and extend Xtreme Coil's market niche as we prove our Coil Over Top Drive® drilling rigs can perform more efficiently and cost effectively for our E&P customers than conventional drilling rigs. Our new rigs expand the depth range of current coiled tubing drilling technology. We have designed Xtreme Coil's patented and patent-pending coiled tubing drilling rigs to drill with 3-1/2 inch coil to depths of up to 3,000 meters (approximately 10,000 feet) and as deep as 4,100 meters (approximately 14,000 feet) with jointed drill pipe.

Currently, Xtreme Coil has 11 Coil Over Top Drive® rigs available for operation, with ten rigs in the field. Early in 2008, we determined our first XTC 300 prototype drilling rig required certain design modifications. The first XTC 300, which began operating in late 2007, has been temporarily modified on site. We plan to retrofit all future models before deployment. This modification has delayed our 2008 delivery schedule.

The recent acquisition of Coil-X dovetails with Xtreme Coil's intention to pursue opportunities in broader international drilling markets. Most international marketing initiated by Coil-X is now the exclusive domain of Xtreme Coil. As part of the Coil-X transaction, we established a new joint venture with the same partner. We have agreed to preserve any potential 'brand recognition' by maintaining the Coil-X name. The new joint venture will use Xtreme Coil's technology to pursue the design, manufacture, purchase and operation of drilling rigs in certain types of unconventional resource exploration.

In our early efforts to enter markets outside of Canada and the United States, as well as to expand into previously untapped markets within the United States, we have incurred significant expenses. International expansion generally requires long lead times and significant expenditures before recording results from those expenditures. We anticipate Xtreme Coil's future expenses, particularly SG&A, will increase as we continue negotiations to establish operations in new markets. We also expect these efforts will require adding key personnel to various areas of our organization.

As we are able to negotiate new contracts, we are prepared to build additional coiled tubing drilling rigs. Currently, we are in discussions on several fronts which, in some cases, may create a lag in rig utilization

as we customize certain rig models for deployment into new North American or into international markets. Xtreme Coil is well positioned to capitalize on drilling markets in the United States, Canada and outside North America.

Additional Information

Information relating to Xtreme Coil 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), visit Xtreme Coil's website www.xtremecoildrilling.com or e-mail ir@xtremecoil.com.

Xtreme Coil Drilling Corp.
Consolidated Balance Sheets

(\$ thousand)

	2008 Mar 31 <i>(unaudited)</i>	2007 Dec 31
Assets		
Current assets		
Cash and cash equivalents	\$ 627	\$ 383
Accounts receivable	14,491	13,039
Prepaid expenses	1,238	1,311
Inventory <i>(note 4)</i>	376	335
	16,732	15,068
Future income tax	4,558	4,530
Equipment <i>(note 5)</i>	192,855	188,913
Intangible assets <i>(note 6)</i>	4,904	4,953
	\$ 219,049	\$ 213,464
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	11,695	19,877
Current portion of obligations under capital leases	78	78
Current portion of long-term debt <i>(note 8b)</i>	—	5,104
	11,773	25,059
Long-term liabilities		
Obligations under capital leases	53	73
Other long-term liabilities <i>(note 7)</i>	4,080	—
Long-term debt <i>(note 8b)</i>	44,000	29,896
	59,906	55,028
Shareholders' Equity		
Share capital <i>(note 10)</i>	164,552	162,514
Warrants <i>(note 10c)</i>	1,235	1,235
Contributed surplus <i>(note 10a)</i>	1,239	3,066
Deficit	(7,883)	(8,379)
	159,143	158,436
	\$ 219,049	\$ 213,464

Commitments *(note 12)*

See accompanying notes to the consolidated financial statements

On behalf of the board of directors,

Signed "Marc Staniloff"
Director

Signed "David Tuer"
Director

Consolidated Statement of Operations, Comprehensive Income (Loss) and Deficit

(\$ thousand except share and per share data)

	Three Months ended 2008 Mar 31 <i>(unaudited)</i>	Three Months ended 2007 Mar 31 <i>(unaudited)</i>
Revenue	\$ 12,335	\$ 4,789
Expenses		
Operating expenses	8,914	4,144
Selling, general and administrative	1,168	1,101
Depreciation of capital assets	1,655	393
Amortization of intangibles	67	40
Stock-based compensation	148	129
Foreign exchange (gain)	(262)	(20)
Gain on sale of equipment	(482)	-
Interest on long-term debt and capital leases	604	47
Interest (income)	(9)	(301)
Net income (loss) before tax	532	(744)
Future tax (expense) recovery	(36)	227
Net income (loss) for the period	496	(517)
Other comprehensive loss	-	-
Comprehensive income (loss)	496	(517)
Deficit, beginning of period	(8,379)	(5,176)
Deficit, end of period	\$ (7,883)	(5,693)
Net income (loss) per common share – basic	\$ 0.01	\$ (0.02)
Net income (loss) per common share – diluted	\$ 0.01	\$ (0.02)
Weighted average number of common shares – basic	34,472,378	30,573,995
Weighted average number of common shares – diluted <i>(note 10d)</i>	35,512,765	32,558,013

See accompanying notes to the consolidated financial statements

Consolidated Statement of Cash Flows

(\$ thousand except share and per share data)

	Three Months ended 2008 Mar 31	Three Months ended 2007 Mar 31
	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash provided by (used in) operating activities		
Net income (loss) for the period	\$ 496	\$ (517)
Items not affecting cash:		
Depreciation and amortization	1,723	433
Stock-based compensation	148	129
Gain on sale of equipment	(482)	-
Unrealized foreign exchange loss (gain)	(65)	7
Future income tax	36	(227)
	1,856	(175)
Changes in non-cash operating working capital <i>(note 15)</i>	(1,754)	(461)
	102	(636)
Financing activities		
Proceeds from shares issued	40	56,268
Share issue costs	-	(3,440)
Proceeds from other long-term liabilities	4,080	-
Proceeds from long-term debt	9,000	-
Capital lease payments	(20)	(19)
	13,100	52,827
Investing activities		
Acquisition of equipment	(10,964)	(23,765)
Proceeds from sale of equipment to joint venture <i>(note 9)</i>	5,873	-
Increase in intangibles	(19)	(29)
Changes in non-cash working capital relating to capital items	(7,848)	(5,344)
	(12,958)	(29,138)
Increase in cash and cash equivalents during the year	244	23,053
Cash and cash equivalents, beginning of period	383	\$ 16,740
Cash and cash equivalents, end of period	\$ 627	\$ 39,793
Supplemental disclosure of cash flow information		
Interest received	\$ 5	\$ 276
Interest paid	604	47
Income tax paid	-	-
Non-cash transactions		
Purchase of patents in exchange for warrants	-	\$ 2,990

See accompanying notes to the consolidated financial statements

Reader Advisory

The information in this news may include certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward-looking statements, including outcomes related to acquisitions, joint ventures, other projects, equity financings and use of proceeds. Assumptions which are subject to significant risks and uncertainties are the basis for these forward-looking statements. Risks and uncertainties result from a variety of factors and actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward-looking statements. Although Xtreme Coil believes that expectations reflected in these forward-looking statements are reasonable, we can give no assurances that the expectations of these forward-looking statements will prove to be correct. Xtreme Coil cautions readers that actual timing and results may vary materially from these forward-looking statements and that such financial outlook information contained in this news release should not be used for purposes other than for which it is disclosed herein. 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, except as required pursuant to applicable securities laws.

Corporate Profile

Xtreme Coil develops and applies leading edge patented and patent-pending technology and designs to build, transport, and operate new Coil Over Top Drive® ("COTDTM") drilling rigs. These innovative and efficient drilling rigs, developed for operation in the United States, Canada and outside North America, drill using larger coil to reach hydrocarbons in deeper horizons. Xtreme Coil's proprietary technology also features modular transportation units, larger injectors, larger drilling rigs and new methods for achieving deeper, faster and safer drilling. Xtreme Coil's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "XDC".

For further information please contact

Thomas D. Wood, Chairman and Chief Executive Officer
Xtreme Coil Drilling Corp.
1402, 500 Fourth Avenue SW
Calgary, Alberta T2P 2V6

tel: (403) 262-9500
fax: (403) 262-9522
email: ir@xtremecoil.com
www.xtremecoildrilling.com