



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

News Release

For Immediate Release

Xtreme Coil Reports Strong 2009 1Q Results and Updates Operations

Calgary, Alberta (TSX: "XDC") May 12, 2009 – Xtreme Coil Drilling Corp. ("Xtreme Coil", the "Company") provides an operations update and announces financial and operating results for the three months ended March 31, 2009 ("2009 1Q"), with comparative data for same period in 2008 ("2008 1Q"), the trailing period ("2008 4Q") where relevant and for the year ended December 31, 2008.

Recent Highlights

- XTC 300 rig reached record depth of 3,034 meters (9,954 ft) with 3-1/2" coil in México
- accepted letter of intent for two Coil Over Top Drive[®] ("COTD[™]") XTC 200DT^{Plus} rigs
- XTC 400 rig achieved record drilling pace for a well in the DJ Basin of Colorado
- appointed Elizabeth Wilkinson chief financial officer

2009 1Q Highlights

- 2009 1Q revenue increased 86 percent from 2008 1Q
- 2009 1Q EBITDA increased 175 percent from 2008 1Q
- 2009 1Q achieved 803 operating days, a 39 percent increase from 2008 1Q
- new contract for two COTD[™] XTC 400 drilling rigs for México
- appointed Rod Uchytel president and chief executive officer and Richard Havinga chief operating officer
- won New Exporter award at inaugural Alberta Export Awards ceremony hosted by CME-Alberta

Operations Update



In April 2009, Xtreme Coil drilled a world record well in México's Chicontepepec field with Rig #14, an XTC 300 rig (see photo left). The upper portion of the "S" curve well, was drilled with conventional drill pipe after which the rig transitioned to 3-1/2 inch coil to drill to total depth of 3,034 meters (9,954 ft.) in 7 inch hole. Many of the unique features of Xtreme Coil's COTD[™] rig design contributed to achieving efficient time and depth results for our customer. In particular, the rig

demonstrated its ability for smooth transition from drilling with conventional drill pipe to drilling with coil as well as coil's snubbing capability for well control and efficiency in maintaining constant circulation. Coil was used to deploy logs and to complete further downhole work, leaving the well ready for completion operations at rig release.

Xtreme Coil recently accepted a letter of intent which, after the contract is executed, will require two XTC 200DT^{Plus} rigs to move from Texas to México with drilling expected to begin in 2009 3Q. After these two rigs have commenced operations, Xtreme Coil will have ten COTDTM rigs working in México. Earlier this year, we entered a contract for two XTC 400 drilling rigs to work in México. These two rigs were modified to customer specifications, transported and subsequently arrived in México where one is rigging up and the second is moving to its location. We expect these two rigs will begin drilling operations in 2009 2Q.

In the Rocky Mountain region of Colorado, where Xtreme Coil has three rigs working under long-term contract, our customer reported that Rig #8, an XTC 400, recently achieved a field record by drilling a well to a depth of 7,480 feet in 2.7 days rig release to rig release. Xtreme Coil held the previous Wattenberg field record for pace of drilling and we are pleased to have our customer recognize this continuous improvement from Xtreme Coil's capable operations staff.

We protect Xtreme Coil's differentiating drilling and transportation technology through routine applications for new patents as our technical team develops new designs for both drilling equipment and processes. Since December 2008, the United States Patent and Trademark office has issued two new patents to Xtreme Coil.

In March 2009, Xtreme Coil received recognition as winner of the New Exporter category at the Alberta Export Awards ceremony hosted by the Alberta division of Canadian Manufacturers and Exporters which cited the winning companies as demonstrating "the drive, innovation and competitiveness ... necessary to succeed in foreign markets". We appreciated the opportunity to communicate about the value of new drilling technologies with a broad range of participants at the event and with the media following receipt of this award.

We believe the executive appointments announced in January and April will further strengthen Xtreme Coil's corporate structure and we look forward to applying their contributions as we pursue our strategy for growth involving international markets.

The strong financial and operating results Xtreme Coil has reported for 2009 1Q demonstrate our commitment to exceptional performance for the benefit of our customers and shareholders. We believe the dual capability and reliability of our fleet of relatively new drilling rigs differentiates Xtreme Coil from our competitors. We strive for continuous improvement in our business fundamentals. We endeavour to expand our opportunities with current customers and respond strategically to interest in our innovative drilling technology for new projects in new regions.

Tom Wood
Executive Chairman

Rod Uchtyl
President and Chief Executive Officer

2009 First Quarter Highlights
(\$ thousand, except where indicated)

	2009 Mar 31	2008 Mar 31	% Change
Revenue	22,914	12,335	86
EBITDA ¹	6,187	2,253	175
Net income (loss)	2,379	496	380
Net income (loss) per common share - basic (\$)	0.06	0.01	484
Weighted average common shares – basic <i>(thousand)</i>	40,726	34,472	
Capital assets	271,366	192,855	41
Operating days ¹	803	579	39
Rig utilization <i>(percentage)</i> ¹	56	74	(24)

¹ see Non-GAAP measures in MD&A

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

Management for Xtreme Coil Drilling Corp. ("Xtreme Coil", the "Company") based this MD&A on operating and financial results for the three months ended March 31, 2009 and provides comparative information 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 and MD&A for the year ended December 31, 2008. Management prepares the consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") and expresses all amounts in Canadian dollars ("CAD") unless otherwise stated. This MD&A is based on information available as at May 8, 2009.

Forward-Looking Statements

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

These statements are based on certain factors and assumptions regarding, among others: assessment of current, and projections for future, operations; ongoing and future business negotiations and opportunities to enter new, continue or extend existing contracts; the availability and cost of financing; foreign currency exchange rates; timing and magnitude of capital expenditures; expenses and other variables affecting rig operating and construction expenses; the ability of vendors to provide rig component equipment, services and supplies, including labour, in a cost-effective and timely manner; the issuance of applied-for patents; jurisdictional changes in taxation rates; and, government regulations. Although Xtreme Coil considers the assumptions reasonable, based on information available to management as at May 8, 2009, the assumptions may ultimately prove incorrect.

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

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

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

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

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

Description of the Business

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

Xtreme Coil's head office is in Calgary, Alberta, Canada. Xtreme Coil also has a corporate office in Houston, Texas and an operations office near Poza Rica, in the state of Veracruz, México. Xtreme Coil has United States field offices in Casper, and Cheyenne, Wyoming.

At March 31, 2009 Xtreme Coil had three drilling rigs working under long-term drilling contracts with a major E&P company in the United States. We prepare project proposals and conduct ongoing contract negotiations with current and potential new customers. During 2008, Xtreme Coil signed contracts and deployed six rigs for drilling operations in México. Early in 2009, Xtreme Coil entered into an additional long-term contract for two additional drilling rigs which are now being mobilized to commence operations in the same oil development project in México. As a result, the Corporation now has a total of 11 rigs committed under long-term contracts.

To date, the United States Patent and Trademark office has issued six patents to Xtreme Coil. One of these patents has also received issuance by the Eurasian patent office for regions under its jurisdiction throughout Europe and Asia. Xtreme Coil has more than 60 additional pending patent applications in the United States, Canada and other jurisdictions. Xtreme Coil's issued and applied-for patents cover coiled tubing drilling and transportation technology including equipment and methods for coiled tubing drilling to deeper horizons of 3,000 meters (10,000 feet) or more.

Xtreme Coil has designed six models of COTD[™] drilling rigs with five designs completed and deployed to field operations. At March 31, 2009, Xtreme Coil had 16 COTD[™] rigs completed (2008 1Q – 11 rigs). Of the sixteen rigs in service at March 31, 2009, eight rigs were in the United States, six were in México and two were enroute from the United States to México. At May 8, 2009, eight rigs were under long-term contracts to work in México and eight rigs remain in the United States, three of which are operating under long-term contracts. During preparation of this MD&A, Xtreme Coil accepted a letter of intent requesting mobilization of the two XTC 200DT^{Plus} rigs from Texas to México to operate under long-term contract, with operations intended to commence in 2009 3Q. After contracts and mobilization are completed for these two further drilling rigs, Xtreme Coil will have ten drilling rigs based in the Chicontepec development project in the state of Veracruz.

Xtreme Coil's previous capital plan called for the construction of 18 drilling rigs in total. We temporarily suspended drilling rig construction in 2008 3Q when economic uncertainty decreased demand in United States drilling markets. In addition to 16 completed drilling rigs, we have a number of components in stock for two additional drilling rigs.

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

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

Selected Quarterly Financial Information *(unaudited)*
Three months ended

	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
Revenue	22,914	28,924	26,328	10,527
EBITDA ¹	6,187	6,539	5,899	715
Net income (loss)	2,379	2,508	1,278	(1,541)
Net income (loss) per share (\$)	0.06	0.06	0.03	(0.04)
Capital assets	271,366	238,345	231,392	211,948
Total assets	326,098	289,394	279,457	249,043
Operating days ¹	803	949	947	473
Rig utilization <i>(percentage)</i>	56	68	83	52
Weighted average rigs in service	16.0	15.2	12.4	10.0
Completed rigs, end of quarter	16	16	15	12

	31 Mar 2008	31 Dec 2007	30 Sep 2007	30 Jun 2007
Revenue	12,335	12,416	9,574	5,416
EBITDA ¹	2,253	2,237	(342)	(564)
Net income (loss)	496	(204)	(1,338)	(1,144)
Net income (loss) per share (\$)	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 <i>(percentage)</i>	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

¹ see Non-GAAP measures

During the preceding eight quarters, Xtreme Coil's revenue, EBITDA, net income, assets and operating days have generally improved as we have steadily increased the size of our drilling rig fleet. In the near term, we expect our primary source of revenue will be from the nine rigs operating under long-term contracts at the end of 2009 1Q.

In February 2009, Xtreme Coil announced a new contract for two additional XTC 400 drilling rigs required in México, leading to 69 percent of the fleet being committed under long-term contracts in México and the United States. We expect additional revenues in late 2009 2Q from each of these two XTC 400 drilling rigs as they commence operations.

In May 2009, Xtreme Coil accepted a new letter of intent ("LOI") requesting mobilization of two XTC 200DT^{Plus} rigs from Texas to México to operate under long-term contract, with operations intended to commence in 2009 3Q. After contracts and mobilization are completed for these two further drilling rigs, Xtreme Coil will have a total of ten drilling rigs operating in the Chicontepec development project in the state of Veracruz. When these two rigs are fully operational in México along with the two XTC 400 drilling rigs currently preparing to commence operations there, we would expect to exceed the revenue level achieved in 2008 4Q.

Compared to 2008 1Q, Xtreme Coil reported increased operating days in 2009 1Q, reflecting more rigs operating under contract. However, rig utilization was lower overall because of the larger fleet. We reported lower operating days in 2009 1Q than 2008 4Q, primarily due to early termination of contracts on two drilling rigs operating in 2008 4Q in the United States and continued softening demand in United States drilling markets.

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

Results of Operations

Revenue

	2009 Mar 31	2008 Mar 31	% Change
Total revenue	22,914	12,335	86
Operating days	803	579	39
Revenue per operating day	28.5	21.3	34
Rig utilization (percentage)	56	74	(24)

At March 31, 2009, Xtreme Coil's fleet consisted of 16 rigs (2008 1Q – 11 rigs). As we ramped up construction, commissioning and deployment of new drilling rigs during 2008, operating days and revenue increased. During 2009 1Q, we had a greater proportion of our larger rigs operating. Larger rigs generally produce higher day rates, which also contributed to increased revenue per day.

For 2009 1Q, total revenue and revenue per operating day increased year-over-year but declined from 2008 4Q. The increase was a direct result of increased operating days and the higher average revenue per day earned by rigs under contract. In contrast, lower 2009 1Q revenue reflected lower operating days and rig utilization than 2008 4Q by 15 percent and 18 percent, respectively. This resulted from both the 2008 4Q contract termination fee for two rigs and the softening of the United States drilling markets discussed previously. Management's response to these conditions is to continue efforts to deploy an increasing number of rigs into the México market as discussed elsewhere herein.

Total revenue is generally related to operating days. Most of Xtreme Coil's revenue is denominated in United States dollars ("USD"). During 2009 1Q, the USD increased relative to the CAD as compared to 2008 1Q and 2008 4Q which contributed to the increase in revenue due to foreign exchange gain.

We anticipate the continued operation of the current eight rigs in México and three rigs in the United States under long-term contracts will contribute to revenue stability during 2009. Xtreme Coil believes demand for services in México during 2009 will remain strong as the country focuses on developing existing hydrocarbon reserves to replace historic declines in production rates. As discussed previously, Xtreme Coil has accepted an LOI to commit two additional rigs under long-term contact which anticipated to begin deploying from Texas to México once contracts are completed and mobilization logistics begin. The rigs under the LOI are expected to commence operations in 2009 3Q.

In response to weaker drilling market conditions in the United States, management intends to continue to market what we believe are the advantages of our newer and efficient fleet of COTD™ drilling rigs. Xtreme Coil is aggressively marketing to existing customers as well as increasing efforts to secure business from a broader range of potential customers. In addition, we are actively pursuing energy projects in international regions including the Middle East, northern Africa, eastern Europe and Asia Pacific where we believe there is potential to secure contracts involving several of our rigs which would result in higher utilization and revenue. Successful marketing on any of these fronts would have a positive effect on future rig utilization and revenue.

Operating Expenses

	2009 Mar 31	2008 Mar 31	% Change
Operating expenses	14,618	8,914	64
Operating expenses (percentage of revenue)	64	72	(11)
Operating expenses per operating day	18.2	15.4	18

The increase in operating expenses year-over-year primarily reflects the higher number of drilling rigs in service and the higher number of operating days generated. In 2009 1Q, the weighted average number of drilling rigs in service was 16 rigs (2008 1Q – 11 rigs). Operating expenses as a percentage of revenue during 2009 1Q decreased, primarily due to the significant increase in average revenue per operating day over the comparative period. The 2009 1Q improvement was partially offset by increased operating expenses per day resulting from fuel costs incurred by our drilling rigs in México and the additional infrastructure required to support operations in México.

The increase in the USD relative to the CAD during 2009 1Q versus 2008 1Q also contributed to higher total operating expenses, since a large portion of operating expenses are denominated in USD.

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

Compared to 2008 4Q, operating expenses per day decreased primarily due to reduced expenses associated with mobilization of rigs to México during 2008 4Q.

Gross Margin¹

	2009 Mar 31	2008 Mar 31	% Change
Gross margin	8,296	3,421	143
Gross margin <i>(percentage of revenue)</i>	36	28	29
Gross margin per operating day	10.3	5.9	75

¹ see Non-GAAP measures

For 2009 1Q, gross margin improved primarily as a result of the increased number of operating days. In addition, as revenues and operating days have increased, we have achieved economies of scale which improves gross margin.

Compared to 2008 1Q, the increase in the USD relative to the CAD in 2009 1Q contributed to higher gross margins since the positive effect of the revenues denominated in USD is greater than the negative effect of the higher expenses denominated in USD.

Gross margin for 2009 1Q compared to 2008 4Q was slightly lower primarily due to fewer operating days.

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

	2009 Mar 31	2008 Mar 31	% Change
SG&A	2,109	1,168	81
SG&A <i>(percentage of revenue)</i>	9	9	-

For the three months ended March 31, 2009, SG&A was higher primarily due to development of administrative infrastructure to support expanded international operations, including the establishment of operations in México and an office in Houston, Texas.

SG&A was lower in 2009 1Q compared to 2008 4Q, primarily as a result of the higher provision for doubtful accounts recorded in 2008 4Q.

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

	2009 Mar 31	2008 Mar 31	% Change
EBITDA	6,187	2,253	175

¹ see Non-GAAP measures

For 2009 1Q, the increase in EBITDA was a result of higher day rates, increased operating days, and the effect of a stronger USD. EBITDA for 2009 1Q was five percent lower than 2008 4Q primarily due to fewer operating days, partially offset by lower SG&A expenses.

Depreciation and Amortization

	2009 Mar 31	2008 Mar 31	% Change
Depreciation and amortization	2,849	1,723	65

Depreciation based on a unit-of-production increases generally in proportion to the increase in operating days. For 2009 1Q, the increase in depreciation and amortization is proportionate to the increase in operating days and is primarily due to the increase in equipment engaged in active field operations.

Compared to 2008 4Q, operating days for 2009 1Q were lower and depreciation increased. The increase in depreciation reflects the larger, more expensive rigs, with higher depreciable bases that contributed a larger proportion of operating days in 2009 1Q.

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

Stock-based Compensation

	2009 Mar 31	2008 Mar 31	% Change
Stock-based compensation	241	148	63

For 2009 1Q, stock-based compensation increased as the board of directors responded to growth in Xtreme Coil's operations in the United States and México by granting options to purchase common shares to new employees.

Compared to 2008 4Q, stock-based compensation for 2009 1Q decreased due to staff reductions in the United States associated with lower activity levels.

Foreign Exchange

	2009 Mar 31	2008 Mar 31	% Change
Foreign exchange gain (loss)	(914)	262	(449)

Foreign exchange gain or loss results primarily from a translation of the portion of revolving debt denominated in USD. The loss in 2009 1Q compared to the gain realized in 2008 1Q is related to the increased value of the USD in relation to the CAD.

As discussed elsewhere in this MD&A, Xtreme Coil commenced operations in México during 2008, thereby introducing exposure to another foreign currency. A portion of revenue generated and expenses incurred by our operations in México is denominated in MXN. However, overall, the majority of revenue generated by Xtreme Coil is denominated in USD.

Compared to 2008 4Q, in 2009 1Q the CAD decreased relative to the USD and increased relative to the MXN. All three currencies were volatile throughout 2008 3Q and 2008 4Q.

Interest Expense and Income

	2009 Mar 31	2008 Mar 31	% Change
Net interest expense	1,003	595	69

During 2008, Xtreme Coil drew on its credit facilities primarily to continue construction of drilling rigs which totalled 16 at December 31, 2008, as well as to provide cash for ongoing operating requirements and to establish operations in México.

Interest expense for 2009 1Q was higher than 2008 1Q due to increased debt related to the construction of rigs and to expansion of operations.

Compared to 2008 4Q, net interest expense decreased in 2009 1Q to \$1,003 (2008 4Q – \$1,212) as a result of decreased average debt levels subsequent to suspension of rig construction and stable operations in México. Interest rates were lower in 2009 1Q than in 2008 4Q.

Income Before Tax

	2009 Mar 31	2008 Mar 31	% Change
Income before tax	1,180	532	122

For 2009 1Q, income before tax grew primarily as a result of Xtreme Coil's transition from a building phase to an operating phase.

Compared to 2008 4Q, income before tax in 2009 1Q decreased to \$1,180 (2008 4Q – \$3,341). The decrease was primarily due to 2008 4Q recognition of mobilization revenue related to moving rigs to México and additional revenue related to early termination of drilling contracts.

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

Income Tax

	2009 Mar 31	2008 Mar 31	% Change
Income tax (expense) recovery	1,199	(36)	(3,431)

An income tax recovery in 2009 1Q compares to an income tax expense in both 2008 1Q and 2008 4Q primarily due to a tax benefit recorded in 2009 1Q to reflect new information supporting the applicability of a lower tax rate related to the sale of some of our drilling equipment to a foreign subsidiary.

Net Income (Loss)

	2009 Mar 31	2008 Mar 31	% Change
Net income (loss)	2,379	496	380

The large increase in net income in 2009 1Q compared to 2008 1Q primarily reflects the combination of increased operating income from expanded operations and the significant tax recovery recorded in 2009 1Q discussed above.

Financial Condition, Liquidity and Capital Resources

<i>(\$ million)</i>	2009 Mar 31	2008 Dec 31	% Change
Long-term liabilities	44.7	49.1	(9)
Less: working capital (deficit)	6.7	6.2	8
Net debt ¹	38.0	42.9	(11)

¹ see Non-GAAP measures

Capital Expenditures and Commitments

<i>(\$ million)</i>	2009 Mar 31	2008 Mar 31	% Change
Capital expenditures	2.0	11.0	(82)
Commitments	3.2	12.8	(75)

Capital expenditures were lower in 2009 1Q compared to both 2008 1Q and 2008 4Q. Seven rigs were under construction in 2008 1Q. In 2008 4Q, we completed 16 rigs and temporarily suspended work to build the final two rigs in our first phase of rig construction, as discussed elsewhere in this MD&A. Capital spending in 2009 1Q was primarily related to the purchase of replacement equipment and spare components for operating rigs as well as expenses for moving two rigs from the United States to México.

Compared to 2008 4Q, working capital remained essentially unchanged, despite classifying more of the revolving debt as current at March 31, 2009. The decrease in long-term debt during the same period is primarily the result of this reclassification.

Xtreme Coil expects to continue to achieve positive cash flow from operating activities provided at least eight of the current 16 drilling rigs continue operations (nine were operating at March 31, 2009 and two were being mobilized under a long-term contract in México). Any additional work undertaken by the remaining five rigs would further strengthen future cash flow from operating activities.

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

Following the 2008 3Q announced temporary suspension in rig construction, we expect capital expenditures in the near term will be much lower than in comparative periods. During 2009 2Q, we expect to incur some capital expenditures to complete preparations to move the four additional rigs from the United States and to prepare them for operations in México. Management expects to fund these expenditures and other commitments primarily from current cash flow from operating activities and existing cash on hand.

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

During 2008 2Q, Xtreme Coil entered into an agreement for credit facilities with its existing lender and another lender on a syndicated basis. The credit facilities include a \$15,000 operating loan facility and a revolving extendible facility, initially set at \$70,000 which reduced as scheduled to \$60,000 at December 31, 2008. The credit facilities require Xtreme Coil to maintain certain financial covenants. At December 31, 2008 and at March 31, 2009, Xtreme Coil was not in compliance with two of these covenants related to funded debt to EBITDA and interest coverage. The syndicate provided waivers with regard to covenant non-compliance for twelve months following the respective balance sheet dates of non-compliance.

At December 31, 2008, the Corporation had drawn \$59,206 on the revolving extendible facility and \$7,878 on the operating loan facility. At March 31, 2009 Xtreme Coil had drawn \$59,658 on the revolving extendible facility and \$10,842 on the operating loan facility.

Xtreme Coil maintains ongoing communication to maintain its working relationship with its banking syndicate and believes the syndicate is in sound financial condition. Management believes Xtreme Coil's relationship with the banking syndicate will continue. We are in the process of negotiating renewal of Xtreme Coil's credit facilities. Management expects the accounts receivable-supported \$15,000 operating loan facility will be renewed and the \$60,000 revolving extendible facility will be converted to a term loan with principal repayments amortized over five years.

As Xtreme Coil's operations continue to expand in México during 2009, management expects to continue to generate improved cash flow from operating activities. Management anticipates cash on hand, together with cash flow generated from operating activities, will be sufficient to support ongoing operating requirements and capital expenditures.

This table summarizes Xtreme Coil's contractual obligations as at March 31, 2009.

Payments due by period

Contractual Obligations	Total	Less than 1 Year	1 – 3 Years	4 – 5 years
Capital lease obligations	88	57	31	–
Operating leases	2,639	904	1,233	502
Revolving credit facility	59,658	14,915	39,772	4,971
Operating facility	10,842	10,842	–	–
Commitments	3,161	3,161	–	–
Total contractual obligations	76,388	29,879	41,036	5,473

This table is prepared with a repayment schedule applicable only if the lenders did not renew the facility. Interest payments are not included in the table. Management believes cash flow from operating activities and amounts available under our credit facilities will be sufficient to fund payments due in less than one year.

Segmented Information

This table summarizes results of operations for Xtreme Coil's three geographic operating segments of Canada, México and the United States.

Revenue	2009 Mar 31	2008 Mar 31
Canada	–	2,442
United States	7,053	9,893
México	15,861	–
Total	22,914	12,335

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

Outstanding Common Shares

As of March 31, 2009, Xtreme Coil had outstanding options to purchase 2,865,000 common shares (2008 1Q – 2,054,000) at a weighted average exercise price of \$5.66 per share (2008 1Q – \$4.67).

Share capital on May 8, 2009 was \$207,462 and 40,726,169 common shares were issued and outstanding. Additionally, Xtreme Coil has outstanding purchase warrants entitling the holder to purchase a total of 1,000,000 common shares and options to purchase 3,582,000 common shares.

Subsequent Events

At March 31, 2009, Xtreme Coil was not in compliance with certain of the covenants related to interest coverage and funded debt to EBITDA ratios on its credit facilities. The lending syndicate which holds these loans issued a waiver which is effective through March 31, 2010 regarding these non-compliance events.

Subsequent to 2009 1Q, the 700,000 performance warrants issued on May 1, 2008 expired on May 1, 2009, since the holder was not able to meet the vesting criteria. The warrant holder continues to hold 1,000,000 purchase warrants exercisable at \$9.87 per warrant at any time until May 1, 2010

In late April 2009, Xtreme Coil moved Rig #6 into México en route to its initial drilling location in the Chicontepec area. We expect this rig will commence operations in May. Rig #7 has moved into México in early May and is expected to commence operations in late May.

Non-GAAP Measures

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

Operating Days

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

Rig Utilization

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

Gross Margin

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

EBITDA

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

Net Debt

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

Management's Discussion and Analysis ("MD&A")
For the three months ended March 31, 2009
(\$ thousand, except where indicated)

Outlook

The general economic uncertainty and recession continued in 2009 1Q with the rig count dropping dramatically in both the United States and Canada compared to one year ago. Credit and equity markets continue to exhibit historically high levels of volatility and access to these markets remains constrained.

We expect the current lower drilling activity in the United States and Canada will continue throughout 2009 which will result in a depressed spot drilling market. The México drilling market has experienced an increase in activity in 2009 1Q, with three additional tenders issued for substantial drilling projects. An Xtreme Coil key customer was awarded one of the tenders and, subsequently, we expect they will increase their activity level.

In 2009 1Q, Xtreme Coil entered a contract for two additional rigs to operate in México under similar terms to the six rigs currently operating in that region under long-term contracts. As discussed previously, mobilization of these rigs began in April and May, subsequent to modifications required for the contract. We expect these two rigs will commence operations and become revenue productive in 2009 2Q.

In May 2009, Xtreme Coil accepted a new letter of intent requesting mobilization of the two XTC 200DT^{Plus} rigs in Texas to México to operate under long-term contract, with operations intended to commence in 2009 3Q. After contracts and mobilization are completed for these two further drilling rigs, Xtreme Coil expects to have ten drilling rigs based in the Chicontepec development project in the state of Veracruz.

Xtreme Coil will continue to market rigs in México where we believe drilling opportunities will remain robust. Additionally, we believe there are opportunities in the Middle East, northern Africa, eastern Europe and Asia Pacific. Generally, these regions have not seen the erosion in drilling demand that the United States and Canada have experienced.

Xtreme Coil currently has eleven of sixteen rigs operating under long-term contracts. We expect this will improve our operating days in 2Q 2009 compared to 2009 1Q. We did not win any contracts on the spot drilling market in 2009 1Q. Although rig utilization and operating days declined somewhat in 2009 1Q compared to 2008 4Q, we anticipate the commencement of operations for the two rigs under the new long-term contract in México in 2009 2Q will contribute to improved cash flow from operating activities during the remainder of 2009. As stated previously, two further rigs expected to be contracted soon are anticipated to begin operations in 2009 3Q. We have not experienced significant changes in our operational cost structure and thus expect gross margin levels will remain steady throughout 2009 2Q.

Xtreme Coil believes the drilling market in México will remain strong during 2009. It is likely additional tenders will be made available to companies who are potential customers for Xtreme Coil rigs. We continue to aggressively pursue these opportunities. The possibility exists for pricing erosion which may begin to develop for new contracts, given the increasing visibility of the market downturn in the United States and Canada. Management believes Xtreme Coil's differentiating technology will provide some remedial support as we work to respond to any possible pricing pressure.

During 2009, Xtreme Coil will continue to pursue strategic opportunities and contracts outside of North America in response to interest generated from discussions initiated during 2008 in several international drilling regions for projects to which our COTDTM drilling rigs are well-suited.

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, except share and per share data)
(unaudited)

	2009 Mar 31	2008 Dec 31
Assets		
Current assets		
Cash and cash equivalents	\$ 2,844	\$ 2,010
Accounts receivable (Notes 4 and 12)	31,392	27,291
Other receivables (Note 5)	6,123	7,966
Prepaid expenses	1,109	1,218
Inventory (Note 6)	2,035	1,045
	43,503	39,530
Future income tax	4,744	4,966
Equipment (Notes 3 and 7)	271,366	238,345
Intangible assets (Note 8)	4,855	4,923
Goodwill	1,630	1,630
	\$ 326,098	\$ 289,394
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness (Note 10)	10,842	7,878
Accounts payable and accrued liabilities	10,994	14,215
Income tax payable	35	1,354
Current portion of obligations under capital leases	53	75
Current portion of long-term debt (Note 10)	14,915	9,825
	36,839	33,347
Long-term liabilities		
Obligations under capital leases	35	35
Long-term debt (Note 10)	44,633	49,105
	44,668	49,140
Shareholders' equity		
Share capital (Note 11)	207,462	207,462
Warrants	1,630	1,630
Contributed surplus (Note 11b)	3,757	3,453
Deficit	(3,259)	(5,638)
Accumulated other comprehensive income	35,001	—
	244,591	206,907
	\$ 326,098	\$ 289,394
Commitments and contingencies (Note 14)	—	

See accompanying notes to the consolidated financial statements

Xtreme Coil Drilling Corp.
Consolidated Statement of
Income and Retained Deficit
(\$ thousand, except share and per share data)
(unaudited)

	Three months ended 2009 Mar 31	Three months ended 2008 Mar 31
Revenue	\$ 22,914	\$ 12,335
Expenses		
Operating expenses	14,618	8,914
Selling, general and administrative	2,109	1,168
Depreciation of capital assets	2,779	1,655
Amortization of intangibles	70	67
Stock-based compensation	241	148
Foreign exchange loss (gain)	914	(262)
(Gain) on sale of equipment	-	(482)
Interest on long-term debt and capital leases	1,003	595
Net income before tax	1,180	532
Tax expense (recovery)		
Current	(1,220)	-
Future	21	36
	(1,199)	36
Net income	2,379	496
Deficit, beginning of period	(5,638)	(8,379)
Deficit, end of period	\$ (3,259)	\$ (7,883)
Net income per common share – basic	\$ 0.06	\$ 0.01
Net income per common share – diluted	\$ 0.06	\$ 0.01
Weighted average no. of common shares – basic <i>(Note 11d)</i>	40,726,169	34,472,378
Weighted average no. of common shares – diluted <i>(Note 11d)</i>	40,726,169	35,512,765

See accompanying notes to the consolidated financial statements

Xtreme Coil Drilling Corp.
Consolidated Statements of
Comprehensive Income
(\$ thousand)
(unaudited)

	Three months ended 2009 Mar 31	Three months ended 2008 Mar 31
Net income	\$ 2,379	\$ 496
Other comprehensive income		
Unrealized gain on translating financial statements of self-sustaining foreign operations	8,513	-
Comprehensive income	\$ 10,892	\$ 496

See accompanying notes to the consolidated financial statements

**Consolidated Statements of
 Accumulated Other Comprehensive Income**
 (\$ thousand)
 (unaudited)

	Three months ended 2009 Mar 31	Three months ended 2008 Mar 31
Accumulated other comprehensive income		
– beginning of period	\$ –	\$ –
Impact of translating financial statements of self-sustaining foreign operations on January 1, 2009 <i>(Note 3)</i>	26,488	–
Unrealized gain on translation of foreign operations during the current period <i>(Note 3)</i>	8,513	–
Accumulated other comprehensive income		
– end of period	\$ 35,001	\$ –

See accompanying notes to the consolidated financial statements

Xtreme Coil Drilling Corp.
Consolidated Statement of Cash Flows
(\$ thousands, except share and per share data)
(unaudited)

	Three months ended 2009 Mar 31	Three months ended 2008 Mar 31
Cash provided by (used in) operating activities		
Net income for the period	\$ 2,379	\$ 496
Items not affecting cash:		
Depreciation and amortization	2,849	1,723
Stock-based compensation	241	148
Gain on sale of equipment	-	(482)
Amortization of financing cost	166	-
Unrealized foreign exchange loss (gain)	520	(65)
Future income tax expense	21	36
	6,176	1,856
Changes in non-cash operating working capital <i>(Note 16)</i>	(2,508)	(1,754)
	3,668	102
Financing activities		
Proceeds from exercise of options and warrants	-	40
Proceeds from other long term liabilities <i>(Note 9)</i>	-	4,080
Proceeds from (reduction of) long-term debt	(77)	9,000
Proceeds from operating facility	2,964	-
Capital lease payments	(22)	(20)
	2,865	13,100
Investing activities		
Proceeds from sale of equipment	266	-
Proceeds from sale of equipment to joint venture <i>(Note 9)</i>	-	5,873
Purchase of equipment	(2,003)	(10,964)
Increase in intangibles	(2)	(19)
Changes in non-cash working capital relating to capital items <i>(Note 16)</i>	(3,960)	(7,848)
	(5,699)	(12,958)
Increase in cash and cash equivalents during the period	834	244
Cash and cash equivalents, beginning of period	2,010	383
Cash and cash equivalents, end of period	\$ 2,844	\$ 627
Supplemental disclosure of cash flow information		
Interest received	\$ -	\$ 5
Interest paid	837	604
Income tax paid	-	-

See accompanying notes to the consolidated financial statements

Reader Advisory

The information in this press release may include certain information and statements and assumptions regarding management's view of future events, expectations, plans, initiatives or prospects constituting forward-looking statements within the meaning of securities laws. Forward-looking statements may relate to Xtreme Coil's future outlook and anticipated events or results and may include statements related to anticipated future contracts; commodity pricing; rates of currency exchange; operating expenses; rig building, completion or deployment; capital expenditures and other 2009 guidance provided throughout this press release. 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 the expectations of these forward-looking statements will prove 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 press release should not be used for purposes other than for which it is disclosed herein. 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.

Corporate Profile

Xtreme Coil develops and applies leading edge patented and patent-pending technology and designs to build, transport, and operate new COTD™ drilling rigs. Currently contracted in the United States and México and marketed to other international regions, Xtreme Coil's innovative, dual-purpose and efficient rigs drill with larger coil to reach hydrocarbons in deeper horizons. Xtreme Coil's proprietary technology also features modular transportation units, larger coil injectors 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

Tom Wood
Executive Chairman
Xtreme Coil Drilling Corp.
1402, 500 Fourth Avenue SW
Calgary, Alberta T2P 2V6

Rod Uchytíl
President and Chief Executive Officer
tel: (403) 262-9500
fax: (403) 262-9522
email: ir@xtremecoil.com

www.xtremecoildrilling.com