



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

News Release

For Immediate Release

Xtreme Coil Achieves Strong 2009 2Q and Updates Operations

Calgary, Alberta (TSX: "XDC") August 13, 2009 – Xtreme Coil Drilling Corp. ("Xtreme Coil", the "Company") provides an operations update and announces financial and operating results for the three and six months ended June 30, 2009 ("2009 2Q"), with comparative data for same period in 2008 ("2008 2Q"), and for the year ended December 31, 2008.

2009 2Q Highlights

- revenue \$23.1 million up 119 percent from 2008 2Q
- EBITDA \$5.4 million up 652 percent from 2008 2Q
- EBITDA per share \$0.13, up 550 percent from 2008 2Q
- operating days reached 878, up 86 percent from 2008 2Q
- at June 30, 69 percent of rigs operating; 81 percent under term contracts

Operations Update

Xtreme Coil completed a very strong 2009 2Q in terms of our corporate history as well as in relation to other energy services sector participants. Our financial performance for the quarter was driven by our rig fleet's 878 operating days. At June 30th, 69 percent of our rig fleet was working under contract.



Xtreme Coil's Rig #3, an XTC 200 (left), and Rig #17, an XTC 400, drilling on the same well pad in the Chicontepec project in México.

Two of our XTC 400 Coil Over Top Drive[®] ("COTDTM") drilling rigs commenced operations in México during 2009 2Q, expanding our fleet in that region to eight. As announced July 22, 2009, we executed long-term contracts for an additional two drilling rigs, both XTC 200DT^{Plus} models, and began the work to modify the rigs to customer specifications. Once prepared for mobilization they are being deployed to the Chicontepec project in México. One of the rigs is now moving to its first location. We expect both to begin drilling operations during 2009 3Q which would increase our total number of rigs operating in México to ten by September 30, 2009.

During 2009 2Q, three Xtreme Coil rigs continued drilling in the Rocky Mountain region of the United States under long-term contracts. While the United States drilling market remains severely constricted, it has been reported there is still demand for high performance rigs.

Xtreme Coil's balance sheet strength has provided flexibility to fund strategic elements of our plan for future growth. At the close of 2009 2Q, we completed an equity offering under a "bought deal" arrangement which raised net proceeds of \$43.4 million on issuance of 11,845,000 common shares. At the same time, we undertook a non-brokered private placement with net proceeds of \$1.0 million on issuance of 258,500 common shares. In May, we announced execution of an amendment to Xtreme Coil's extendible credit facility with our existing lenders.

International projects and opportunities continue as a priority for Xtreme Coil's business development, sales and marketing, given the volume and frequency of inquiries we have received. During 2009 2Q, to prepare for a number of opportunities which would be ideal for our COTD™ drilling rigs, we began work on a fit-for-purpose re-entry drilling rig. The rig's design, based on a recently-issued Xtreme Coil patent, will have applications that meet the requirements of potential projects in the Middle East and North Africa markets.

We believe what differentiates Xtreme Coil from our competitors is our proprietary and patented applications and processes together with our in-house engineering capability. We continue to evaluate drilling markets and the availability of drilling rig equipment or components throughout North America. For instance, we are analyzing the potential to expand Xtreme Coil's rig fleet cost-effectively through application of our engineering designs which focus on upgrading late model top drive rigs to incorporate our innovative COTD™ capabilities.

Xtreme Coil recorded strong financial results for the first six months of 2009. We publish and use EBITDA (earnings before interest, taxes, depreciation and amortization, stock-based compensation, foreign exchange gains or losses and gains or losses on sale of equipment) and EBITDA per share as supplemental measures to monitor our corporate financial performance. Although EBITDA and EBITDA per share are not generally accepted accounting principles ("non-GAAP") financial measures, management believes they are useful supplemental measures 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. A reconciliation of EBITDA to net income is presented in the non-GAAP measures section of Xtreme Coil's MD&A.

As we address opportunities to expand Xtreme Coil's business horizons, we will continue to concentrate on delivering excellence in day-to-day operational performance. Our management and operations staff are empowered to work closely with Xtreme Coil's valued current and potential customers to deliver efficient contract drilling services. We believe our performance sets an industry standard for the benefit of our customers and our shareholders.

Tom Wood
Executive Chairman

Rod Uchtyl
President and Chief Executive Officer

2009 Second Quarter Highlights

(\$ thousand, except where indicated)

	2009 Jun 30	2008 Jun 30	% Change
Revenue	23,052	10,527	119
EBITDA ¹	5,379	715	652
EBITDA per share ¹ (\$)	0.13	0.02	550
Net income (loss)	1,926	(1,541)	n/a
Net income (loss) per common share – basic (\$)	0.05	(0.04)	n/a
Weighted average common shares – basic (<i>thousand</i>)	40,859	38,516	6
Capital assets	254,070	211,948	20
Operating days ¹	878	473	86
Rig utilization ¹ (<i>percentage</i>)	60	52	15

¹ see Non-GAAP measures in MD&A

Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 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 and six months ended June 30, 2009 and provides comparative information for the three and six months ended June 30, 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 August 12, 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 current and 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 August 12, 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; the availability of qualified personnel; competition for customers from other drilling contractors, labour and vendor-provided rig components.

Management's assumptions included the following: continued operation of the existing fleet of drilling equipment without additional significant capital expenditures; meeting the terms of the Company'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 currency 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.

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,

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(\$ thousand, except where indicated)

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 international integrated drilling service providers. Xtreme Coil conducts drilling operations in the United States and México and routinely pursues opportunities to provide contract drilling services within and beyond these current regions of operation.

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

At June 30, 2009 Xtreme Coil had three drilling rigs working under long-term drilling contracts with a major E&P company in the United States. 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 were mobilized to commence operations in the same oil development project in México in 2009 2Q. As a result, the Company had a total of 11 rigs working under long-term contracts at June 30, 2009. We continue to prepare project proposals and conduct contract negotiations with current and potential new customers.

As at June 30, 2009, the United States Patent and Trademark Office has issued nine patents to Xtreme Coil. In late 2008, one of these patents also received issuance by the Eurasian patent office for regions under its jurisdiction throughout Europe and Asia. Xtreme Coil has more than 60 patent-related applications in the United States, Canada and other jurisdictions. Xtreme Coil's issued and applied-for patents collectively 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 June 30, 2009, Xtreme Coil had 16 COTD[™] rigs completed (2008 2Q – 12 rigs). Of the sixteen rigs in service at June 30, 2009:

- three rigs were operating under long-term contracts in the United States;
- three rigs were stacked in the United States;
- eight rigs were operating under long-term contracts in México;
- two rigs were being prepared for deployment from the United States to México to begin operations under long-term contracts.

In May 2009, Xtreme Coil accepted a letter of intent requesting mobilization of two XTC 200DT^{Plus} rigs to México to operate under long-term contract, with operations expected to commence in 2009 3Q. In July 2009, long-term contracts were executed for these two rigs and mobilization and rig modifications were in progress. Once operations commence for these two further drilling rigs, Xtreme Coil will have ten drilling rigs working in the Chicontepec development project in the state of Veracruz.

Xtreme Coil's original capital plan called for the construction of 18 drilling rigs in total. The Company made the decision to temporarily suspend drilling rig construction in 2008 3Q when economic uncertainty decreased demand in the United States drilling market. In addition to 16 completed drilling rigs, we have purchased, and retain in stock, a number of components 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 and six months ended June 30, 2009
(\$ thousand, except where indicated)

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

	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
Revenue	23,052	22,914	28,924	26,328
EBITDA ¹	5,379	6,187	6,539	5,899
EBITDA per share ¹ (\$)	0.13	0.15	0.16	0.15
Net income	1,926	2,379	2,508	1,278
Net income per share (\$)	0.05	0.06	0.06	0.03
Capital assets	254,070	271,366	238,345	231,392
Total assets	346,090	326,098	289,394	279,457
Operating days ²	878	803	949	947
Rig utilization <i>(percentage)</i>	60	56	68	83
Weighted average rigs in service	16.0	16.0	15.2	12.4
Completed rigs, end of quarter	16	16	16	15

	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Sep 2007
Revenue	10,527	12,335	12,416	9,574
EBITDA ¹	715	2,253	2,237	(342)
EBITDA per share ¹ (\$)	0.02	0.07	0.07	(0.01)
Net income (loss)	(1,541)	496	(204)	(1,338)
Net income (loss) per share (\$)	(0.04)	0.01	(0.01)	(0.04)
Capital assets	211,948	192,855	188,913	167,788
Total assets	249,043	219,049	213,464	190,191
Operating days ²	473	579	579	398
Rig utilization <i>(percentage)</i>	52	74	77	62
Weighted average rigs in service	10.0	9.0	8.1	7.0
Completed rigs, end of quarter	12	11	11	8

¹ 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. EBITDA per share is defined as EBITDA divided by the Company's basic number of common shares. Management believes EBITDA and EBITDA per share are useful supplemental measures 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. A reconciliation of EBITDA to net income is presented in the Non-GAAP measures section of this MD&A.

² see Non-GAAP measures

During the preceding eight quarters, Xtreme Coil's revenue, EBITDA, net income, assets and operating days have shown general improvement as we increased the size of our drilling rig fleet and secured long-term contracts for our rigs. In the near term, we expect the primary source of revenue will be from the eleven rigs operating under long-term contracts at the end of 2009 2Q and the additional two rigs which we expect to commence operations under long-term contracts in 2009 3Q.

As discussed, in 2009 3Q, once operations begin for the two XTC 200DT ^{Plus} rigs contracted in July 2009 to operate under long-term contract in México, Xtreme Coil will have a total of ten drilling rigs operating in the Chicontepec development project in the state of Veracruz.

For the three months ended June 30, 2009, our utilization rate of 60 percent was 16 percent higher (with 11 rigs working at the end of the period out of 16 total rigs) compared to the utilization rate of 52 percent for the comparative period (with 5 rigs working at the end of the period out of 12 total rigs).

Management's Discussion and Analysis ("MD&A")**For the three and six months ended June 30, 2009**

(\$ thousand, except where indicated)

Xtreme Coil reported increased operating days during the three and six month periods ending June 30, 2009 compared to 2008. This reflected primarily the increased number of rigs in the operating fleet and the additional number of rigs operating under long-term contracts.

Results of Operations**Revenue**

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Total revenue	23,052	10,527	119	45,966	22,862	101
Operating days	878	473	86	1,681	1,052	60
Revenue per operating day	26.3	22.3	18	27.3	21.7	26
Rig utilization (percentage)	60	52	16	58	68	(15)

At June 30, 2009, Xtreme Coil's fleet consisted of 16 rigs (2008 – 12 rigs). As we ramped up construction, commissioning and deployment of new drilling rigs during 2008, operating days, revenues and revenue per operating day all increased. During the three and the months ended June 30, 2009, we had a greater proportion of our larger rigs operating than in the comparable 2008 periods. These larger rigs command higher dayrates which result in increased revenue per operating day.

Increased revenues were offset to some extent by the declining value of the United States dollar ("USD") relative to the CAD. All drilling contracts under which the Company operates its equipment are denominated primarily in USD. The USD decreased in value relative to the CAD for the three and six months ended June 30, 2009 compared to the comparable periods in 2008.

We anticipate the continued operation of ten rigs in México (eight of which were operational at June 30, 2009 and the additional two previously discussed expected to become operational during 2009 3Q) and three rigs in the United States under long-term contracts will contribute to revenue stability during the remainder of 2009. Management believes demand for drilling equipment in México during 2009 will remain strong as the country focuses on developing existing hydrocarbon reserves to replace historic declines in production rates.

In response to weaker drilling market conditions in the United States, management intends to continue efforts to market internationally what we believe are the advantages of our newer and efficient fleet of COTD™ drilling rigs. We continue aggressive efforts to market to existing customers and are increasing efforts to secure business from a broader range of potential customers. We are actively pursuing energy projects in the Middle East, North Africa, Eastern Europe and Asia Pacific regions. Management believes there is potential to secure contracts in these markets which could utilize several of Xtreme Coil's rigs and result in further enhanced utilization rates and revenue.

Operating Expenses

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Operating expenses	14,169	8,614	64	28,787	17,527	64
Operating expenses (percentage of revenue)	61	82	(25)	63	77	(19)
Operating expenses per operating day	16.1	18.2	(11)	17.1	16.7	3

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. Operating expenses, as a percentage of revenue, continued to decline in both 2009 1Q and 2Q when compared to the prior year periods as fixed infrastructure and other non-rig specific operational expenses did not increase proportionally over these periods. Operating expenses per day showed slight improvement for 2009 2Q due to an operational problem with the XTC 400 series rigs which occurred in 2008 2Q resulting in additional downtime and costs required to analyze and correct the problem.

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For the three and six months ended June 30, 2009
 (\$ thousand, except where indicated)

Gross Margin¹

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Gross margin	8,883	1,913	364	17,179	5,334	222
Gross margin (percentage of revenue)	39	18	112	37	23	60
Gross margin per operating day	10.1	4.1	150	10.2	5.0	102

¹ see Non-GAAP measures

The increase in total gross margin, gross margin per operating day and gross margin percentage for the three and six months ended June 30, 2009 improved primarily due to increased operating days and the resulting increase in revenues. Certain operational expenses are fixed in nature and any increase in operating days produces significant improvement in these metrics. In addition, increasing operating days allow Xtreme Coil to achieve certain efficiencies and economies of scale which improves gross margins and gross margin percentages.

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

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
SG&A	3,504	1,198	192	5,614	2,366	137
SG&A (percentage of revenue)	15	11	34	12	10	18

SG&A for the three and six months ended June 30, 2009 was higher primarily due to development of administrative infrastructure to support expanded international operations, including professional fees and the establishment of operations in México and an office in Houston, Texas. Additionally, certain expenses related to international tax planning were incurred during the first half of 2009.

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

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
EBITDA	5,379	715	652	11,565	2,968	290

¹ see Non-GAAP measures

For the three and six months ended June 30, 2009, the increase in EBITDA was a result of higher dayrates, increased operating days, as well as a decrease in direct operating expenses as a percentage of revenue.

Depreciation and Amortization

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Depreciation and amortization	2,871	1,529	88	5,720	3,251	76

Depreciation charges for our drilling equipment are based on the units-of-production method. Depreciation for drilling equipment comprises the majority of depreciation charges. This method generally increases depreciation charges in direct proportion to increased operating days. For the three and six months ended June 30, 2009, 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.

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(\$ thousand, except where indicated)

Stock-based Compensation

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Stock-based compensation	352	152	132	593	300	98

For the three and six months ended June 30, 2009, stock-based compensation increased as our operations in the United States and México grew. The board of directors responded to this growth by granting additional options to purchase common shares to employees.

Foreign Exchange

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Foreign exchange (gain) loss	(1,689)	184	n/a	(775)	(78)	(894)

Foreign exchange ("FX") gain or loss results from translation of the portion of revolving debt denominated in USD as well as operational revenues and expenses denominated in USD and México pesos ("MXN"). FX gains and losses result directly from the fluctuation in values of the CAD relative to the USD and the MXN. Drilling operations in the United States and México are denominated primarily in USD.

Interest Expense

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Net interest expense	876	487	80	1,878	1,083	73

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.

Net interest expense for the three and six months ended June 30, 2009 increased compared to the three and six months ended June 30, 2008 due to increased debt related to the construction of rigs and expansion of operations. This increase was offset somewhat by decreased interest rates between the periods on the Company's variable rate debt facilities.

Income (Loss) Before Tax

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Income (loss) before tax	2,969	(2,119)	n/a	4,149	(1,587)	n/a

For the three and six months ended June 30, 2009, income before tax increased primarily as a result of Xtreme Coil's transition from a construction phase to an operational phase. The Company's initial construction program for 18 rigs was temporarily suspended after completion of the 16th rig in 2008. As the Company has secured long-term drilling contracts and increased revenues, operating days and income before tax have increased.

Income Taxes

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Income tax recovery (expense)	(1,043)	578	n/a	156	542	(71)

The increase in income tax expense in 2009 2Q is due to a gain on the sale of a drilling rig to a foreign subsidiary and a non-recurring income tax recovery recorded in 2008 2Q, related to the operating loss recorded in that period. The tax recovery in the six months ended June 30, 2009 is primarily due to a tax benefit recorded in 2009 1Q, which reflected new information supporting the applicability of a lower tax rate related to a previous sale of drilling equipment to a foreign subsidiary, offset by the tax effect of the gain described above.

Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 2009
(\$ thousand, except where indicated)

Net Income (Loss)

	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Net income (loss)	1,926	(1,541)	n/a	4,305	(1,045)	n/a

The increase in net income in 2009 2Q, compared to 2008 2Q, primarily reflects the combination of increased operating income from expanded operations and the significant tax recovery recorded in 2009 1Q discussed previously.

Financial Condition, Liquidity and Capital Resources

(\$ million)

	2009 Jun 30	2008 Dec 31	% Change
Long-term liabilities	47.4	49.1	(3)
Less: working capital	55.2	6.2	790
Net debt ¹	(7.8)	42.9	n/a

¹ see Non-GAAP measures

The decrease in net debt and the corresponding increase in working capital at June 30, 2009 as compared to December 31, 2008 is primarily related to the two equity offerings which closed in 2009 2Q. Net proceeds from these offerings totalled \$44,446.

Capital Expenditures and Commitments

(\$ million)	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Capital expenditures	3.1	15.1	(79)	5.1	26.1	(80)
Commitments	0.5	10.7	(95)	3.7	23.5	(84)

Capital expenditures and commitments decreased in the three and six months ended June 30, 2009 compared to 2008. At June 30, 2008 six rigs were under construction. By year-end 2008, the Company had completed construction of 16 rigs and a further two rigs were placed on hold due to market conditions as discussed in "Description of the Business". Capital spending in the three and six months ended June 30, 2009 was primarily related to the purchase of replacement equipment and spare components for operating rigs as well as capital expenditures associated with the relocation of two rigs from the United States to México.

Eleven rigs were operating at June 30, 2009 and two were being mobilized in anticipation of commencing operations under long-term contracts in México which we expect to become revenue productive in 2009 3Q. Any additional work we are able to obtain for the remaining three rigs would further enhance future cash flow.

During the next quarter, we expect to incur some capital expenditures in advance of moving the two additional rigs from the United States to prepare 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.

In May 2008, Xtreme Coil entered into an agreement for credit facilities with its existing lender and another lender on a syndicated basis. The credit facilities included 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 required 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.

**Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 2009**

(\$ thousand, except where indicated)

On May 29, 2009, Xtreme Coil executed the second amendment to the credit agreement. The amendment extends the existing credit facilities, continuing the \$15 million operating loan facility ("Tranche A") and converting the \$60 million revolving credit facility into an extendible term loan ("Tranche B"). Terms of Tranche A remain essentially unchanged. The amended Tranche B facility requires minimum principal payments based on a five-year amortization of the outstanding balance at May 29, 2009. Quarterly installments in arrears began June 30, 2009 and continue until the stated maturity date of January 4, 2011, at which time the remaining facility balance becomes due and payable unless extended. Under the terms of the amended agreement, Xtreme Coil may request extension of the facility at any time 90 days before the stated maturity date. A debt service coverage ratio covenant replaces the EBIT interest coverage and funded debt to EBITDA covenants that previously applied to quarterly financial reporting periods. Xtreme Coil was in compliance with all covenants at June 30, 2009.

At June 30, 2009 Xtreme Coil had drawn \$4,787 on the operating loan facility ("Tranche A") (at December 31, 2008, \$7,878) and \$59,474 on the extendible term loan, of which \$12,096 was classified as current ("Tranche B") (at December 31, 2008, \$58,930, of which \$9,825 was classified as current).

Xtreme Coil maintains ongoing communication with its banking syndicate and believes that its relationship with the syndicate is good and the syndicate is in sound financial condition.

This table summarizes Xtreme Coil's contractual obligations at June 30, 2009.

Payments due by period

Contractual Obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years
Capital lease obligations	66	66	–	–
Operating leases	1,789	402	925	462
Extendible term loan	59,474	12,096	47,378	–
Operating facility	4,787	4,787	–	–
Commitments	506	506	–	–
Total contractual obligations	66,622	17,857	48,303	462

The table above assumes that the Company's credit facility is not extended and that payments on the existing loans are made as presently required under existing agreements. Interest payments are not included in the table. Management believes cash on hand, 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	Three months ended			Six months ended		
	2009 Jun 30	2008 Jun 30	% Change	2009 Jun 30	2008 Jun 30	% Change
Canada	–	36	–	–	2,477	–
United States	6,155	10,491	(41)	13,208	20,385	(35)
México	16,897	–	–	32,758	–	–
Total	23,052	10,527	119	45,966	22,862	101

Outstanding Common Shares

As at June 30, 2009, Xtreme Coil had outstanding options to purchase 3,636,000 common shares (2008 2Q – 2,029,000) at a weighted average exercise price of \$4.70 per share (2008 2Q – \$4.62).

Share capital on August 12, 2009 was \$252,713 and 52,842,669 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 outstanding entitling the holders to purchase 3,645,000 common shares.

Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 2009
(\$ thousand, except where indicated)

Subsequent Events

In July 2009, Xtreme Coil executed long-term contracts for two XTC 200DT^{Plus} rigs to operate in México, with operations expected to commence in 2009 3Q. After contracts and mobilization are completed for these two rigs, Xtreme Coil will have a total of ten drilling rigs operating in the Chicontepec development project in the state of Veracruz.

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 for each drilling rig in the fleet during 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 total operating days of each rig divided by total days in service for each rig.

Gross Margin

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

	Three months ended		Six months ended	
	2009 Jun 30	2008 Jun 30	2009 Jun 30	2008 Jun 30
Net income (loss)	1,926	(1,541)	4,305	(1,046)
Tax expense (recovery)	1,043	(578)	(156)	(542)
Interest expense	876	487	1,878	1,083
Loss on sale of equipment	–	482	–	–
Foreign exchange loss (gain)	(1,689)	184	(775)	(78)
Stock-based compensation	352	152	593	300
Amortization of intangibles	71	67	141	134
Depreciation of capital assets	2,800	1,462	5,579	3,117
Selling, general and administrative	3,504	1,198	5,614	2,366
Gross margin	8,883	1,913	17,179	5,334

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. EBITDA per share is defined as EBITDA divided by the Company's basic number of common shares. Management believes EBITDA and EBITDA per share are useful supplemental measures 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.

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(\$ thousand, except where indicated)

Following is a reconciliation of EBITDA and EBITDA per share to net income and net income per share as calculated in accordance with GAAP.

	Three months ended		Six months ended	
	2009 Jun 30	2008 Jun 30	2009 Jun 30	2008 Jun 30
Net income (loss)	1,926	(1,541)	4,305	(1,046)
Tax expense (recovery)	1,043	(578)	(156)	(542)
Interest expense	876	487	1,878	1,083
Loss on sale of equipment	–	482	–	–
Foreign exchange loss (gain)	(1,689)	184	(775)	(78)
Stock-based compensation	352	152	593	300
Amortization of intangibles	71	67	141	134
Depreciation of capital assets	2,800	1,462	5,579	3,117
EBITDA	5,379	715	11,565	2,968
EBITDA per share (\$)	0.13	0.02	0.28	0.08

Net Debt

Net debt is a measurement used by management and the investment community which is composed of the amount of debt minus working capital.

Outlook

The general economic uncertainty and recession continued in 2009 2Q with the rig count dropping dramatically in both the United States and Canada compared to one year ago. While Xtreme Coil was successful in raising equity during 2009 2Q, the Company recognizes that credit and equity markets continue to exhibit historically high levels of volatility and access to these markets remains constrained.

In mid 2009 2Q, Xtreme Coil accepted a new letter of intent requesting mobilization of its two XTC 200DT^{Plus} rigs to México to operate under long-term contracts. In early 2009 3Q, contracts were executed for these two rigs and operations are expected to commence in late 2009 3Q. Once these additional rigs are mobilized to México, Xtreme Coil will 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, North 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 thirteen of its sixteen rigs under long-term contracts. We expect this will improve our operating days in 2009 3Q compared to 2009 2Q. We did not win any contracts on the spot drilling market in 2009 2Q. However, rig utilization and operating days increased somewhat in 2009 2Q compared to 2009 1Q, primarily due to the commencement of operations for two rigs under the new long-term contract in México outlined earlier. This, together with the anticipated commencement of operations of two more rigs in México during 2009 3Q, should contribute to increased cash flow from operating activities during the remainder of 2009.

Xtreme Coil believes the drilling market in México will remain strong during the remainder of 2009. It is possible 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 price erosion which may develop for new contracts, given the continued soft conditions 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.

Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 2009
(\$ thousand, except where indicated)

Additional Information

Information relating to Xtreme Coil is available on SEDAR at www.sedar.com. To obtain copies of published corporate information, contact investor relations at Xtreme Coil Drilling Corp., 1402, 500 Fourth Avenue SW, Calgary, AB T2P 2V6 (telephone +1 403.262 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 Jun 30	2008 Dec 31
Assets		
Current assets		
Cash and cash equivalents	\$ 43,635	\$ 2,010
Accounts receivable (Notes 4 and 12)	27,785	27,291
Other receivables (Note 5)	6,354	7,966
Prepaid expenses	631	1,218
Inventory (Note 6)	2,703	1,045
	81,108	39,530
Future income tax	4,366	4,966
Equipment (Note 7)	254,070	238,345
Intangible assets (Note 8)	4,916	4,923
Goodwill (Notes 2, 9 and 15)	1,630	1,630
	\$ 346,090	\$ 289,394
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness (Note 10)	4,787	7,878
Accounts payable and accrued liabilities (Note 12)	8,821	14,215
Income tax payable	110	1,354
Current portion of obligations under capital leases (Note 12)	66	75
Current portion of long-term debt (Note 10)	12,096	9,825
	25,880	33,347
Long-term liabilities		
Obligations under capital leases (Note 12)	–	35
Long-term debt (Note 10)	47,378	49,105
	47,378	49,140
Shareholders' equity		
Share capital (Note 11)	252,670	207,462
Warrants (Note 11b)	1,630	1,630
Contributed surplus (Note 11c)	4,070	3,453
Deficit	(1,333)	(5,638)
Accumulated other comprehensive income	15,795	–
	272,832	206,907
	\$ 346,090	\$ 289,394
Commitments and contingencies (Note 14)		

See accompanying notes to the consolidated financial statements

Xtreme Coil Drilling Corp.
Consolidated Statement of
Income (Loss) and Retained Deficit

(\$ thousand except share and per share data)
(unaudited)

	Three Months ended 2009 Jun 30	Three Months ended 2008 Jun 30	Six Months ended 2009 Jun 30	Six Months ended 2008 Jun 30
Revenue	\$ 23,052	\$ 10,527	\$ 45,966	\$ 22,862
Expenses				
Operating expenses	14,169	8,614	28,787	17,527
Selling, general and administrative	3,504	1,198	5,614	2,366
Depreciation of capital assets	2,800	1,461	5,579	3,117
Amortization of intangibles	71	67	141	134
Stock-based compensation	352	152	593	300
Foreign exchange loss (gain)	(1,689)	184	(775)	(78)
Loss on repurchase of equipment	–	482	–	–
Interest on long-term debt and capital leases	876	488	1,878	1,083
Income (loss) before tax	2,969	(2,119)	4,149	(1,587)
Tax recovery (expense)				
Current	(124)	–	1,096	–
Future	(919)	578	(940)	542
Net income	1,926	(1,541)	4,305	(1,045)
Deficit, beginning of period	(3,259)	(7,883)	(5,638)	(8,379)
Deficit, end of period	\$ (1,333)	\$ (9,424)	\$ (1,333)	\$ (9,424)
Net income per common share				
– basic	\$ 0.05	\$ (0.04)	\$ 0.11	\$ (0.03)
– diluted	\$ 0.05	\$ (0.04)	\$ 0.11	\$ (0.03)
Weighted average number of common shares (Note 11e)				
– basic	40,859,175	38,515,512	40,793,039	36,493,944
– diluted	41,129,357	38,515,512	40,795,715	36,493,944

See accompanying notes to the consolidated financial statements

Xtreme Coil Drilling Corp.
Consolidated Statements of
Comprehensive Income (Loss)

(\$ thousand)
(unaudited)

	Three Months ended 2009 Jun 30	Three Months ended 2008 Jun 30	Six Months ended 2009 Jun 30	Six Months ended 2008 Jun 30
Net income (loss)	\$ 1,926	\$ (1,541)	\$ 4,305	\$ (1,045)
Other comprehensive income (loss)				
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	(19,206)	–	(10,693)	–
Comprehensive income (loss)	\$ (17,280)	\$ (1,541)	\$ (6,388)	\$ (1,045)

See accompanying notes to the consolidated financial statements

Xtreme Coil Drilling Corp.
Consolidated Statements of
Accumulated Other Comprehensive Income

(\$ thousand)
(unaudited)

	Three months ended 2009 Jun 30	Three months ended 2008 Jun 30	Six months ended 2009 Jun 30	Six months ended 2008 Jun 30
Accumulated other comprehensive income				
– beginning of period	\$ –	\$ –	\$ –	\$ –
Impact of translating financial statements of self-sustaining foreign operations beginning of period (Note 3)	35,001	–	26,488	–
Unrealized gain (loss) on translation of foreign operations during the current period (Note 3)	(19,206)	–	(10,693)	–
Accumulated other comprehensive income				
– end of period	\$ 15,795	\$ –	\$ 15,795	\$ –

See accompanying notes to the consolidated financial statements

Xtreme Coil Drilling Corp.
Consolidated Statement of Cash Flows

(\$ thousand)
(unaudited)

	Three Months ended 2009 Jun 30	Three Months ended 2008 Jun 30	Six Months ended 2009 Jun 30	Six Months ended 2008 Jun 30
Cash provided by (used in) operating activities				
Net income (loss) for the period	\$ 1,926	\$ (1,541)	\$ 4,305	\$ (1,045)
Items not affecting cash:				
Depreciation and amortization	2,871	1,527	5,720	3,251
Stock-based compensation	352	152	593	300
Loss on repurchase of equipment	–	482	–	–
Amortization of financing cost	110	53	276	53
Unrealized foreign exchange loss (gain)	(1,621)	65	(1,101)	–
Future income tax expense	919	(578)	940	(542)
	4,557	160	10,733	2,017
Changes in non-cash operating working capital (Note 16)	1,987	1,684	(521)	(71)
	6,544	1,844	10,212	1,946
Financing activities				
Proceeds from shares issued	47,203	34,990	47,203	35,030
Share issue costs	(2,757)	(848)	(2,757)	(848)
Proceeds from other long-term liabilities (Note 9)	–	–	–	4,080
Proceeds from (reduction of) long-term debt	1,269	(10,580)	1,192	(1,580)
Proceeds from (repayment of) operating facility	(6,055)	–	(3,091)	–
Capital lease payments	(22)	(20)	(44)	(40)
	39,638	23,542	42,503	36,642
Investing activities				
Proceeds from sale of equipment	–	–	266	–
Proceeds from sale of equipment to joint venture (Note 9)	–	–	–	5,873
Purchase of equipment	(3,150)	(15,139)	(5,153)	(26,103)
Increase in intangibles	(132)	(37)	(134)	(56)
Changes in non-cash working capital relating to capital items (Note 16)	(2,109)	(1,221)	(6,069)	(9,069)
	(5,391)	(16,397)	(11,090)	(29,355)
Increase (decrease) in cash and cash equivalents during the period	40,791	8,989	41,625	9,233
Cash and cash equivalents, beginning of period	2,844	627	2,010	383
Cash and cash equivalents, end of period	\$ 43,635	\$ 9,616	\$ 43,635	\$ 9,616
Supplemental disclosure of cash flow information				
Interest received	–	\$ 8	–	\$ 17
Interest paid	765	443	1,602	1,047
Income tax paid	–	–	–	–
Non-cash transactions				
Issuance of shares for joint venture purchase; repayment of joint venture loan	–	8,000	–	–

See accompanying notes to the consolidated financial statements

Reader Advisory

This news release contains forwarding looking statements. More particularly, this news release contains statements relating to 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 related to existing and anticipated future contracts; commodity pricing; rates of currency exchange; operating expenses; rig construction, completion or deployment; capital expenditures and other 2009 guidance provided throughout this news release. Risks and uncertainties result from a variety of factors and actual results, expectations, achievements or performance may differ materially from those anticipated or indicated in this news release. Although Xtreme Coil believes the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Xtreme Coil can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. The forward-looking statements contained in this news release are made as of the date hereof and Xtreme Coil undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by 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 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 systems, larger coil injectors and new methods for achieving deeper, faster and safer drilling. Xtreme Coil's common shares trade on the TSX under the symbol "XDC".

For further information please contact

Tom Wood
Executive Chairman

Rod Uchtyl
President
and Chief Executive Officer

Elizabeth Wilkinson
Chief Financial Officer

Xtreme Coil Drilling Corp.
1402, 500 Fourth Avenue SW
Calgary, Alberta T2P 2V6
tel: +1 403 262-9500
fax: +1 403 262-9522
email: ir@xtremecoil.com
www.xtremecoildrilling.com