



## *Corporate Update*

*Tom Wood, Chairman  
Ric Charron, Director and CEO  
Randy Charron, Director*

May 2006

## *Forward-looking Advisory*

*This presentation may include certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward-looking statements.*

*These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and, as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward-looking statements.*

*Although Xtreme believes that expectations reflected in forward-looking statements are reasonable, we can give no assurances that the expectations of any forward-looking statements will prove to be correct.*

*Xtreme disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise, except as required pursuant to applicable securities laws.*





### *About Xtreme*

- Began trading on the TSX Venture Exchange under the symbol "XDC" on May 4, 2006
- Drilling contractor using coiled tubing drilling rigs
- Employs new patent-pending coil drilling designs and technology
- Coil drilling rigs designed to drill with conventional jointed drill pipe
- Expects coil drilling rigs to commence field operations near the end of Q2 2006
- Contracting coil drilling rigs to oil and natural gas exploration and development companies in both the United States and Canada

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### *Directors and Management*

- Tom Wood *Chairman and Director*
- Randy Charron *Director*
- Danny Remenda *Director*
- David Tuer *Director*
- Richard Charron *Director and Chief Executive Officer*
- Kyle Swingle *Director and COO, Canadian Operations*
- Vic Fitch *Chief Financial Officer*
- Richard Havinga *Vice President, Engineering and Design*
- Chris Brezik *General Manager, United States*
- Chris White *Operations Manager, United States*
- Reg Layden *Operations Manager, Canada*

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### Capitalization as at May 24, 2006

• Common shares outstanding - basic	26,102,236
• Performance warrants	2,000,000
• Options to purchase common shares	1,935,500
• Agent's options: Norquay transaction	18,333
• Common shares outstanding - diluted	30,056,069
• Market close	\$13.98
• Market capitalization	\$ 365 million
• Directors and management - diluted	33.6%

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### Business Plan Update

#### Initial Plan

- Build company on new coil technology
- 24 Coil drilling rigs in 30 months
- Take company public in 2006
- Begin trading on public market
- 2 Coil drilling rig designs
- Establish long term contracts
- Negotiate debt facility

#### Update

- 15 patents pending
- 10 under construction today  
14 more to be built in 2007
- Norquay amalgamation May 1
- TSX-V, symbol "XDC"
- 5 new designs  
XTC100, XTC200ST, XTC200DT,  
XTC300, XTC400
- 4 completed, 2 pending in United States  
2 completed, 1 pending in Canada  
others in negotiation
- \$50.0 million revolving loan  
\$ 5.0 million operating line

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### Coil Drilling Rigs – forecast delivery dates

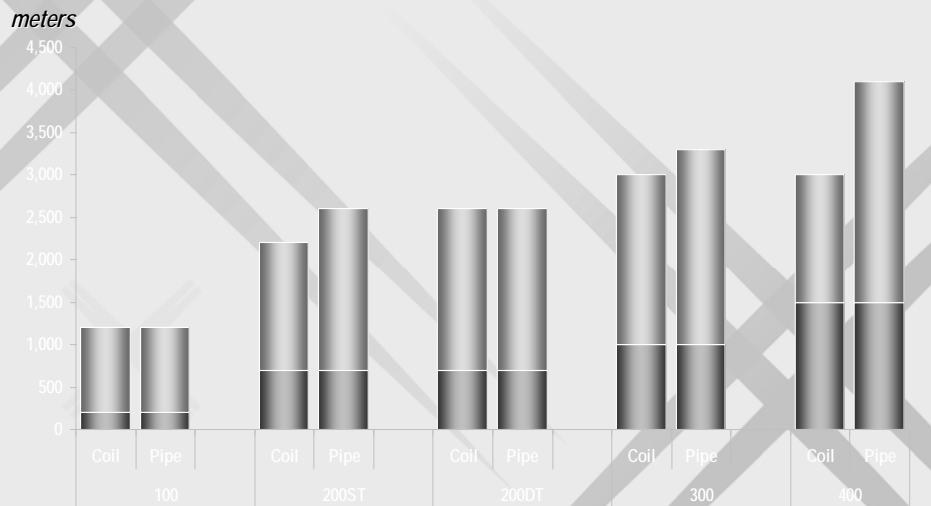
2006	Rig #	Rig Type
July	1 – 3	3 XTC 200ST
Jul-Dec	4 – 7	4 XTC 200DT
Aug-Dec	8 – 10	3 XTC 400

2007	Rig #	Rig Type
Jan-Dec	11 – 24	2 XTC 400
		<u>12 XTC 300</u>
Estimated total fleet		24 drilling rigs

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### Drilling Rig Depth Capacity (coil versus pipe)



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## Coil Drilling Rig Locations Forecast

- United States
  - 3 XTC 200 DT
  - 10 XTC 300
  - 4 XTC 400
- Canada
  - 3 XTC 200 ST; 1 XTC 200 ST may relocate to USA
  - 1 XTC 200 DT
  - 3 XTC 300

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## Capital Cost per Coil Drilling Rig

(\$Cdn, million)

<i>Rig Type</i>	<i>Cost</i>
XTC 100	tbd
XTC 200ST	\$6.9
XTC 200DT	\$7.4
XTC 300	\$9.3
XTC 400	\$10.5

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### Cash Position as at May 24

(\$Cdn, million)

• Cash on hand	\$60.2	
• Debt facility	50.0	
• Cash flow 2006e – forecast	<u>7.0</u>	
		<b>\$117.2</b>
• Estimated costs		
– to complete drilling rigs 1-10	\$54.5	
• 2006 deposits on 2007 rigs	29.1	
		<b>\$ 83.6</b>

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### Estimated Annual EBITDA per Coil Drilling Rig

(\$Cdn, million)

<i>Rig Type</i>	<i>United States</i>	<i>Canada</i>
XTC 200	\$3.3	\$2.0
XTC 300	3.6	2.7
XTC 400	4.7	3.7

<i>Year</i>	<i>Forecast SG&amp;A</i>	<i>Avg # of Rigs</i>
2006	\$2.6	4.2
2007	6.8	17.7
2008	7.8	31
2009	8.2	43

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### *Intellectual Property*

- Innovative proprietary coil drilling rig designs
  - built with producer input
- 15 patent applications pending in the United States
  - coiled tubing technology
  - equipment
  - drilling methods to depths of 3,000 meters and deeper
- Legal opinions regarding non-infringement status
- Xtreme's objective
  - dominate the market for coil drilling

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### *Contracts in Place and Discussions Ongoing*

- United States
  - two signed contracts for XTC 400 drilling rigs
  - one signed contract for XTC 200 DT, exchange for XTC 300 May 2007
  - two contracts near final for XTC 300, XTC 400 drilling rigs
  - terms: three years
  - 365 days per year, take or pay
- United States
  - one contract for XTC 200 DT
  - terms: min 750 days in three years
- Canada
  - two contracts for XTC 200 ST
  - one three year contract pending for XTC 200 ST
  - terms: minimum 250 days per year

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## *Meeting Challenges and Mitigating Risk*

- Access to people
  - aggressive recruitment
  - train experienced conventional drilling personnel to work with coil equipment
  - first two drilling rigs are fully staffed
  - opportunity to participate in Xtreme's growth
- Access to manufacturing capacity
  - relocation of certain construction contracts
  - exclusivity with certain suppliers outside Alberta

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## *Technological Advantages*

- 15 patents pending
  - proprietary top drive and injector assembly
  - coil delivery system
- Fleet build-out proceeding without interruption
  - no infringement on competitor patents
- Deeper coil drilling
  - to 3,000 meters (10,000 feet) or deeper
- Full range of coil designs
  - standard configurations
  - custom designs

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## *Market Advantages*

- People
  - seasoned directors focused on drilling and services industry
    - active in Xtreme's corporate development
  - experienced management team
    - energy and drilling services
    - transitioning Xtreme into public market
  - 21 employees at May 20, 2006
- Xtreme is a pure play
  - solely focused on coil drilling
- North American focus
  - operations throughout the United States and Canada
  - constant, reliable cash flow from operations

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