



May 3, 2017

For Immediate Release

## **Xtreme Drilling Corp. Announces First Quarter 2017 Financial and Operating Results**

**Calgary, Alberta – (TSX-XDC) – Xtreme Drilling Corp. (“Xtreme”, the “Company”)** announces its first quarter 2017 financial and operating results. It is anticipated that filing will take place on SEDAR of interim Consolidated Financial Statements as well as Management's Discussion and Analysis for the quarter ended March 31, 2017, by May 5, 2017.

### ***Q1 2017 Highlights***

**(amounts in Canadian dollars, unless otherwise noted)**

- For the three months ended March 31, 2017, the Company recorded revenue of \$12.4 million as compared to \$9.9 million in the fourth quarter of 2016. Revenue per day increased to \$21,233 from \$20,728 in the previous quarter. Adjusted EBITDA was (\$0.1) million in the quarter which is essentially flat as compared to the fourth quarter of 2016.
- Operating days during the three months ended March 31, 2017, increased to 583 from 479 in the fourth quarter of 2016. In the quarter, the Company made the decision to remove the three rigs that are in the process of upgrade to 850XE from the utilization calculation. For the first quarter of 2017, utilization was 36% on the Company's 18 drilling rig fleet. Utilization has increased from a low of 19% for the second quarter of 2016.
- Operating expenses are tied to operating levels and were \$16,800 per operating day for the quarter ended March 31, 2017, as compared to \$15,800 per operating day for the previous quarter. The increase in the cost per operating day was primarily attributable to an increase in labor-related expenses and other rig re-activation costs.
- General and administrative expenses increased slightly from \$2.5 million for the three months ended December 31, 2016, to \$2.6 million for the first quarter of 2017. The increase is due to the impact of the exchange rate and an increase in legal and professional fees, offset by a decrease in certain personnel-related costs.
- The Company's USD-revenue and expenses are impacted by the exchange rate between the US dollar (“USD”) and Canadian dollar (“CAD”). For the three months ended March 31, 2017, the average exchange rate used to convert the USD-denominated revenues and expenses to CAD was \$1.33/\$1 USD.

- Capital expenditures for the first quarter were \$18.7 million, which included approximately \$15.4 million related to the 850XE upgrade program. Currently the Company has an approved 2017 capital expenditure budget of up to \$50.0 million USD for the optimization of the XDR 500 fleet and the 850XE upgrade capital requirements.
- Xtreme announced the commencement of a Substantial Issuer Bid in the first quarter of 2017. The share repurchase program will be conducted through a modified Dutch Auction process. The Company will purchase up to \$25 million of equity from shareholders in a per share price range from \$2.40 to \$2.80. It is anticipated that the offer will close on June 1, 2017.
- As previously announced the first 850XE upgrade was signed to a two year contract and is scheduled for delivery to Oklahoma in the third quarter of 2017. The 850XE design is Xtreme's next step in drilling innovation and technology. The proprietary design was developed specifically for today's major resource plays and is expected to be the most efficient and fastest moving "super spec" rig in the North American land market. The 850XE will be equipped with an 1,800hp AC electric drawworks, 850,000 pound capacity mast, proprietary X-pad optimizer walking system, a 7,500psi mud system with three pumps, integrated equipment monitoring and other proprietary design features. It will have a rated depth capacity in excess of 27,500 feet with 5-inch drill pipe and the ability to stand all drill pipe in the mast.
- As of the date of this press release, the Company had nine of 18 XDR rigs contracted in Canada, Colorado, North Dakota and Oklahoma. Of the nine rigs contracted seven are currently working with the remaining two anticipated to commence work in June.

## Selected Quarterly Information from *Continuing Operations*

(unaudited)

Three months ended	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Revenue	12,379	9,929	8,468	7,369
Adjusted EBITDA <sup>1</sup>	(78)	(148)	(1,423)	(5,449)
Adjusted EBITDA as a percentage of revenue	(1)%	(1)%	(17)%	(74)%
Adjusted EBITDA per share <sup>1</sup> - basic (\$)	—	—	(0.01)	(0.07)
Net loss	(12,168)	(11,122)	(29,542)	(28,699)
Net loss income per share - basic (\$)	(0.14)	(0.13)	(0.35)	(0.34)
Operating cash flows from continuing operations	(2,384)	(1,032)	(1,168)	(10,849)
Capital assets	245,267	240,656	243,564	266,188
Total assets	348,083	366,762	373,104	409,794
Net debt <sup>2</sup>	(88,152)	(113,882)	(118,863)	(110,794)
Operating days <sup>1</sup>	583	479	433	364
Utilization (percentage)	36%	25%	22%	19%
Weighted average number of rigs in service	18	21	21	21
Total number of rigs, end of quarter	18	21	21	21
	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Revenue	16,266	23,370	29,758	33,563
Adjusted EBITDA <sup>1</sup>	784	753	3,620	5,113
Adjusted EBITDA as a percentage of revenue	5 %	3%	12%	15%
Adjusted EBITDA per share <sup>1</sup> - basic (\$)	0.01	0.03	0.08	0.10
Net loss	(7,350)	(36,069)	(40,267)	(3,860)
Net loss per share - basic (\$)	(0.09)	(0.44)	(0.49)	(0.05)
Operating cash flows from continuing operations	(2,981)	3,059	11,731	7,218
Capital assets	276,521	30,506	318,639	340,800
Total assets	316,270	361,809	394,121	427,303
Net debt <sup>2</sup>	90,242	96,123	93,389	112,113
Operating days <sup>1</sup>	565	932	1,069	1,072
Utilization (percentage)	30%	48%	55%	56%
Weighted average number of rigs in service	21	21	21	21
Total number of rigs, end of quarter	21	21	21	21

**Excerpt from Management's Discussion and Analysis  
for the three months ended March 31, 2017**

**OUTLOOK**

The recent U.S. land rig count approached 850, after bottoming out at fewer than 400 rigs in May of 2016. The majority of rigs that have gone back to work in the U.S. are high spec AC electric rigs. The market share of AC rigs in the U.S. has increased from 40% in the third quarter of 2014 to 67% currently. In fact, Xtreme estimates that approximately 600 AC rigs have returned to work as compared to 725 that were working at the peak of the market in the third quarter of 2014. The supply of AC electric shale capable drilling rigs is quickly going back to work in the United States. In certain basins, this tightening of supply is beginning to result in pricing increases.

Xtreme's 18 rig U.S. fleet and three rig Canadian fleet are 100% AC electric. The Company currently has eight of 10 XDR 500 rigs contracted in the United States with seven currently operating and the eighth expected to begin work in early June. In Canada, Xtreme has one of three XDR 200 rigs contracted and set to commence operation in June.

The pace of rig re-activations in the United States has put upward pressure on crew wages along with other re-activation expenses. In the second quarter, the Company will incur additional expenses related to the re-activation and mobilization of several rigs. This will reduce operating margins as not all of the cost increases are able to be passed through to the operator in the near term. However, if the current trend of re-activations continues then Xtreme anticipates that operating rates will begin to increase in the back half of 2017.

The process of reviewing options for the XDR 200 and 300 series rigs is progressing. The Company anticipates formal discussions with potential buyers or partners to commence in the near future with a target of closing any transaction in the second half of 2017. The goal in this process is to further focus Xtreme as a high/super spec US resource play drilling Company with ten XDR 500 rigs and three 850XE. Any proceeds from asset sales would provide additional liquidity and optionality to deploy in US resource plays.

In order to create value and deliver liquidity to shareholders the Company implemented a Substantial Issuer Bid to repurchase up to \$25 million of Xtreme stock. The price range has been set between \$2.40 and \$2.80 per share and is open until June 1, 2017. The reduction in shares outstanding should add value for shareholders and the sale of assets provide additional liquidity and optionality.

Xtreme will exit 2017 with a fully optimized fleet of larger rigs, three 850XE rigs and 10 XDR 500 rigs, which should maintain high utilization levels in the current industry environment. This increased utilization and expected cash flow coupled with ample liquidity positions Xtreme to take advantage of future strategic opportunities.

## **Conference Call Details**

Xtreme has scheduled a conference call to discuss results with investors, analysts, and stakeholders on **Thursday, May 4, 2016**, beginning promptly at **10:00 am MT** (11:00 am CT, 12:00 am ET).

Matt Porter, President and Chief Executive Officer, will host the conference call.

### **Conference operator dial-in numbers**

To participate in the conference call, please dial in as follows approximately ten minutes before the start time in your time zone.

**+1 844-889-6858** (North America Toll-Free) or **+1 661-378-9711** (International)

Webcast: <http://edge.media-server.com/m/p/sziz3itj> **Conference ID: 8397614**

An audio replay of the call will be available until Thursday, May 11, 2017. To access the replay, call +1 (855) 859-2056 or +1 (404) 537-3406 and enter Conference ID 8397614.

Xtreme Drilling Corp.  
Interim Consolidated Statements of Financial Position  
(in thousands of Canadian dollars)

(unaudited)

	Mar 31, 2017	Dec 31, 2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	89,550	115,240
Accounts receivable	9,158	6,716
Other receivables	397	419
Inventory	2,845	2,810
Prepaid expenses	866	921
	<b>102,816</b>	126,106
Property and equipment	245,267	240,656
<b>Total Assets</b>	<b>348,083</b>	366,762
<b>Liabilities and Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	11,492	14,827
Current tax payable	6,405	6,464
<b>Total Liabilities</b>	<b>17,897</b>	21,291
Shareholders' equity		
Share capital	339,448	339,448
Share option reserve	13,619	13,387
Accumulated deficit	(113,838)	(101,670)
Foreign currency translation reserve	90,957	94,306
<b>Total Shareholders' Equity</b>	<b>330,186</b>	345,471

Xtreme Drilling Corp.  
Interim Consolidated Statements of (Loss) Income  
For the three months ended March 31, 2017 and 2016  
*(in thousands of Canadian dollars, except share and per share data)*  
*(unaudited)*

	2017	2016
<b>Revenue</b>	12,379	16,266
<b>Expenses</b>		
Operating expenses	9,812	10,878
General and administrative expenses	2,645	4,603
Depreciation expense	9,085	9,520
Stock-based compensation	232	588
Foreign exchange loss (gain)	110	(3,875)
Loss (gain) on disposal of equipment	2,682	(81)
Other income	(22)	—
Interest expense	—	1,673
<b>Loss</b>	<b>(12,165)</b>	<b>(7,040)</b>
<b>Tax expense</b>		
Current	3	310
<b>Total tax expense</b>	<b>3</b>	<b>310</b>
Net loss from continuing operations	(12,168)	(7,350)
Net income from discontinued operations, net of tax	—	3,616
<b>Net loss</b>	<b>(12,168)</b>	<b>(3,734)</b>
Net loss per common share from continuing operations		
– basic	(0.14)	(0.09)
– diluted	(0.14)	(0.09)
Net income per common share from discontinued operations		
– basic	0.00	0.04
– diluted	0.00	0.04
Net loss income per common share		
– basic	(0.14)	(0.04)
– diluted	(0.14)	(0.04)
Weighted average number of common shares		
– basic	85,091,367	83,125,541
– diluted	85,091,367	83,125,541

Xtreme Drilling Corp.  
Interim Consolidated Statements of Comprehensive (Loss) Income  
For the three months ended March 31, 2017 and 2016  
*(in thousands of Canadian dollars)*  
*(unaudited)*

	2017	2016
Net loss	(12,168)	(3,734)
Other comprehensive loss		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Unrealized loss on translating financial statements of foreign operations	(3,349)	(24,987)
<b>Comprehensive loss</b>	<b>(15,517)</b>	<b>(28,721)</b>
Total comprehensive (loss) income arising from:		
Continuing operations	(15,517)	(32,671)
Discontinued operations	—	3,950
	<b>(15,517)</b>	<b>(28,721)</b>

Xtreme Drilling Corp.  
Interim Consolidated Statements of Changes in Equity  
For the three months ended March 31, 2017 and 2016  
*(in thousands of Canadian dollars)*  
*(unaudited)*

	Share capital	Share option reserve	Accumulated deficit	Foreign currency translation reserve	Total Shareholders' Equity
<b>Balance at Jan 1, 2016</b>	333,515	15,478	(80,831)	103,071	371,233
Net loss	—	—	(3,734)	—	(3,734)
Other comprehensive income					
Currency translation differences	—	—	—	(24,987)	(24,987)
Total comprehensive loss	—	—	(3,734)	(24,987)	(28,721)
Employee share option scheme:					
Value of employee services	—	581	—	—	581
Transfer from share option	107	(107)	—	—	—
Total transactions with owners	107	474	—	—	581
<b>Balance at Mar 31, 2016</b>	333,622	15,952	(84,565)	78,084	343,093
<b>Balance at Jan 1, 2017</b>	339,448	13,387	(101,670)	94,306	345,471
Net loss	—	—	(12,168)	—	(12,168)
Other comprehensive loss					
Currency translation differences	—	—	—	(3,349)	(3,349)
Total comprehensive loss	—	—	(12,168)	(3,349)	(15,517)
Employee share option scheme:					
Value of employee services	—	232	—	—	232
Total transactions with owners	—	232	—	—	232
<b>Balance at Mar 31, 2017</b>	339,448	13,619	(113,838)	90,957	330,186



Xtreme Drilling Corp.  
Interim Consolidated Statements of Cash Flows  
For the three months ended March 31, 2017 and 2016

(in thousands of Canadian dollars)  
(unaudited)

	2017	2016
<b>Cash flow provided by:</b>		
<b>Operating activities</b>		
Net loss	(12,168)	(7,350)
Items not affecting cash:		
Depreciation expense	9,085	9,520
Stock-based compensation	232	588
Loss (gain) on disposal of equipment	2,682	(81)
Provision for doubtful accounts	—	(68)
Interest expense	—	1,047
Interest paid	—	(936)
Amortization of debt issuance costs	—	626
Foreign exchange loss	(2,218)	(6,333)
Current tax expense	3	310
Taxes paid	—	(304)
Operating cash flows from continuing operations	(2,384)	(2,981)
Operating cash flows from discontinued operations	(446)	7,003
Changes in items of non-cash working capital	(4,800)	(1,426)
<b>Net cash (used in) generated from operating activities</b>	<b>(7,630)</b>	<b>2,596</b>
<b>Financing activities</b>		
Repayment of long-term debt	—	(3,896)
Debt issuance cost	—	(1,270)
<b>Net cash used in investing activities</b>	<b>—</b>	<b>(5,166)</b>
<b>Investing activities</b>		
Proceeds from sale of equipment	12	81
Capital expenditures	(18,718)	(2,718)
Investing activities of discontinued operations	—	(445)
Changes in items of non-cash working related to capital items	(566)	(72)
<b>Net cash used in financing activities</b>	<b>(19,272)</b>	<b>(3,154)</b>
Effect of exchange rate changes on cash and cash equivalents	1,212	449
<b>Decrease in cash and cash equivalents</b>	<b>(25,690)</b>	<b>(5,275)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>115,240</b>	<b>11,223</b>
<b>Cash and cash equivalents - end of period</b>	<b>89,550</b>	<b>5,948</b>

## Adjusted EBITDA from Continuing Operations

	Three months ended	
	Mar 31, 2017	Mar 31, 2016
Net loss	(12,168)	(7,350)
Interest expense	—	1,673
Depreciation	9,085	9,520
Tax expense	3	310
	(3,080)	4,153
<b>Non-cash items:</b>		
Stock-based compensation	232	588
Foreign exchange loss (gain)	110	(3,875)
Loss (gain) on disposal of equipment	2,682	(81)
	3,024	(3,368)
<b>Non-recurring items:</b>		
Other income	(22)	—
	(22)	—
Adjusted EBITDA	(78)	785

## Adjusted EBITDA from Discontinued Operations

	Three months ended	
	Mar 31, 2017	Mar 31, 2016
Net income	—	3,616
Depreciation and amortization	—	3,798
Tax expense	—	883
Adjusted EBITDA	—	8,297

## Adjusted EBITDA from Continuing and Discontinued Operations

	Three months ended	
	Mar 31, 2017	Mar 31, 2016
Adjusted EBITDA	(78)	9,082
Adjusted EBITDA as a percentage of revenue	(1)%	26%
Adjusted EBITDA per share (\$)	0.00	0.11
Net loss per share (\$)	(0.14)	(0.04)

## Reader Advisory

This news release, or documents incorporated herein, contains forward-looking information (“FLI”). FLI is typically contained in statements with words such as “anticipate”, “believe”, “estimate”, “expect”, “plan”, “schedule”, “intend”, “propose” or similar words suggesting future outcomes or an outlook. More particularly, this NEWS RELEASE contains FLI that may relate to contracting, marketing, financing, construction, modifications, deployment, operation, and utilization of drilling rigs in the Company’s current and future fleet. Although Xtreme believes expectations reflected in such FLI are reasonable, readers should not place undue reliance on them because Xtreme can give no assurance they will prove to be correct. There are many factors that could cause FLI not to be correct, including risks and uncertainties inherent in the Company’s business.

FLI is based on certain factors and assumptions including, but not limited to:

- the assessment of current and projected future drilling and related operations;
- ongoing and future strategic business alliances,
- negotiations and opportunities to enter new, extend or complete existing contracts;
- the availability and cost of financing;
- currency exchange rates; timing and magnitude of capital expenditures;
- expenses and other variables affecting rig operation, modification and construction;
- the ability and commitment of vendors to provide rig equipment, services and supplies, including labor, in a cost-effective and timely manner;
- the issuance of applied-for patents;
- changes in tax structures and rates; and,
- government regulations.

Although Xtreme considers the assumptions used to prepare this news release reasonable, based on information available to management as of May 3, 2017, ultimately the assumptions may prove to be incorrect.

FLI is 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;
- commodity prices;
- access to credit and to equity markets;
- the availability and retention of qualified personnel;
- vendor-provided equipment components and services; and
- competition for customers.

Management’s assumptions considered the following:

- ongoing access to key services, supplies and equipment required to continue operating and maintaining the rigs, 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, multi-well contracts or other contracts;
- revenue expectations related to shorter-term drilling opportunities;
- willingness and ability of customers to remit amounts owing to Xtreme in accordance with normal industry practices; and,

- management of accounts receivable in direct relation to revenue generation.

In preparing this news release, the following risk factors were considered:

- fluctuations in crude oil and natural gas prices, as well as supply and demand;
- fluctuation in currency exchange and interest rates;
- financial stability of Xtreme's customers;
- current and future applications for Xtreme's proprietary technology;
- related services provided by, and competition from, other drilling contractors;
- regulatory and economic conditions in regions where Xtreme operates;
- environmental constraints;
- changes to government legislation;
- international trade barriers or restrictions; and,
- where appropriate, global economic, political and military events, as well as acts of terrorism, riots, strikes, insurrections, revolutions and civil war.

FLI contained in this news release about prospective results of operations, financial position or cash provided by 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 news release is not appropriate for purposes other than for which it is disclosed here. Readers should not place undue importance on FLI and should not rely on this information as of any other date. Except as required pursuant to applicable securities laws, Xtreme disclaims any intention, and assumes no obligation, to update publicly or revise FLI to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such FLI or otherwise.

#### **About Xtreme**

Xtreme Drilling Corp. ("XDC" on the Toronto Stock Exchange) designs, builds, and operates a fleet of high specification AC drilling rigs featuring leading-edge proprietary technology. Currently Xtreme operates one service line - Drilling Services (XDR) under contracts with oil and natural gas exploration and production companies and integrated oilfield service providers in Canada and the United States. For more information about the Company, please visit [www.xdcorp.com](http://www.xdcorp.com).

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