



November 3, 2016

For Immediate Release

Xtreme Drilling Corp. Announces Third Quarter 2016 Financial and Operating Results

Calgary, Alberta – (TSX-XDC) – Xtreme Drilling Corp., formerly Xtreme Drilling and Coil Services Corp., (“Xtreme”, the “Company”) announces third quarter 2016 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 three and nine months ended September 30, 2016, by November 4, 2016.

Q3 2016 Highlights

(amounts in thousands of Canadian dollars, unless otherwise noted)

- In July the Company officially changed the corporate name to Xtreme Drilling Corp. and changed the web address to www.xdccorp.com. This was related to the sale of the coil assets of the Company to Schlumberger.
- Due to increasing market demand for Tier 1 rigs, the Company has developed an upgrade plan for its XDR 400 rigs. As part of the upgrade the Company will build a new proprietary design 850,000 lb. capacity mast and substructure. The upgraded rig will be re-classified as an 850XE and will be marketed as one of the most reliable and efficient rigs for pad drilling in North America. The design is consistent with Xtreme's innovative and technology focused legacy. It is anticipated that these will be the fastest moving and most efficient 1,500hp rigs on the market.
- The 850XE upgrade will include an AC electric 1,500hp drawworks, patent pending X/Y walking system, 7,500 psi quintuplex mud pumps, integrated high torque top-drive and other leading edge components. The Company has completed the engineering of the upgrade and will begin ordering long lead time items immediately. It is anticipated that the first upgraded rig will commence operations in Q3 2017.
- Adjusted EBITDA was a negative \$1.0 million in the third quarter of 2016, up from a negative \$5.5 million in the second quarter of 2016. This was primarily due to decreased XSR related transaction costs in the third quarter.
- Revenue increased to \$8.5 million in the third quarter of 2016, up from \$7.4 million in the second quarter of 2016. The increase in revenue for the period was primarily a function of increased operating days during the third quarter. For the third quarter of 2016, revenue per operating day marginally decreased from \$20,200 to \$19,600 from the prior quarter, or about 3%.

- For the third quarter of 2016 utilization was 22%, on 433 operating days, and was comprised of a 29% utilization rate for the 16 rig US XDR fleet and 0% for the three rig Canadian XDR fleet. The two rigs that worked in India in 2015 and returned to the US in the first quarter of 2016 are currently included in the US XDR rig fleet, although they continued to be actively marketed internationally.
- At quarter end the Company had no long term debt and a cash balance of \$120.0 million, including restricted cash of about \$11.0 million related to the XSR sale. It is anticipated that the restricted cash will be available to the Company by the end of the fourth quarter, net of estimated transaction related taxes of \$2.5 million.
- Total capital expenditures were \$1.9 million during the third quarter of 2016 and \$4.9 million on a year to date basis. Currently the Company has an approved 2016 capital expenditure budget of \$12.0 million. The 850XE upgrade will be considered as part of the 2017 capital budget.
- During the third quarter, the Company performed a review of its drilling rig fleet and related components and spares and updated previous estimates for useful life and residual values. Based on the review, it was determined that the estimated useful lives and salvage values should be modified to better reflect the current operations, expected usage, and future economic benefits. This change in accounting estimate resulted in an additional depreciation charge for the three months ended September 30, 2016, of approximately \$6.4 million and the change will result in increased levels of quarterly depreciation on the existing assets in future periods.
- The Company also reviews the carrying value of its long-lived assets at each reporting period for indicators of impairment. Due to current market conditions certain indicators of impairment were identified for both the US and Canadian Drilling CGUs. The significant decrease in the drilling rig industry activity during the period adversely impacted current and expected future business and estimated recoverable amounts of the drilling rigs and related components. As a result of the impairment test, the Company determined that property and equipment in the CGUs was impaired by approximately \$10.5 million and \$1.5 million, respectively. This one-time impairment expense is included within Depreciation and Impairment of Property and Equipment on the consolidated statement of loss (income).
- At quarter end, the Company had four of 21 XDR rigs earning revenue and approximately 155 days contracted under term contracts across the fleet. As of the date of this press release, the Company had five of 21 XDR rigs operating in Canada, Colorado, and Oklahoma with a sixth rig set to commence work in mid-November.

Selected Quarterly Financial Information from *Continuing Operations*

Three months ended	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015
Revenue	8,468	7,369	16,266	23,370
Adjusted EBITDA	(965)	(5,472)	760	2,109
Adjusted EBITDA as a percentage of revenue	—	—	5%	9%
Adjusted EBITDA per share - basic (\$)	(0.01)	(0.07)	0.01	0.03
Net Income (loss)	(29,543)	20,892	(7,473)	(35,574)
Net income (loss) per share - basic (\$)	(0.37)	0.25	(0.09)	(0.43)
Capital assets	243,564	266,188	276,521	303,168
Total assets	373,104	409,794	316,270	361,809
Net debt	(118,863)	(110,794)	90,242	96,123
Operating days	433	364	565	932
Utilization (percentage)	22%	19%	30%	48%
Weighted average rigs in service	21	21	21	21
Total rigs, end of quarter	21	21	21	21
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014
Revenue	29,758	33,563	44,523	46,381
Adjusted EBITDA	6,564	8,275	12,669	8,918
Adjusted EBITDA as a percentage of revenue	22%	25%	28%	19%
Adjusted EBITDA per share - basic (\$)	0.08	0.10	0.15	0.11
Net Income (loss)	(50,938)	(3,860)	(1,825)	(4,703)
Net income (loss) per share - basic (\$)	(0.62)	(0.05)	(0.03)	(0.06)
Capital assets	318,639	340,800	360,802	344,345
Total assets	394,121	427,303	456,739	430,954
Net debt	93,389	112,113	125,869	115,520
Operating days	1,069	1,072	1,385	1,645
Utilization (percentage)	55%	56%	73%	86%
Weighted average rigs in service	21	21	21	21
Total rigs, end of quarter	21	21	21	21

**Excerpt from Management's Discussion and Analysis
for the period ended September 30, 2016**

OUTLOOK

North American drilling activity increased during the third quarter. The US rig count was up nearly 22% to 497 operating rigs. Customer inquiries have increased as operators are finalizing initial budgets for 2017. It is expected that activity levels will continue to increase into 2017. In Canada, the Company recently put a rig back to work. While the market remains depressed we feel that operator sentiment is slowly improving and that additional opportunities for the other two idle rigs will be available in coming months.

Operators have continued to increase average lateral lengths in most resource plays in response to increasing EURs with the application of enhanced completion technology across longer laterals. In addition, the greater adaption of rotary steerable tools to land drilling operations has improved the quality of the well bore and facilitated longer laterals.

In response to market requirements, Xtreme has finalized an upgrade design to its existing XDR 400 rigs that will increase the capacity of our XDR 400 rigs and will exceed today's operator requirements. The company is negotiating long lead time and key components with vendors and has a target of the initial upgrade being completed in Q3 2017. Depending on market demand and opportunity, the Company retains the option to upgrade additional rigs.

These upgrades will result in a fast moving rig with leading edge technology that includes a patent pending X/Y walking system, quintuplex 7,500 psi highly efficient capacity mud pumps, and a craneless 850,000 pound fast moving mast and substructure. This upgraded rig is designed to be the most reliable and efficient rig in today's resource plays. It is true to the innovative and technology focused spirit of Xtreme.

In addition to the XDR 400 upgrade, the Company is focused on continuing to upgrade the mud pumps and fluid system on existing XDR 500 rigs to 7,500psi. Currently the Company has five upgraded rigs and plans to upgrade an additional three XDR 500 rigs in the coming months.

The Company continues to market the XDR 200 and 300 rigs to international customers with optimal applications for these shallower depth capacity, fast moving, high tech AC rigs. The pre-qualification process is near completion in two Middle East markets and the Company anticipates bidding on projects in the coming months.

Currently the Company anticipates a 2017 capital budget of \$12 million. The announced 850XE upgrade process will cost between \$8 million and \$9.5 million depending on final rig specs. Even in the depressed market environment the Company is confident that the utilization and premium rates on this rig will generate attractive returns over the next cycle and justify the capital investment.

It is clear that the North American land drilling market continues to evolve to deeper and more technically challenging well profiles. Xtreme is committed to remain on the cutting edge of efficiency and technology as we deliver world class reliability, efficiency and service to our customers.

Conference Call Details

Xtreme has scheduled a conference call to discuss results with investors, analysts, and stakeholders on **Friday, November 4, 2016**, beginning promptly at **9:00 am MT** (10:00 am CT, 11:00 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/j8zmo7wd> **Conference ID: 92748782**

An audio replay of the call will be available until Thursday, November 10, 2016. To access the replay, call +1 (855) 859-2056 or +1 (800) 585-8367 and enter Conference ID 92748782.

Xtreme Drilling Corp. (formerly, Xtreme Drilling and Coil Services Corp.)
Interim Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

(unaudited)

	Sep 30, 2016	Dec 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	120,041	11,223
Accounts receivable	5,856	39,771
Other receivables	273	351
Inventory	2,824	8,693
Prepaid expenses and other	546	2,461
	129,540	62,499
Non-current assets		
Property and equipment	243,564	446,417
Intangible assets	–	3,310
Total Assets	373,104	512,226
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	14,945	29,729
Current tax payable	6,541	3,918
Current portion of long-term debt	–	107,346
Total Liabilities	21,486	140,993
Shareholders' equity		
Share capital	339,380	333,515
Share option reserve	13,226	15,478
Accumulated deficit	(88,012)	(80,831)
Foreign currency translation reserve	87,024	103,071
Total Shareholders' Equity	351,618	371,233
Total Liabilities and Shareholders' Equity	373,104	512,226

Xtreme Drilling Corp. (formerly, Xtreme Drilling and Coil Services Corp.)
Interim Consolidated Statements of (Loss)Income
For the three and nine months ended September 30, 2016 and 2015

(in thousands of Canadian dollars, except share and per share data)

(unaudited)

	Three months ended		Nine months ended	
	Sep 30, 2016	Represented Sep 30, 2015	Sep 30, 2016	Represented Sep 30, 2015
Revenue	8,468	29,758	32,103	107,844
Expenses				
Operating expenses	7,450	18,862	25,558	66,406
General and administrative expenses	1,983	4,332	17,192	13,656
Depreciation and impairment of property and equipment	27,010	43,448	46,215	66,341
Stock-based compensation	1,112	958	3,094	2,232
Foreign exchange loss (gain)	32	217	(1,206)	362
Loss (gain) on disposal of equipment and assets held for sale	921	(159)	(50,107)	(277)
Other income	(2)	(5)	(2)	(3)
Interest expense	–	1,205	4,117	3,466
Loss before tax for the period	(30,038)	(39,100)	(12,758)	(44,339)
Tax (recovery) expense				
Current	(495)	1,971	3,366	3,698
Deferred	–	(530)	–	(2,085)
Total tax (recovery) expense	(495)	1,441	3,366	1,613
Net loss from continuing operations for the period	(29,543)	(40,541)	(16,124)	(45,952)
Net (loss) income from discontinued operations, net of tax	(1,060)	(8,054)	8,943	(664)
Net loss for the period	(30,603)	(48,595)	(7,181)	(46,616)
Net loss per common share from continuing operations				
– basic	(0.35)	(0.50)	(0.19)	(0.56)
– diluted	(0.35)	(0.50)	(0.19)	(0.56)
Net (loss) income per common share from discontinued operations				
– basic	(0.01)	(0.10)	0.11	(0.01)
– diluted	(0.01)	(0.10)	0.11	(0.01)
Net loss income per common share				
– basic	(0.37)	(0.59)	(0.09)	(0.57)
– diluted	(0.37)	(0.59)	(0.09)	(0.57)
Weighted average number of common shares (Note 10)				
– basic	83,758,082	81,833,645	83,792,998	81,807,571
– diluted	83,758,082	81,833,645	83,792,998	81,807,571

Xtreme Drilling Corp. (formerly, Xtreme Drilling and Coil Services Corp.)
Interim Consolidated Statements of Comprehensive (Loss) Income
For the three and nine months ended September 30, 2016 and 2015

(in thousands of Canadian dollars)

(unaudited)

	Three months ended		Nine months ended	
	Sep 30, 2016	Represented Sep 30, 2015	Sep 30, 2016	Represented Sep 30, 2015
Net loss for the period	(30,603)	(48,595)	(7,181)	(46,616)
Other comprehensive income (loss)				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Unrealized gain (loss) on translating financial statements of foreign operations	5,091	25,380	(16,047)	52,069
Comprehensive (loss) income for the period	(25,512)	(23,215)	(23,228)	5,453
Total comprehensive (loss) income for the period arising from:				
Continuing operations	(24,452)	(31,141)	(32,171)	5,836
Discontinued operations	(1,060)	7,926	8,943	(383)
	(25,512)	(23,215)	(23,228)	5,453

Xtreme Drilling Corp. (formerly, Xtreme Drilling and Coil Services Corp.)
Interim Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2016 and 2015
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Share option reserve	Accumulated deficit	Foreign currency translation reserve	Total Shareholders' Equity
Balance at Jan 1, 2015	330,964	14,803	(12,487)	43,213	376,493
Net loss for the period	–	–	(46,616)	–	(46,616)
Other comprehensive income					
Currency translation differences	–	–	–	52,069	52,069
Total comprehensive income	–	–	(46,616)	52,069	5,453
Employee share option scheme:					
Value of employee services	–	2,241	–	–	2,241
Transfer from share option	33	(33)	–	–	–
Proceeds from shares issued	78	–	–	–	78
Total transactions with owners	111	2,208	–	–	2,319
Balance at Sep 30, 2015	331,075	17,011	(59,103)	95,282	384,265
Balance at Jan 1, 2016	333,515	15,478	(80,831)	103,071	371,233
Net loss for the period	–	–	(7,181)	–	(7,181)
Other comprehensive loss					
Currency translation differences	–	–	–	(16,047)	(16,047)
Total comprehensive loss	–	–	(7,181)	(16,047)	(23,228)
Employee share option scheme:					
Value of employee services	–	3,571	–	–	3,571
Transfer from share option	5,823	(5,823)	–	–	–
Proceeds from shares issued	42	–	–	–	42
Total transactions with owners	5,865	(2,252)	–	–	3,613
Balance at Sep 30, 2016	339,380	13,226	(88,012)	87,024	351,618

Xtreme Drilling Corp. (formerly, Xtreme Drilling and Coil Services Corp.)
Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2016 and 2015

(in thousands of Canadian dollars)

(unaudited)

	2016	Represented 2015
Cash flow provided by:		
Operating activities		
Net loss for the period from continuing operations	(16,124)	(45,952)
Items not affecting cash:		
Depreciation and impairment expense	46,215	66,202
Stock-based compensation	3,094	2,241
Gain on disposal of equipment and assets held for sale	(50,107)	(277)
Provision for doubtful accounts	(847)	(757)
Interest expense	4,117	3,466
Interest paid	(4,117)	(3,164)
Amortization of debt issuance costs	1,972	398
Foreign exchange (gain) loss	(1,206)	6,533
Current tax expense	3,366	3,698
Deferred tax recovery	—	(2,085)
Taxes paid	(1,105)	(2,162)
Operating cash flows from of discontinued operations	11,041	18,366
Changes in items of working capital	24,995	12,828
Net cash generated from operating activities	21,294	59,335
Financing activities		
Proceeds from exercise of stock options	42	78
Proceeds from long-term debt	—	6,579
Repayment of long-term debt	(100,774)	(44,545)
Debt issuance cost	(1,409)	—
Net cash used in financing activities	(102,141)	(37,888)
Investing activities		
Proceeds from sale of equipment	197,666	509
Capital expenditures	(4,942)	(4,159)
Investing activities of discontinued operations	(1,676)	(13,083)
Changes in items of working capital relating to capital items	(502)	(1,838)
Net cash generated from (used in) investing activities	190,546	(18,571)
Effect of exchange rate changes on cash and cash equivalents	(875)	674
Increase in cash and cash equivalents	108,818	3,550
Cash and cash equivalents - beginning of period	11,223	13,102
Cash and cash equivalents - end of period	120,041	16,652

Xtreme Drilling Corp. (formerly, Xtreme Drilling and Coil Services Corp.)
EBITDA and Adjusted EBITDA
For the three and nine months ended September 30, 2016 and 2015

(in thousands of Canadian dollars)

(unaudited)

EBITDA from Continuing Operations

	Three months ended		Nine months ended	
	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
Net loss	(29,543)	(40,541)	(16,124)	(45,952)
Tax (recovery) expense	(495)	1,441	3,366	1,613
Interest expense	–	1,205	4,117	3,466
Depreciation and impairment of property and equipment	27,010	43,448	46,215	66,341
EBITDA	(3,028)	5,553	37,574	25,468

EBITDA from Discontinued Operations

	Three months ended		Nine months ended	
	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
Net (loss) income	(1,060)	(8,054)	8,943	(664)
Tax expense	418	775	2,351	2,025
Amortization of intangibles	–	76	76	228
Depreciation and impairment of property and equipment	–	16,083	3,889	21,870
EBITDA	(642)	8,880	15,259	23,459

EBITDA from Continuing and Discontinued Operations

EBITDA	(3,670)	14,433	52,833	48,927
---------------	----------------	---------------	---------------	---------------

Adjusted EBITDA from Continuing Operations

	Three months ended		Nine months ended	
	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
EBITDA	(3,028)	5,553	37,574	25,468
Adjustments for non-cash items	2,063	1,011	(43,251)	2,314
Adjusted EBITDA	(965)	6,564	(5,677)	27,782
Adjusted EBITDA as a percentage of revenue	(11%)	22%	(18%)	26%
Adjusted EBITDA per share (\$)	(0.01)	0.08	(0.07)	0.34
Net income (loss) per share (\$)	(0.35)	(0.50)	(0.19)	(0.56)

Adjusted EBITDA from Discontinued Operations

	Three months ended		Nine months ended	
	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
EBITDA	(642)	8,880	15,259	23,459
Adjustments for non-cash items	–	–	–	–
Adjusted EBITDA	(642)	8,880	15,259	23,459
Adjusted EBITDA as a percentage of revenue	N/A	40%	39%	34%
Adjusted EBITDA per share (\$)	(0.01)	0.11	0.18	0.29
Net (loss) income per share (\$)	(0.01)	(0.10)	0.11	(0.01)

Adjusted EBITDA from Continuing and Discontinued Operations

	Three months ended		Nine months ended	
	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
Adjusted EBITDA	(1,607)	15,444	9,582	51,241
Adjusted EBITDA as a percentage of revenue	(19%)	30%	14%	29%
Adjusted EBITDA per share (\$)	(0.02)	0.19	0.11	0.63
Net loss per share (\$)	(0.37)	(0.59)	(0.09)	(0.57)

Non-Cash Items and Other Non-Recurring Items from Continuing Operations

	Three months ended		Nine months ended	
	Sep 30, 2016	Sep 30, 2015	Sep 30, 2016	Sep 30, 2015
Stock-based compensation	1,112	958	3,094	2,232
Loss (gain) on disposal of equipment and assets held for sale	921	(159)	(50,107)	(277)
Foreign exchange loss (gain)	32	217	(1,206)	362
Other expense	(2)	(5)	(2)	(3)
Other management compensation related to XSR sale	–	–	4,970	–
Total adjustments for non-cash items	2,063	1,011	(43,251)	2,314

Reader Advisory

This news release contains forward-looking statements (“FLS”). The use of the words “may”, “believe”, “could”, “would”, “might”, “will be taken”, “occur” or “be achieved” and similar expressions identify FLS. More particularly, this news release contains statements that may relate to contracting, marketing, financing, construction, modifications, deployment, operation, utilization of drilling rigs in the Company’s current and future fleet. Although Xtreme believes expectations reflected in these FLS 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 FLS not to be correct, including risks and uncertainties inherent in the Company's business.

These statements are based on certain factors and assumptions including, but not limited to: the assessment of current and projected future operations; ongoing and future strategic business alliances, negotiations and opportunities to enter new, extend or complete existing contracts; the availability and cost of financing; foreign 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 component equipment, services and supplies, including labor, in a cost-effective and timely manner; the issuance of applied-for patents; changes in tax rates; and government regulations. Although Xtreme considers the assumptions used to prepare this news release reasonable, based on information available to management as of November 3, 2016, ultimately the assumptions may prove to be 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, foreign currency exchange rates, and commodity prices; access to credit and to equity markets; the availability of qualified personnel; vendor-provided rig components; and, competition for customers.

Management’s assumptions considered the following: compliance with the terms of the Company’s current and proposed new credit facility; ongoing access to key supplies and components required to continue operating and maintaining 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 or multi-well 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, management considered the following risk factors: fluctuations in crude oil and natural gas prices, supply and demand; fluctuation in foreign currency exchange and interest rates; financial stability of Xtreme’s customers; current and future applications for Xtreme’s proprietary technology; 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 political and military events.

Financial outlook information 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 FLS 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 FLS to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such FLS or otherwise, or to explain any material difference between subsequent actual events and such FLS.

For further information, please contact:

Matt Porter, President and CEO
Xtreme Drilling Corp.
9805 Katy Freeway, Suite 650
Houston, TX 77024

tel: +1 281 994 4600
E-mail: ir@xdccorp.com
www.xdccorp.com