Xtreme Drilling Corp. Announces Second Quarter 2017 Financial and Operating Results, Details on 850XE Premier Spec Rig and Working Capital Line of Credit

CALGARY, Alberta, Aug. 04, 2017 (GLOBE NEWSWIRE) -- **Xtreme Drilling Corp.** (**"Xtreme"** or the **"Company"**) (TSX:XDC) announces its second 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 three and six months ended June 30, 2017, by August 4, 2017.

Q2 2017 Highlights

(amounts in Canadian dollars, unless otherwise noted)

- As previously announced, the first 850XE Evolution Series upgrade was signed to a two year contract and is scheduled for delivery to Oklahoma in the fourth quarter of 2017. In July 2017, Xtreme finalized 18-month term contracts for the remaining two 850XE Evolution drilling rigs. Both rigs will work for the same customer in the Utica play of the Appalachian Basin. It is anticipated these two rigs will commence operations in the fourth quarter of 2017 and first quarter of 2018, respectively. Both of the Company's customers are leading E&P companies within their operating region, with multiple rigs under contract and a significant backlog of wells to be drilled. The incremental revenue from these three 850XE Evolution rig contracts is estimated to be more than $24 million USD in 2018.

- In addition, the Company recently finalized new term contracts on two XDR500 rigs in the DJ Basin of Colorado. These contracts will extend these two rigs through October 2018 and January 2019, respectively. In total, the Company now has approximately 3,000 operating days under term contracts. This is an increase from approximately 240 days under term contracts at the end of the first quarter of 2017. The remainder of the Company's active rigs operate under multi-well or well to well contracts.

- For the three months ended June 30, 2017, the Company reported revenue of $15.1 million as compared to $12.4 million in the previous quarter. Revenue per day increased to $22,168 from $21,233 in the first quarter of 2017. Adjusted EBITDA was ($1.6) million in the quarter, lower than what was reported in the first quarter of ($0.1). This was primarily due to rig re-activation expenses in the quarter and certain expense benefits in the first quarter of 2017. With the increase in utilization for the 500 series drilling rigs in the third quarter as well as the upgraded rigs coming on line, the Company anticipates positive Adjusted EBITDA for the last half of 2017.

- Operating days during the three months ended June 30, 2017, increased to 683 from 583 in the first quarter of 2017. During the second quarter, on average, 7.5 drilling rigs were in operation as compared to 6.5 in the previous quarter. At quarter end the Company had eight XDR 500 rigs and one XDR 200 in operation.

- At June 30, 2017, the Company classified four XDR 200 and four XDR 300 drilling rigs along with related spares and inventory as "Assets held for sale". Excluding these rigs, available drilling rigs decreased to 10 and utilization for the quarter was 70% on 10 rigs. Operating days and revenue related to the eight rigs classified as "Assets held for sale" were 49 days and $820,000 for the second quarter and 58 days and $916,000 for the first quarter of 2017. On a go-forward basis, the Company will only include the 10 XDR 500 rigs and three 850XE rigs in the Company's utilization calculation. As of the date of this press release, Xtreme has nine of 10 XDR 500 rigs operating and all three 850XE rigs contracted.

- Operating expenses are tied to operating levels and were $19,695 per operating day for the quarter ended June 30, 2017. Included in the cost per operating day was an increase in labor costs and other rig re-activation costs of approximately $1,100 per day. The Company anticipates approximately $150,000 of expenses in the third quarter of 2017 related to start up costs on one XDR 500 rig. Also included in operating expenses for 2017 include settlement of labor matters from prior years for the XSR coiled tubing segment. These expenses impacted current quarter expenses by approximately $105,000, or $154 per day.

- General and Administrative expenses increased from $2.6 million for the three months ended March 31, 2017, to $3.3 million for the second quarter of 2017. The increase from the previous quarter is due to higher professional fees related to short term infrastructure optimization projects, as well as severance costs of approximately $187,000. In addition, general and administrative costs for 2017 include legal costs related to the non-recurring settlement of labor matters from prior years for the XSR coiled tubing segment and impacted current quarter expenses by approximately $130,000. On a go forward basis, General and Administrative expenses are expected to be approximately of $2.2 - $2.4 million per quarter.

- 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 June 30, 2017, the average exchange rate used to convert the USD-denominated revenues and expenses to CAD was $1.32/$1 USD ($1.33 for the previous quarter).

- Capital expenditures for the second quarter were $21.1 million, which included approximately $13.8 million related to the 850XE upgrade program. Through June 30, 2017, total capital expenditures amounted to $39.8 million. It is anticipated that the Company will have capital expenditures of $35 to $38 million in the second half of 2017.

- In the second quarter of 2017, Xtreme completed a Substantial Issuer Bid conducted through a modified Dutch Auction process and the Company purchased approximately $25 million of equity from shareholders at a per share amount of $2.40. In total, 10,416,666 shares were repurchased. This represented a re-purchase of approximately 12.2% of the outstanding shares of Xtreme.

- During the second quarter, the Company began evaluating strategic alternatives with respect to the XDR200 and XDR300 series rigs. As part of the evaluation, the Company considered current opportunities in Canada, the US and internationally. It was determined that in order to maximize value related to these assets, it would be in the best interest of the Company and its shareholders to actively market these non-core rigs for sale. The Company expects to sell these rigs within one year. Therefore, as of June 30, 2017, the eight rigs and associated spares and inventory are classified as "Assets held for sale" and are stated at estimated net realizable value of approximately $21 million. As part of the evaluation, the Company recorded an impairment of approximately $24 million during the quarter ended June 30, 2017 for these assets.

- During the first and second quarters of 2017, the Company reviewed the components of the rigs being upgraded to determine what components would remain on the rigs, what components would be transferred to spares, and components for which the Company had no further use. Based on the review, the Company wrote off those components for which the Company had no further use to estimated salvage value and recorded a loss on disposal of approximately $2 million in the first quarter and $11 million in the second quarter.

- On July 31, 2017, the Company sold the shares of Xtreme Coil Drilling Mexico, S.A. de C.V. to a third party. The sale effectively transfers all ownership of assets, rights and obligations to the buyer. The sale, net of legal expenses, is expected to result in a loss of approximately

$1 million and will be reflected in the third quarter results.

- On August 3, 2017, the Company signed a commitment with a financial institution that will provide a working capital line of credit for up to $10 million USD. The line of credit is secured by accounts receivable and is for a period of 18 months. As of the date of this press release, no advances have been drawn on the line of credit.

Selected Quarterly Financial Information from *Continuing Operations*

Three months ended	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016
Revenue	**15,141**	12,379	9,929	8,468
Adjusted EBITDA	**(1,630)**	(78)	(148)	(1,423)
Adjusted EBITDA as a percentage of revenue	**(11)%**	(1)%	(1)%	(17)%
Net loss	**(48,366)**	(12,168)	(11,122)	(29,542)
Net loss per share - basic ($)	**(0.61)**	(0.14)	(0.13)	(0.35)
Operating cash flows from continuing operations	**(4,957)**	101	(1,032)	(1,168)
Capital assets	**196,704**	245,267	240,656	243,564
Total assets	**272,798**	348,083	366,762	373,104
Net debt	**(41,682)**	(88,152)	(113,882)	(118,863)
Operating days	**683**	583	479	433
Utilization (percentage)	**70%**	36%	25%	22%
Weighted average number of rigs in service	**10**	18	21	21
Total number of available rigs, end of quarter	**10**	18	21	21
	Jun 30, 2016	**Mar 31, 2016**	**Dec 31, 2015**	**Sep 30, 2015**
Revenue	7,369	16,266	23,370	29,758
Adjusted EBITDA	(10,418)	784	753	3,620
Adjusted EBITDA as a percentage of revenue	(141)%	5%	3%	12%
Net loss	(28,699)	(7,350)	(36,069)	(40,267)
Net loss per share - basic ($)	(0.34)	(0.09)	(0.44)	(0.49)
Operating cash flows from continuing operations	(10,849)	(615)	3,059	11,731
Capital assets	266,188	276,521	305,060	318,639
Total assets	409,794	316,270	361,809	394,121
Net debt	(110,794)	90,242	96,123	93,389
Operating days	364	565	932	1,069
Utilization (percentage)	19%	30%	48%	55%
Weighted average number of rigs in service	21	21	21	21
Total number of rigs, end of quarter	21	21	21	21

OUTLOOK

Rig utilization in the US continued to increase in the second quarter of 2017. Overall, the active rig count rose by 114, to 927, rigs during the quarter and has risen by 287 rigs, or 45%, in 2017. However, the recent count has stagnated near second quarter levels at 931 active rigs. It is the view of the Company that the slower growth of the rig count is a direct reflection on recent oil price volatility. As US oil production increases and oil trades in a $40 to $50 range, it is likely that the US rig count will remain near current levels as operators contemplate 2018 capital spending plans. This could place a ceiling on US rig utilization and pricing through the back half of 2017.

In this flattening rig count environment technology and efficiency, along with operating scale, become very important. Today, in most US resource basins, typical well designs have evolved to greater depths and horizontal lengths. In an effort to grow the estimated ultimate recovery per well, US operators have increased well complexity and increased lateral lengths to more than three miles. This industry wide optimization process has placed a premium on drilling rigs that are both efficient in design and equipped with the latest technology. This evolution requires a new specification of AC drilling rig and led Xtreme to design the first generation of the ***Evolution Series, the 850XE.*** Xtreme estimates the 850XE Evolution Rig is one of a small category of rigs classified as ***"Premier Spec"*** and is superior to today's "Super Spec" rigs in capacity, mobility and technology.

The 850XE Evolution Rig has the following specifications with a standard Super Spec rig listed for comparative purposes:

Rig Category	**PREMIER SPEC**	**SUPER SPEC**
Company ***Rig***	**Xtreme Drilling** ***850 XE***	**Current Market Leading Competitors** ***Standard Super Spec Rig***
Max Hook Load:	850,000 lbs.	750,000 lbs.
Rig Horsepower:	1,800 HP AC	1,500 HP AC
Setback Rating:	750,000 lbs.	500,000 to 600,000 lbs.
5" Drill Pipe Rack Back:	30,000 ft	20,000 to 25,000 ft
Mud Pumps:	(3) 1,600HP	(2-3) 1,600HP
Top Drive:	AC 500 Ton (52,000+ lbs/ft)	AC 500 Ton
Primary Power Engines:	(4) Cat 3512E (5.904HP total)	(3) Cat 3512C or equivalent (4,428HP total)
Intra-Pad Moves:	X-Pad Optimizer™	Standard X/Y Walking
Avg. Inter-Pad Move Time:	48 hours (fully craneless)	72 - 96 hours
Dual Hoisting Capability:	Offline Stand Building System	NONE
Rig Sound Attenuation:	50 Decibals at 100 ft.	NONE

The 850XE Evolution Rig clearly exceeds today's Super Spec drilling rig design and will most efficiently allow operators to drill leading edge wells to ever increasing depths. Xtreme's first generation of the 850XE Evolution Rig, incorporates all of the above specifications. The unique combination of technology and automation engineered into the 850XE Evolution Rig is unlike any rig in US land drilling today. As the efficiency gains offered by Premier Spec rigs are realized by operators, Xtreme believes the market will continue it's shift away from legacy equipment and will increasingly require rigs based on Premier Spec designs and technology.

Xtreme estimates that the 850 XE Evolution rig will be able to decrease overall time on a well of 25,000' by up to 12-15%, as compared to a standard Super Spec rig. Additional time and cost savings are achievable on rig moves between pads with the 850XE Evolution rig, based on the mobile and crane-less rig-up design. The final Premier Spec rig design and technology evolved based on customer discussion and requirements. The increased capacity, safety features and improved technology resulted in an increase in the cost of each of the new 850XE Evolution Premier Spec rigs. The estimated cost to complete each rig based on final customer requirements is now approximately $16.2-$17.0 million USD as compared to initial estimate of $12.5-$13.5 million USD.

Offsetting the increase in estimated cost are initial contract terms which are far superior to initial estimates. This is based on the efficiencies that the Premier Spec design and proprietary Xtreme technology provide for the customer. The Company anticipates that it will earn back, on average, approximately 70% of the cost increase per rig during the initial 18 and 24 month contracts. This is due to the higher starting day rates than were originally forecast when the Company began designing its Evolution Series rigs.

Xtreme currently has nine of 10 XDR 500 1,500hp AC rigs contracted and working. Offsetting the increase in second quarter activity were rig re-activation costs along with unrelated expenses on legacy XSR coiled tubing issues, both of which the Company views as non-recurring. During the quarter Xtreme re-activated three rigs out of cold stack, two in North Dakota and one in Colorado, and began the process for another rig in Colorado, which commenced operation in late July. The number of rigs re-activated and associated expenses exceeded initial estimates for the quarter. Overall, the final rig re-activation expenses for the foreseeable future related to the XDR 500 fleet should be recognized in the third quarter of 2017.

During the quarter the Company signed two XDR 500 rigs in the DJ basin to 16 and 19 month extensions, respectively. Each of these increases were at average rate increases of 11% over the current pricing for the term of the contract. In total, the Company increased contracted days by approximately 2,800 days during the second quarter. Total days under term contract increased from approximately 240 days at the end of Q1 to 3,100 days at the end of Q2. This represents total contract back log revenue in excess of $60 million USD.

Xtreme anticipates that the 10 rig XDR 500 fleet will average 80% to 85% utilization for the third quarter of 2017 which will represent the highest utilization since the third quarter of 2014, when the XDR 500 fleet averaged 96% utilization. The XDR 500 fleet has been optimized over the past 18 months through a capital program which included upgrading nine of the 10 rigs with 7,500psi fluid operating systems and 5” drill pipe to match customer requirements. There continues to be strong demand for these fast moving 1,500hp tier 1 AC rigs, particularly in the Company’s core markets of the Rockies and western Oklahoma.

In order to enhance liquidity through the rig build process and after the recent share repurchase, the Company has secured a $10 million accounts receivable based credit line. The announced disposition process for the shallower depth capacity XDR 200 and XDR 300 rigs progressed through the second quarter. The recent volatility in oil prices has slowed the process to sell these non-core assets. However, the Company believes it is reasonable to assume that a transaction will occur in 2017 on a portion of the assets. Any transaction will enhance the liquidity of Xtreme and provide further optionality in the future. In addition, the carrying costs and management time that it takes to maintain these assets will be freed up for projects that better fit Xtreme’s core business of drilling in major US resource plays.

The Company has made significant strides to re-orient as a high-spec, technology focused US drilling contractor in the 12 months since the sale of the XSR coiled tubing business. The recent re-purchase of 12% of the Company along with the design, engineering, build and contracting of the Premier Spec 850XE Evolution rig represents the platform for future growth and innovation at Xtreme.

Conference Call Details

Xtreme has scheduled a conference call to discuss results with investors, analysts, and stakeholders on **Thursday, August 4, 2017,** 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/5xqo9ojw **Conference ID: 51154960**

An audio replay of the call will be available until 4:00, August 10, 2017. To access the replay, call +1 (855) 859-2056 or +1 (404) 537-3406 and enter Conference ID 51154960.

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

	Jun 30, 2017	Dec 31, 2016
Assets		
Current assets		
Cash and cash equivalents	**43,051**	115,240
Accounts receivable	**9,664**	6,716
Other receivables	**306**	419
Inventory	**937**	2,810
Prepaid expenses	**717**	921
Assets held for sale	**21,419**	—
	54,675	126,106
Property and equipment	**196,704**	240,656
Total Assets	**272,798**	366,762
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	**16,652**	14,827
Current tax payable	**3,127**	6,464
Total Liabilities	**19,779**	21,291
Shareholders' equity		
Share capital	**297,948**	339,448
Contributed surplus	**30,298**	13,387
Accumulated deficit	**(162,204)**	(101,670)
Foreign currency translation reserve	**86,977**	94,306
Total Shareholders' Equity	**253,019**	345,471
Total Liabilities and Shareholders' Equity	**272,798**	366,762

Xtreme Drilling Corp.
Interim Consolidated Statements of (Loss) Income
For the three and six months ended June 30, 2017 and 2016
(in thousands of Canadian dollars, except share and per share data)

	Three months ended		Six months ended	
	Jun 30, 2017	Jun 30, 2016	Jun 30, 2017	Jun 30, 2016
Revenue	**15,141**	7,370	**27,520**	23,635
Expenses				
Operating expenses	**13,452**	7,183	**23,264**	18,061
General and administrative expenses	**3,319**	10,605	**5,964**	15,208
Depreciation expense	**7,148**	9,686	**16,233**	19,206
Impairment of property and equipment	**25,983**	—	**25,983**	—
Stock-based compensation	**227**	1,395	**460**	1,982
Foreign exchange loss (gain)	**313**	2,638	**422**	(1,238)
Loss on disposal of equipment	**13,007**	722	**15,690**	641
Other income	**(37)**	—	**(59)**	—
Interest expense	**—**	2,443	**—**	4,116
Loss	**(48,271)**	(27,302)	**(60,437)**	(34,341)
Tax expense				
Current	**95**	1,396	**97**	1,706
Total tax expense	**95**	1,396	**97**	1,706
Net loss from continuing operations	**(48,366)**	(28,698)	**(60,534)**	(36,047)
Net income from discontinued operations, net of tax	**—**	55,857	**—**	59,469
Net (loss) income	**(48,366)**	27,159	**(60,534)**	23,422

Net loss per common share from continuing operations				
– basic	**(0.61)**	(0.35)	**(0.77)**	(0.43)
– diluted	**(0.61)**	(0.34)	**(0.77)**	(0.43)
Net income per common share from discontinued operations				
– basic	**0.00**	0.67	**0.00**	0.71
– diluted	**0.00**	0.67	**0.00**	0.71
Net (loss) income per common share				
– basic	**(0.61)**	0.33	**(0.77)**	0.28
– diluted	**(0.61)**	0.33	**(0.77)**	0.28
Weighted average number of common shares				
– basic	**79,067,648**	83,180,947	**79,078,541**	83,229,521
– diluted	**79,067,648**	83,338,703	**79,078,541**	83,361,994

Xtreme Drilling Corp.
Interim Consolidated Statements of Comprehensive (Loss) Income
For the three and six months ended June 30, 2017 and 2016
(in thousands of Canadian dollars)

	Three months ended		**Six months ended**	
	Jun 30, 2017	**Jun 30, 2016**	**Jun 30, 2017**	**Jun 30, 2016**
Net (loss) income	**(48,366)**	27,159	**(60,534)**	23,422
Other comprehensive loss				
Items that may be subsequently reclassified to profit or loss:				
Unrealized (loss) gain on translating financial statements of foreign operations	**(3,980)**	3,849	**(7,329)**	(21,138)
Comprehensive (loss) income	**(52,346)**	31,008	**(67,863)**	2,284
Total comprehensive (loss) income arising from:				
Continuing operations	**(52,346)**	(24,873)	**(67,863)**	(59,386)
Discontinued operations	**0**	55,881	—	61,670
	(52,346)	31,008	**(67,863)**	2,284

Xtreme Drilling Corp.
Interim Consolidated Statements of Changes in Equity
For the six months ended June 30, 2017 and 2016
(in thousands of Canadian dollars)

	Share capital	**Contributed surplus**	**Accumulated deficit**	**Foreign currency translation reserve**	**Total Shareholders' Equity**
Balance at Jan 1, 2016	333,515	15,478	(80,831)	103,071	371,233
Net income	—	—	23,422	—	23,422
Other comprehensive loss:					
Currency translation differences	—	—	—	(21,138)	(21,138)
Total comprehensive income (loss)	—	—	23,422	(21,138)	2,284
Employee share option scheme:					
Value of employee services	—	2,451	—	—	2,451
Transfer from share option	4,980	(4,980)	—	—	—
Proceeds from shares issued	26	—	—	—	26
Total transactions with owners	5,006	(2,529)	—	—	2,477
Balance at Jun 30, 2016	338,521	12,949	(57,409)	81,933	375,994
Balance at Jan 1, 2017	339,448	13,387	(101,670)	94,306	345,471
Net loss	—	—	(60,534)	—	(60,534)

Other comprehensive loss:					
Currency translation differences	—	—	—	(7,329)	(7,329)
Total comprehensive loss	—	—	(60,534)	(7,329)	(67,863)
Employee share option scheme:					
Value of employee services	—	459	—	—	459
Transfer from share option	106	(106)	—	—	—
Proceeds from shares issued	28	—	—	—	28
Repurchase of shares	(41,634)	16,558	—	—	(25,076)
Total transactions with owners	(41,500)	16,911	—	—	(24,589)
Balance at Jun 30, 2017	297,948	30,298	(162,204)	86,977	253,019

Xtreme Drilling Corp.
Interim Consolidated Statements of Cash Flows
For the six months ended June 30, 2017 and 2016
(in thousands of Canadian dollars)

	2017	**2016**
Cash flow provided by:		
Operating activities		
Net loss	**(60,534)**	(36,047)
Items not affecting cash:		
Depreciation expense	**16,233**	19,206
Impairment of property and equipment	**25,983**	0
Stock-based compensation	**460**	1,982
Loss (gain) on disposal of assets	**15,690**	641
Provision for doubtful accounts	**199**	(1,051)
Interest expense	**—**	2,144
Interest paid	**—**	(2,144)
Amortization of debt issuance costs	**—**	1,972
Unrealized foreign exchange loss (gain)	**(104)**	(1,238)
Current tax expense (benefit)	**97**	1,706
Taxes paid	**(2,880)**	(1,105)
Operating cash flows from continuing operations	**(4,856)**	(13,934)
Operating cash flows from discontinued operations	**(446)**	12,150
Changes in items of non-cash working capital	**3,943**	24,694
Net cash (used) generated from operating activities	**(1,359)**	22,910
Financing activities		
Repayment of long-term debt	**—**	(100,774)
Debt issuance cost	**—**	(1,409)
Proceeds from exercise of stock options	**28**	26
Net cash used in (provided by) financing activities	**28**	(102,157)
Investing activities		
Proceeds from sale of equipment	**—**	845
Capital expenditures	**(39,836)**	(3,371)
Purchase of common shares	**(25,076)**	**—**
Investing activities of discontinued operations	**—**	193,804
Changes in items of non-cash working related to capital items	**(4,970)**	(133)
Net cash (used in) provided by investing activities	**(69,882)**	191,145
Effect of exchange rate changes on cash and cash equivalents	**(976)**	(969)
(Decrease) Increase in cash and cash equivalents	**(72,189)**	110,929
Cash and cash equivalents - beginning of period	**115,240**	11,223
Cash and cash equivalents - end of period	**43,051**	122,152

Adjusted EBITDA from Continuing Operations

	Three months ended		**Six months ended**	
	Jun 30, 2017	**Jun 30, 2016**	**Jun 30, 2017**	**Jun 30, 2016**
Net loss	**(48,366)**	(28,698)	**(60,534)**	(36,047)

Interest expense	—	2,443	—	4,116
Depreciation	**7,148**	9,686	**16,233**	19,206
Tax expense	**95**	1,396	**97**	1,706
	(41,123)	(15,173)	**(44,204)**	(11,019)
Non-cash items:				
Impairment of property and equipment	**25,983**	—	**25,983**	—
Stock-based compensation	**227**	1,395	**460**	1,982
Foreign exchange loss (gain)	**313**	2,638	**422**	(1,238)
Loss (gain) on disposal of equipment	**13,007**	722	**15,690**	641
	39,530	4,755	**42,555**	1,385
Non-recurring items:				
Other income	**(37)**	—	**(59)**	—
	(37)	—	**(59)**	—
Adjusted EBITDA	**(1,630)**	(10,418)	**(1,708)**	(9,634)

Adjusted EBITDA from Discontinued Operations

	Three months ended		Six months ended	
	Jun 30, 2017	**Jun 30, 2016**	**Jun 30, 2017**	**Jun 30, 2016**
Net income	—	55,857	—	59,469
Depreciation and amortization	—	—	—	3,965
Tax expense	—	3,204	—	4,087
	—	59,061		67,521
Non-cash items:				
Gain on sale of equipment and assets held for sale	—	(51,668)	—	(51,668)
	—	(51,668)	—	(51,668)
Adjusted EBITDA	—	7,393	—	15,853

Adjusted EBITDA from Continuing and Discontinued Operations

	Three months ended		Six months ended	
	Jun 30, 2017	**Jun 30, 2016**	**Jun 30, 2017**	**Jun 30, 2016**
Adjusted EBITDA	**(1,630)**	(3,025)	**3,262**	6,219
Adjusted EBITDA as a percentage of revenue	**(11)%**	(11)%	**12%**	10%
Net (loss) income per share ($)	**(0.61)**	0.33	**(0.77)**	0.28

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 August 2, 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.xdccorp.com.

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