Condensed Consolidated Interim Financial Statements of (Unaudited)

Stampede Drilling Inc.

For the three and six month periods ended June 30, 2026 and 2025

(Expressed in Canadian Dollars)

Stampede Drilling Inc.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Stated in thousands of Canadian dollars)	Note	June 30, 2026	December 31, 2025
Assets			
Current Assets			
Cash		686	655
Trade and other receivables	13	16,910	14,781
Prepaid expenses and deposits		260	376
Total Current Assets		17,856	15,812
Non-Current Assets			
Property and equipment	9	107,747	106,133
Investment in equity securities	8	4,000	4,000
Right-of-use assets	3	1,496	1,802
Goodwill		461	461
Total Non-Current Assets		113,704	112,396
Total Assets		131,560	128,208
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	13, 16	10,934	7,431
Demand Facility	10, 16	730	5,775
Term Loan Facility	10, 16	1,349	1,425
Lease liabilities	4, 16	611	593
Deferred revenue	6	5,669	-
Total Current Liabilities		19,293	15,224
Non-Current Liabilities			
Term Loan Facility	10, 16	13,545	14,201
Lease liabilities	4	934	1,245
Deferred tax liabilities		1,697	1,119
Total Non-Current Liabilities		16,176	16,565
Total Liabilities		35,469	31,789
Shareholders' Equity			
Share capital	11	74,684	76,951
Contributed surplus		18,125	16,903
Accumulated other comprehensive income		898	909
Accumulated deficit		(3,221)	(3,949)
Total Shareholders' Equity		90,486	90,814
Non-Controlling Interest	7	5,605	5,605
Total Equity		96,091	96,419
Total Liabilities and Equity		131,560	128,208

Note 16 Commitments and Contractual Obligations

Signed "Thane Russell"
Director

Signed "Murray Hinz"
Director

See accompanying notes to these condensed consolidated interim financial statements.

Stampede Drilling Inc.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) (unaudited)

(Stated in thousands of Canadian dollars, except per share amounts)	Note	Three months ended, June 30 2026	Three months ended, June 30 2025	Six months ended, June 30 2026	Six months ended, June 30 2025
Revenue	17	18,267	6,009	44,068	29,416
Cost of sales:					
Direct operating expenses		14,104	5,049	31,534	20,588
Depreciation of property and equipment	9	2,333	2,350	4,732	4,627
		16,437	7,399	36,266	25,215
Income (Loss) from operations		1,830	(1,390)	7,802	4,201
Expenses					
Administrative		794	489	1,659	1,563
Salaries and benefits		1,464	1,080	3,141	2,759
Share based payments	12	190	204	559	423
Depreciation of right-of-use assets	3	153	145	306	290
		2,601	1,918	5,665	5,035
(Loss) Income before finance costs and other income (expense)		(771)	(3,308)	2,137	(834)
(Loss) Gain on asset disposals	9	(23)	(8)	(22)	15
Finance costs	14	(406)	(372)	(835)	(814)
Other income		8	51	9	47
Foreign exchange gain (loss)		8	(23)	16	(42)
Transaction costs		1	(91)	1	(109)
(Loss) Income from operations before taxes		(1,183)	(3,751)	1,306	(1,737)
Current tax expense		-	-	-	-
Deferred income tax (recovery) expense		(184)	(755)	578	(178)
Total income tax		(184)	(755)	578	(178)
Net (loss) income		(999)	(2,996)	728	(1,559)
Net (loss) income attributable to:					
Shareholders		(999)	(2,995)	728	(1,558)
Non controlling interests	7	-	(1)	-	(1)
		(999)	(2,996)	728	(1,559)
Other comprehensive expense					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustment		(11)	12	(11)	11
Total comprehensive (loss) income		(1,010)	(2,984)	717	(1,548)
Total comprehensive (loss) income attributable to:					
Shareholders		(1,010)	(2,983)	717	(1,547)
Non controlling interests	7	-	(1)	-	(1)
		(1,010)	(2,984)	717	(1,548)
Basic (loss) income per share	5	($0.01)	($0.01)	$0.00	($0.01)
Diluted (loss) income per share	5	($0.01)	($0.01)	$0.00	($0.01)

See accompanying notes to these condensed consolidated interim financial statements.

Stampede Drilling Inc.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Stated in thousands of Canadian dollars)

	Note	Share Capital Shares (000's)	Share Capital Amount $	Contributed Surplus $	Accumulated Other Comprehensive Income $	Non-Controlling Interest $	Deficit $	Total Equity $
Balance as at January 1, 2025		**204,197**	**80,099**	**14,157**	**899**	**5,607**	**(7,767)**	**92,995**
Share based payments expense		-	-	352	-	-	-	352
Shares repurchased under NCIB		(4,255)	(1,685)	1,069	-	-	-	(616)
Comprehensive income (loss) for the period		-	-	-	11	(1)	(1,558)	(1,548)
Balance as at June 30, 2025		**199,942**	**78,414**	**15,578**	**910**	**5,606**	**(9,325)**	**91,183**
Balance as at January 1, 2026 [(1)]		**196,221**	**76,951**	**16,903**	**909**	**5,605**	**(3,949)**	**96,419**
Share based payments expense	12	-	-	209	-	-	-	209
Shares repurchased under NCIB	11	(5,678)	(2,267)	1,013	-	-	-	(1,254)
Comprehensive income (loss) for the period		-	-	-	(11)	-	728	717
Balance as at June 30, 2026		**190,543**	**74,684**	**18,125**	**898**	**5,605**	**(3,221)**	**96,091**

[(1)] 3,720 shares were repurchased on December 29, 2025, and cancelled by treasury on January 2, 2026. As a result, the ending shares issued and outstanding at December 31, 2025, net of treasury shares of 3,720 was 196,221. The ending share registry balance for December 31, 2025 was 199,942.

See accompanying notes to these condensed consolidated interim financial statements.

Stampede Drilling Inc.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Stated in thousands of Canadian dollars)	Note	Three months ended, June 30 2026	Three months ended, June 30 2025	Six months ended, June 30 2026	Six months ended, June 30 2025
Cash flows from (used in) the following activities:					
Operating activities					
Net (loss) income		(999)	(2,996)	728	(1,559)
Adjustments for:					
Share based payments	12	146	125	209	352
Depreciation	3, 9	2,486	2,495	5,038	4,917
Loss (Gain) on asset disposals	9	23	8	22	(15)
Finance costs	14	406	372	835	814
Deferred income tax (recovery) expense		(184)	(755)	578	(178)
Unrealized foreign exchange (gain) loss		(8)	23	(16)	42
Funds from (used in) operating activities		1,870	(728)	7,394	4,373
Changes in non-cash working capital items	15	4,768	7,354	4,272	5,233
Net cash flows from operating activities		6,638	6,626	11,666	9,606
Financing activities					
Term Loan Facility principal payments	10	(388)	(430)	(786)	(870)
Interest paid on Term Loan Facility	14	(238)	(273)	(490)	(572)
(Repayment) Borrowing on Demand Facility	10	(2,555)	(853)	(5,045)	650
Interest paid on Demand Facility	14	(117)	(55)	(240)	(156)
Shares repurchased under NCIB	11	(1,249)	(449)	(1,254)	(616)
Lease liability payments	4	(171)	(163)	(342)	(326)
Net cash flows used in financing activities		(4,718)	(2,223)	(8,157)	(1,890)
Investing activities					
Additions to property and equipment	9	(4,541)	(4,439)	(6,450)	(9,231)
Proceeds from the disposition of property and equipment	9	34	14	82	75
Changes in non-cash working capital balances	15	2,612	-	2,887	1,374
Net cash flows used in investing activities		(1,895)	(4,425)	(3,481)	(7,782)
Change in cash		25	(22)	28	(66)
Effect of foreign exchange rate changes on cash		(2)	(28)	3	(32)
Cash, beginning of period		663	708	655	756
Cash, end of the period		686	658	686	658
Supplementary cash flow disclosure information:					
Interest paid during the period		355	328	730	728

See accompanying notes to these condensed consolidated interim financial statements.

1. REPORTING ENTITY

Stampede Drilling Inc. (the "Corporation") was incorporated pursuant to the provisions of the Canada Business Corporations Act on January 7, 2011 and maintains its head office at Western Canadian Place (South Tower), Suite 2600, 700 – 9th Ave SW, Calgary, Alberta, T2P 3V4. The Corporation is a publicly traded company listed on the TSX Venture Exchange (“the Exchange”) under the symbol “SDI”. The Corporation offers oilfield services to the oil and natural gas industry in the Western Canadian Sedimentary Basin (“WCSB”).

The condensed consolidated interim financial statements of the Corporation are comprised of the Corporation, its wholly owned subsidiary Stampede Drilling (US) Inc, 50% owned subsidiary 2391764 Alberta Ltd. (Note 7) and the 18% ownership held in equity investments in two unlisted private Alberta companies.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements (unaudited) have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Corporation’s consolidated financial statements for the year ended December 31, 2025, prepared according to IFRS Accounting Standards. Unless otherwise noted, the Corporation has consistently applied the same accounting policies throughout all periods presented, as if these policies were always in effect.

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except as disclosed in the material accounting policies in the annual consolidated financial statements for the year ended December 31, 2025, and are presented in Canadian dollars, which is the Corporation’s functional and reporting currency. The Corporation’s US subsidiary uses US dollars as its functional currency.

These condensed consolidated interim financial statements (unaudited) were approved and authorized for issue by the Corporation’s Board of Directors on July 30, 2026.

<u>Seasonality</u>

An assessment or comparison of the Corporation’s results, at any given time, requires consideration of crude oil and natural gas commodity prices and the seasonal nature of the oil and gas industry in Western Canada. Commodity prices ultimately drive the level of exploration and development activities carried out by the Corporation’s customers and associated demand for the oilfield services provided by the Corporation. Results are impacted by the gain or loss of key customers and levels of customer capital expenditure. As contracts are short-term in nature, gains or losses of key customers can fluctuate. From a seasonality perspective, the Corporation operates all its drilling rigs in Western Canada; therefore, operations are impacted by weather and seasonal factors. The winter season, which incorporates the first quarter, is generally a higher activity period as oil and gas companies take advantage of frozen ground conditions to move heavy equipment and operate in regions which might otherwise be inaccessible due to ground conditions during warmer periods. The second quarter normally encompasses a slow period in Canada referred to as spring break-up. During this period, melting conditions result in temporary municipal road bans that effectively prohibit the movement of drilling rigs and other heavy equipment. The third and fourth quarters in Western Canada are usually representative of average activity levels.

(b) Critical accounting estimates and judgments

The preparation of the condensed consolidated interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets, liabilities, income, and expenses. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgments and estimates used by the Corporation are believed to be reasonable under current circumstances, actual results could differ.

In addition, the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels could result in a change in assumptions used in determining the useful lives of the Corporation's property and equipment and recoverable amount of property and equipment and investments and could affect the carrying value of the related assets. The timing in which global energy markets transition from carbon-based sources to alternative energy is highly uncertain.

Changes to assumptions could result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

A full list of the key sources of estimation uncertainty can be found in the Corporation's annual consolidated financial statements for the year ended December 31, 2025. The current market conditions have increased the complexity of estimates and assumptions used to prepare the condensed consolidated interim financial statements.

(c) Material accounting policies

Other than as outlined below, material accounting policies are consistent with the annual consolidated financial statements for the year ended December 31, 2025.

Deferred revenue

Deferred revenue represents consideration received or receivable from customers before the related performance obligations have been satisfied, including upfront funding received for contract drilling rig services to be performed in future periods. In accordance with IFRS 15, the Corporation recognizes a contract liability when consideration is received from a customer before the related performance obligation is satisfied by transferring the promised services.

The Corporation's standard drilling rig contracts include performance obligations to provide drilling services and rig equipment, which are satisfied over time. Amounts received in advance of performance are recorded as deferred revenue and recognized as revenue as the related services are provided, based on the agreed-upon rates in each contract and the daily activity of the rig. Deferred revenue is classified as current where the related services are expected to be performed within twelve months of the reporting date.

Consistent with the Corporation's revenue policy, the Corporation's customer contracts contain both a lease and a service element, and amounts received in advance are allocated between the service element (within the scope of IFRS 15) and the lease element (accounted for under IFRS 16) on the basis of their relative stand-alone selling prices.

(d) Accounting standards issued by not yet applied

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* (IFRS 18), which provides presentation and disclosure requirements for the primary financial statements and related notes, replacing IAS 1, Presentation of Financial Statements. IFRS 18 introduces defined categories for income and expenses and requires disclosure of new defined subtotals, including operating profit. The new standard also requires additional notes for management performance measures and disclosure of certain expenses by nature. There are some associated changes to the statement of cash flows, including the starting point for the calculation of cash flows from operating activities and the categorization of interest and dividends. IFRS 18 is effective January 1, 2027, with early adoption permitted. The new standard is required to be adopted retrospectively.

The Corporation is currently assessing the required adjustments to its chart of accounts, along with other enterprise system change requirements. Draft financial statements are being prepared to quantify the impact of changes, as are draft management performance measures and the related disclosures. Throughout 2026, the Corporation will finalize its drafted disclosures, prepare retrospective disclosures for the comparative period, and continue communication with stakeholders.

(In thousands of Canadian dollars except for per share amounts)

3. RIGHT-OF-USE ASSETS

As lease liabilities are recognized, there is a corresponding right-of-use asset recorded at the date of which the asset becomes available for use. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

	Total
Cost	
Balance at December 31, 2025	2,825
Balance at June 30, 2026	2,825
Accumulated depreciation	
Balance at December 31, 2025	1,023
Depreciation	306
Balance at June 30, 2026	1,329
Carrying amounts	
Balance at December 31, 2025	1,802
Balance at June 30, 2026	1,496

4. LEASE LIABILITIES

The Corporation incurs lease payments related to corporate and field offices, and vehicle leases, entered into in coordination with specific business requirements which includes the assessment of the appropriate duration of the related leased assets. The Corporation has recognized lease liabilities measured at the present value of the remaining lease payments, except for leases of low-value assets which have been charged to direct operating and administrative expenses in the condensed consolidated interim statements of income (loss) and comprehensive income (loss).

	Total
Balance at December 31, 2025	1,838
Interest expense	49
Lease payments	(342)
Balance at June 30, 2026	1,545
Less: Current portion	611
Ending balance - non-current portion	934

5. EARNINGS PER SHARE

Basic and diluted income per share have been calculated based on the net loss divided by the weighted average number of common shares outstanding for the three and six month periods ended June 30, 2026 and 2025 based on the following data:

	Three months ended, June 30		Six months ended, June 30	
	2026	2025	2026	2025
Net (loss) income	(999)	(2,995)	728	(1,558)
Weighted average common shares	194,398	199,942	195,304	201,992
Effect of stock options	-	-	75	-
Weighted average common shares - Diluted	194,398	199,942	195,379	201,992
Basic (loss) income per common share	($0.01)	($0.01)	$0.00	($0.01)
Diluted (loss) income per common share [1]	($0.01)	($0.01)	$0.00	($0.01)

(1) For the three and six months ended June 30, 2026, 16.5 million and 16.6 million, respectively (2025 - 14 million) common shares related to the assumed exercise of stock-based compensation were excluded from the calculation of dilutive net (loss) income per share, as the effect was anti-dilutive.

(In thousands of Canadian dollars except for per share amounts)

6. DEFERRED REVENUE

On June 30, 2026, the Corporation received upfront capital of $5,669 from a customer, Greenland Energy Company, in connection with a five-year contract to provide contract drilling services in the Jameson Land Basin, East Greenland. The funds are to be applied to modifications and enhancements required to prepare one of the Corporation's rigs for Arctic operating conditions ("winterization upgrades").

Amounts received have been recorded as deferred revenue of $5,669, presented within current liabilities, and will be recognized as revenue over the period the Corporation satisfies its drilling performance obligation under the contract, based on the Corporation's measure of progress.

Costs incurred on the winterization upgrades have been capitalized to property and equipment and will be depreciated in accordance with the Corporation's accounting policy over their estimated useful life.

As at June 30, 2026, no revenue had been recognized in respect of this arrangement.

7. NON-CONTROLLING INTEREST

On January 4, 2022, the Corporation created a subsidiary 2391764 Alberta Ltd., by entering into an agreement with a private Alberta company (“AlbertaCo”). 2391764 Alberta Ltd.’s principal place of business and incorporation is within the province of Alberta, Canada. The Corporation owns 50% and has 66.7% voting rights of the Board of Directors of 2391764 Alberta Ltd. The Corporation has accounted for its 50% share of 2391764 Alberta Ltd. using the consolidation method. These consolidated financial statements include 100% of the assets and liabilities related to 2391764 Alberta Ltd. and 50% non controlling interest representing the net assets attributable to the non controlling shareholders. The subsidiary specializes in the engineering, manufacturing and supply of fully integrated under balanced coil drilling rigs and corresponding support equipment for the oil and gas industry.

The summarized financial information for 2391764 Alberta Ltd., before inter-company eliminations, is provided below.

	June 30, 2026	December 31, 2025
Statements of Financial Position		
Current assets	13	15
Non-current assets	12,489	12,489
Non-current liabilities	1,093	1,095
Net Assets	11,409	11,409
Attributable to NCI[1]	5,605	5,605

[1] Differences in amounts attributable to NCI and 50% of net assets due to fair value adjustments recorded on initial contribution.

	Six months ended, June 30	
	2026	2025
Statements of Comprehensive Income		
Expenses	-	2
Net loss	-	(2)
Net loss attributable to NCI	-	(1)

No dividends were paid out to the non-controlling interest for the six month period ended June 30, 2026 (2025 - $nil).

(In thousands of Canadian dollars except for per share amounts)

8. INVESTMENT IN EQUITY SECURITIES

The Corporation holds an 18% ownership interest in the shares of two private Alberta companies, which are controlled by AlbertaCo. The investments have been designated by the Corporation to be measured at fair value through other comprehensive income ("FVOCI") as they are not publicly traded and are fair valued based on unobservable inputs (level 3). These investments controlled by AlbertaCo, provide technology for coil tubing drilling operations.

As at June 30, 2026, the estimated fair value of investment in equity securities is $4,000 (2025 - $4,000). No dividends were declared or paid out to the Corporation for the three and six month period ended June 30, 2026 (2025 - $nil).

9. PROPERTY AND EQUIPMENT

	Rigs and related equipment
Cost	
Balance at December 31, 2025	147,529
Additions	6,450
Disposals	(431)
Balance at June 30, 2026	153,548
Accumulated depreciation and impairment	
Balance at December 31, 2025	41,396
Depreciation for the period	4,732
Disposals	(327)
Balance at June 30, 2026	45,801
Carrying amounts	
Balance at December 31, 2025	106,133
Balance at June 30, 2026	107,747

Included in property and equipment at June 30, 2026 are assets under construction of $11,744 (December 31, 2025 - $10,323) which will not depreciate until the assets are placed into service.

During the period ended June 30, 2026, property and equipment with a total net book value of $104 (2025 - $60) were disposed of for total proceeds of $82 (2025 - $75).

The Corporation reviews the carrying value of its assets at each reporting period for indicators of impairment in accordance with the accounting policy in the December 31, 2025 annual consolidated financial statements.

As at June 30, 2026, the Corporation determined there were no impairment indicators in the land-based contract drilling CGU.

(In thousands of Canadian dollars except for per share amounts)

10. LOANS AND BORROWINGS

Demand Operating Revolving Loan Facility ("Demand Facility")

On July 21, 2025, the Corporation amended and restated their Credit Agreement, extending the term of the Credit Agreement from September 20, 2026 to September 20, 2028. Under the Credit Agreement, the Corporation will have an available limit of $15,000 under a revolving credit facility and $15,000 under an additional revolving credit facility comprised of the following margin requirements:

(i) 75% of Acceptable Receivables from Non-Investment Grade Customers; plus
(ii) 85% of Acceptable Receivables from Investment Grade Customers and Major Customers; plus
(iii) The lesser of (a) 50% of net book value of the capital assets of the Corporation, subject to the limitations, and (b) 50% of the net orderly liquidation value of the capital assets and equipment for the Corporation located in Canada and the United States of America; less
(iv) Potential Prior Ranking Claims: less
(v) Accounts Receivables of the Corporation that have been sold or factored, whether to the Bank or another third party.

The Demand Facility bears interest at the lender's prime rate plus the applicable margin. The applicable margin is based on a pricing grid based on the Corporation's Net Funded Debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") and ranges from 0.50% to 1.75% for prime rate loans and 1.50% to 2.75% for banker acceptance advances, and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation.
As at June 30, 2026, the Demand Facility was subject to the following financial covenants:

	Covenant	June 30, 2026	December 31, 2025
Fixed Charge Coverage Ratio(1)	1.50:1.00 or more	4.63:1.00	3.78:1.00
Net Funded Debt to EBITDA Ratio(2)	3.00:1.00 or less	0.90:1.00	1.54:1.00

EBITDA is calculated as net income plus interest expense, income taxes, depreciation and amortization, other non-cash charges, transaction costs not to exceed $1,500, cash dividends, and losses attributable to minority equity investments, less non-cash gains, and income attributable to minority equity investments. EBITDA shall be calculated on a trailing twelve-month basis:

1. Fixed Charge Coverage Ratio means, as at each quarter end, the ratio of (i) EBITDA of the borrower for the previous 12 calendar months ending at such quarter end less unfinanced capital expenditures, cash taxes and cash distributions to shareholders of the borrower to (ii) Fixed Charges for the previous 12 calendar months ending at such quarter end (except for the first four quarter ends following the drawdown under the demand facility for which Fixed Charges in connection with the Term Loan Facility shall be calculated with reference to the principal repayments and trailing twelve month interest in connection therewith as at each such quarter end).
2. Net Funded Debt to EBITDA ratio is calculated as total interest-bearing indebtedness on a consolidated basis excluding cash and cash equivalents held by the bank and loans which have been subordinated and postponed in favour of the bank to EBITDA.

As at June 30, 2026, $730 (December 31, 2025 - $5,775) was drawn on the Demand Facility and the Corporation was in compliance with all covenants.

Term Loan Facility ("Term Loan Facility")

The Term Loan Facility has an interest rate equal to the lender's prime rate plus the applicable margin rate, and quarterly principal repayments are calculated as 2.5% of the outstanding principal.

(In thousands of Canadian dollars except for per share amounts)

The Term Loan Facility matures on September 21, 2028, and bears interest at the lender's prime rate plus the applicable margin. The applicable margin is based on a pricing grid based on the Corporation's Net Funded Debt to EBITDA and ranges from 0.50% to 1.75% for prime rate loans and 1.50% to 2.75% for banker acceptance advances, and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation. The Term Loan Facility is subject to the same covenants as described for the Demand Facility above, which the Corporation was in compliance with as at June 30, 2026.

As at June 30, 2026, a total of $15,138 (December 31, 2025 - $15,925) was outstanding on the Term Loan Facility and the Corporation had $244 (December 31, 2025 - $299) in unamortized debt issuance costs. The amount of the Term Loan Facility excluding unamortized debt issuance costs due within one year is $1,349 and $13,545 is due beyond one year.

As at June 30, 2026, the balance of the Term Loan Facility is as follows and the Corporation was in compliance with all covenants.

	June 30, 2026	December 31, 2025
Term Loan Facility	15,138	15,925
Less: unamortized debt issuance costs	(244)	(299)
Long term debt	14,894	15,626
Long term debt due within one year	1,349	1,425
Long term debt due beyond one year	13,545	14,201

11. SHARE CAPITAL

Authorized

The authorized share capital of the Corporation consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares, issuable in series, none of which are issued or outstanding as of June 30, 2026.

Authorized and Issued Common Shares

	Number (000's)	Amount ($)
Balance at December 31, 2025	196,221	76,951
Shares repurchased under NCIB	(5,678)	(2,267)
Balance at June 30, 2026	190,543	74,684

Normal Course Issuer Bid ("NCIB")

On December 3, 2025, the Corporation announced that it had received TSX Venture Exchange ("TSXV") approval to commence a normal course issuer bid to purchase for cancellation a maximum of 18,602 of its common shares representing 10% of the Corporation's public float through the facilities of the TSXV and/or alternative trading platforms, commencing on December 9, 2025 and expiring on the earlier of December 8, 2026 and the date on which the Corporation has acquired the maximum number of common shares allowable under the normal course issuer bid.

All common shares repurchased under the NCIB are returned to treasury for cancellation. For the six month period ended June 30, 2026, the Corporation had repurchased and cancelled 5,678 common shares at a weighted average price per share of $0.22 pursuant to its NCIB.

(In thousands of Canadian dollars except for per share amounts)

12. SHARE BASED PAYMENTS

Stock options

The Corporation has an incentive stock option plan, which provides that the Board of Directors of the Corporation from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

A summary of the Corporation's outstanding stock options as at June 30, 2026 and December 31, 2025 and the changes for the period then ended, is as follows:

Stock Options	Outstanding (000's)	Weighted Average Exercise Price ($)
Outstanding at December 31, 2024	17,727	0.28
Options granted to employees and directors	900	0.15
Options exercised	-	-
Options expired	-	-
Options forfeited	(340)	0.30
Outstanding at December 31, 2025	18,287	0.27
Options granted to employees and directors	2,283	0.22
Options exercised	-	-
Options expired	(2,558)	0.21
Options forfeited	(1,000)	0.20
Outstanding at June 30, 2026	17,012	0.28

	Total Outstanding		
Range of Exercise Prices	Number (000's)	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
Employees and directors			
$0.15 to $0.19	400	0.15	3.91
$0.20 to $0.27	7,252	0.23	3.42
$0.30 to $0.41	9,360	0.32	1.40
	17,012	0.28	2.16

	Exercisable		
Range of Exercise Prices	Outstanding (000's)	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)
Employees and directors			
$0.15 to $0.19	200	0.15	3.91
$0.20 to $0.27	4,361	0.24	2.99
$0.30 to $0.41	9,323	0.32	1.40
	13,884	0.29	1.93

Share-based payments

For the three month period ended June 30, 2026, the Corporation recorded equity-settled share-based payment expense of $190 (2025 - $204). For the six month period ended June 30, 2026, the Corporation recorded equity-settled share-based payment expense of $559 (2025 - $423).

(In thousands of Canadian dollars except for per share amounts)

Restricted share units

The Corporation has a cash-settled restricted share unit ("RSU") plan for certain named executives of the Corporation. Under the terms of the restricted share unit plan, RSUs granted will vest in three equal portions on the first, second and third anniversary of the grant date. RSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price of the common shares of the Corporation for the five trading days preceding the particular vesting date of the award.

A summary of the Corporation's outstanding restricted share units as at June 30, 2026 and December 31, 2025 and the changes for the period then ended, is as follows:

(000's Units)	Restricted Share Units
Balance at December 31, 2025	1,889
Granted	1,187
Vested	(631)
Forfeited	(252)
Balance at June 30, 2026	2,193

	Six months ended, June 30	
(000's CAD $)	2026	2025
Cash-settled share-based compensation expense		
Expense arising from RSUs	350	71
Total cash-settled share-based compensation expense	350	71

As at June 30, 2026, $482 of outstanding liabilities for cash-settled compensation plans (December 31, 2025 - $133) are included in accounts payable and accrued liabilities disclosed in note 13.

Stock based compensation expense recognized in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) is comprised of the following:

	Six months ended, June 30	
(000's CAD $)	2026	2025
Stock options	209	352
RSUs - cash settled expense	350	71
Total stock based compensation expense	559	423

13. FINANCIAL INSTRUMENTS

Capital management

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Corporation's management to sustain future development of the business. The Corporation defines capital as share capital and working capital, which was $73,247 as at June 30, 2026 (December 31, 2025 - $77,539). For the six month period ended June 30, 2026, the Corporation complied with externally imposed requirements on its capital, including covenants related to its Demand Facility and Term Loan Facility and expects to remain in compliance over the next year.

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

Credit risk

IFRS 9 requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Corporation's assessment, a decrease in the allowance for doubtful accounts was recorded, using the lifetime expected credit loss model. The expected credit loss rates are based on actual credit loss experience since inception.

(In thousands of Canadian dollars except for per share amounts)

The loss allowance provision for trade accounts receivable as at June 30, 2026 reconciles to the opening loss allowance provision as follows:

	Amount ($)
At December 31, 2025	109
Decrease in credit loss allowance	(8)
At June 30, 2026	101

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Corporation is normally exposed to credit risk through its accounts receivable balances. The Corporation manages credit risk by assessing the creditworthiness of its customers before providing services and on an ongoing basis, as well as monitoring the amount and age of balances outstanding. The Corporation views credit risks on its accounts receivable as normal for the industry.

Substantially all of the Corporation's cash are held by high credit quality financial institutions.

For the three month period ended June 30, 2026, the Corporation had three customers that comprised 17%, 15% and 15% of total revenue, compared to five customers that comprised 37%, 15%, 12%, 11%, and 10% of total revenue for the period ended June 30, 2025.

For the six month period ended June 30, 2026, the Corporation had five customers that comprised 15%, 15%, 12%, 12%, and 10% of total revenue, compared to three customers that comprised 23%, 17%, and 12% of total revenue for the six month period ended June 30, 2025.

For the accounts receivable balances outstanding as at June 30, 2026, the Corporation had two customers that comprised 20% and 13% of the total balance as compared to four customers that comprised 22%, 20%, 12%, and 10% of the total balance as at December 31, 2025.

The Corporation's trade and other receivables aging is as follows:

	June 30, 2026	December 31, 2025
Within 30 days	9,336	6,104
31 to 60 days	3,579	4,330
61 to 90 days	214	2,021
Over 90 days	957	1,222
Accrued accounts receivable	2,925	1,213
Allowance for doubtful accounts	(101)	(109)
Accounts receivable	16,910	14,781

Liquidity risk

The Corporation's objective in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash to settle current liabilities and meet its anticipated working capital requirements. As at June 30, 2026, the Corporation had a working capital deficiency of $1,437 (December 31, 2025 – working capital $588). The Corporation's principal sources of liquidity are operating cash flows and its Demand Facility. The Corporation monitors its liquidity position on an ongoing basis and manages liquidity risk by regularly evaluating capital and operating budgets, forecasting cash flows and maintaining a sufficient credit facility to meet financing requirements.

(In thousands of Canadian dollars except for per share amounts)

The Corporation's trade payables, accrued liabilities and other liabilities were as follows:

	June 30, 2026	December 31, 2025
Accounts payable	7,558	4,749
Accrued liabilities	3,376	2,682
Total accounts payable and accrued liabilities	10,934	7,431
Deferred revenue	5,669	-
Total current accounts payable and accrued liabilities and deferred revenue	16,603	7,431

Depending on the credit terms of the trade payable, interest will be charged after a predetermined number of days from the date of the invoice. The Corporation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest Rate Risk:
The Corporation is exposed to interest rate fluctuations on its operating Demand Facility and Term Loan Facility which bears interest at floating market rates. For the three month period ended June 30, 2026, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net loss would have increased/decreased by $36 (2025 - $43). For the six month period ended June 30, 2026, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net loss would have increased/decreased by $87 (2025 - $93). The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the Corporation's exposure to interest rate fluctuations.

b) Foreign Currency Risk:
The Corporation is exposed to foreign currency fluctuations on its financial instruments in relation to its U.S. dollar-denominated cash, accounts receivable and accounts payable. The Corporation monitors its foreign currency exposure and attempts to minimize the effect of fluctuations in the U.S. dollar by maintaining appropriate levels of cash and accounts receivable to offset corresponding U.S. dollar denominated accounts payable. For the six month period ended June 30, 2026, if the foreign exchange rate increased/decreased by 1% with all other variables held constant, the impact on the Corporation's net income (loss) is immaterial (2025 – immaterial). This analysis has been determined based on the immaterial exposure to foreign exchange for financial instruments outstanding at June 30, 2026.

c) Fair Value:
The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments depending on the observable nature of inputs employed in the measurement:

Level 1: fair value measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is considered to be a market where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. Level 2 valuations are based on inputs including quoted forward prices, time value, volatility factors and broker quotes that can be observed or corroborated in the market for the entire duration of the derivative instrument.

Level 3: fair value measurements are based on unobservable information or where the observable data does not support a significant portion of the instrument's fair value.

The carrying amount of cash, trade and other receivables, Demand Facility, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The fair value of the Term Loan Facility approximates its carrying amount as the Term Loan Facility has a floating interest rate. At June 30, 2026, the Corporation valued its cash using Level 1 inputs. The Corporation does not have any Level 2 instruments. The fair value of the investment in equity securities are based on unobservable inputs and are considered a Level 3 fair value instrument.

(In thousands of Canadian dollars except for per share amounts)

As at June 30, 2026, the fair value of the investment in equity securities approximates the carrying value.

14. FINANCE COSTS

Finance costs recognized in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) are comprised of the following:

	Three months ended, June 30		Six months ended, June 30	
	2026	2025	2026	2025
Interest on lease liabilities	24	11	49	21
Interest on Demand Facility	117	56	240	157
Interest on Term Loan Facility	238	273	490	572
Amortization of deferred financing costs	27	32	56	64
Finance costs	406	372	835	814

15. SUPPLEMENTAL CASH FLOW INFORMATION

The following is a summary of net change in non-cash working capital items for the three and six month periods ended June 30, 2026 and 2025:

	Three months ended, June 30		Six months ended, June 30	
	2026	2025	2026	2025
Changes in non-cash working capital items:				
Trade and other receivables	28	9,935	(2,129)	8,070
Prepaid expenses and deposits	65	63	116	120
Accounts payable and accrued liabilities	1,618	(2,644)	3,503	(1,583)
Deferred revenue	5,669	-	5,669	-
Total	7,380	7,354	7,159	6,607
Relating to:				
Operating activities	4,768	7,354	4,272	5,233
Investing activities	2,612	-	2,887	1,374
Total	7,380	7,354	7,159	6,607

16. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table reflects the Corporation's commitments and contractual obligations as of June 30, 2026:

(000's CAD $)	**2026**	**2027**	**2028**	**Thereafter**
Demand Facility	730	-	-	-
Term Loan Facility	747	1,386	13,005	-
Term Loan Facility interest(1)	426	790	542	-
Lease liabilities	342	681	511	133
Accounts payable and accrued liabilities	10,934	-	-	-
Total	13,179	2,857	14,058	133

(1) Payments were estimated based on the applicable interest rate at June 30, 2026

(In thousands of Canadian dollars except for per share amounts)

17. REVENUE RECOGNITION

	Three months ended, June 30		Six months ended, June 30	
	2026	2025	2026	2025
Contract Drilling rig services	10,146	3,461	23,105	15,756
Contract Drilling rig lease revenue	8,121	2,548	20,963	13,660
Total revenue	18,267	6,009	44,068	29,416

The Corporation's customer contracts contain both a lease and a service element. IFRS 15 requires revenue from both the service and lease elements related to customer contracts to be presented separately. A portion of the Corporation's revenue is lease revenue and not within the scope of IFRS 15, as such portions of revenue received represents the customers' ability to direct the use of an asset belonging to the Corporation.