

HIGH ARCTIC OVERSEAS HOLDINGS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTHS ENDED
June 30, 2026, and 2025**

(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of High Arctic Overseas Holdings Corp. (the "Corporation") for the interim reporting period ended June 30, 2026 have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of the Corporation's management.

These unaudited condensed interim consolidated financial statements have not been reviewed by any external auditors. The Corporation has not yet confirmed on their new external auditors, and accordingly, the unaudited condensed interim consolidated financial statements for the interim period ended June 30, 2026 were not subject to any external review.

HIGH ARCTIC OVERSEAS HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (thousands of United States Dollars)	As at June 30, 2026	As at December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	9,559	11,954
Accounts receivable (Note 3)	2,078	1,823
Inventory (Note 4 and 17)	8,050	7,681
Prepaid expenses and other assets	746	353
Income tax receivable	-	167
	20,433	21,978
Non-current assets		
Income tax receivable	490	490
Property and equipment (Note 5)	7,196	7,721
Right of use assets (Note 6(a))	563	95
	8,249	8,306
Total assets	28,682	30,284
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	2,842	2,420
Deferred revenue (Note 8)	534	1
Lease liabilities (Note 6(b))	357	101
Income tax payable	981	751
	4,714	3,273
Non-current liabilities		
Lease liabilities (Note 6(b))	203	-
	203	-
Total liabilities	4,917	3,273
Shareholders' Equity		
Share capital (Note 9(a))	29,428	29,456
Treasury shares	-	(8)
Contributed surplus	273	214
Accumulated and other comprehensive loss	(10)	(25)
Retained earnings	(5,926)	(2,626)
	23,765	27,011
Total liabilities and shareholders' equity	28,682	30,284

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HIGH ARCTIC OVERSEAS HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)

(unaudited) (thousands of United States Dollars)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenue (Note 11)	2,215	2,368	3,898	4,878
Operating expenses (Note 12(a))	(2,253)	(1,859)	(3,759)	(3,655)
General and administrative expenses (Note 12(b))	(1,058)	(693)	(1,968)	(1,609)
Depreciation and amortization expenses (Notes 5 and 6(a))	(507)	(736)	(1,038)	(1,489)
Share-based compensation expense (Note 10)	(20)	(47)	(41)	(90)
Operating loss	(1,623)	(967)	(2,908)	(1,965)
Interest income	48	29	96	46
Adjustment to contractual obligations	-	39	-	39
Adjustment to third party inventory provision	-	224	-	224
Finance expenses (Note 12(c))	(13)	(6)	(28)	(13)
Foreign exchange loss	(3)	(13)	(30)	(54)
Loss before income tax expense	(1,591)	(694)	(2,870)	(1,723)
Current income tax (expense) recovery	(22)	221	(430)	189
Deferred income tax (expense)	-	(49)	-	(213)
Income tax (expense) recovery	(22)	172	(430)	(24)
Net loss	(1,613)	(522)	(3,300)	(1,747)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to net income (loss):				
Foreign currency translation gain (loss) for foreign operations	(15)	14	15	9
Comprehensive loss for the period	(1,628)	(508)	(3,285)	(1,738)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net loss per share: (Note 9(b))				
Basic	(\$0.13)	(\$0.04)	(\$0.27)	(\$0.14)
Diluted	(\$0.13)	(\$0.04)	(\$0.27)	(\$0.14)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HIGH ARCTIC OVERSEAS HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'
EQUITY

(unaudited) (thousands of United States Dollars)	Share capital	Treasury shares	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total shareholders' equity
Balance, December 31, 2024	29,502	-	13	(29)	1,467	30,953
Net loss	-	-	-	-	(1,747)	(1,747)
Share-based compensation expense	-	-	90	-	-	90
Other comprehensive income – foreign currency translation gain	-	-	-	9	-	9
Balance, June 30, 2025	29,502	-	103	(20)	(280)	29,305
Balance December 31, 2025	29,456	(8)	214	(25)	(2,626)	27,011
Net loss	-	-	-	-	(3,300)	(3,300)
Shares repurchased and cancelled	(28)	8	18	-	-	(2)
Share-based compensation expense	-	-	41	-	-	41
Other comprehensive income – foreign currency translation gain	-	-	-	15	-	15
Balance, June 30, 2026	29,428	-	273	(10)	(5,926)	23,765

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HIGH ARCTIC OVERSEAS HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (thousands of United States Dollars)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Cash flows from operating activities:				
Net loss	(1,613)	(522)	(3,300)	(1,747)
Adjustments for:				
Depreciation and amortization expenses	507	736	1,038	1,489
Unrealized foreign exchange (gain) loss	(15)	-	17	2
Non-cash finance expense (Note 12(c))	10	5	22	12
Share-based compensation expense	20	47	41	90
Deferred income tax (recovery)	-	(285)	-	(121)
Funds from operating activities	(1,091)	(19)	(2,182)	(275)
Change in non-cash working capital (Note 13)	(188)	180	335	(389)
Net cash (used in) from operating activities	(1,279)	161	(1,847)	(664)
Cash flows from investing activities:				
Property and equipment expenditures	(63)	(159)	(320)	(233)
Net cash used in investing activities	(63)	(159)	(320)	(233)
Cash flows from financing activities:				
Lease obligation payments	(125)	(113)	(239)	(230)
Share repurchases	-	-	(2)	-
Net cash used in financing activities	(125)	(113)	(241)	(230)
Effect of foreign exchange rate changes on opening cash balances	15	8	13	(4)
Change in cash and cash equivalents	(1,452)	(103)	(2,395)	(1,131)
Total cash and cash equivalents, beginning of period	11,011	13,902	11,954	14,930
Total cash and cash equivalents, end of period	9,559	13,799	9,559	13,799

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

HIGH ARCTIC OVERSEAS HOLDINGS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(Stated in Thousands of United States Dollars)

1. Nature of business

High Arctic Overseas Holdings Corp. ("High Arctic" or the "Corporation") was incorporated under the laws of Alberta, Canada on April 1, 2024, and is a publicly traded corporation listed on the TSX Venture Exchange. The Corporation is engaged in contract drilling, equipment rentals and other oilfield services to the oil and natural gas industry in Papua New Guinea ("PNG") through a subsidiary in Singapore, two subsidiaries in PNG and a subsidiary in Australia. The Corporation's registered office address is 1000, 250 - 2nd Street, SW Calgary, Alberta, Canada T2P 0C1.

The following table lists the Corporation's principal subsidiaries, the jurisdiction of formation or incorporation of such subsidiaries and the percentage of share owned, directly or indirectly, by the Corporation as at June 30, 2026:

Name of subsidiary	Jurisdiction of formation or incorporation	Percentage ownership of shares beneficially owned or controlled (in) directly by the Corporation
High Arctic Energy Services Cyprus Limited	Cyprus	100%
High Arctic Energy Services PNG Limited	PNG	100%
PNG Industry Manpower Solutions Limited	PNG	100%
High Arctic Energy Services (Singapore) PTE Ltd.	Singapore	100%
High Arctic Energy Services Australia PTY Ltd.	Australia	100%

2. Basis of Presentation

(a) Statement of compliance and approval

These Financial Statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting.

These Financial Statements were authorized for issuance by the Board of Directors on August 26, 2026.

(b) Basis of preparation

Unless otherwise noted, these Financial Statements follow the same accounting policies and methods of computation as described in the annual audited consolidated financial statements for the year ended December 31, 2025. Accordingly, these Financial Statements should be read in conjunction with the annual audited consolidated financial statements.

(c) Functional and presentation currency

The financial statements are presented in United States Dollars ("USD").

The Canadian dollar ("CAD") is the functional currency of the Corporation. The US dollar is the functional currency of four of the Corporation's subsidiaries, with the exception of one subsidiary utilizing the Australian dollar as its functional currency.

All values are rounded to the nearest thousand USD (\$000), except where otherwise indicated.

(d) Judgments, estimates and assumptions

The Financial Statements were prepared using the same judgments, estimates and assumptions as described in the annual audited financial statements for the year ended December 31, 2025.

3. Accounts receivable

The aging and expected credit loss associated with accounts receivable was as follows:

(thousands of USD)	As at June 30, 2026	As at December 31, 2025
Less than 31 days	2,055	1,153
31 days to 60 days	-	567
61 days to 90 days	18	105
Greater than 90 days	7	2
	2,080	1,827
Expected credit losses	(2)	(4)
	2,078	1,823

The Corporation's accounts receivable, net of provisions for expected credit losses, is denominated in the following currencies:

(thousands of USD)	As at June 30, 2026	As at December 31, 2025
PNG Kina ("PGK")	534	742
US dollars ("USD")	1,438	1,043
Others	106	38
	2,078	1,823

4. Inventory

As at June 30, 2026, the Corporation had inventory of \$8,050 (December 31, 2025 - \$7,681), which is primarily comprised of parts and materials related to maintenance, recertification and refurbishment of drilling and workover rigs and related equipment and rentable mobile equipment. As at June 30, 2026, a cumulative provision for inventory obsolescence of \$162 (December 31, 2025 - \$162) has been recognized.

For the three months ended June 30, 2026, consumed parts and materials for equipment, which are included in drilling services expense, totaled \$53 (\$74 for the three months ended June 30, 2025).

5. Property and equipment

(thousands of USD)	Vehicles	Drilling services equipment	Office and computer equipment	Work-in progress	Total
Cost					
Balance, December 31, 2025	100	113,255	327	70	113,752
Additions	-	-	-	320	320
Dispositions	-	(822)	-	(32)	(854)
Transfers	-	254	21	(275)	-
Balance, June 30, 2026	100	112,687	348	83	113,218
Accumulated depreciation					
Balance, December 31, 2025	82	105,745	204	-	106,031
Depreciation	4	784	25	-	813
Dispositions	-	(822)	-	-	(822)
Balance, June 30, 2026	86	105,707	229	-	106,022
Net book value, December 31, 2025	18	7,510	123	70	7,721
Net book value, June 30, 2026	14	6,980	119	83	7,196

6. Right of use assets and lease liabilities

(a) Right of use assets:

(thousands of USD)	As at June 30, 2026	As at December 31, 2025
Cost:		
Opening balance	464	1,348
Additions	691	-
Dispositions	-	(886)
Effect of foreign exchange	8	2
Closing balance	1,163	464
Accumulated amortization:		
Opening balance	369	928
Depreciation	225	332
Dispositions	-	(886)
Effect of foreign exchange	6	(5)
Closing balance	600	369
Net closing balance	563	95

The right of use assets relates to various types of real estate assets.

(b) Lease liabilities:

(thousands of USD)	As at June 30, 2026	As at December 31, 2025
Opening balance	101	448
Lease additions	691	-
Lease payments	(239)	(351)
Lease finance expense (Note 12(c))	22	17
Effect of foreign exchange rate changes	(15)	(13)
Closing balance	560	101
Current	357	101
Non-current	203	-

The lease liabilities relate to various types of real estate assets which are recorded as right of use assets.

The undiscounted cash flows relating to the lease liabilities are as follows:

(thousands of USD)	As at June 30, 2026	As at December 31, 2025
Less than one year	387	104
One year to five years	209	-
More than five years	-	-
Total undiscounted liabilities	596	104

7. Accounts payable and accrued liabilities

The nature of the Corporation's accounts payable and accrued liabilities is as follows:

(thousands of USD)	As at June 30, 2026	As at December 31, 2025
Trade accounts payable	572	294
Accrued liabilities	1,184	1,335
Wages and payroll taxes payable	818	708
Other accounts payable	268	83
Total accounts payable and accrued liabilities	2,842	2,420

8. Deferred revenue

(thousands of USD)	As at June 30, 2026	As at December 31, 2025
Deferred revenue	534	1
Total deferred revenue	534	1

As at June 30, 2026, the Corporation had deferred revenue of \$534 (December 31, 2025- \$1). Deferred revenue relates to advanced billing for services that the Corporation has not performed at the time of reporting, in accordance with customer requests.

9. Shareholders' equity

(a) Share capital

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. No preferred shares have been issued by the Corporation. The common shares do not have a par value, and all issued shares are fully paid.

(thousand of USD except number of common shares)	Shares	June 30, 2026	Shares	December 31, 2025
		Amount		Amount
Balance, beginning of year	12,428,592	29,456	12,448,166	29,502
Shares repurchased and cancelled	(12,011)	(28)	(19,574)	(46)
Balance, end of year	12,416,581	29,428	12,428,592	29,456

i. Normal Course Issuer Bid (NCIB)

On June 17, 2025, the Toronto Stock Venture Exchange has accepted a noticed filed by the Corporation to acquire for cancellation up to 5 percent of the Corporation's issued and outstanding common shares under a Normal Course Issuer Bid ("the Bid" or "NCIB"). The Bid commenced on June 20, 2025, and expired on June 19, 2026.

During Q2 2026, the Corporation's share price experienced a significant correction. Reflecting upon the stabilized trading price, the low volumes available to purchase and the costs involved, the Corporation decided not to renew the Bid. The Corporation will continue to monitor the trading price and will seek approval for a new NCIB if we believe that repurchasing shares is in the best interest of the Corporation and its shareholders.

As at June 30, 2026, the Corporation repurchased common shares at an average price of CAD\$1.19 per share and cancelled under this NCIB at a total repurchase cost of \$28.

(b) Per share amounts

(thousands of USD) (except number of common shares and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net loss	(1,613)	(522)	(3,300)	(1,747)
Basic – weighted average number of common shares	12,279,822	12,448,166	12,279,822	12,448,166
Diluted – weighted average number of common shares ⁽¹⁾	12,279,822	12,448,166	12,279,822	12,448,166
Basic and diluted net loss per share ⁽¹⁾	(\$0.13)	(\$0.04)	(\$0.27)	(\$0.14)

⁽¹⁾ For periods when the Corporation incurred a net loss, the shares outstanding under the Corporation's equity incentive plans for the periods presented are excluded from the calculation of diluted weighted average number of common shares as the outstanding options were anti-dilutive.

10. Share-based compensation expense

The Corporation has an equity incentive plan which provides for the issuance of stock options, restricted share units, performance share units and deferred share units. Under the Plan, the Corporation can issue up to 1,241,658 common shares (being 10% of all outstanding shares) as at June 30, 2026.

	Number of stock options	Weighted average exercise price (\$CAD)
Balance, December 31, 2024	-	-
Granted	675,000	1.60
Balance, December 31, 2025	675,000	1.60
Granted	-	-
Balance, June 30, 2026	675,000	1.60

For the six and three months ended June 30, 2026, the Corporation recognized \$41 and \$20 (six and three months ended June 30, 2025 – \$90 and \$47) of share-based compensation expense related to stock options. As at June 30, 2026, there was \$72 remaining as unrecognized share-based compensation expense related to stock options.

As at June 30, 2026, there were no amounts issued or outstanding related to restricted share units, performance share units or deferred share units.

11. Revenue

The following tables include a reconciliation of disaggregated revenue by type of service provided within the Corporation.

(thousands of USD)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Service revenue	1,713	1,744	2,970	3,592
Equipment rental revenue	502	624	928	1,286
Total revenue	2,215	2,368	3,898	4,878

The Corporation's revenue originates geographically in PNG.

12. Supplementary expense disclosures

(a) Operating expenses by nature:

(thousands of USD)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Personnel	1,273	1,269	2,232	2,494
Equipment operating and maintenance	191	76	302	183
Material and supplies	656	367	930	625
Drilling rig rental	-	-	-	56
Other	133	147	295	297
Total operating expenses	2,253	1,859	3,759	3,655

(b) General and administrative expenses by nature:

(thousands of USD)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Personnel	643	580	1,285	1,170
Professional, legal and advisory fees	214	(56)	332	65
Information technology services	74	43	113	116
Corporate	91	99	185	204
Office and warehouse	17	13	25	25
(Recovery) expense of expected credit losses	-	2	(2)	2
Vehicle, supplies and other	19	12	30	27
Total general and administrative expenses	1,058	693	1,968	1,609

(c) Finance expenses:

(thousands of USD)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Bank fees	3	3	6	7
Finance expense – lease liabilities	10	5	22	12
Other	-	(2)	-	(6)
Total finance expense	13	6	28	13

13. Supplementary cash flow information

Changes in non-cash working capital balances:

(thousands of USD)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
<u>Source (use) of cash:</u>				
Accounts receivable	(368)	297	(255)	83
Inventory, prepaid expense and other assets	(521)	294	(762)	72
Income taxes receivable	1		167	-
Accounts payable and accrued liabilities	499	(258)	422	9
Income taxes payable	14	32	230	12
Deferred revenue	187	(301)	533	(430)
Due to related party	-	116	-	(135)
	(188)	180	335	(389)
<u>Attributable to:</u>				
Operating activities	(188)	180	335	(389)
Investing activities	-	-	-	-
Financing activities	-	-	-	-
	(188)	180	335	(389)

14. Financial Instruments and risk management

Financial instrument measurement and classification:

The Corporation's financial assets and liabilities consist of cash and cash equivalents, due from related party, accounts receivable, due to related party, accounts payable and accrued liabilities, income tax receivable/payable and lease liabilities. The carrying values of these assets and liabilities approximate fair value due to the short-term nature of these instruments. The carrying value of lease liabilities where interest is charged at a fixed rate is not significantly different than fair value.

Financial and other risks:

The Corporation is exposed to financial risks arising from its financial assets and liabilities. This includes pandemic and/or endemic risk or the risk that operations and/or administration are forced to run at less than full capacity due to an absence or reduction of members of the workforce, either through forced closures by government both within countries and across national borders, by internally imposed rotational schedules and/or quarantine or illness of the workforce. Further, geopolitical risks are the potential risks that a business may face due to changes in global events, policies, national security threats, or regulations. These risks may impact a company's workforce and/or operations by limiting market access and increasing costs and could have significant impact on the Corporation. The Corporation is also exposed to cybersecurity-related risks, due in part to the increase and prevalence of utilizing cloud hosted servers. Cybersecurity-related risks could significantly impact the ability of the Corporation to operate, and therefore impact financial results.

Market risks:

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market rates:

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Corporation had no financing or risk management contracts that would be affected by interest rates as at June 30, 2026, or December 31, 2025.

(b) Commodity price risk

Commodity price risk is the risk that the Corporation's future cash flows will fluctuate due to changes in demand for the Corporation's services, where the majority of the Corporation's customers are oil and gas producers. The Corporation's customers' activity and strategic decisions are impacted by the fluctuations of oil and gas pricing.

These prices are sensitive to local, regional and world economic and geopolitical events. This includes implications from changing oil demand and supply, policy direction by OPEC, the ongoing effect of the conflicts between Russia & Ukraine and Israel & Palestine, climate-change-driven transitions to lower emission energy sources, the impact of future pandemics upon economic activity, the implications of changes to government and government policy and investment decisions in PNG to expand its LNG export capacity.

The Corporation had no risk management contracts that would be affected by commodity prices as at June 30, 2026, and December 31, 2025.

(c) Foreign currency risk

The Corporation's revenue and expenses are effectively transacted in a mix of USD and the local PNG currency ("Kina" or "PGK"). The Corporation does not actively engage in foreign currency hedging.

(d) PNG foreign currency restrictions

The Corporation's ability to repatriate funds from PNG is controlled by the PNG government through their central bank. There are currently several monetary and currency exchange control measures in PNG that can impact the ability to repatriate funds, as well as established requirements to transact in PGK.

As at June 30, 2026, \$45 (December 31, 2025 - \$820) was on deposit with a large international bank in PNG. The Bank of PNG ("BPNG") has provided approval for the Corporation to maintain a USD bank account in accordance with the BPNG currency regulations. Historically, the Corporation has received approval from BPNG for drilling services contracts with its key customers in PNG to be denominated and settled in USD. The Corporation will continue to seek BPNG approval for our major drilling services contracts to be settled in USD on a contract-by-contract basis, however, there is no assurance the BPNG will grant these approvals.

The BPNG currency regulations also limit the amount of foreign currency that companies can maintain in order to meet their forecasted three-month cash flow requirements, with excess funds required to be held in PGK. While no significant issues have been experienced to date, there is no guarantee such restrictions will not impact on the Corporation's ability to transact or repatriate funds.

Credit risk, customers, and economic dependence:

Credit risk is the risk of a financial loss occurring as a result of a default by a counter party on its obligation to the Corporation. The Corporation's financial instruments that are exposed to credit risk consist primarily of accounts receivable and cash balances held in banks. The Corporation mitigates credit risk by regularly monitoring its accounts receivable position and depositing cash in properly

capitalized banks. The Corporation also institutes credit reviews prior to commencement of contractual arrangements.

The Corporation's accounts receivable is predominantly with customers who explore for and develop petroleum reserves and are subject to industry credit risk consistent with the industry. The Corporation assesses the creditworthiness of its customers on an ongoing basis and monitors the amount and age of balances outstanding.

In providing for ECL, the Corporation uses the historical default rates within the industry between investment grade and non-investment grade customers as well as forward looking information to determine the appropriate loss allowance provision.

The net carrying amount of accounts receivable represents the estimated maximum credit exposure on the accounts receivable balance. The Corporation's customers are predominantly made up of large multinational customers in PNG.

For the three and six months ended June 30, 2026, the Corporation provided services to three large customers (two multinational and one national) who individually accounted for greater than 10% of its consolidated revenues, with total sales of \$1,681 and \$3,198 (three and six months ended June 30, 2025 – two large multinational customers with total sales of \$1,823 and \$3,891).

As at June 30, 2026, three customers represented a total of \$1,112 or 54% of the outstanding accounts receivable (December 31, 2025 – two customers representing \$1,330 or 73% of outstanding accounts receivable).

Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Corporation's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, working capital management, coordinating, and authorizing project expenditures, authorization of contractual agreements, and managing compliance to debt finance agreements (as applicable).

The Corporation's future financial results and longer-term success are dependent upon its working capital, its ability to secure additional capital from debt or equity financings or completing other arrangements to fund the Corporation's activities while the Corporation attempts to generate recurring positive cash flows from operations. The Corporation will continue to monitor its liquidity position in future periods.

The following table details the remaining contractual maturities of the Company's financial liabilities as at June 30, 2026:

Payments due by period						
(thousands of USD)	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	>5 years	Total
Accounts payable and accrued liabilities	2,842	-	-	-	-	2,842
Deferred revenue	-	534	-	-	-	534
Lease liabilities	110	277	209	-	-	596
Income tax payable	-	981	-	-	-	981
Total	2,952	1,792	209	-	-	4,953

15. Capital management

The Corporation's primary objective of capital management is to maintain a strong capital base, in conjunction with conservative long-term debt levels so as to maintain investor, creditor and market confidence, and to sustain future development of the business. The Corporation seeks to maintain a balance between higher returns on equity that might be possible with higher levels of borrowings and the advantages and security created by a well-capitalized equity position.

The Corporation has no borrowings or debt and therefore, its capital structure consists of shareholders' equity of \$23,765 as at June 30, 2026 (December 31, 2025 - \$27,011).

The Corporation prepares annual and quarterly operating and capital expenditure budgets and forecasts to assist with the management of its capital. The Corporation intends to maintain a flexible capital structure and it may raise new equity or issue new debt in response to a change in economic conditions.

16. Related party transactions

In conjunction with the corporate reorganization completed during 2024, the Corporation incurred certain expenses that have been managed and paid by the Corporation's predecessor parent company, High Arctic Energy Services Inc. ("HWO"), as part of a formal management and administrative transition agreement. The agreement was put in place to facilitate the orderly transition of certain management and administrative functions from HWO to the Corporation.

The Corporation and HWO were deemed to be related parties as a result of having common senior management in the CEO and CFO positions. The Corporation and HWO no longer maintained common senior management after Q3 2025, as such, the entities ceased to be related parties.

The table below summarizes related party expenses incurred by the Corporation which are included as a component of general and administrative expenses:

(thousands of USD)	Three months ended June 30,	
	2026	2025
Related party expenses included as a component of general and administrative expenses	-	37

17. Commitments

As part of the Corporation's contractual rig management and operations, the Corporation has entered into a contractual relationship with a customer for the supply of equipment and spare parts inventory related to its operations in PNG, ownership of the equipment and spare parts inventory remains with the counterparty. The equipment and spare parts inventory had a total contract value of \$1,862 as at June 30, 2026, (December 31, 2025 - \$1,889). As at June 30, 2026, the Corporation recorded \$1,204 of customer spare parts inventory with a corresponding offsetting provision of \$1,304 (December 31, 2025 - \$1,250 and \$1,299 respectively). As such, this spare parts inventory is not included in the Financial Statements.

Written notice is required to terminate the contracts underlying this relationship. Upon notice to terminate the contract, the Corporation is required to return any unused capital equipment and spare parts inventory and make payment to the customer for items that have been previously consumed, Payment to the counterparty is based on prevailing market rates or historical contract values if no readily available data exists. Otherwise, the Corporation may elect to return the unused capital equipment and spare parts inventory and make payment to the counterparty based on historical contract values.

In accordance with the terms of the contracts, and as a result of consuming certain capital equipment and inventory, the Corporation has recognized a current obligation of \$419 as at June 30, 2026, (December 31, 2025 - \$458).

18. Contingent liabilities

The Corporation is currently involved in legal proceedings relating to an incident that occurred in 2022. Two employees have lodged separate claims for damages in relation to the incident. The claim for damages relates to personal injuries that were not apparent at the time of the incident. The legal proceedings are ongoing, and the outcome remains uncertain. Based on legal advice obtained and current stage of the proceedings, management has determined that an outflow of economic resources is not probable at this time. Accordingly, no provision has been recognized in the financial statements.