



AKITA ANNOUNCES TRANSFORMATIVE ACQUISITION OF FOX DRILLING AND ELIMINATION OF DUAL CLASS SHARE STRUCTURE

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CALGARY, AB, April 27, 2026 /CNW/ - **AKITA Drilling Ltd.** (TSX: AKT.A) (TSX: AKT.B)

AKITA Drilling Ltd. ("**AKITA**" or the "**Company**") is pleased to announce that it has entered into a definitive agreement (the "**Purchase Agreement**") with Paramount Resources Ltd. ("**Paramount**") to acquire all of Paramount's interests in Fox Drilling Limited Partnership ("**Fox**"), a privately-held drilling contractor that operates a fleet of high-specification AC triple drilling rigs in the Western Canadian Sedimentary Basin (the "**Acquisition**").

In connection with the Acquisition, AKITA will also undertake a reorganization of its share capital (the "**Share Reorganization**" and, together with the Acquisition, the "**Transaction**"), which will result in the elimination of AKITA's dual class share structure.

Key Transaction Highlights:

- **Enhances AKITA's size and scale as a top-tier, specialized North American drilling company**
 - Adds six triple drilling rigs, five of which are high-specification AC walking rigs, underpinned by a three-year rig utilization agreement with a top tier WCSB operator
 - Rigs are purpose-built for Deep Basin operations and are primarily active in the Montney and Duvernay formations, providing safe, reliable and efficient drilling services
 - Strategically aligned with AKITA's existing operations and supports its long-term growth strategy in key Canadian basins
- **Expected to be accretive to key financial metrics and maintains AKITA's clean balance sheet**
 - The Acquisition is expected to contribute between \$12.5 million and \$22.2 million per year to net cash from operating activities, depending on the number of operating days¹
 - Transaction is also expected to be accretive to EBITDA, free cash flow and earnings
 - Replacement value of the Fox rigs is expected to be in excess of \$200 million
 - All-share transaction preserves AKITA's low leverage; Fox delivered with no bank debt
- **Simplified and consolidated AKITA share structure**
 - Provides opportunity for improved trading liquidity

"AKITA is part of our family; our great grandfather built wooden oil derricks and my grandfather Charlie Visser, known as 'the Dutchman', was the drilling superintendent for Imperial Oil. The Southern family is proud of the role we have played in building such a one-of-a-kind drilling company. A commitment to excellence and safety has always been a core value for our family and a cornerstone of the expectations we hold for AKITA. We believe that this transaction will strengthen AKITA and create significant growth opportunities for the future and the share structure

change is another opportunity that the controlling shareholder believes in for the future of all shareowners of AKITA" said Linda Southern-Heathcott, Executive Chair.

"We believe this transaction will create a stronger, more resilient drilling company with long-term value for all shareowners. The addition of Fox's fleet of high-specification AC triple rigs will enhance our scale and capabilities in the Montney and Duvernay gas basins" said Colin A. Dease, President and CEO of AKITA.

¹ Based on AKITA's historical margins for high-specification triple AC walking rigs similar to those to be acquired pursuant to the Acquisition. The range reflects variability in the number of operating days per year and assumes flat working capital throughout the year. This financial outlook has been prepared by management of AKITA to provide readers with an indication of the Acquisition's expected annual contribution to AKITA's net cash from operating activities and may not be appropriate for other purposes. See "Forward-Looking Information and Financial Outlook".

Details of the Acquisition

Pursuant to the Purchase Agreement, AKITA will acquire all of Paramount's interests in Fox and its general partner, Fox Drilling Inc., in consideration for the issuance of 19,264,270 Common Shares (as defined below) (the "**AKITA Share Issuance**"). The final purchase price for the Acquisition will be subject to post-closing adjustments for cash, working capital, indebtedness and any transaction expenses of Fox. Any post-closing adjustment will be settled solely in cash and will not result in any adjustment to the number of Common Shares issuable pursuant to the Acquisition.

Under the Purchase Agreement, Paramount has agreed to distribute the Common Shares pro rata among its shareholders promptly following the closing of the Acquisition. Following the completion of the Transaction and the distribution by Paramount, Paramount shareholders are expected to collectively hold approximately 33% of AKITA's outstanding Common Shares.

The Purchase Agreement contains customary representations, warranties and covenants of AKITA and Paramount and may be terminated in certain circumstances as set forth therein.

Rig Utilization Agreement

Concurrent with the closing of the Acquisition, Paramount will enter into an agreement with AKITA for a term of three years, pursuant to which Paramount will commit to utilize rigs of AKITA for an aggregate total of 2,700 rig days during the term.

Details of the Share Reorganization

Immediately prior to the completion of the Acquisition, AKITA will eliminate its dual class share structure by amending its articles pursuant to section 173(1) of the *Business Corporations Act* (Alberta) (the "**ABCA**") to, among other things, convert each outstanding Class A Non-Voting Share (the "**Non-Voting Shares**") into one Class B Common Share (the "**Common Shares**" and, together with the Non-Voting Shares, the "**AKITA Shares**").

The Share Reorganization and the Acquisition are cross-conditional and, accordingly, neither aspect of the Transaction will be completed without the other.

Board Reconstitution and Management

Upon closing of the Transaction, James Riddell, the President and Chief Executive Officer and Chairman of the board of directors of Paramount and Jackson Riddell, Vice-President of Lionsgate Capital Ltd., are expected to join the board of directors of AKITA and three of the current AKITA directors are expected to step down. Linda Southern-Heathcott and Nancy Southern will remain as directors, with Ms. Southern-Heathcott remaining as Board Chair. The management team of AKITA will remain the same following closing of the Transaction. AKITA intends to proceed with its annual general meeting scheduled for May 12, 2026. The directors elected at the annual general meeting

will remain as directors of the Company if the Transaction is not completed for any reason.

Shareholder Approvals

In accordance with the ABCA, the Share Reorganization must be approved by: (i) two-thirds of the votes cast by holders of Common Shares, voting separately as a class; and (ii) two-thirds of the votes cast by holders of Non-Voting Shares, voting separately as a class.

The 19,264,270 Common Shares issuable pursuant to the AKITA Share Issuance represent approximately 49% of the total number of AKITA Shares currently outstanding. Under Section 611 of the TSX Company Manual, the AKITA Share Issuance requires the approval of the holders of a majority of the Common Shares as the number of Common Shares issuable exceeds 25% of the total number of outstanding AKITA Shares. Pursuant to Section 604(d) of the TSX Company Manual, Sentgraf Enterprises Ltd. ("**Sentgraf**"), as the holder of 86% of the votes attached to the outstanding Common Shares, has delivered to the Toronto Stock Exchange ("**TSX**") its written consent for the AKITA Share Issuance in satisfaction of such shareholder approval requirement.

In addition to shareholder approval, the Transaction is subject to customary conditions, including the conditional approval of the TSX for the listing of the Common Shares issuable pursuant to the Transaction.

Special Meeting and Board Recommendation

AKITA plans to call a special meeting of AKITA shareholders to approve the Share Reorganization to be held in June 2026 and expects that the Transaction will be completed shortly after the receipt of such approval. Further details regarding the special meeting, including the date and time, will be provided in due course. A management information circular relating to the special meeting of AKITA shareholders will be made available to holders of Non-Voting Shares and Common Shares and will be filed on the Company's profile on SEDAR+.

The board of directors of AKITA formed a special committee of independent directors (the "**Special Committee**") to, among other things, examine, review and evaluate the merits and risks of the Transaction and make a recommendation to the board regarding the Transaction. The Special Committee thoroughly reviewed the terms of the Transaction and information regarding the Company and Fox and recommended to the board of directors that it approve the Transaction. Based on its review of the Transaction, including the recommendation of the Special Committee, and taking into consideration the advice of the Company's legal counsel and the board's financial advisor, unanimously approved the Transaction and recommends that shareholders vote in favour of the Share Reorganization at the special meeting.

Voting Support Agreements

Sentgraf and the directors and officers of AKITA (collectively, the "**Supporting Shareholders**"), who collectively hold 1,426,990 Common Shares and 6,634,272 Non-Voting Shares, representing approximately 86% of the outstanding Common Shares and approximately 18% of the outstanding Non-Voting Shares (and approximately 14% of the Common Shares on a post-Transaction, non-diluted basis), have entered into voting support agreements with Paramount (the "**Voting Support Agreements**") pursuant to which the Supporting Shareholders have agreed, among other things, to cause all of their AKITA Shares to be voted in favour of each resolution to approve the Transaction or any element thereof that is put before shareholders of AKITA at the special meeting and to provide any other consent or approval in respect of the Transaction that may be sought by the Company. The Voting Support Agreements are effective from the date of execution and will automatically terminate upon the earlier of (i) the termination of the Purchase Agreement in accordance with its terms; and (ii) the completion of the Transaction.

Additional Information

Following the completion of the Transaction, it is expected that Sentgraf will hold approximately 5,901,048 Common Shares, representing approximately 10% of AKITA's outstanding Common Shares. The Transaction is not expected to otherwise materially affect control of AKITA and has been negotiated on an arm's length basis.

Advisors

Blake, Cassels & Graydon LLP is serving as AKITA's legal counsel on the Transaction. Charles River Associates served as financial advisor to the board of directors of the Company.

About AKITA Drilling

AKITA Drilling Ltd. is a leading Canadian drilling services company with operations across key basins in Western Canada and select U.S. markets. The Company is focused on delivering safe, high-performance drilling services and long-term value to customers and shareholders.

Forward-Looking Information and Financial Outlook

Certain information set forth in this press release constitutes "forward-looking information" (collectively, "**forward-looking information**") within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact are forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "could", "believe", "predict", "potential", "continue", "is expected to" and similar expressions. Forward-looking information in this press release includes, but is not limited to, statements relating to: the anticipated completion of the Transaction and the expected timing thereof; the expected benefits of the Acquisition, including the anticipated enhancement of AKITA's size and scale as a top-tier, specialized North American drilling company and the anticipated accretive impact on key financial metrics, including net cash from operating activities, EBITDA, free cash flow and earnings; the Acquisition's anticipated annual contribution to AKITA's net cash from operating activities; AKITA's estimate of the replacement value of the Fox rigs; the anticipated strategic alignment of Fox's rigs with AKITA's existing operations and that the Acquisition supports the Company's long-term growth strategy in key Canadian basins; the proposed Share Reorganization and the expected elimination of AKITA's dual class share structure and the anticipated liquidity benefits thereof; the expected reconstitution of the board of directors of AKITA; the Company's plan to proceed with its annual general meeting; the continuity of AKITA's management team following the closing of the Transaction; the expected ownership percentage of Paramount shareholders following completion of the Transaction and the anticipated distribution by Paramount of the Common Shares; the expected terms and performance of the rig utilization agreement; the expected timing and holding of the special meeting; the commitments of the Supporting Shareholders under the Voting Support Agreements; and the expected post-Transaction shareholding of Sentgraf and the expectation that the Transaction will not materially affect control of AKITA.

Forward-looking information is based on certain assumptions and analysis made by AKITA in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, including: the ability of AKITA and Paramount to receive, in a timely manner, the necessary shareholder approvals and regulatory approvals; the ability of AKITA and Paramount to satisfy, in a timely manner, the other conditions to the closing of the Transaction; that there will be no material adverse changes in the business or financial condition of AKITA or Fox prior to the closing of the Transaction; the anticipated benefits of the Acquisition being realized; the ability of AKITA to successfully integrate Fox's operations; the performance of the rig utilization agreement in accordance with its terms; and such other assumptions as are set out in AKITA's public disclosure documents. In addition, the Acquisition's

estimated annual contribution to AKITA's net cash from operating activities is based on AKITA's historical margins for high-specification triple AC walking rigs similar to the Fox rigs, assumes variability in the number of operating days per year and assumes flat working capital throughout the year.

Forward-looking information is subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in such forward-looking information. Such factors include, but are not limited to: the failure to obtain necessary shareholder or regulatory approvals, or the failure to satisfy other conditions to closing, in a timely manner, or at all; the occurrence of any event, change or other circumstance that could give rise to the termination of the Purchase Agreement; the inability to successfully integrate Fox's operations or realize the anticipated benefits of the Acquisition; changes in general economic, business, political and social conditions, including changes in the financial and commodity markets; risks related to the drilling services industry, including changes in demand for drilling services, commodity price fluctuations and competition; the potential impact of the announcement or consummation of the Transaction on the business relationships, employees, operating results and business generally of AKITA and Fox; and the risks, uncertainties and other factors detailed from time to time in AKITA's public disclosure documents, which are available at www.sedarplus.ca.

Although AKITA believes that the assumptions underlying the forward-looking information contained herein are reasonable, undue reliance should not be placed on forward-looking information, which is based on information available to AKITA on the date hereof. Except as required by applicable law, AKITA disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

This press release also contains future-oriented financial information and financial outlook (collectively, "**FOFI**"), as defined in applicable Canadian securities legislation, including the Acquisition's estimated annual contribution to AKITA's net cash from operating activities. The FOFI has been prepared by management of AKITA to provide readers with an indication of the potential financial impact of the Acquisition and may not be appropriate for other purposes. The FOFI is based on the assumptions described above, including AKITA's historical margins for high-specification triple AC walking rigs similar to the Fox rigs, variability in the number of operating days per year and flat working capital throughout the year. Actual results may vary from the amounts set forth herein and such variations may be material. AKITA and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments at the time of preparation. However, because this information is subjective and subject to numerous risks, it should not be relied upon as necessarily indicative of future results. Readers are cautioned not to place undue reliance on the FOFI. Except as required by applicable securities legislation, AKITA does not undertake to update the FOFI.

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