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SHAMARAN
Petroleum Ltd.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2026

(UNAUDITED)

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these financial statements.

Condensed Interim Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2026

Contents

Condensed Interim Consolidated Statement of Comprehensive Income (unaudited)

For the three and six months ended June 30

Expressed in thousands of United States 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
Revenues	5	**17,759**	**35,385**	**55,790**	**71,270**
Cost of goods sold:					
Lifting costs	6	(4,008)	(8,877)	(11,929)	(18,311)
Other costs of production	6	(74)	(106)	(185)	(233)
Depletion	6	(414)	(13,627)	(7,715)	(27,475)
Gross margin on oil sales		**13,263**	**12,775**	**35,961**	**25,251**
Credit loss provision	12	539	1,042	354	2,356
Depreciation and amortization expense		(25)	(37)	(51)	(38)
Share-based payments expense	18	(611)	(1,004)	(445)	(4,475)
General and administrative expense	7	(2,036)	(1,552)	(3,907)	(6,628)
Income from operating activities		**11,130**	**11,224**	**31,912**	**16,466**
Finance income	8	292	655	630	1,296
Finance expense	9	(2,610)	(8,286)	(6,686)	(15,268)
Net finance expense		**(2,318)**	**(7,631)**	**(6,056)**	**(13,972)**
Income before income tax expense		**8,812**	**3,593**	**25,856**	**2,494**
Income tax expense	10	7	(75)	(13)	(82)
Income for the period		**8,819**	**3,518**	**25,843**	**2,412**
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Currency translation differences		-	48	-	96
Total other comprehensive Income		**-**	**48**	**-**	**96**
Total comprehensive Income for the period		**8,819**	**3,566**	**25,843**	**2,508**
Earnings in dollars per share (Note 17):					
Basic		-	-	0.01	-
Diluted		-	-	0.01	-

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

Condensed Interim Consolidated Balance Sheet (unaudited)
As at June 30, 2026, and December 31, 2025

Expressed in thousands of United States dollars	Note	June 30, 2026	December 31, 2025
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	345,072	324,505
Accounts receivable	*12*	21,848	22,938
Right-of-use asset	*13*	620	656
Intangible assets		64	79
		367,604	**348,178**
Current assets			
Accounts receivable	*12*	76,582	61,965
Cash and cash equivalents, unrestricted		28,039	41,150
Cash and cash equivalents, restricted		911	981
Other current assets		484	489
		106,016	**104,585**
TOTAL ASSETS		**473,620**	**452,763**
LIABILITIES			
Non-current liabilities			
Borrowings	*15*	131,799	131,799
Provisions	*16*	44,160	44,212
Cash-settled deferred share units	*18*	3,047	3,904
Lease liability	*13*	595	625
Pension liability		393	402
		179,994	**180,942**
Current liabilities			
Accrued interest expense on corporate bond	*15*	13,794	13,549
Accounts payable and accrued expenses	*14*	5,578	8,474
Other current liabilities		53	21
		19,425	**22,044**
EQUITY			
Share capital	*17*	673,438	674,622
Share-based payments reserve		9,750	9,985
Cumulative translation adjustment		192	192
Accumulated deficit		(409,179)	(435,022)
		274,201	**249,777**
TOTAL EQUITY AND LIABILITIES		**473,620**	**452,763**

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

Going concern (Note 2b)
Commitments and contingencies (Note 20)
Subsequent events (Note 22)

Signed on behalf of the Board of Directors

/s/Michael Ebsary — Michael Ebsary, Director

/s/Chris Bruijnzeels — Chris Bruijnzeels, Director

Condensed Interim Consolidated Statement of Cash Flow (unaudited)

For the three and six months ended June 30

Expressed in thousands of United States 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
Operating activities					
Income for the period		**8,819**	**3,518**	**25,843**	**2,412**
Adjustments for non-cash related items:					
Borrowing costs – net of amount capitalized		2,278	7,801	5,965	14,679
Share-based payment expense		611	1,004	445	4,475
Depreciation, depletion and amortization expense		439	13,664	7,766	27,513
Unwinding discount on decommissioning provision		288	441	560	489
Foreign exchange loss	*9*	29	15	80	71
Interest income		(292)	(655)	(630)	(1,296)
Changes in accounts payable and accrued expenses		2,879	(290)	(2,896)	481
Changes in other current assets		156	79	5	302
Changes in current tax liabilities		31	-	30	(25)
Changes in pension liability		(4)	52	(9)	64
Changes in accounts receivables on oil sales		(13,025)	819	(13,527)	9,315
Net cash inflows from operating activities		**2,209**	**26,448**	**23,632**	**58,480**
Investing activities					
Purchase of property, plant and equipment		(6,410)	809	(25,988)	5,923
Interest received on cash deposits		307	686	630	1,320
Net cash (outflows to) / inflows from investing activities		**(6,103)**	**1,495**	**(25,358)**	**7,243**
Financing activities					
Private placement		1,105	-	1,105	-
Bond transaction costs		-	(15)	-	(15)
Related-party loan repayment		-	(4,970)	-	(4,970)
Repayment of bonds		-	(29,375)	-	(56,146)
Principal element of lease payments	*13*	(12)	(25)	(24)	(25)
Payments for share and stock compensation plan		(430)	(575)	(3,826)	(2,115)
Payments to bondholders and related party – interest	*15*	(4,313)	(5,195)	(8,626)	(12,128)
Net cash outflows to financing activities		**(3,650)**	**(40,155)**	**(11,371)**	**(75,399)**
Effect of exchange rate changes on cash and cash equivalents		(31)	33	(84)	25
Change in cash and cash equivalents		**(7,575)**	**(12,179)**	**(13,181)**	**(9,651)**
Cash and cash equivalents, beginning of the period*		36,525	79,329	42,131	76,801
Cash and cash equivalents, end of the period*		**28,950**	**67,150**	**28,950**	**67,150**
***Inclusive of restricted cash**		**911**	-	**911**	-

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

Consolidated Statement of Changes in Equity

For the six months ended June 30

Expressed in thousands of United States dollars	Share capital	Share-based payments reserve	Cumulative translation adjustment	Accumulated deficit	Total
Balance at January 1, 2025	**672,530**	**12,551**	**108**	**(461,988)**	**223,201**
Total comprehensive income for the period:					
Income for the period	-	-	-	2,412	2,412
Other comprehensive income	-	-	96	-	96
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 18)	-	(2,330)	-	-	(2,330)
Options exercised*	1,223	-	-	-	1,223
RSU shares issued*	1,901	-	-	-	1,901
	3,124	(2,330)	96	2,412	3,302
Balance at June 30, 2025	**675,654**	**10,221**	**204**	**(459,576)**	**226,503**
Balance at December 31, 2025	**674,622**	**9,985**	**192**	**(435,022)**	**249,777**
Total comprehensive income for the period:					
Income for the period	-	-	-	25,843	25,843
Transactions with owners in their capacity as owners:					
Share-based payments expense (excluding DSUs, Note 18)	-	(177)	-	-	(177)
Options exercised*	64	-	-	-	64
RSU shares vested*	(2,411)	-	-	-	(2,411)
Shares issued on private placement*	1,163	(58)	-	-	1,105
	(1,184)	(235)	-	25,843	24,424
Balance at June 30, 2026	**673,438**	**9,750**	**192**	**(409,179)**	**274,201**

*Refer to Note 17

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

1. General information

ShaMaran Petroleum Ltd., formerly ShaMaran Petroleum Corp., ("ShaMaran" and, together with its subsidiaries, the "Company") on May 27, 2026, completed the previously announced corporate continuance from Canada to Bermuda. The Company is now incorporated in and subject to the laws of Bermuda, and the address of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

Simultaneously with the continuance, the Company's shares were delisted from the TSX Venture Exchange in Toronto and, on June 5, 2026, began trading on the Euronext Growth Oslo market ("EGO") operated by the Oslo Stock Exchange. The Company maintains its secondary listing on the Nasdaq First Growth North in Stockholm. The Company's shares on both markets trade under the ticker symbol "SNM".

The Company is engaged in the business of oil and gas exploration and production and holds the following interests at June 30, 2026:

- 50% non-operated working interest (66.7% paying interest) in the Atrush Block production sharing contract ("Atrush PSC") in the Kurdistan Region of Iraq ("KRI"). The Atrush Block twenty-year development period commenced in Q4 2013, and oil production on the Atrush Block commenced in Q3 2017.

- 18% non-operated working interest (22.5% paying interest) in the Sarsang Block production sharing contract ("Sarsang PSC") in the KRI. The Sarsang Block twenty-year development period commenced in Q2 2013, and oil production on the Sarsang Block commenced in Q1 2013.

2. Basis of preparation and going concern

a. Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The significant accounting policies of the Company have been applied consistently throughout the period. The policies applied in these unaudited consolidated financial statements are based on IFRS Accounting Standards as of August 5, 2026, the date these unaudited condensed consolidated financial statements were approved and authorized for issuance by the Company's board of directors ("the Board").

b. Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and liabilities in the normal course of business as they come due in the foreseeable future.

The closure of the Iraq-Türkiye pipeline ("ITP") on March 25, 2023, heavily impacted the Company's operations. On September 25, 2025, the Company announced that interim agreements were executed between the Kurdistan Regional Government ("KRG"), Government of Iraq and several international oil companies ("IOCs"), including ShaMaran. These agreements enabled the restart of international oil exports by pipeline from the KRI on September 27, 2025. The agreements to resume oil exports from the KRI are based on the Iraqi Budget Law amendment in February 2025 and Iraq's recognition of the KRI PSCs. The Budget Law provides for an initial period of approximately three months, currently extended to September 30, 2026, during which IOCs are compensated at $16 per barrel for the cost of production and transportation, resulting in similar economics to the previous KRI local oil sales, with a reconciliation to full PSC entitlement following a review of the IOC invoices and contractual entitlements by an industry consultant. The Iraqi State Organization for Marketing of Oil ("SOMO") is marketing the KRI crude at the Kirkuk blend official selling price, and IOCs are being paid in arrears from the sale of their allocation at Ceyhan via their nominated trader. IOCs expect full PSC entitlement payment now that the review is completed and are working with SOMO to collect the top-up payments.

The agreements also provide that the IOCs and KRG will continue discussions about recovering outstanding accounts receivable from past oil sales. As uncertainty remains regarding the timing and viability of payments by the KRG for these receivables, the Company has adjusted the credit loss provision to reflect this. Refer to Note 12 for additional information.

Management believes that the signing of the interim agreements and restart of pipeline exports are positive steps towards improving the operating environment for IOCs with assets in the KRI. However, long-term agreements are needed with regular payments for oil sales based on PSC invoices before the Company can be confident that the uncertainties introduced by the ITP closure are resolved.

On March 2, 2026, the Company announced a temporary production shut-in at both the Atrush and Sarsang blocks as a precautionary measure due to the regional security environment related to the Iran war, and on March 5, 2026, and April 1, 2026, the Company announced explosions at the Sarsang field. After the first shut-in (early March 2026 until late June 2026), the fields briefly resumed delivering international exports via the ITP before being suspended again due to renewed security concerns from July 20, 2026 (refer to Note 22).

These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flow from operations or to secure additional funding from shareholders or lenders. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

c. Significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of application as those in the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

3. Critical accounting judgments and key sources of estimation uncertainty

Areas of critical accounting judgments that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

4. Business and geographical segments

The Company operates in one business segment, oil and gas exploration and production, and one geographical segment, the KRI. As a result, in accordance with *IFRS 8: Operating Segments,* the Company has presented its financial information collectively for one operating segment.

5. Revenues

As discussed in Note 2b, the ITP was closed from March 25, 2023, until September 27, 2025. The revenues recorded during this period relate entirely to oil sold to local refineries. Prices for these crude oil sales were in line with the local market and at a significant discount to international benchmark prices but with upfront or prompt payment. From September 27, 2025, all oil sales are sold to the KRG for ITP export, and revenues are recorded as per the interim agreements at the Kirkuk blend official selling price, with payments in arrears. As also discussed in Note 2b, production was suspended for most of the second quarter of 2026, significantly impacting revenue. Most of the revenue recorded in the second quarter of 2026 corresponds to actual price realizations for ITP export sales in the first quarter of 2026. The actual realized oil price for the first quarter of 2026 was considerably higher than the estimated price accrued in the first quarter due to the timing of cargo liftings and the significant increase in oil price due to the Iran war. Most of the first quarter's oil exports were sold in cargos from Ceyhan at a higher price during the second quarter.

Refer also to Note 12.

6. Cost of goods sold

Lifting costs are composed of the Company's share of expenses related to the production of oil from the Atrush and Sarsang blocks, including operation and maintenance of wells and production facilities, insurance and the operator's related support costs charged to the Company.

Other costs of production include the Company's share of other costs prescribed under the PSCs.

Oil and gas assets are depleted using the unit of production method based on proved and probable reserves using estimated future prices and costs and accounting for future development expenditures necessary to bring those reserves into production.

Refer also to Notes 5 and 11.

7. General and administrative expense

General and administrative expenses principally include the Company's cost of technical and administrative personnel, travel, office, business development, stock exchange listing and regulatory costs.

8. Finance income

Finance income relates to the interest received on cash deposits.

Expressed in thousands of United States dollars, unless otherwise noted

9. Finance expense

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Interest/amortization charges on bonds	4,811	5,621	9,561	11,507
Amortization of related-party loan	-	469	-	1,004
Re-measurement of contingent consideration	(670)	(98)	(746)	58
Adjustment of bond and loan amortization	(691)	2,288	(691)	3,134
Total borrowing costs	**3,450**	**8,280**	**8,124**	**15,703**
Unwinding discount on decommissioning provision	288	441	560	489
Foreign exchange loss	29	15	80	71
Lease – interest expense	15	29	29	29
Interest expenses	-	-	52	-
Total finance expense before borrowing costs capitalized	**3,782**	**8,765**	**8,845**	**16,292**
Borrowing costs capitalized	(1,172)	(479)	(2,159)	(1,024)
Total finance expense	**2,610**	**8,286**	**6,686**	**15,268**

The Company previously had a loan from a related party, Nemesia S.à.r.l. ("Nemesia"). In Q3 2025, the Company repaid the full balance of the loan plus all accrued and unpaid interest.

Interest and amortization charges relate to the Company's bond and related-party loan. The bond amendments effective May 2, 2025, as well as the repayments of the related-party loan, were treated as a modification to the bond and loan, and the amortization schedules were adjusted accordingly.

Refer to Notes 15 regarding the Company bond, Note 16 regarding the contingent consideration and decommissioning provision and Note 13 regarding the lease interest.

Borrowing costs directly attributable to the preparation of development assets for their intended use have been capitalized together with the related oil and gas assets. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

10. Taxation

The tax expense is incurred on the profits of the Swiss administrative company and the Danish company that was dissolved as of June 23, 2026.

Expressed in thousands of United States dollars, unless otherwise noted

11. Property, plant and equipment

PP&E principally comprises development costs related to the Company's share of the PSCs, less the accumulated depletion and depreciation expense recorded on the PP&E balance.

During the first half of 2026, movements in PP&E include general additions of $28.2 million (2025 full year: $8.9 million of general additions), which included capitalized borrowing costs of $2.2 million (2025 full year: $2.2 million), plus depletion and depreciation expense of $7.6 million (2025 full year: $50.1 million), that resulted in a net increase to PP&E assets of $20.6 million.

Refer also to Notes 5 and 6.

12. Accounts receivable

At June 30, 2026, the Company had outstanding receivables as follows:

	At June 30, 2026	At December 31, 2025
Accounts receivable on oil sales	109,265	96,093
Credit loss provision	(10,835)	(11,190)
Total accounts receivable, net of provisions	**98,430**	**84,903**
Current portion	76,582	61,965
Non-current portion	21,848	22,938

The accounts receivable balance at June 30, 2026, relates to $52.8 million in oil deliveries to the KRG from October 2022 through March 2023 (the "Overdue Receivables") and $56.5 million representing the remaining PSC entitlement amounts owed for 2025-2026 ITP export sales. The Company continues to discuss recovery of the Overdue Receivables with the KRG, but timing is uncertain. Refer to Note 2b. The Company has reassessed the credit loss provision for the Overdue Receivables and has compared the carrying value of the relevant trade receivables with the present value of the estimated future cash flows based on reasonable recovery scenarios, weighted by the relative probability of these potential outcomes. A relevant discount rate has been applied to reflect counterparty credit risk to provide a reasonable approximation of the fair value of these trade receivables at June 30, 2026. The result of the Company's assessment under *IFRS 9* is a $0.4 million adjustment to these trade receivables in the first half of 2026, included in the Statement of Comprehensive Income (2025: $2.4 million). The portion of these receivables that is estimated to be received after 2027 is classified as non-current due to uncertainty in the timing of recovery.

The remaining PSC entitlement amounts owed for the 2025-2026 ITP export sales are all classified as current receivables. It is expected that these amounts will be paid following completion of the review of the IOC invoices and contractual entitlements by the appointed industry consultant.

Refer also to Note 5.

Expressed in thousands of United States dollars, unless otherwise noted

13. Right-of-use asset and lease liability

The right-of-use asset relates to the ten-year office lease for the Company's technical and administrative services office in Vésenaz, Switzerland. At June 30, 2026, the balance sheet shows a value of $620 (2025: $704) for the right-of-use asset and a total lease liability value of $651 (2025: $716); split $56 (2025: $53) as a current liability (within other current liabilities) and $595 (2025: $663) as a non-current liability. The income statement for the six months ended June 30, 2026, includes the depreciation charge of the right-of-use asset of $30 (2025: $30) plus an interest expense of $29 (2025: $29) included in the finance cost.

Refer also to Note 9.

14. Accounts payable and accrued expenses

	At June 30, 2026	At December 31, 2025
Payables to joint-operations partners	4,142	5,583
Accrued expenses	911	2,372
Trade payables	525	519
Total accounts payable and accrued expenses	**5,578**	**8,474**

15. Borrowings

On April 11, 2025, the Company announced bondholder approval for certain further amendments to the terms of the Company's outstanding bond. The new amendments became effective on May 2, 2025, and included converting the mandatory cash sweep to voluntary and extending the maturity by an additional two years to July 2029 (the "2029 Bond"). All amendments to the bond have been treated as a modification to the Borrowings with the difference in fair values on modification recorded in Financing Expense. Refer to Note 9 for more information. The total outstanding nominal amount of the 2029 Bond at June 30, 2026, was $143.8 million.

The bond has a financial covenant stating that at all times the ratio of reserve value to net debt ("Asset Coverage Ratio") shall be a minimum of 1.25x. The reserve value is based on the latest 2P reserve value as set out in the latest published reserve report. Net debt is calculated as total debt less cash and cash equivalents. The Company calculates the Asset Coverage Ratio each quarter and has been in full compliance since the covenant was included in the bond terms.

The movements in borrowings are explained below:

	June 30, 2026	December 31, 2025
Opening balance:	**145,348**	**198,296**
Interest/amortization charges	8,870	23,572
Bond transaction costs	-	(556)
Bond cancellation	-	(56,146)
Payments to bondholders – interest	(8,626)	(19,818)
Ending balance	**145,592**	**145,348**
Non-current portion – net borrowings	131,799	131,799
Current portion – accrued bond interest expense	13,794	13,549

Expressed in thousands of United States dollars, unless otherwise noted

16. Provisions

	At June 30, 2026	At December 31, 2025
Opening balance	**32,185**	**32,972**
Unwinding discount on decommissioning provision	560	1,000
Changes in estimates and obligations incurred	234	(698)
Changes in discount and inflation rates	(100)	(1,089)
Total decommissioning and site restoration provisions	**32,879**	**32,185**
Contingent consideration	11,281	12,027
Total provisions	**44,160**	**44,212**

The decommissioning and site restoration provision relates to the Company's share of future costs in respect of the Company's 50% interest (66.7% paying interest) in the Atrush Block and 18% interest (22.5% paying interest) in the Sarsang Block. The provision assumes these works will commence in 2032 for Atrush and in 2038 for Sarsang and will take ten years to abandon. The undiscounted provision at June 30, 2026, is $34.8 million (2025: $34.0 million) and was discounted using a risk-free rate of 4.23% for the Atrush Block and 4.47% for the Sarsang Block (2025: 3.24 % for the Atrush Block and 3.80% for the Sarsang Block) with an inflation rate of 3.50% (2025: 2.68%).

The contingent consideration relates to the purchase consideration for the acquisition of the interest in the Sarsang Block, purchased in September 2022, and is payable to the seller upon (i) cumulative gross oil production from the Sarsang PSC reaching 130 MMbbls and (ii) Brent crude oil prices averaging at least $60/bbl for the preceding twelve-month period. The Company estimates the fair value of this contingent consideration based on forecasted results from the reserves report at the end of each quarter and treats any difference as a finance income/cost.

Refer also to Note 9.

17. Share capital

The Company is authorized to issue an unlimited number of common shares with no par value. The Company's issued share capital is as follows:

	Number of shares	Share capital ($)
At January 1, 2025	**2,845,961,365**	**672,530**
RSUs	12,753,177	(432)
Options	16,734,707	2,524
At December 31, 2025	**2,875,449,249**	**674,622**
RSUs	-	(2,411)
Options	3,055,065	64
Private placement	8,999,999	1,163
At June 30, 2026	**2,887,504,313**	**673,438**

During the first half of 2026, a total of 3,055,065 common shares from exercised options and nil common shares from vested Restricted Share Units ("RSUs") were issued to plan participants in accordance with the Company's Share Unit Plan (2025 full year: 12,753,177 RSUs and 16,734,707 options). The carrying value of the RSU shares has been determined based on the Company's average closing share price over the five-day period prior to the vesting date.

On June 2, 2026, the Company announced that 8,999,999 offer shares were placed through a retail private placement in connection with the listing of the Company on the EGO.

Refer also to Notes 1 and 18.

Expressed in thousands of United States dollars, unless otherwise noted

Earnings per share

	For the six months ended June 30, 2026	2025
Net income, in dollars	25,843	2,412
Weighted average number of shares outstanding during the period	2,879,549,586	2,860,156,701
Weighted average diluted number of shares outstanding during the period	2,958,776,476	2,963,936,926
Basic income per share, in dollars	0.01	-
Diluted income per share, in dollars	0.01	-

18. Share-based payments expense

The Company has established share unit plans and a share purchase option plan whereby a committee of the Board may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees and consultants. At June 30, 2026, a total of 79,226,890 shares (3% of the issued share capital) had been granted of the potential 288,750,431 shares that could be granted under the plans. The number of shares issuable under these plans at any specific time to any one recipient shall not exceed 5% of the issued and outstanding common shares of the Company. Under the plans, the Company may grant stock options, performance share units, RSUs and deferred share units ("DSUs"). The DSU Plan is for non-executive directors of the Company.

Stock options vest in three equal tranches over two years with the first vesting immediately on the grant date, the next on the first anniversary date and the remaining third on the second anniversary date. RSUs vest in three equal tranches over three years with the first vesting on the first anniversary of the grant date, the next on the second anniversary date and the remaining third on the third anniversary date. The grants are subject to continued employment with the Company. DSUs vest immediately on grant but are not available until the non-executive director leaves the Company, unless redeemed early at the Company's option.

In the first six months of 2026, a total of 14,951,316 RSUs vested, 332,015 RSUs were forfeited, 7,366,666 options were exercised and 210,000 options were forfeited (2025: 17,363,336 RSUs vested and 31,773,335 options were exercised).

The movements in the first six months of 2026 resulted in charges to the Statement of Comprehensive Income for options of $295 (2025: $336), for RSUs of $1,007 (2025: $2,574) and for DSUs of $(857) (2025: $1,565). The carrying amount of the DSU liability at June 30, 2026, is $3,047 (December 31, 2025: $3,904), which is valued at the quarter-end closing share price. The closing share price at June 30, 2026, was SEK 1.33 (December 31, 2025, CAD 0.24, SEK 1.58).

Expressed in thousands of United States dollars, unless otherwise noted

A summary of movements in the Company's outstanding options and share units is below:

	Number of stock options outstanding	Number of RSUs outstanding	Number of DSUs outstanding
At December 31, 2025	**27,403,328**	**52,413,324**	**22,270,235**
Options exercised	(7,366,666)	-	-
Expired/forfeited	(210,000)	(332,015)	-
RSUs vested	-	(14,951,316)	-
At June 30, 2026	**19,826,662**	**37,129,993**	**22,270,235**
Quantities vested and unexercised:			
At December 31, 2025	9,816,670	-	22,270,235
At June 30, 2026	9,455,833	-	22,270,235
Weighted average exercise price of options exercised:			
At December 31, 2025	CAD 0.07 (SEK 0.47)		
At June 30, 2026	SEK 0.75		
Weighted average remaining contractual life of options:			
At December 31, 2025	4.1 years		
At June 30, 2026	3.5 years		
Weighted average exercise price of outstanding options:			
At December 31, 2025	CAD 0.14 (SEK 0.94)		
At June 30, 2026	SEK 1.005		

The Company recognizes compensation expense on stock options granted to both employees and non-employees using the fair value method at the date of grant. The share-based payments expense for these options is calculated using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Comparative share price figures above for 2025 are shown in CAD and SEK due to the recent delisting from the TSX Venture Exchange in Toronto. Refer to Note 1. The 2026 figures are taken from the Nasdaq First North Growth Market in Stockholm in SEK because the Company's share plans reference this market.

Expressed in thousands of United States dollars, unless otherwise noted

19. Financial instruments

Financial assets

The financial assets of the Company on the balance sheet dates were as follows:

	Fair value hierarchy [5]	Carrying and fair values at [1] June 30, 2026	December 31, 2025
Accounts receivable [4]	Level 3	98,430	84,903
Cash and cash equivalents, unrestricted [2]	Level 1	28,039	41,150
Cash and cash equivalents, restricted [2]	Level 1	911	981
Other receivables [2]	Level 2	151	142
Total financial assets		**127,531**	**127,176**

Financial assets classified as other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Financial liabilities

The financial liabilities of the Company on the balance sheet dates were as follows:

	Fair value hierarchy [5]	Carrying values at [1] June 30, 2026	December 31, 2025
Borrowings [3]	Level 2	131,799	131,799
Accrued interest on bond	Level 2	13,794	13,549
Contingent consideration	Level 3	11,281	12,027
Accounts payable and accrued expenses [2]	Level 2	5,578	8,474
Total financial liabilities		**162,452**	**165,849**

Financial liabilities other than the contingent consideration are initially recognized at the fair value of the amount expected to be paid and subsequently measured at amortized cost using the effective interest rate method. The contingent consideration is recorded at its estimated fair value at the end of each quarter with any movements recorded to finance income/cost. Refer to Note 16 for additional information.

[1] The carrying amount of the Company's financial assets approximate their fair values at the balance sheet dates.

[2] No valuation techniques have been applied to establish the fair value of these financial instruments as they are either cash and cash equivalents, correspond to payment terms fixed by contract or, due to the short-term nature, are readily convertible to or settled with cash and cash equivalents.

[3] The Company's estimate for the fair value of its net borrowings (the gross outstanding amount of the 2029 Bond) at the balance sheet date is $150.2 million (December 31, 2025: $150.6 million) based on recent trading in the Company's bond and indicative pricing provided by brokers.

[4] Provisions have been made to the accounts receivable. Refer to Note 12 for additional information.

[5] *Fair value measurements*

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy of three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1: fair value measurements are based on unadjusted quoted market prices;
- Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted prices or indices; and
- Level 3: fair value measurements are derived from valuation techniques that include inputs that are not based on observable market data.

Expressed in thousands of United States dollars, unless otherwise noted

20. Commitments and contingencies

At June 30, 2026, the outstanding commitments of the Company were as follows:

	For the year ended June 30, 2027	2028	2029	Thereafter	Total
Atrush and Sarsang block development and PSC	61,273	400	400	1,200	**63,273**
Sarsang contingent consideration	-	-	-	15,000	**15,000**
Corporate office and other	72	63	63	345	**543**
Total commitments	**61,345**	**463**	**463**	**16,545**	**78,816**

Amounts relating to Atrush and Sarsang block developments represent the Company's unfunded paying interest share of the approved 2026 work program and other obligations under the PSCs. The capital expenditure commitments in the work plans and budgets are contingent upon the security situation, continued production, continuation of sales and other economic factors.

Refer to Note 16 for further information regarding the Sarsang contingent consideration.

21. Related-party transactions

Transactions with corporate entities

	Transactions for periods ended June 30, three months		six months		Amounts owing at the balance sheet dates	
	2026	2025	2026	2025	June 30, 2026	December 31, 2025
International Petroleum Corp.	78	106	176	182	-	36
Orrön Energy AB	37	14	85	48	-	1
Namdo Management Services Ltd.	1	10	10	16	-	74
Nemesia	-	5,592	-	6,128	-	-
Lundin Foundation	-	(36)	-	19	-	-
Total	**116**	**5,686**	**271**	**6,393**	**-**	**111**

Nemesia is a company controlled by a trust settled by the estate of the late Adolf H. Lundin and is a shareholder and bondholder of the Company. The Company had a loan from Nemesia that was fully repaid in 2025. Refer to Note 9 for further details.

The Lundin Foundation is a non-profit organization, of which the Company is a member, that provides services for Lundin Group companies.

International Petroleum Corp., Namdo Management Services Ltd. and Orrön Energy AB are companies affiliated with shareholders of the Company and provide corporate, technical and administrative support services to the Company.

All transactions with related parties are conducted in the normal course of business and are made on an arm's-length basis, as with all third parties.

22. Subsequent events

On July 13, 2026, the Company announced that production and pipeline exports had gradually increased following restart of operations at the Atrush and Sarsang blocks.

A further shut-in at both blocks was announced by the Company on July 20, 2026, due to the deterioration of the regional security environment.

Subsequent to the expiration of the ITP agreement on July 27, 2026, Iraq and Türkiye signed a one-year interim agreement on August 1, 2026, to extend the operation of the ITP.

NON-EXECUTIVE DIRECTORS

Chris Bruijnzeels
Director, Chairman

Michael Ebsary
Director

Keith Hill
Director

William Lundin
Director

OFFICERS

Garrett Soden
Director, President and Chief Executive Officer

Elvis Pellumbi
Chief Financial Officer and Corporate Secretary

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Geneva, Switzerland

TRANSFER AGENT

DNB Bank ASA
Oslo, Norway

STOCK EXCHANGE LISTINGS

Oslo: Euronext Growth Market

Stockholm: Nasdaq First North Growth Market

Trading Symbol: SNM