NorAm Drilling Company

Interim Report for

NorAm Drilling Company AS

2nd Quarter 2021

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CONSOLIDATED FINANCIALS:

MUSD	Q2 2021	1st half 2021	Q2 2020	1st half 2020
Revenue	12.5	22.7	15.1	36.1
Operating Profit (1)	(2.8)	(5.5)	(2.3)	(2.4)
Net Profit before tax (1)	(4.6)	(9.1)	(4.1)	(6.1)
EBITDA (1)	1.7	3.6	2.2	6.5

DRILLING CONTRACT STATUS:

- Rig 21 – on contract pad-pad
- Rig 22 – on contract through January 2022
- Rig 23 – on contract pad-pad
- Rig 25 – on contract through October 2021
- Rig 26 – on contract through July 2021
- Rig 27 – on contract through February 2022
- Rig 28 – committed from September through February 2022
- Rig 29 – available
- Rig 30 – on contract pad-pad
- Rig 32 – available
- Rig 34 – available

SUMMARY

NorAm Drilling Company AS owns 100% of NorAm Drilling Company, a Texas corporation, collectively referred to as NorAm herein. NorAm owns and operates a quality rig portfolio of "super spec" advanced high-end AC driven rigs tailored for the drilling of horizontal wells in the US land drilling market. Currently, seven of our eleven rigs are under contract and operating in the Permian Basin. These rigs are designed to combine the cost efficiency of a compact rig with the versatility of different rig classes, enabling the rigs to cover a broad range of wells for both liquids and gas.

MARKET & ACTIVITIES

Reduced demand for crude oil and refined products related to the COVID – 19 pandemics, combined with production increases from OPEC+, led to a significant reduction in crude oil prices and demand for drilling services in North America during 2020.

More recently, as a result of improved optimism for increased global oil demand as vaccines are being administered related to COVID – 19 and OPEC+ controlling its production, crude oil prices and demand for drilling services in North America started to improve in late 2020.

Oil prices remain volatile, as the closing price of US West Texas Intermediate (WTI) crude reached a first quarter 2020 high of $63.27 per barrel on January 6, 2020 and a low of negative $37.63 per barrel on April 20, 2020. WTI increased steadily from late April 2020 and remained relatively stable near $40 per barrel through October 2020. Since October 2020, WTI improved and is currently trading near $70.00 per barrel.

As of August 20, 2021, the US land drilling active rig count and Permian rig count was 490 and 249, respectively. As of December 31, 2020, the US land drilling active rig count and Permian rig count was 332 and 175, respectively.

As of March 31, 2020, all eleven of our rigs were under contract and operating in the Permian Basin. Our rig count started to decline in late April and were operating 4 rigs in Q3 2020. We contracted and reactivated a 5th rig in Q4 2020 a 6th and 7th rig in Q1 2021 and we have contracted and expect to reactivate an 8th rig in September 2021. We currently have eight rigs under contract.

As a result of the COVID – 19 pandemic we initiated several steps at our rig sites and operational service centers to ensure the safety of our employees, customers and 3rd party partners. To date, our staffing and rig operations have not experienced any significant disruption as a result of COVID – 19.

In response to the significant reduction in crude oil prices and the resulting fall in demand for drilling services in North America during 2020, we initiated decisive actions to quickly scale down our expenses and conserve liquidity including: (i) lowering our direct field level personnel as rigs were released, (ii) implemented wage reductions for all employees and Board of Director fees, (iii) suspended our employer 401K match, (iv) work with our vendor partners for best pricing on goods and services and (v) eliminated all non-essential spending. Additionally, we are maintaining any stacked rig in a manner to ensure that we can reactivate these rigs in the most cost effective and efficient manner when demand for drilling services improves. We successfully reactivated two of our rigs and were reactivated in line with our expectations and performing well.

OPERATIONS

During 2Q 2021, NorAm achieved a 63.2% utilization on an average available fleet of 11.0 rigs compared to a 64.7% utilization rate on an average available fleet of 11.0 rigs in 2Q 2020. In comparison, we achieved a utilization rate of 50.7% on an average available fleet of 11.0 rigs in 1Q 2021.

Combined with focus on our rig personnel staffing levels and effectively managing our other daily operating costs we were able to manage rig operating costs during 2Q 2021 in line with our expectations.

FINANCIALS

NorAm had revenue of MUSD 12.5 during 2Q 2021 compared to MUSD 15.1 in 2Q 2020. During 2Q 2021 we generated an operating profit of MUSD (2.8) compared to an operating profit of MUSD (2.3) in 2Q 2020. The decline in revenue was primarily the result of lower dayrates. During 2Q 2021 we generated an EBITDA of MUSD 1.7 compared to MUSD 2.2 in 2Q 2020. The decrease in operating profit and EBITDA is primarily due to lower dayrates.

NorAm had revenue of MUSD 22.7 during the first half of 2021 compared to MUSD 36.1 during the first half of 2020. During the first half of 2021 we generated an operating profit of MUSD (5.5) compared to an operating profit of MUSD (2.4) in the first half of 2020. During the first half of 2021 we generated an EBITDA of MUSD 3.6 compared to MUSD 6.5 in the first half of 2020. The decrease in operating profit and EBITDA is primarily due to lower dayrates and utilization.

Capital expenditures were MUSD 0.5 in 2Q 2021 and MUSD 0.9 in the first half of 2021. As of June 30, 2021, our cash position was MUSD 17.6 and we had MUSD 80.0 of outstanding bonds payable to 3rd parties.

In May 2021, the Company entered into an amendment of its Revolving Credit Facility that (i) extends the maturity date to the earlier of June 2023 or the maturity of the bonds and (ii) allows for borrowings for financing capital expenditures. As of Q2 2021, there were no borrowings outstanding under this facility.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

On May 5, 2020, we entered into an unsecured loan in the aggregate principal amount of MUSD 5.5 pursuant to the Paycheck Protection Program which is part of the CARES Act initiatives. This loan was forgiven in full on May 11, 2021.

On December 27, 2020, an additional COVID-19 Pandemic Relief Bill was approved. This bill authorized another round of PPP loans ("second draw PPP loans"). On February 5, 2021, we entered into a second PPP loan in the aggregate principal amount of MUSD $2.0. We expect to submit our application for full forgiveness during Q3 2021.

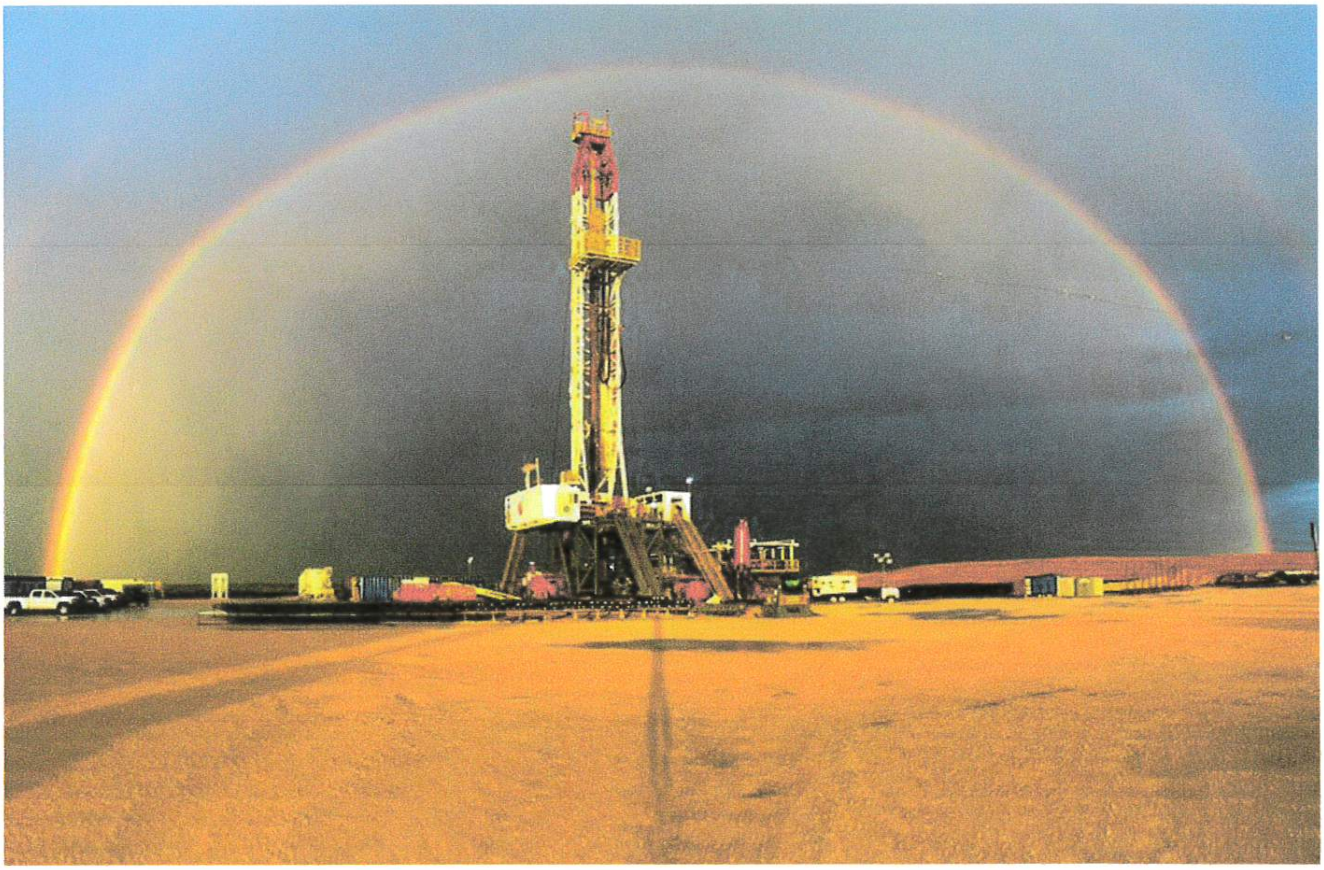
Due to the uncertain market conditions, resulting from COVID-19 pandemic and the oil production changes, we have reviewed assumptions for the carrying values of our assets. This includes assumptions for development in dayrates, OPEX and other critical inputs were adjusted. The development in dayrates and rig utilization is considered as temporary setbacks, and not permanent changes, hence this is reflected in the company's impairment model. There is significant uncertainty relating to the recovery of the market, and the key inputs are therefore uncertain.

The conclusion on the impairment calculation, based on information available and the prevailing estimates for recovery of oil prices etc, is that there is no need for impairment charges as of Q2 2021. Management and the board of directors will follow the developments in the market closely and assess impairment continuously if expected future market conditions changes.

OUTLOOK

Since August 2020, WTI oil prices and US land rig counts have steadily increased indicating that the US drilling industry bottomed in 3Q 2020. The extent of any continued recovery in the US drilling industry cannot be reasonably predicted and is subject to many variables including, but not limited to: (i) global oil demand (ii) OPEC+ maintaining and complying with appropriate supply targets, (iii) economic recovery as the COVID - 19 pandemic is mitigated, (iv) operating discipline demonstrated by US E&P operators and (v) any possible regulatory changes issued by the new US government. We expect that future demand for US drilling rigs will continue to be focused on Super Spec rigs because of their efficient and effective capabilities which we believe we our rig fleet should benefit with higher utilization and dayrates. Any further significant negative volatility in WTI oil prices could have an adverse impact on the demand for US drilling rigs.

NorAm Drilling Group



Interim Report as of Q2 2021

NorAm Drilling Company

NorAm Drilling Company

Unaudited

Group - Income Statement	Notes	YTD Q2 2021	YTD Q2 2020	YTD 31.12.20	Q2 2021	Q2 2020
(All amounts in USD 1000s)						
Revenue/Expense						
Sales		22 697	36 085	54 659	12 466	15 076
Other Income						
Total operating income		**22 697**	**36 085**	**54 659**	**12 466**	**15 076**
Payroll Expenses		8 251	12 317	18 758	4 579	5 422
Depreciation of tangible and intangible assets		9 124	8 912	18 041	4 564	4 505
Rig mobilization, service and supplies		6 658	10 442	14 662	3 916	4 647
Insurance rigs and employees		1 398	1 828	3 492	781	693
Other Operating Expenses		2 756	5 007	7 897	1 442	2 090
Total Operating Expenses		**28 187**	**38 508**	**62 851**	**15 282**	**17 358**
Operating profit (+)/ loss (-)		**-5 490**	**-2 422**	**-8 192**	**-2 816**	**-2 281**
Financial Income and Expenses						
Other Interest Income			6	7		
Other Financial Income		3	13	39	2	13
Other Interest Expenses		3 608	3 735	7 427	1 805	1 865
Other Financial Expenses		9	2	391	3	
Net Financial Items		**-3 614**	**-3 718**	**-7 772**	**-1 806**	**-1 853**
Profit (+)/Loss(-) before Income Tax		**-9 104**	**-6 140**	**-15 964**	**-4 622**	**-4 134**
Income Tax Expense		-859	588	-2 385	-429	278
Net Profit (+)/Loss (-)		**-8 245**	**-6 728**	**-13 579**	**-4 192**	**-4 412**
EBITDA		**3 634**	**6 490**	**9 849**	**1 748**	**2 224**

NorAm Drilling Company

Unaudited

Group - Balance sheet USD	Notes	Q2 2021	Q2 2020	31.12.20
(All amounts in USD 1000s)				
Assets				
Tangible Assets				
Rigs and accessories	7	108 748	125 552	116 804
Vehicles and Office Equipment	7	114	349	215
Total Tangible Assets		**108 862**	**125 901**	**117 019**
Current Assets				
Receivable				
Accounts Receivable		4 627	6 452	4 423
Other Receivable		1 745	1 570	1 191
Total Receivable		**6 372**	**8 022**	**5 614**
Cash and cash equivalents				
Bank Deposits/Cash	5	17 648	21 767	16 337
Total Current Assets		**24 020**	**29 788**	**21 951**
Total Assets		**132 882**	**155 690**	**138 971**

NorAm Drilling Company

Unaudited

Group - Balance sheet USD	Notes	Q2 2021	Q2 2020	31.12.20
(All amounts in USD 1000s)				
Equity				
Owners Equity				
Issued Capital	2	15 932	15 932	15 932
Share Premium	2	94 860	94 860	94 860
Other shareholder contribution	2	369	369	369
Total Owners Equity		**111 162**	**111 162**	**111 162**
Accumulated Profits				
Other Equity	2, 6	-68 844	-59 248	-66 099
Total Accumulated Profits		**-68 844**	**-59 248**	**-66 099**
Total Equity		**42 318**	**51 914**	**45 062**
Liabilities				
Deferred tax		1 791	5 164	2 651
Total deferred tax		**1 791**	**5 164**	**2 651**
Non-current liabilities				
Liabilities to Financial Institutions				
Bond Loan	3	80 000	80 000	80 000
Other Long Term Liabilities	6	2 000	6 426	5 718
Total Non-Current Liabilities		**82 000**	**86 426**	**85 718**
Current Liabilities				
Liabilities to Financial Institutions				
Accounts Payable		2 336	1 607	1 330
Tax payable			415	3
Public Duties Payable		150	111	150
Other Current Liabilities		4 288	4 053	4 055
Total Current Liabilities		**6 774**	**12 187**	**5 539**
Total Liabilities		**90 565**	**103 776**	**93 908**
Total Equity & Liabilities		**132 882**	**155 690**	**138 971**

NOTE DISCLOSURE

NorAm Drilling Company

Note 1 - Accounting Principles

The interim report is based on management reporting, and is prepared in accordance with the Norwegian Accounting Act and Norwegian GAAP.

Principles and policy is the same for the interim report as in the last Annual Report. For comprehensiv description of accounting principles, we therefore refer to the last issed Annual Report

1-1 Basis for consolidation

The Group's consolidated financial statements comprise NorAm Drilling Company AS and companies in which NorAm Drilling Company AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Minority interests are included in the Group's equity. Transactions between Group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

1-2 Income tax

The tax expense for management reporting and interim reporting purposes is a simplyfied tax calculation where the tax rate in the different jurisdictions are applied to the net result in the different jurisdiction booked against deferred tax/deferred tax asset. If a jurisdiction has a negative result, and no deferred tax asset is expected to be capitalized, no tax expense are calculated for that jurisdiction.

1-3 Foreign Currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into USD using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into USD using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

The functional currency for the NorAm Group is USD, in which also is the presentation currency.

1-4 Audit of management reporting/interim reporting

The interim financials are unaudited.

NOTE DISCLOSURE

NorAm Drilling Company

Note 2 - Equity and Shareholders Information

	Share capital	Share premium	Other paid in capital	Other equity	Total
Equity 01.01.21	15,932	94,860	369	-66,099	45,062
Profit/loss in the period				-8,245	-8,245
Debt forgiveness				5,500	5,500
Equity Q2 2021	**15,932**	**94,860**	**369**	**-68,844**	**42,318**

10 largest Shareholders as of Q2 2021 in NorAm Drilling Company AS

Name	#Shares	Share
Geveran Trading Ltd	15,842,707	67.7 %
Pactum AS	2,673,034	11.4 %
SFL Corporation Ltd.	1,266,225	5.4 %
Camaca AS	537,112	2.3 %
Thabo Energy AS	450,000	1.9 %
Prima Green investment AS	321,593	1.4 %
Jahrmann AS	264,590	1.1 %
Robert Wood Johnson Foundation	235,385	1.0 %
Naeringslivets Hovedorganisasjon	197,301	0.8 %
Damima Invest AS	166,987	0.7 %
Total	21,954,934	
Total number of shares	23,392,317	

NOTE DISCLOSURE

NorAm Drilling Company

Note 3 - Long term liabilities and covenants

Bond loan

The Group has a Bond loan as of Q2 2021

Outstanding as of Q2 2021	80,000,000
Maturity date on bond loan	6/3/22
Repayment during 2021	-

Financial covenants;

1 Liquidity – The Group's liquidity should be held at minimum MUSD 5
2 Current Ratio – Minimum 1:1
3 Asset Coverage Ratio - Market value of the rigs to be minimum 130% of total par value of the outstanding bond.

As of Q2 2021 the Group is compliant with existing covenants.

Revolving Credit Facility

The company has an Revolving Credit Facility, with a maturity of June 2023 or maturity of the Bond Loand, of MUSD 6 available for CAPEX upgrade purposes. There were no borrowings outstanding under this facility as of Q2 2021.

Note 4 - Key figures and ratios

(USD mill)	**Q2 2021**	**YTD 2021**	**Q2 2020**	**YTD 2020**
Revenue	12.5	22.7	15.1	36.1
Operating profit	-2.8	-5.5	-2.3	-2.4
Net profit before tax	-4.6	-9.1	-4.1	-6.1

	Q2 2021	**Q2 2020**
Equity to asset ratio	31.8 %	33.3 %
Total number of shares	23,392,317	23,392,317
Earning per share*	-0.35	-0.29

NOTE DISCLOSURE

NorAm Drilling Company

Note 5 - Cash Flow overview

Year to date	Q2 2021	Q2 2020	31.12.2020
Cash from operation	497	4,619	6,143
Cash from investments	-967	-2,214	-2,460
Cash from financing	-3,718	11,444	4,737
Change in cash	-4,189	13,850	8,420
Cash position opening balance	16,337	7,917	7,917
Cash position closing balance	17,648	21,767	16,337

As of Q2 2021 USD of 759k bank deposits/cash on hand was restricted for debt service obligations related to the Groups outstanding bond loan.

Note 6 - Cares act

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

On May 5, 2020, we entered into an unsecured loan in the aggregate principal amount of MUSD 5.5 pursuant to the Paycheck Protection Program which is part of the CARES Act initiatives.

On October 16, 2020, we filed our final application for forgiveness requesting forgiveness of the entire MUSD 5.5 based upon the guidelines provided by the governing authorities. The request was approved in May 2021 and MUSD 5.5 is recognised as an increase in equity.

On December 27, 2020, an additional COVID-19 Pandemic Relief Bill was approved. This bill both materially changed existing PPP loans and authorized another round of PPP loans ("second draw PPP loans").

On February 5, 2021, we entered into a second draw PPP loan in the aggregate principal amount of MUSD 2.

NOTE DISCLOSURE

NorAm Drilling Company

Note 7 - Impairment

During Q1 2020, the company experienced the effect of COVID-19 and the sudden fall in oil prices, which both was assessed as impairment indicators. Based on this, an impairment calculation was performed, showing no impairment in YTD April 2021. In the model, the long term effects of COVID-19 and change in oil prices is reflected as temporary set-backs on day-rates and utilization. Both is expected to gradual recover over the next 3 years, to the same levels used in the impairment model for Q4 2019.

Management has continued to monitor the development in inputs to the impairment model, and has seen these improve slightly quicker than expected, hence no impairment trigger identified as of June 2021. The basis for this assessment is increased demand for services in the market and recovery of rig utilization at an earliger stage than expected, thogh at a lower day rate than expected.

There is still significant uncertainty in the marked, especially regaring timing of recovery for the oil marked, hence conclusion relating to impairment can change in the upcoming quarters.