UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**FORM 10-Q**

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

**Commission File Number: 001-42433**

**NEW ERA ENERGY & DIGITAL, INC.**
(Exact name of registrant as specified in its charter)

| **Nevada** | **99-3749880** |
|---|---|
| State or other jurisdiction of incorporation or organization | (I.R.S. Employer Identification No.) |
| **200 N. Loraine Street, Suite 1324 Midland, TX** | **79701** |
| (Address of principal executive offices) | (Zip Code) |

(432) 695-6997
(Registrant's telephone number, including area code)

**Not Applicable**
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock | NUAI | The Nasdaq Stock Market LLC |
| Warrants | NUAIW | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation ST(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☒ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of August 10, 2026, the registrant had 106,733,697 shares of common stock issued and 106,559,339 shares of common stock outstanding.

**NEW ERA ENERGY & DIGITAL, INC.**
**TABLE OF CONTENTS**

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Report") contains "forward-looking statements." Forward-looking statements reflect the current view about future events. When used in this prospectus, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan" or the negative of these terms and similar expressions, as they relate to us or our management, identify forward-looking statements. Such statements, include, but are not limited to, statements contained in this Report relating to our business strategy, our future operating results and liquidity and capital resources outlook. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees of assurance of future performance. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation:

- our ability to construct, develop, lease and maintain our flagship project;
- our ability to access adequate project financing, commercial borrowings and debt and equity capital markets to fund our significant anticipated capital expenditures;
- the impact of supply chain disruptions, labor availability, raw materials and input commodity costs and availability, and manufacturing and transportation;
- general business and economic conditions;
- environmental history, remediation, and associated risks;
- our ability to obtain and renew leases with our tenants on terms favorable to us, and manage our growth, business, financial results and results of operations;
- our ability to respond to price fluctuations and rapidly changing technology;
- the impact of tariffs and global trade disruptions on us and our tenants;
- changes in political conditions, geopolitical turmoil, political instability, civil disturbances, and restrictive governmental actions;
- the degree and nature of our competition;
- our failure to generate sufficient cash flows to service indebtedness;
- our expectations regarding the anticipated timeline of our cash, cash equivalents and short-term investments, future financial performance and our ability to continue as a going concern;
- material negative changes in the creditworthiness and the ability of our tenants to meet their contractual obligations;
- increases and volatility in interest rates;
- increased power, labor, equipment procurement, shipping, refurbishment or construction costs;
- a failure of our information technology systems, systems conversions and integrations, cybersecurity attacks or a breach of our information security systems, networks or processes;
- our inability to obtain and/or maintain necessary government or other required consents or permits;
- changes in, or the failure or inability to comply with, local, state, federal and applicable international laws and regulations, including related to taxation, real estate and zoning laws, and increases in real property tax rates;
- the impact of any financial, accounting, legal or regulatory issues or litigation that may affect us;
- our ability to maintain an effective system of disclosure controls and procedures and internal control over financial reporting and operations; and
- additional factors discussed in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K for the year ended December 31, 2025 that was filed with the Securities and Exchange Commission ("SEC") on March 12, 2026, and in our Form 10-Q for the quarterly period ended March 31, 2026 that was filed with the SEC on May 15, 2026.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

**NEW ERA ENERGY & DIGITAL, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| | *(Unaudited)* | |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | $ 69,821,390 | $ 1,202,728 |
| Restricted cash | 15,000,000 | - |
| Accounts receivable, net | 1,237,988 | 941,068 |
| Prepaid expenses and other current assets | 1,684,397 | 891,700 |
| Related party receivable | - | 2,551,932 |
| Restricted investments | 1,407,985 | 1,384,708 |
| **Total Current Assets** | **89,151,760** | **6,972,136** |
| | | |
| Oil and natural gas properties, net | 3,204,407 | 3,296,958 |
| Property and equipment, net | 1,933,774 | 116,774 |
| Land | 80,405,447 | - |
| Investment in Joint Venture | - | 3,631,005 |
| Prepaid expenses - non-current | - | 120,000 |
| **Total Assets** | **$ 174,695,388** | **$ 14,136,873** |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current Liabilities | | |
| Accounts payable | $ 2,415,018 | $ 1,277,187 |
| Accrued liabilities | 3,596,975 | 691,159 |
| Excise taxes payable | - | 1,402,934 |
| Withholding taxes payable | - | 800,018 |
| Due to related parties | - | 165,000 |
| Asset retirement obligation - current | 260,000 | - |
| Other liabilities - current | - | 90,740 |
| **Total Current Liabilities** | **6,271,993** | **4,427,038** |
| | | |
| Embedded derivative liability | 2,150,000 | - |
| Note payable, net | 15,172,929 | - |
| Asset retirement obligation | 12,515,499 | 12,319,132 |
| **Total Liabilities** | **36,110,421** | **16,746,170** |
| | | |
| Commitments and Contingencies (Note 9) | | |
| | | |
| Stockholders' Equity (Deficit) | | |
| Preferred stock, $0.0001 par value, 5,000,000 shares authorized, none issued or outstanding as of June 30, 2026 and December 31, 2025 | - | - |
| Common stock, $0.0001 par value, 245,000,000 shares authorized, 106,665,286 issued and 106,490,928 outstanding at June 30, 2026; 53,623,529 issued and 53,449,171 outstanding at December 31, 2025 | 10,670 | 5,366 |
| Treasury stock, 174,358 shares at June 30, 2026 and December 31, 2025 | (17) | (17) |
| Additional Paid-in Capital | 213,198,956 | 40,743,397 |
| Accumulated deficit | (74,624,642) | (43,358,043) |
| Total Stockholders' Equity (Deficit) | 138,584,967 | (2,609,297) |
| **Total Liabilities and Stockholders' Equity (Deficit)** | **$ 174,695,388** | **$ 14,136,873** |

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

**NEW ERA ENERGY & DIGITAL, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025**
**(UNAUDITED)**

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| Revenues, net | | | | |
| Natural gas, and product sales, net | $ 36,497 | $ 209,114 | $ 551,084 | $ 535,569 |
| **Total revenues, net** | **36,497** | **209,114** | **551,084** | **535,569** |
| Costs and expenses | | | | |
| Lease operating expenses | 182,360 | 308,385 | 478,413 | 568,865 |
| Impairment expense | 250,000 | - | 625,000 | - |
| Depletion, depreciation, amortization, and accretion | 394,350 | 232,018 | 769,210 | 430,427 |
| General and administrative expenses | 16,091,330 | 1,532,520 | 25,253,525 | 3,469,174 |
| **Total costs and expenses** | **16,918,040** | **2,072,923** | **27,126,148** | **4,468,466** |
| **Loss from operations** | **(16,881,543)** | **(1,863,809)** | **(26,575,064)** | **(3,932,897)** |
| Other income (expenses) | | | | |
| Interest income | 44,704 | 10,948 | 56,290 | 26,328 |
| Interest expense | (615,990) | (1,515,986) | (2,417,414) | (2,958,108) |
| Change in fair value of derivative asset | - | 156,659 | - | 141,256 |
| Change in fair value of derivative liability | 772,893 | (99,274) | 1,085,587 | 91,703 |
| Change in fair value of deferred equity consideration | (3,698,652) | - | (3,351,961) | - |
| Loss on debt extinguishment | (70,657) | - | (70,657) | - |
| Other, net | 6,620 | (294,542) | 6,620 | (294,542) |
| **Total other income (expenses)** | **(3,561,082)** | **(1,742,195)** | **(4,691,535)** | **(2,993,363)** |
| Loss before income taxes | (20,442,625) | (3,606,004) | (31,266,599) | (6,926,260) |
| Income taxes | - | - | - | - |
| **Net loss** | **$ (20,442,625)** | **$ (3,606,004)** | **$ (31,266,599)** | **$ (6,926,260)** |
| Net loss per share - basic and diluted | $ (0.21) | $ (0.21) | $ (0.41) | $ (0.45) |
| Weighted average number of common shares outstanding, basic and diluted | 98,171,489 | 16,904,066 | 77,020,164 | 15,390,821 |

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

**NEW ERA ENERGY & DIGITAL, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025**
**(UNAUDITED)**

| | Common Stock | | Treasury Stock | | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | |
| **Balance - January 1, 2026** | 53,623,529 | $ 5,366 | (174,358) | $ (17) | $ 40,743,397 | $ (43,358,043) | $ (2,609,297) |
| Shares issued for the acquisition of TCDC | 2,091,351 | 209 | - | - | 8,490,676 | - | 8,490,885 |
| Common shares issued for services | 31,564 | 3 | - | - | 164,990 | - | 164,993 |
| Stock-based compensation | - | - | - | - | 5,156,800 | - | 5,156,800 |
| Warrants exercised for cash | 5,674,000 | 567 | - | - | 11,259,108 | - | 11,259,675 |
| Options exercised | 9,852 | 1 | - | - | (33,470) | - | (33,469) |
| Net loss | - | - | - | - | - | (10,823,974) | (10,823,974) |
| **Balance - March 31, 2026** | 61,430,296 | $ 6,146 | (174,358) | $ (17) | 65,781,501 | $ (54,182,017) | $ 11,605,613 |
| Issuance of common stock, net of offering costs | 35,328,877 | 3,533 | - | - | 112,454,891 | - | 112,458,424 |
| Conversion of related party debt | 1,522,389 | 152 | - | - | 5,006,697 | - | 5,006,849 |
| Stock-based compensation | - | - | - | - | 9,012,758 | - | 9,012,758 |
| Shares issued for the acquisition of TCDC | 893,724 | 90 | - | - | 3,833,986 | - | 3,834,076 |
| Warrants exercised for cash | 7,490,000 | 749 | - | - | 14,968,235 | - | 14,968,984 |
| Excise tax release | - | - | - | - | 1,029,003 | - | 1,029,003 |
| Warrant issued in connection with term debt | - | - | - | - | 1,111,885 | - | 1,111,885 |
| Net loss | - | - | - | - | - | (20,442,625) | (20,442,625) |
| **Balance - June 30, 2026** | 106,665,286 | $ 10,670 | (174,358) | $ (17) | 213,198,956 | $ (74,624,642) | $ 138,584,967 |

| | Common Stock | | Treasury Stock | | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | |
| **Balance - January 1, 2025** | $ 13,165,152 | $ 1,318 | $ (174,358) | $ (17) | $ 11,722,100 | $ (13,772,239) | $ (2,048,838) |
| Sale of common stock | 835,000 | 84 | - | - | 2,198,359 | - | 2,198,443 |
| Common shares issued for services | 125,000 | 12 | - | - | 423,738 | - | 423,750 |
| Net loss | - | - | - | - | - | (3,320,256) | (3,320,256) |
| **Balance - March 31, 2025** | 14,125,152 | 1,414 | (174,358) | (17) | 14,344,197 | (17,092,495) | (2,746,901) |
| Sale of common stock | 11,531,476 | 1,153 | - | - | 6,214,368 | - | 6,215,521 |
| Net loss | - | - | - | - | - | (3,606,004) | (3,606,004) |
| **Balance - June 30, 2025** | $ 25,656,628 | $ 2,567 | $ (174,358) | $ (17) | $ 20,558,565 | $ (20,698,499) | $ (137,384) |

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

**NEW ERA ENERGY & DIGITAL, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025**
**(UNAUDITED)**

| | For the Six Months Ended June 30, 2026 | For the Six Months Ended June 30, 2025 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | $ (31,266,599) | $ (6,926,260) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depletion, depreciation, amortization, and accretion | 769,210 | 430,427 |
| Change in fair value of derivative assets and liabilities | (1,085,587) | (232,959) |
| Change in fair value of deferred equity consideration | 3,351,961 | - |
| Loss on debt extinguishment | 70,657 | - |
| Impairment of long-lived assets | 625,000 | - |
| Amortization of debt discount and debt issuance costs | 1,021,742 | 2,344,697 |
| Stock-based compensation | 14,169,558 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (296,920) | (118,154) |
| Prepaid and other current assets | (795,981) | 330,762 |
| Accounts payable | 1,137,831 | (788,397) |
| Accrued and other current liabilities | 1,584,469 | 281,751 |
| Due to related parties | (165,000) | (1,354) |
| **CASH USED IN OPERATING ACTIVITIES** | (10,879,659) | (4,679,487) |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of land | (4,538,891) | - |
| Purchase of member interest, net of cash acquired | (5,095,699) | - |
| Payments related to project assignment rights | (625,000) | - |
| Investment in oil and natural gas properties | (196,079) | - |
| Investment in joint venture | - | (75,000) |
| Investment in property, plant and equipment, net | (1,365,528) | (802,546) |
| **CASH USED IN INVESTING ACTIVITIES** | (11,821,197) | (877,546) |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of common stock, net of issuance cost | 112,458,424 | 8,413,964 |
| Repayment of note payable | (3,347,500) | - |
| Proceeds from exercise of warrants | 26,228,659 | - |
| Proceeds from term note | 19,367,500 | - |
| Proceeds from convertible note, net of transaction costs | - | 2,790,000 |
| Repayment on convertible note | - | (1,416,667) |
| Debt issuance costs | (939,497) | (84,183) |
| Repayment of convertible note | (50,000,000) | - |
| Proceeds from related party receivable | 2,551,932 | - |
| **CASH PROVIDED BY FINANCING ACTIVITIES** | 106,319,518 | 9,703,114 |
| | | |
| Change in cash, cash equivalents and restricted cash | 83,618,662 | 4,146,081 |
| Cash, cash equivalents and restricted cash, beginning of period | 1,202,728 | 1,053,744 |
| Cash, cash equivalents and restricted cash, end of period | $ 84,821,390 | $ 5,199,825 |
| | | |
| **SUPPLEMENTAL CASH FLOW DISCLOSURES:** | | |
| Cash paid for interest | $ 1,359,668 | $ 462,331 |
| | | |
| **SUPPLEMENTAL NON-CASH DISCLOSURES:** | | |
| Related party note issued as part of consideration for asset acquisition | $ 5,000,000 | $ - |
| Convertible debt issued as part of consideration for asset acquisition | 50,000,000 | - |
| Common stock issued as part of consideration for asset acquisition | 12,324,961 | - |
| Equity method investment in joint venture reclassified upon consolidation | 3,631,005 | - |
| Acquisition of assets through issuance of note payable | 3,347,500 | - |
| Shares withheld for taxes upon exercise of stock options | 33,470 | - |
| Related party debt and interest converted to common shares | 5,006,849 | - |

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

## NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

### Organization and Nature of Operations

References herein to New Era Energy & Digital, Inc. ("New Era", "NUAI" or the "Company"), include New Era and its consolidated subsidiaries. In these interim consolidated financial statements, the words "we," "our," "ours" and "us" refer only to New Era and its consolidated subsidiaries or, in certain contexts, to New Era or an individual consolidated subsidiary and not to any other person, with certain exceptions.

The Company is a vertically-integrated developer and operator of next-generation digital infrastructure and integrated power assets accelerating speed-to-power for advanced artificial intelligence ("AI") hyperscalers. In the second half of 2025, we executed a strategic pivot from our legacy natural gas operations to focus exclusively on developing data center campuses where power, land, and connectivity can be assembled and delivered on accelerated timelines. Our mission is to deliver speed-to-power by converging behind-the-meter power flexibility with data center development capabilities. Our primary strategy is to aggregate and entitle "Powered Land" and to develop "Powered Shells" and build-to-suit assets in power-advantaged markets, beginning with the Permian Basin, which benefits from energy abundance, regulatory clarity, and fiber connectivity.

We are initially focused on our flagship project, Texas Critical Data Centers LLC ("TCDC"), a 493-acre campus in Ector County, Texas, designed to support over 1 gigawatt ("GW") of potential compute capacity through phased development, with projected power delivery beginning as early as the end of 2027. We believe our proximity to major natural gas pipelines, fiber networks and carbon dioxide ("CO2") pipelines will provide us with the ability to serve our customers lower transmission costs and best-in-class uptime for purposes of reliably generating AI compute to capitalize on the AI revolution. We intend to execute through partnering across engineering, construction, procurement, power generation and sustainability with a world-class developer partner to provide our hyperscaler tenants with certainty of execution and speed-to-power.

The Company's current operations also include the exploration, development, and production of helium, natural gas, oil, and natural gas liquids ("NGLs"). The Company's producing oil and gas assets and non-producing acreage are primarily located in Chaves County, New Mexico. The Company also owns overriding royalty interests located in Howard County, Texas.

### Basis of Presentation

The accompanying condensed consolidated financial statements of the Company as of June 30, 2026 and December 31, 2025, have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") issued by the Financial Accounting Standards Board ("FASB"). The accompanying condensed consolidated financial statements reflect all adjustments including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the financial position, results of operations, and cash flows for the periods presented. References to GAAP issued by the FASB in these accompanying notes to the condensed consolidated financial statements are to the FASB Accounting Standards Codification ("ASC"). These interim unaudited consolidated financial statements with the notes herein have been condensed and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2025 that was filed with the Securities and Exchange Commission ("SEC") on March 12, 2026.

### Emerging Growth Company

Section 102(b)(1) of the Jumpstart Our Business Startups Act ("JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different applications dates for public or private companies, the Company as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard, until such time the Company is no longer considered to be an emerging growth company. At times, the Company may elect to early adopt a new or revised standard.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Liquidity and Going Concern

The Company recorded a net loss of $31,266,599 for the six months ended June 30, 2026 and $6,926,260 for the six months ended June 30, 2025. As of June 30, 2026, the Company had a working capital surplus of $82,879,767 and a cash and cash equivalent balance of $69,821,390.

During the three months ended June 30, 2026, the Company significantly strengthened its liquidity position. On April 8, 2026, TCDC, the Company's wholly owned subsidiary, entered into a senior secured term loan facility providing for borrowings of up to $290.0 million, including an initial committed tranche of $20.0 million, which was fully funded on April 13, 2026. Access to additional amounts under the term loan facility beyond the initial committed tranche is subject to lender approval and the satisfaction of certain conditions. On April 10, 2026, the Company completed an underwritten public offering resulting in proceeds, net of underwriters' discount and issuance costs, of approximately $93.4 million, and the underwriters' exercise of their option to purchase additional shares resulted in additional net proceeds of approximately $14.1 million. The Company used a portion of the offering proceeds to repay in full the outstanding borrowings under its senior secured convertible promissory note.

The Company's primary sources of liquidity include proceeds from equity and debt financings and cash received from oil, natural gas and product sales.

The Company's future capital requirements will depend on many factors, including its future rate of revenue growth and the timing and extent of expenditures to support sales, marketing, and infrastructure development, including the buildout of data center capacity. The Company currently expects cash requirements of approximately $25 million to $30 million over the next twelve months. Upon execution of binding term sheets or definitive agreements with data center users, these expected expenditures may increase materially; the Company expects that any such increases would be funded through a combination of customer prepayments, additional borrowings under the term loan facility, equity offerings and cash on hand.

In connection with the preparation of the condensed consolidated financial statements for the three months ended June 30, 2026, management assessed the Company's ability to continue as a going concern in accordance with ASC Subtopic 205-40, Presentation of Financial Statements — Going Concern. In its Quarterly Report for the three months ended March 31, 2026, the Company disclosed that its liquidity condition at that time, including recurring net losses, a working capital deficit, and significant near-term payment obligations, raised substantial doubt about its ability to continue as a going concern.

As a result of the debt and equity financings completed in April 2026, the repayment of the senior secured convertible promissory note and current and forecasted operating uses of cash, management has concluded that the Company's existing cash and cash equivalents on hand and expected sources of liquidity are sufficient to fund its operations and meet its obligations as they become due for at least twelve months from the date these condensed consolidated financial statements are issued. Accordingly, the conditions that previously raised substantial doubt about the Company's ability to continue as a going concern have been alleviated, and substantial doubt no longer exists as of the issuance date of these condensed consolidated financial statements.

**Cash, Cash Equivalents, and Restricted Cash**

The Company considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash equivalents are stated at cost plus accrued interest, which approximates market value, and are primarily invested in liquid highly-rated instruments issued by government or municipal entities with strong credit standings. Restricted cash consists of contributions made by the Company to TCDC that are required under the Company's term loan facility to be deposited into a blocked account controlled by the administrative agent. The funds are not available for use until specified disbursement conditions under the facility are satisfied and are pledged as collateral thereunder. The Company expects the funds to be used within the next twelve months and has classified the balance as current.

The following table reconciles cash, cash equivalents, and restricted cash on the condensed consolidated balance sheets to the condensed consolidated statements of cash flows:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Cash and cash equivalents | $ 69,821,390 | $ 1,202,728 |
| Restricted cash | 15,000,000 | - |
| Total cash, cash equivalents, and restricted cash | $ 84,821,390 | $ 1,202,728 |

**Receivables and Allowance for Expected Losses**

The Company's receivables result primarily from the sale of natural gas and NGLs as well as billings to joint interest owners for properties in which the Company serves as the operator. Receivables from product sales are generally due within 30 to 60 days after the last day of each production month and do not bear any interest. Receivables associated with joint interest billings are regularly reviewed by management for collectability, and they establish or adjust an allowance for expected losses as necessary. The Company determines its allowance for each type of receivable by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole. During the three and six months ended June 30, 2026 and 2025, the Company did not record any provision for expected credit losses or write off any accounts receivables.

**Impairment of Long-lived Assets**

The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its carrying amount. The Company recorded an impairment charge of $250,000 and $625,000 related to a partially completed plant during the three and six months ended June 30, 2026, respectively. No impairment charges were recorded during the three and six months ended June 30, 2025.

**Stock-based Compensation**

The Company accounts for its stock-based compensation awards in accordance with ASC Topic 718, Compensation-Stock Compensation ("ASC 718"). ASC 718 requires all stock-based payments to employees and non-employees including grants of stock options, to be recognized as expense in the consolidated statements of operations based on their grant date fair values. Our accounting policy for the recognition of compensation expense for awards with only a service condition is to expense the costs on a straight-line basis over the life of the award. For performance and market based awards, our accounting policy is to recognize compensation expense separately for each vesting tranche over that tranche's requisite service period. Stock-based compensation expense is not adjusted for actual achievement of market conditions.

The Company periodically issues common stock and common stock options to consultants for various services. Costs of these transactions are measured at the fair value of the service received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete.

**Business Combination and Asset Acquisitions**

The Company evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs, which would meet the requirements of a business. If determined to be a business combination, the Company accounts for the transaction under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations ("ASC 805"), which requires the acquiring entity in a business combination to recognize the fair value of all assets acquired, liabilities assumed, and any non-controlling interest in the acquiree and establishes the acquisition date as the fair value measurement point.

If the acquired set of assets and activities does not meet the definition of a business, the Company accounts for the transaction as an asset acquisition in accordance with ASC Subtopic 805-50, Acquisition of Assets Rather than a Business. We record asset acquisitions using the cost accumulation model. Under the cost accumulation model of accounting, the cost of the acquisition, including certain transaction costs, are allocated to the assets acquired using relative fair values.

**Restatement of Previously Issued Financial Statements**

As described in Amendment No. 1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026, filed with the SEC on August 14, 2026, management identified errors in the Company's accounting for performance stock units granted during the three months ended March 31, 2026 and in the classification of certain professional fees related to the Company's acquisition and financing transactions. The Company assessed the materiality of the errors, individually and in the aggregate, and concluded that the errors were material to the previously issued unaudited condensed consolidated financial statements. Accordingly, the condensed consolidated financial statements as of and for the three months ended March 31, 2026 have been restated to correct the errors. The combined effect of the errors described above, in addition to certain other immaterial errors, was an understatement of net loss of $1,832,087 for the three months ended March 31, 2026; as restated, net loss is $10,823,974 and net loss per share, basic and diluted, is $(0.19), as compared to $8,991,887 and $(0.16), respectively, as previously reported. The Company has reflected these corrections to the accompanying condensed consolidated financial statements for periods presented in this Report.

**Recent Accounting Pronouncements**

*Recent Accounting Pronouncements, not yet adopted:*

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses* ("ASU 2024-03"). This ASU requires disclosures about specific types of expenses included in the expense captions presented on the face of the statement of operations as well as disclosure about selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2027 with early adoption permitted. The Company is currently evaluating the impact of this ASU on its consolidated financial statements and disclosures.

**NOTE 3: ASSET ACQUISITION**

On January 16, 2026, the Company entered into a Membership Interest Purchase Agreement (the "SharonAI Purchase Agreement") with SharonAI, Inc. ("SharonAI"), pursuant to which the Company acquired all of SharonAI's membership interests in TCDC, resulting in TCDC becoming a wholly owned subsidiary of the Company. Prior to the transaction, the Company held a 50% interest in TCDC, which was accounted for under the equity method.

TCDC's primary asset consists of land. The Company concluded that the transaction represents an asset acquisition rather than a business combination, as substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset. In addition, the Company did not acquire any substantive processes, workforce, or outputs that would meet the definition of a business under ASC 805. The Company accounted for the transaction as an asset acquisition using the cost accumulation and allocation model. Accordingly, the total consideration transferred was allocated to the identifiable assets acquired and liabilities assumed on a relative fair value basis. As substantially all of the value of the acquired assets is concentrated in land, the purchase price was primarily allocated to land. The aggregate purchase price for the acquired interests was approximately $70 million, which consisted of (i) $10.0 million in cash, (ii) $10.0 million deferred equity consideration obligation under the SharonAI Purchase Agreement, and (iii) a $50.0 million senior secured convertible promissory note issued to SharonAI. The deferred equity consideration was valued as of the asset acquisition date with any subsequent changes in fair value impacting the statement of operations. The number of shares issued was determined based on the 30-day volume weighted average price of the Company's common stock which resulted in an implied contractual value of approximately $4.78 per share. The cash portion was funded through a combination of cash on hand and the related party promissory note, which was subsequently converted to equity in April 2026. The $50.0 million senior secured convertible promissory note was paid in full on April 24, 2026.

In satisfaction of the equity consideration, the Company issued 2,091,351 shares of common stock to SharonAI on March 31, 2026. In addition, pursuant to the terms of the SharonAI Purchase Agreement, the Company issued an additional 893,724 shares of common stock on April 10, 2026 as a true-up adjustment following the closing of the underwritten public offering.

The following tables present the reconciliation of consideration transferred to total cost basis, including the Company's previously held equity method investment, and the preliminary allocation of such cost basis to the identifiable assets acquired and liabilities assumed.

| | |
|---|---|
| **Consideration Transferred:** | |
| Related party note | $ 5,000,000 |
| Cash | 5,000,000 |
| Convertible Note | 50,000,000 |
| Deferred equity consideration | 8,973,000 |
| **Total Consideration Transferred** | 68,973,000 |
| Previously held equity method investment | 3,481,005 |
| Transaction costs | 245,699 |
| **Total cost basis** | $ 72,699,704 |

| **Description** | **Amount** |
|---|---|
| Land | $ 72,419,057 |
| Other assets and liabilities, net | 280,647 |
| Total net assets acquired | $ 72,699,704 |

## NOTE 4. NOTES PAYABLE

***Senior Secured Convertible Promissory Note***

On January 16, 2026, the Company issued a $50.0 million senior secured convertible promissory note (the "SharonAI Note") to SharonAI in connection with the acquisition of TCDC.

The SharonAI Note bears interest at a rate of 10.0% per annum, payable in cash at maturity, and matures on June 30, 2026. The SharonAI Note is secured by the Company's ownership interests in TCDC and substantially all of TCDC's assets.

The SharonAI Note includes embedded features, including conversion and event of default provisions. SharonAI has the right to convert up to $10.0 million of the outstanding principal into shares of the Company's common stock at a price based on the volume-weighted average price of the Company's common stock over a specified period preceding conversion, subject to a floor price.

The Company evaluated the embedded features in accordance with ASC 815 and determined that certain features, including the conversion and event of default provisions, require bifurcation as a derivative liability due to provisions that may result in variable share settlement. The derivative is recorded at fair value at issuance, with subsequent changes in fair value recognized in earnings.

At issuance, the fair value of the embedded derivative liability was approximately $1.5 million, which was recorded as a debt discount. The debt discount is amortized to interest expense over the term of the SharonAI Note using the effective interest method.

On April 24, 2026, the Company repaid in full the SharonAI Note. The total payoff amount was $51.3 million, consisting of $50.0 million of outstanding principal and $1.3 million of accrued interest. Upon receipt of the payoff amount, the SharonAI Note was deemed satisfied and paid in full. In connection with the repayment, all guarantees were terminated, and all related security interests, liens, and collateral arrangements were released.

In connection with the repayment, the Company remeasured the embedded derivative associated with the SharonAI Note to its fair value immediately prior to extinguishment. During the three and six months ended June 30, 2026, the Company recognized a gain of $302,893 and $615,587, respectively, related to changes in the fair value of the embedded derivative associated with the SharonAI Note. Upon extinguishment of the SharonAI Note, the embedded derivative liability was derecognized.

The Company recognized a loss on extinguishment of debt of $70,657 during the three and six months ended June 30, 2026, reflecting the difference between the repayment amount and the carrying amounts of the SharonAI Note, the remaining unamortized debt discount, the embedded derivative liability, and other balances derecognized upon extinguishment.

***Note Payable***

On March 25 2026, in connection with the amendment of certain real property agreements, the Company, through its subsidiary, agreed to pay total consideration of approximately $4.35 million, consisting of $1.0 million paid in cash upon execution and $3.35 million evidenced by a promissory note (the "Promissory Note").

The Promissory Note bears interest at a fixed annual rate of 3.7%, calculated on a 360-day basis and compounded annually. The Promissory Note matures on July 20, 2026, at which time all outstanding principal and accrued but unpaid interest are due and payable in full.

The Promissory Note is unsecured. On May 14, 2026, the Company repaid the Promissory Note in full, including principal of $3,347,500 and accrued interest of $17,202. As a result, no amounts were outstanding under the Promissory Note as of June 30, 2026.

***Term Loan Agreement with Macquarie Equipment Capital Inc.***

On April 8, 2026, TCDC entered into a Term Loan Agreement with Macquarie Equipment Capital Inc. ("Macquarie") for a senior secured term loan facility of up to $290,000,000 (the "Term Loan Agreement"). The facility consists of a committed $20,000,000 Term Loan A-1, a $30,000,000 Term Loan A-2, a $40,000,000 Term Loan A-3, and a $200,000,000 Delayed Draw Term Loan (as defined in the Term Loan Agreement). Borrowings under the Term Loan A-2, Term Loan A-3, and the Delayed Draw Term Loan are available solely at Macquarie's discretion and are subject to certain conditions precedent. TCDC's obligations under the Term Loan Agreement are secured by a first priority perfected security interest in all of the Collateral (as defined in the Term Loan Agreement), prior to all other liens on the Collateral except for certain permitted liens.

The loans mature on April 8, 2029, and bear interest at a rate equal to Term SOFR plus an applicable margin of 5.50% for Term Loans A-1 and A-2, and 7.75% for Term Loan A-3 and the Delayed Draw Term Loan. The borrowings are subject to a multiple on invested capital ("MOIC") premium, which is fully earned upon execution of the agreement and payable upon repayment, prepayment, or acceleration. Depending on the staging of the loans and the timing of the repayment, the required MOIC ranges from 1.10 to 1.35. Funding of the Term Loan A-1 was conditioned upon, among other things, the Company closing an underwritten offering of at least $50 million. The Term Loan Agreement also includes certain post-closing covenants requiring the Company to establish an at-the-market program with an aggregate offering price of at least $100 million within 60 days of the closing date and close one or more sales of equity securities resulting in gross proceeds of at least $30 million within 60 days of the closing date. Furthermore, if a data center lease is not executed within six months of the closing date, or if aggregate loan drawings are less than $50 million, the lender may elect to require full prepayment or monthly repayment installments.

On April 13, 2026, TCDC drew the full $20.0 million available under the Term Loan A-1 facility after satisfying the applicable funding conditions ("Term Loan A-1"). In connection with the funding, the Company issued Macquarie warrants to purchase 400,208 shares of the Company's common stock with an exercise price of approximately $5.00 per share (the "Macquarie Warrants") and sold 1,000,520 shares of the Company's common stock to Macquarie at a purchase price of approximately $5.00 per share. The Term Loan A-1 matures on April 8, 2029, at which time all outstanding principal, accrued interest, applicable repayment premiums, and other amounts due under the agreement become payable, unless earlier repaid or accelerated in accordance with the terms of the Term Loan Agreement. No borrowings were outstanding under the Term Loan A-2, Term Loan A-3, or Delayed Draw Term Loan facilities as of June 30, 2026.

On July 17, 2026, the Company, on behalf of TCDC, entered into a Waiver and Consent Letter (the "Consent Letter") with Macquarie, pursuant to which Macquarie agreed to waive certain requirements under the Term Loan Agreement, by and among TCDC, the Company and Macquarie. Pursuant to the Consent Letter, among other procedure-related waivers, the parties agreed to extend the deadline for the Company to establish an "at-the-market" program on an effective registration statement with an aggregate offering price of at least $100 million. The Company shall now be required to establish such "at-the-market" program within 60 days of receiving written notice from Macquarie or its permitted successors and assigns, or, under certain circumstances, within five business days following the filing of the Company's next quarterly or annual periodic report.

The carrying value of the Term Loan A-1 is presented net of unamortized debt discounts and debt issuance costs. At issuance, the Company recognized a debt discount of $1,111,885 related to the fair value of the Macquarie Warrants issued in connection with the financing and a derivative liability of $2,620,000 associated with certain features of the Term Loan Agreement. The debt discounts are amortized to interest expense over the term of the loan using the effective interest method. The derivative liability is remeasured at fair value at each reporting date, with changes in fair value recognized in earnings. As of June 30, 2026, the outstanding principal balance under the Term Loan A-1 was $20.0 million, and the carrying value of the loan was $15,172,929.

**NOTE 5. RELATED PARTY TRANSACTIONS**

Balance outstanding of related parties:

| Name of Party | Receivable/Payable | June 30, 2026 | December 31, 2025 |
|---|---|---|---|
| Sharon AI | Receivable net (reimbursement from joint venture partner) | - | 2,551,932 |
| Total Receivable | | $ - | $ 2,551,932 |
| | | | |
| Charles Nelson | Payable (director related stock compensation) | - | 140,000 |
| Ondrej Sestak | Payable (consulting compensation) | - | 25,000 |
| Total Payable | | $ - | $ 165,000 |

On March 31, 2026, the Company issued a $5,000,000 promissory note to Zachary Zhou who beneficially owns more than 5% of the Company's common stock (the "Zhou Note"). The transaction was reviewed and approved by the Company's Audit Committee and Board of Directors. The Zhou Note was amended and restated on April 6, 2026 (the "Amended and Restated Zhou Note").

The Amended and Restated Zhou Note bore interest at 5.00% per annum, was subject to a repayment premium equal to 102% of the outstanding principal and accrued interest, and provided for repayment or conversion upon the occurrence of certain financing events or upon maturity.

On April 10, 2026, the Amended and Restated Zhou Note was fully converted into 1,522,389 shares of the Company's common stock in accordance with its terms.

**NOTE 6. ASSET RETIREMENT OBLIGATIONS**

The Company has a number of oil and gas wells in production, each of which has an asset retirement obligation ("ARO") that will be settled once the well is permanently removed from service. The primary obligations involve the removal and disposal of surface equipment, plugging and abandoning the wells and site restoration.

AROs associated with the retirement of tangible long-lived assets are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets in the period incurred. The fair value of AROs is recognized at the date a new well is completed or the acquisition date of the working interest. The cost of the tangible asset, including the asset retirement cost, is depleted over the life of the asset. AROs are recorded at estimated fair value, measured by reference to the expected future cash outflows required to satisfy the retirement obligations discounted at the Company's credit-adjusted risk-free interest rate. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value. If estimated future costs of AROs change, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates including revisions to estimated inflation rates, revisions to estimated discount rates and changes in the estimated timing of abandonment.

The Company used the following inputs in its calculation of its AROs.

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Inflation rate | 3.686% | 3.686% |
| Discount factor | 10.0 | 10.0 |
| Estimated asset life | 3.5 - 49.5 years | 4 - 50 years |

The following table shows the change in the Company's ARO liability for the three and six months ended June 30, 2026:

| | |
|---|---|
| Asset retirement obligations, December 31, 2025 | $ 12,319,132 |
| Accretion expense | 307,990 |
| Asset retirement obligations, March 31, 2026 | 12,627,122 |
| Liabilities settled | (196,079) |
| Accretion expense | 344,456 |
| Asset retirement obligations, June 30, 2026 | $ 12,775,499 |

During 2025, the Company's two helium contracts expired. With no supporting helium contracts, the Company was unable to justify carrying helium volumes in forecasted Proved Helium reserves. As a result, the estimated economic lives of many of our producing properties shortened considerably.

**NOTE 7. EQUITY**

***Amendment to Equity Purchase Facility Agreement***

During 2025, the Company entered into a series of amendments to its existing Equity Purchase Facility Agreement ("EPFA") dated December 6, 2024. These amendments modified certain pricing restrictions and ultimately increased the Company's right to sell common stock to the Investor (as defined in the EPFA) from $75.0 million to $1.0 billion. On October 16, 2025, the Company provided notice to terminate the EPFA, effective October 24, 2025. The Company did not incur any penalties in connection with the termination.

Warrants – As of June 30, 2026 and December 31, 2025, there were 5,750,000 public warrants (the "Public Warrants") and 230,750 private placement warrants (the "Private Warrants") outstanding. Each warrant allows the holder to purchase one share of the Company's common stock at an exercise price of $11.50 per share.

Pursuant to a securities purchase agreement, dated December 6, 2024, by and between us and ATW AI Infrastructure II LLC (the "Investor") (together with the Form of First Tranche Warrant and Form of Second Tranche Warrant issued on December 6, 2024, the "Warrant Purchase Agreement"), we issued and sold to the Investor warrants to purchase shares of our common stock, comprised of two tranches (the "First Tranche Warrant" and "Second Tranche Warrant" and together, the "Investor Warrants"). The Warrant Purchase Agreement was amended by that certain Amended and Restated Consent and Waiver, dated January 16, 2026, by and between us and the Investor (the "Waiver"), pursuant to which, among other things, the Investor agreed to partially waive the anti-dilution provisions of the First Tranche Warrant and Second Tranche Warrant such that the exercise prices of the First Tranche Warrant and Second Tranche Warrant were each adjusted down solely to $2.00. The Investor also waived certain provisions of the Warrant Purchase Agreement relating to restrictions on Variable Rate Transactions (as defined in the Warrant Purchase Agreement), additional issuances of equity securities, redemption or payment of cash dividends, and stock splits. The parties agreed to certain administrative updates to the Warrant Purchase Agreement including cashless exercise after 75 days from the effective date of the Waiver (solely to the extent a resale registration statement is not effective), registration rights obligations, the provision of a transfer agent instruction letter, and a forced exercise provision granting the Company the right to force exercise of the Investor Warrants assuming certain conditions are met. The Investor Warrants may be exercised on any day on or after December 6, 2024, in whole or in part at $2.00 per share, subject to certain adjustments as provided in the applicable Warrant.

The number of shares of common stock issuable upon exercise of the First Tranche Warrant is equal to the quotient of (i) the product of (x) $10 million minus any amounts previously paid to exercise the Investor Warrants and (y) multiplied by 110%, and (ii) divided by the exercise price then in effect. Currently, the number of shares of common stock issuable upon exercise of the First Tranche Warrant is equal to 5,500,000, assuming an exercise price of $2.00. The number of shares of common stock issuable upon exercise of the Second Tranche Warrant, assuming an exercise price of $2.00, is equal to 10,700,000.

During the six months ended June 30, 2026, the Company received exercise notices for a portion of the Investor Warrants, resulting in the issuance of an aggregate of approximately 13,164,000 shares of common stock at an exercise price of $2.00 per share.

The Company has analyzed the Public Warrants, Private Warrants, Investor Warrants and Macquarie Warrants and determined they are considered to be freestanding instruments and do not exhibit any of the characteristics in ASC 480 and therefore are not classified as liabilities under ASC 480 or ASC 815.

On February 1, 2026, the Company entered into an Amended and Restated Consent and Waiver (the "Amended Waiver") with the Investor pursuant to which the Investor agreed to partially waive the anti-dilution provisions of the First Tranche Warrant and Second Tranche Warrant such that the exercise prices of the First Tranche Warrant and Second Tranche Warrant were each adjusted down solely to $2.00. As a result of the anti-dilution adjustments in the Investor Warrants, as modified by the Amended Waiver, the number of shares of common stock of the Company issuable pursuant to the First Tranche Warrant total 5.5 million shares and the number of shares of common stock issuable pursuant to the Second Tranche Warrant total 10.7 million shares.

The Investor also waived certain provisions of the Warrant Purchase Agreement relating to restrictions on Variable Rate Transactions (as defined in the Warrant Purchase Agreement), additional issuances of equity securities, redemption or payment of cash dividends, and stock splits. The parties agreed to certain administrative updates to the Warrant Purchase Agreement including cashless exercise after 75 days from the effective date of the Amended Waiver (solely to the extent a resale registration statement is not effective), registration rights obligations, the provision of a transfer agent instruction letter, and a forced exercise provision granting the Company the right to force exercise of the Investor Warrants assuming certain conditions are met.

*Equity Issuances*

From time to time beginning with the initial funding of the Term Loan Agreement, the Company may issue Macquarie Warrants to Macquarie, with an aggregate value of up to $5.0 million. In connection with the initial funding of the Term Loan Agreement, on April 13, 2026, the Company issued 400,208 Macquarie Warrants to Macquarie, at an exercise price of $5.00 and with an aggregate value of approximately $2.0 million. The Macquarie Warrants are exercisable at any time or from time to time on or before April 8, 2031. The Macquarie Warrants are exercisable for cash only, subject to customary adjustments. Under the Term Loan Agreement, the Company is required to deliver a Macquarie Warrant to Macquarie for an aggregate purchase price of up to 10% of the principal amount of the applicable Loans (as defined in the Term Loan Agreement) funded, subject to certain limitations. The Company's obligation to issue Macquarie Warrants ceases once the aggregate outstanding principal amount of the Loans is equal to or greater than $50,000,000. The exercise price is equal to the product of (i) 120% multiplied by (ii) the five-day volume weighted average price of the Company's common stock as of the date of issuance of the Macquarie Warrants, subject to a minimum price floor of $4.30. Additionally, the Company issued 1,000,520 shares of common stock to Macquarie at a price of $5.00 per share and entered into a Registration Rights Agreement with Macquarie with respect to the resale of these securities.

*Underwritten Public Offering of Common Stock*

On April 9, 2026, the Company announced the pricing of an underwritten public offering of 29,850,746 shares of its common stock at a public offering price of $3.35 per share. In connection with this offering, the Company entered into an underwriting agreement with Northland Securities, Inc., acting as the representative for the underwriters. Pursuant to this agreement, the Company granted the underwriters a 30-day option to purchase up to an additional 4,477,611 shares of common stock at the public offering price, less underwriting discounts. Additionally, the Company agreed to a 90-day lock-up period during which it may not sell, transfer, or otherwise dispose of any shares of common stock without the prior written consent of the underwriters, subject to certain exceptions.

On April 10, 2026, the underwriters exercised their option to purchase an additional 4,477,611 shares of common stock (the "Option Shares") at the public offering price, less the underwriting discounts and commissions. The closing of the purchase of the Option Shares by the underwriters occurred on April 14, 2026.

*Issuance of Unregistered Equity Securities*

On April 10, 2026, the Company issued 893,724 shares of its common stock to SharonAI in connection with the SharonAI Purchase Agreement. This issuance compensated for the difference in value between shares issued to SharonAI on March 31, 2026, and the shares that would have been received had the Company's recent underwritten public offering closed prior to March 31, 2026. Additionally, on April 10, 2026, the Company issued 1,522,389 shares of common stock to Zachary Yi Zhou upon the maturity of the Amended and Restated Zhou Note dated April 6, 2026. The maturity of this note was triggered by the closing of the Company's underwritten public offering, which qualified as a Qualified Equity Financing. Both issuances were made pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act of 1933.

*Acquisition Consideration and Share Issuance Cap*

Pursuant to the SharonAI Purchase Agreement, the Company acquired SharonAI's equity interests in TCDC for an aggregate purchase price of $70 million, consisting of $10 million in cash, $10 million in equity securities, and a $50 million senior secured convertible promissory note. The entirety of this acquisition consideration was subject to a 19.99% issuance cap, requiring stockholder approval to issue any shares of the Company's common stock above this threshold. The Company held a Special Meeting of the Stockholders on April 16, 2026, to approve the issuance of shares of the Company's common stock in excess of the issuance cap. The proposal to approve the issuance of shares of the Company's common stock in excess of the issuance cap was approved by a majority of the shares present in person or by proxy and entitled to vote on the matter.

**NOTE 8. LOSS PER SHARE**

The Company calculated net income/(loss) per share using the treasury stock method. The table below sets forth the computation of basic and diluted net income/(loss) per share for the period presented below.

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Net loss | $ (20,442,625) | $ (3,606,004) | $ (31,266,599) | $ (6,926,260) |
| Basic weighted average common shares outstanding | 98,171,489 | 16,904,066 | 77,020,164 | 15,390,821 |
| Diluted weighted average common shares outstanding | - | - | - | - |
| Basic and diluted weighted average common shares outstanding | 98,171,489 | 16,904,066 | 77,020,164 | 15,390,821 |
| | | | | |
| Basic and diluted net loss per share | $ (0.21) | $ (0.21) | $ (0.41) | $ (0.45) |

For the three and six months ended June 30, 2026 the Company had potentially dilutive securities including warrants, stock options, performance share awards, and restricted stock units that have not been included in the calculation of dilutive EPS as their effects would be anti-dilutive. For the three and six months ended June 30, 2025 the Company had potentially dilutive securities including convertible notes and warrants that have not been included in the calculation of dilutive EPS as their effects would be anti-dilutive.

## NOTE 9. COMMITMENTS AND CONTINGENCIES

***Legal Actions***

From time to time, the Company may be a party to various proceedings and claims incidental to its business. While many of these matters involve inherent uncertainty, the Company believes that the amount of the liability, if any, ultimately incurred with respect to these proceedings and claims will not have a material adverse effect on the Company's consolidated financial position as a whole or on its liquidity, capital resources or future annual results of operations. The Company records reserves for contingencies when information available indicates that a loss is probable, and the amount of the loss can be reasonably estimated.

***Environmental Matters***

The Company, as a lessee of oil and gas properties, is subject to various federal, provincial, state and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on the lessee under an oil and gas lease for the cost of pollution clean-up resulting from operations and subject the lessee to liability for pollution damages. In some instances, the Company may be directed to suspend or cease operations in the affected area. There can be no assurance, however, that current regulatory requirements will not change, or past noncompliance with environmental laws will not be discovered on the Company's properties which may, in turn, require further remediation efforts.

***Irrevocable Standby Letter of Credit and Promissory Note***

The Company maintains a $920,000 irrevocable standby letter of credit with West Texas National Bank, supported by a promissory note under which amounts would become payable only if drawn. No amounts were drawn under the letter of credit as of June 30, 2026 or December 31, 2025.

***Agreement with Arjae Design Solutions Ltd.***

On September 22, 2025, the Company entered into an agreement with Arjae Design Solutions Ltd ("Arjae"). In this agreement, the Company is required to make a $125,000 per month payment (the "Installation Payments") starting in September 2025 and ending in May 2026 (the "Installment Period"). If the Company makes all of the Installation Payments, upon expiration of the Installment Period, the Company has the option to assign the Commercial & Technical Proposal dated July 10, 2023, a Purchase Order dated July 1, 2023 and Arjae's Terms & Conditions – Equipment & Material Supply (the "Underlying Agreement") with respect to the Pecos Slope Helium Recovery Facility (as defined in the Underlying Agreement). This assignment is subject to the consent of Arjae, such consent not to be unreasonably withheld. Should the Company elect not to assign the Underlying Agreement, the Company may terminate the Underlying Agreement by making a payment to Arjae in the amount of $933,200 (the "Termination Payment"). This payment would be considered the full and final payment relating to the termination of the Underlying Agreement. The Installation Payments will not be allocated towards the Termination Payment. As of June 30, 2026, the Company recorded an estimated liability of $0.9 million, which is included in accrued liabilities in the condensed consolidated balance sheet. The related expense was recognized within general and administrative expenses in the condensed consolidated statements of operations for the three and six months ended June 30, 2026. The Company fully satisfied its obligation in relation to the Termination Payment in July 2026.

*Financing Agreement for Director and Officer Insurance*

On December 6, 2025, the Company entered into a financing agreement with First Insurance Funding ("the Finance Agreement") to finance a portion of the Company's directors' and officers' insurance policy. The Finance Agreement required a downpayment of $43,500 with the unpaid balance of $391,500 to be financed at an annual percentage rate of 7.25% over a 10-month period commencing in January 2026 and ending in October 2026 (the "Financing Period"). The total amount to be paid during the Financing Period will be $404,627, which includes $13,127 in interest.

***Shareholder Litigation***

On April 1, 2026, a federal securities class action lawsuit was filed in the U.S. District Court for the Western District of Texas against the Company and certain members of its management, styled *Annonio v. New Era Energy & Digital, Inc., et al.*, Case No. 7:26-cv-00120. The complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and seeks, among other relief, a determination that the action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure, monetary damages, costs, and attorneys' fees. On June 17, 2026, the Court appointed Mr. Mitchell Patterson as lead plaintiff. The lead plaintiff has until August 21, 2026 to file a consolidated amended complaint. Following the filing of the amended complaint, the Company will have 60 days to file a responsive pleading.

The Company intends to vigorously defend itself against these claims. The Company believes that the resolution of this litigation will not have a material adverse effect on its business, financial condition or results of operations. Nonetheless, this legal matter remains pending, and we are unable to estimate the costs we may incur, if any, at this time.

***Settlement Agreement***

On May 28, 2026, the Company announced a pending settlement agreement with the United States Trustee for the bankruptcy estates of Acacia Resources, LLC and Acacia Operating Company, LLC (the "Settlement Agreement"). Under the terms of the Settlement Agreement, the Company and certain related parties will pay $1.0 million to resolve all claims brought by the State of New Mexico regarding legacy helium and gas assets and associated environmental obligations. The Settlement Agreement does not constitute an admission of liability or wrongdoing and remains subject to the approval of the United States Bankruptcy Court for the Western District of Texas.

As of June 30, 2026, the Company recorded an estimated liability of $1.0 million, which is included in accrued liabilities in the condensed consolidated balance sheet. The related expense was recognized within general and administrative expenses in the condensed consolidated statements of operations for the three and six months ended June 30, 2026. In July 9, 2026, the Settlement Agreement was formally approved in the U.S. Bankruptcy Court for the Western District of Texas, and the Company fully satisfied its obligation in relation to the settlement.

**NOTE 10: REVENUES**

The following table presents the revenue by type as of the dates indicated:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| Natural gas | $ 206,183 | $ 591,188 | $ 1,156,400 | $ 1,273,349 |
| Less gathering and processing | (236,775) | (445,649) | (742,152) | (847,746) |
| Natural gas, net | (30,592) | 145,539 | 414,248 | 425,603 |
| NGL | 67,089 | 63,575 | 136,836 | 109,966 |
| Total revenue, net | $ 36,497 | $ 209,114 | $ 551,084 | $ 535,569 |

**NOTE 11. FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment;
- Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Company accounts for certain liabilities at fair value and classifies these liabilities with the fair value hierarchy. Our ARO liabilities are measured at fair value on a non-recurring basis.

Liabilities subject to fair value measurements are as follows:

| June 30, 2026 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Liability: | | | | |
| ARO liabilities | $ - | $ - | $ 12,775,499 | $ 12,775,499 |
| Embedded derivative liability | - | - | 2,150,000 | 2,150,000 |

| December 31, 2025 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Liability: | | | | |
| ARO liabilities | $ - | $ - | $ 12,319,132 | $ 12,319,132 |

The carrying value of cash and cash equivalents, accounts receivable, prepaid and other current assets, related party receivable, accounts payable, accrued liabilities, due to related party, and other current liabilities, as reflected in the consolidated balance sheets, approximate fair value, due to the short-term maturity of these instruments. The Term Loan A-1 bears interest at a variable rate. Its carrying value, net of unamortized debt discounts, approximates fair value as of June 30, 2026, as the interest rate approximates current market rates for instruments with similar terms and credit risk, and the loan was issued at market terms in April 2026.

The fair value of the embedded derivative liability associated with the SharonAI Note was estimated using a Monte Carlo simulation model. The following table summarizes the significant assumptions and unobservable inputs used in the valuation at the issuance date and as of the payoff date.

| | Embedded Derivative Liability January 16, 2026 (Initial Measurement) | Embedded Derivative Liability April 24, 2026 (Payoff date) |
|---|---|---|
| Share price | $ 4.33 | $ 4.27 |
| Volatility | 241.40% | 105.20% |
| Probability of default | 25.70% | 13.31% |
| Risk-free rate | 3.55% | 3.62% |
| Discount Rate | 16.33% | 16.14% |

The following table presents quantitative information regarding the Level 3 fair value measurements of the embedded derivative associated with the SharonAI Note as of June 30, 2026:

| | Embedded derivative liability |
|---|---|
| Initial fair value of embedded derivative of the SharonAI Note as of January 16, 2026 | $ 1,470,610 |
| Change in valuation inputs or other assumptions | (615,587) |
| Derecognition upon extinguishment of debt | (855,023) |
| Fair value as of June 30, 2026 | $ - |

The fair value of the embedded derivative liability associated with the Term Loan Agreement was estimated using a Monte Carlo simulation model. The following table summarizes the significant assumptions and unobservable inputs used in the valuation at the issuance date and as of June 30, 2026.

| Assumption | Embedded Derivative Liability April 13, 2026 (Initial Measurement) | Embedded Derivative Liability June 30, 2026 |
|---|---|---|
| Simulation trials | 100,000 | 100,000 |
| Risk-free rate | 3.72% | 5.15% |
| Discount rate | 17.00% | 16.96% |
| Probability of default | 56.23% | 54.83% |

The following table presents quantitative information regarding the Level 3 fair value measurements of the embedded derivative associated with the note as of June 30, 2026:

| | Embedded derivative liability |
|---|---|
| Initial fair value of embedded derivative of the Note as of April 13, 2026 | $ 2,620,000 |
| Change in valuation inputs or other assumptions | (470,000) |
| Fair value as of June 30, 2026 | $ 2,150,000 |

In connection with the issuance of the Term Loan Agreement, the Company also issued 400,208 equity-classified warrants. The warrants were initially measured at fair value of approximately $1.1 million using the Black-Scholes option pricing model, a Level 3 valuation technique due to the use of significant unobservable inputs, including expected volatility. Because the warrants are classified as equity, they are not subsequently remeasured at fair value. The following table summarizes the significant assumptions and unobservable inputs used to estimate the fair value of the warrants at the issuance date.

| Assumption | April 13, 2026 (Issuance Date) |
|---|---|
| Share price | $ 4.58 |
| Exercise price | 5.00 |
| Expected volatility | 80.00% |
| Risk-free interest rate | 3.92% |
| Expected term (years) | 5 |
| Expected dividend yield | 0.00% |

**NOTE 12. SEGMENTATION**

ASC Topic 280, Segment Reporting, establishes standards for companies to report in their financial statements information about operating segments, products, services, geographic areas, and major customers. Operating segments are defined as components of an enterprise that engage in business activities from which they may recognize revenues and incur expenses, and for which separate financial information is available that is regularly evaluated by the Company's Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and assess performance.

The Company's CODM has been identified as the Chief Executive Officer, who reviews total assets and income (loss) from operations of the Company on a consolidated basis to make decisions regarding the allocation of resources and assessment of financial performance.

Management evaluated the Company's segment reporting conclusion following the acquisition of the remaining interests in TCDC. Management considered that TCDC represents a significant strategic initiative of the Company and comprises a substantial portion of the Company's consolidated asset base following the acquisition. Management also considered that executive management devotes significant time to evaluating the development activities, financing arrangements, capital needs, and strategic direction of TCDC.

However, management concluded that TCDC did not constitute a separate operating and reportable segment as of June 30, 2026. Although discrete financial information related to TCDC exists for accounting and legal entity reporting purposes, the CODM did not regularly review standalone operating results, profitability measures, or other discrete measures of financial performance for purposes of assessing performance and allocating resources in the manner contemplated by ASC 280. During the periods, TCDC remained in the development stage and had not yet commenced revenue-generating operations. Resource allocation decisions related to TCDC were made in the context of consolidated liquidity management, financing activities, and enterprise-wide capital planning rather than through a separate recurring review of operating results or segment profitability.

Accordingly, management determined that the Company operated as a single operating and reportable segment as of June 30, 2026, as the CODM reviews operating results, allocates resources, and assesses performance on a consolidated basis.

The CODM assesses performance for the single segment and decides how to allocate resources based on net income or loss as reported in the consolidated statements of operations. The measure of segment assets and liabilities is reported on the consolidated balance sheets as total assets and total liabilities. When evaluating the Company's performance and making key decisions regarding resource allocation, the CODM reviews several key metrics included in net income or loss, total assets, and total liabilities, which include the following:

| | **June 30, 2026** | **December 31, 2025** |
|---|---|---|
| Cash and cash equivalents | $ 69,821,390 | $ 1,202,728 |
| Property and equipment, net | 1,933,774 | 116,774 |
| Oil and natural gas properties, net | 3,204,407 | 3,296,958 |

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Revenue, net | $ 36,497 | $ 209,114 | $ 551,084 | $ 535,569 |
| Lease operating expenses | 182,360 | 308,385 | 478,413 | 568,865 |
| General and administrative expenses | 16,091,330 | 1,532,520 | 25,253,525 | 3,469,174 |

**NOTE 13. STOCK-BASED COMPENSATION**

A summary of stock option activity under the Equity Incentive Plan (the "Plan") for the three and six months ended June 30, 2026, is presented below:

| | Number of Options | Weighted-Average Exercise Price ($) |
|---|---|---|
| Outstanding at December 31, 2025 | 665,000 | $ 0.53 |
| Granted | - | - |
| Exercised | (15,000) | 0.53 |
| Forfeited | - | - |
| Expired | - | - |
| Outstanding at June 30, 2026 | 650,000 | 0.53 |
| Exercisable at June 30, 2026 | 650,000 | $ 0.53 |

At June 30, 2026, the aggregate intrinsic value of outstanding stock options was $3,799,315 and the weighted-average remaining contractual term was approximately 9 years. The total intrinsic value of options exercised during the three and six months ended June 30, 2026 was $0 and $112,877, respectively.

***Restricted Stock Awards***

During the three and six months ended June 30, 2026, the Company granted restricted stock units ("RSUs") of 1,695,000 and 4,748,363, respectively.

The RSUs entitle the holder to receive one share of the Company's common stock for each vested unit. The RSUs generally vest in equal monthly installments over a four-year period, subject to the participant's continued employment with the Company through each applicable vesting date. The grant-date fair value of the RSUs is based on the closing price of the Company's common stock on the date of grant.

For the three and six months ended June 30, 2026, the Company recognized stock-based compensation expense related to RSUs of approximately $1.6 million and $2.4 million, respectively, which is included in general and administrative expenses in the condensed consolidated statements of operations.

As of June 30, 2026, there was $29.2 million of total unrecognized stock-based compensation expense related to unvested RSUs, which is expected to be recognized over a weighted-average period of approximately 3.7 years.

***Performance Awards***

During the three and six months ended June 30, 2026, the Company granted performance share awards ("PSUs") of 650,000 and 9,199,418, respectively.

The PSUs entitle the holder to receive shares of the Company's common stock upon vesting. The PSUs vest based on the achievement of specified performance and market conditions over a performance period ending January 1, 2031, subject to certification by the Compensation Committee.

The grant-date fair value of PSUs with performance conditions is based on the closing price of the Company's common stock on the date of grant. The grant-date fair value of PSUs with market conditions was determined using a Monte Carlo simulation model utilizing the following significant assumptions:

| **Assumption** | **January 28, 2026 Grant** | **March 16, 2026 Grant** |
|---|---|---|
| Grant-date stock price | $ 7.68 | $ 5.56 |
| Expected volatility | 73.0% | 85.0% |
| Risk-free interest rate | 3.75% | 3.72% |
| Measurement period end date | January 1, 2031 | January 1, 2031 |
| Market condition threshold price | $ 15.00 | $ 15.00 |

The awards include market-based vesting conditions tied to specified stock price thresholds through January 1, 2031.

During the three and six months ended June 30, 2026, the Company determined the performance conditions were probable of achievement and recognized expense accordingly. For the three and six months ended June 30, 2026, the Company recognized stock-based compensation expense related to PSUs of approximately $7.4 million and $11.7 million, respectively, which is included in general and administrative expenses in the condensed consolidated statements of operations.

As of June 30, 2026, there was approximately $47.4 million of total unrecognized stock-based compensation expense related to unvested PSUs, which is expected to be recognized over a weighted-average period of approximately 2.6 years. This amount excludes PSUs subject to performance conditions that are not considered probable of achievement, for which no compensation cost has been recognized. As of June 30, 2026, PSUs with a maximum potential value of $2.1 million remain outstanding for which achievement of the performance conditions was not deemed probable.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*The following discussion and analysis summarizes the significant factors affecting our operating results, financial condition, liquidity and cash flows as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our financial statements and the related notes thereto included elsewhere in this Report. The discussion contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Report, particularly in the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."*

*Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "New Era," "we", "us", "our", and the "Company" are intended to refer to (i) following the Company's completion of its business combination with New Era Helium Corp., a Nevada corporation, pursuant to that certain Business Combination Agreement and Plan of Reorganization, dated as of January 3, 2024 (as amended on June 5, 2024, August 8, 2024, September 11, 2024, and September 30, 2024, the "BCA"), by and among New Era Helium Corp., Roth CH Acquisition V Co., Roth CH V Holdings, Inc., and Roth CH V Merger Sub Corp., a Delaware corporation and a wholly-owned subsidiary of Roth CH Acquisition V Co. (the "Business Combination"), the business and operations of New Era Energy & Digital, Inc. and its consolidated subsidiaries, and (ii) prior to the Business Combination, New Era Energy & Digital, Inc. (the predecessor entity in existence prior to the consummation of the Business Combination) and its consolidated subsidiary.*

**Business Overview and Strategy**

The Company is a vertically-integrated developer and operator of next-generation digital infrastructure and integrated power assets accelerating speed-to-power for advanced artificial intelligence ("AI") hyperscalers. In the second half of 2025, we executed a strategic pivot from our legacy natural gas operations to focus exclusively on developing data center campuses where power, land, and connectivity can be assembled and delivered on accelerated timelines. Our mission is to deliver speed-to-power by converging behind-the-meter power flexibility with data center development capabilities. Our primary strategy is to aggregate and entitle "Powered Land" and to develop "Powered Shells" and build-to-suit assets in power-advantaged markets, beginning with the Permian Basin, which benefits from energy abundance, regulatory clarity, and fiber connectivity.

We are initially focused on our flagship project, Texas Critical Data Centers LLC ("TCDC"), a 493-acre campus in Ector County, Texas, designed to support over 1 gigawatt ("GW") of potential compute capacity through phased development, with projected power delivery beginning as early as the end of 2027. We believe our proximity to major natural gas pipelines, fiber networks and CO2 pipelines will provide us with the ability to serve our customers lower transmission costs and best-in-class uptime for purposes of reliably generating AI compute to capitalize on the AI revolution. We intend to execute through partnering across engineering, construction, procurement, power generation and sustainability with a world-class developer partner to provide our hyperscaler tenants with certainty of execution and speed-to-power.

**Recent Developments**

***Term Loan Agreement with Macquarie Equipment Capital Inc.***

On April 8, 2026, TCDC, entered into a Term Loan Agreement with Macquarie Equipment Capital Inc. ("Macquarie") for a senior secured term loan facility of up to $290,000,000 (the "Term Loan Agreement"). The facility consists of a committed $20,000,000 Term Loan A-1, a $30,000,000 Term Loan A-2, a $40,000,000 Term Loan A-3, and a $200,000,000 Delayed Draw Term Loan (as defined in the Term Loan Agreement). Borrowings under the Term Loan A-2, Term Loan A-3, and the Delayed Draw Term Loan are available solely at Macquarie's discretion and are subject to certain conditions precedent. TCDC's obligations under the Term Loan Agreement are secured by a first priority perfected security interest in all of the Collateral (as defined in the Term Loan Agreement), prior to all other liens on the Collateral except for certain permitted liens.

The loans mature on April 8, 2029, and bear interest at a rate equal to Term SOFR plus an applicable margin of 5.50% for Term Loans A-1 and A-2, and 7.75% for Term Loan A-3 and the Delayed Draw Term Loan. The borrowings are subject to a multiple on invested capital ("MOIC") premium, which is fully earned upon execution of the agreement and payable upon repayment, prepayment, or acceleration. Depending on the staging of the loans and the timing of the repayment, the required MOIC ranges from 1.10 to 1.35. Funding of the Term Loan A-1 was conditioned upon, among other things, the Company closing an underwritten offering of at least $50 million. The Term Loan Agreement also includes certain post-closing covenants requiring the Company to establish an at-the-market program with an aggregate offering price of at least $100 million within 60 days of the closing date and close one or more sales of equity securities resulting in gross proceeds of at least $30 million within 60 days of the closing date. Furthermore, if a data center lease is not executed within six months of the closing date, or if aggregate loan drawings are less than $50 million, the lender may elect to require full prepayment or monthly repayment installments.

On July 17, 2026, the Company, on behalf of TCDC, entered into a Waiver and Consent Letter (the "Consent Letter") with Macquarie, pursuant to which Macquarie agreed to waive certain requirements under the Term Loan Agreement, by and among TCDC, the Company and Macquarie. Pursuant to the Consent Letter, among other procedure-related waivers, the parties agreed to extend the deadline for the Company to establish an "at-the-market" program on an effective registration statement with an aggregate offering price of at least $100 million. The Company shall now be required to establish such "at-the-market" program within 60 days of receiving written notice from Macquarie or its permitted successors and assigns, or, under certain circumstances, within five business days following the filing of the Company's next quarterly or annual periodic report.

***SharonAI Purchase Agreement***

On January 16, 2026, we acquired the remaining 50% membership interest in TCDC, from SharonAI, Inc. ("SharonAI"), pursuant to the Membership Interest Purchase Agreement (the "SharonAI Purchase Agreement"), dated as of January 16, 2026, by and between the Company and SharonAI, for an aggregate purchase price of $70 million, of which (a) $10 million is payable in cash, (b) $10 million is payable in equity securities to be issued in connection with the Company's next equity financing transaction, and (c) $50 million is payable in the form of a senior secured convertible promissory note (the "SharonAI Note"). The entirety of the acquisition consideration is subject to a 19.99% ownership cap. The Company paid SharonAI $10.0 million in cash and issued to SharonAI 2,091,351 shares of common stock (at a price per share of $4.78) in satisfaction of the Company's obligation to pay $10 million in equity securities under the SharonAI Purchase Agreement. On April 24, 2026, the Company paid $50 million principal plus accrued interest in cash in satisfaction of its obligations under the SharonAI Note.

***Investor Waiver***

On February 1, 2026, the Company entered into an Amended and Restated Consent and Waiver (the "Amended Waiver") with ATW AI Infrastructure II LLC (the "Investor") pursuant to which the Investor agreed to partially waive the anti-dilution provisions of the First Tranche Warrant and Second Tranche Warrant (the "Investor Warrants") such that the exercise prices of the First Tranche Warrant and Second Tranche Warrant were each adjusted down solely to $2.00. As a result of the anti-dilution adjustments in the Investor Warrants, as modified by the Amended Waiver, the number of shares of common stock of the Company issuable pursuant to the First Tranche Warrant total 5.5 million shares and the number of shares of common stock issuable pursuant to the Second Tranche Warrant total 10.7 million shares.

The Investor also waived certain provisions of that certain Securities Purchase Agreement, dated December 6, 2024, between the Company and the Investor (together with the First Tranche Warrant and Second Tranche Warrant issued on December 6, 2024, the "Warrant Purchase Agreement"), relating to restrictions on Variable Rate Transactions (as defined in the Warrant Purchase Agreement), additional issuances of equity securities, redemption or payment of cash dividends, and stock splits. The parties agreed to certain administrative updates to the Warrant Purchase Agreement including cashless exercise after 75 days from the effective date of the Amended Waiver (solely to the extent a resale registration statement is not effective), registration rights obligations, the provision of a transfer agent instruction letter, and a forced exercise provision granting the Company the right to force exercise of the Investor Warrants assuming certain conditions are met.

***Land Acquisition***

During the three months ended June 30, 2026, TCDC acquired approximately 54.48 acres of land in Ector County, Texas for a purchase price of approximately $3.4 million. The property was acquired to support the development of the Company's planned data center campus. The purchase price included the application of the previously paid $100,000 earnest money deposit.

***Material Definitive Agreements and Commitments***

On March 25, 2026, TCDC entered into amendments to two Special Warranty Deeds with Odessa Industrial Development Corporation (d/b/a Grow Odessa). These amendments were executed to eliminate certain rights of Grow Odessa to repurchase property from TCDC. In connection with the execution of the amendments, TCDC agreed to pay Grow Odessa an aggregate amount of $4,347,500. This total consideration is payable through a promissory note in the principal amount of $3,347,500 and a cash payment of $1,000,000.

**Trends and Other Key Factors Affecting Results of Operations**

We have set out below a discussion of the key factors that have affected our financial performance and that are expected to impact our performance going forward. These factors present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section of this Report titled "Risk Factors".

**U.S. Power Demand and Supply Dynamics**

The rapid expansion of AI, HPC, and cloud infrastructure, coupled with rising demand from data centers, broad-based electrification, and other emerging electrical needs, has driven record levels of power consumption while domestic electricity providers face significant supply constraints stemming from insufficient new generation capacity and aging infrastructure. We believe we are well positioned to help fill this need by providing consistent baseload generation, in part behind-the-meter to our customers. Powered land is becoming increasingly difficult for hyperscalers to access, and we believe our projects provide "speed-to-power" in a manner differentiated from our peers. However, there can be no assurance that U.S. power demand will continue to grow at current rates, or that advances in technology and efficiency applicable to new or existing power sources will not materially diminish the current trajectory of rising electricity demand.

**Artificial Intelligence and Data Center Infrastructure Demand**

Our partnerships with hyperscalers will depend, in part, on our ability to identify and secure sites capable of supporting the co-location of power assets and data centers. A decline or slowdown in the deployment of AI infrastructure, a reduction in the power requirements associated with AI workloads, or broader market saturation in the AI sector could adversely affect demand for our solutions and materially impact our business prospects.

**Tenant Acquisition and Retention**

Our revenue model is heavily dependent on securing multi-GW scale anchor tenants and maintaining long-term power delivery and leasing agreements. Our ability to attract high-credit-quality tenants—particularly large AI developers, hyperscalers, and sovereign compute platforms—is critical to achieving scale and recurring revenues. Changes in customer requirements, economic conditions, or competitive offerings could hinder tenant growth or increase churn risk. Delays in tenant onboarding or renegotiation of terms due to construction timelines may also impact financial performance.

**Environmental Stewardship and Community Relations**

Although we believe that public support for AI infrastructure remains at acceptable levels, public perception and environmental stewardship remain critical to the long-term viability of our business. Any material shift in local sentiment, changes in federal or state law, organized stakeholder opposition, or heightened perceptions of environmental risk could result in reputational harm or disruptions to our operations.

**Geopolitical Environment and Policy Considerations**

Energy infrastructure and computing capacity are increasingly viewed through the lens of national security and economic competitiveness. Changes in U.S. energy policy, particularly with respect to land use regulation, artificial intelligence governance, foreign investment review, or export controls, may materially affect our operations. Our ability to navigate this evolving policy landscape, especially as it pertains to the regulatory treatment of nuclear energy, grid resilience, and the designation of critical infrastructure, will be an important factor in our long-term scalability and strategic positioning.

**Principal Components of Results of Operations**

We operate our business within a single reportable segment, which is consistent with how our management reviews our business, makes investment and resource allocation decisions, and assesses operating performance. Management primarily reviews total assets and income (loss) from operations of the single reportable segment.

**Revenues, net**

Pursuant to the Company's ongoing oil and gas and helium obligations that existed prior to its strategic pivot, the Company previously sold its oil to a single purchaser on a monthly basis, pursuant to a purchase agreement (the "Oil Purchase Agreement"), at a price based on an index price from the purchaser. The Oil Purchase Agreement will continue on a month-to-month basis thereafter unless and until terminated by the Company or the purchaser with a 30-day advance notice. Oil that is produced from the Company's wells is stored in tank batteries located on the Company's lease. When the purchaser's truck connects to the storage tank and oil enters the truck, control of the oil is transferred to the purchaser, the Company's obligations are satisfied, and revenue is recognized. During 2025, the Company did not have any oil sales as it disposed of its oil properties in 2024.

We currently sell our natural gas and natural gas liquids to Cimmaron Midstream, formerly known as IACX, ("Cimmaron") a processor, pursuant to that certain Marketing Agreement (the "Marketing Agreement"), at a price based on an index price from the purchaser, which expired on May 31, 2024. This Marketing Agreement currently continues on a month-to-month basis unless and until terminated by the Company or the purchaser with a 30-day advance notice. Cimmaron processes our gas for natural gas liquids and other usable components in its facilities. We receive value for our natural gas and any associated natural gas liquids as further defined as hydrocarbons pursuant to the Marketing Agreement. Although the Company produces helium alongside its natural gas, Cimmaron will not compensate us for our helium produced under our existing contract. To date, we have not generated any revenue from the production of helium.

Under our natural gas and natural gas liquid contracts with processors, when the unprocessed natural gas is delivered at the sales meter, control of the gas is transferred to the purchaser, the Company's obligations are satisfied, and revenue is recognized. In the cases where the Company sells to a processor, management has determined that the processors are customers. The Company recognizes the revenue in these contracts based on the net proceeds received from the processor.

The Company has no unsatisfied performance obligations at the end of each reporting period.

**Lease operating expenses**

Lease operating expenses represent costs incurred in operations of producing properties and workover costs. The majority of these costs are comprised of labor costs, production taxes, compression, workover, and repair costs.

**Depletion, depreciation, amortization, and accretion**

The Company follows the full cost accounting method to account for oil and natural gas properties, whereby costs incurred in the acquisition, exploration and development of oil and gas reserves are capitalized. Such costs include lease acquisition, geological and geophysical activities, rentals on nonproducing leases, drilling, completing and equipping of oil and gas wells, administrative costs directly attributable to those activities and asset retirement costs. The Company records depletion expense for oil and natural gas properties on a units of production basis over the life of the full cost pool's reserves. The Company records depreciation expense for computer equipment and furniture and fixtures over a useful life of five years. The Company records depreciation expense for leasehold improvement over a useful life of five to fifteen years.

**General and administrative costs**

General and administrative costs primarily include costs incurred for overhead, consisting of payroll and benefits for the Company's corporate staff, contractor and consulting costs, stock compensation expenses, accounting and legal costs, and office rent.

**Other income and expense**

Other income (expenses) primarily consists of interest income and expense, changes in the fair value of derivative instruments and interest expense. Interest income relates primarily to interest earned on certificates of deposit associated with operating bonds. Interest expense is primarily associated with interest on outstanding notes. Changes in the fair value of derivative instruments reflect periodic mark-to-market adjustments on derivative assets and liabilities.

**Income taxes**

The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts for income tax purposes and net operating loss and tax credit carryforwards. The amount of deferred taxes on these temporary differences is determined using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, as applicable, based on tax rates and laws in the respective tax jurisdiction enacted as of the balance sheet date.

The Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on projected future taxable income, applicable tax strategies and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not (likelihood of greater than 50 percent) that some portion or all the deferred tax assets will not be realized. The balance of the Company's valuation allowance was $17,272,926 and $10,003,463 as of June 30, 2026 and December 31, 2025, respectively.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based upon the technical merits of the position. If all or a portion of the unrecognized tax benefit is sustained upon examination by the taxing authorities, the tax benefit will be recognized as a reduction to the Company's deferred tax liability and will affect the Company's effective tax rate in the period it is recognized.

The Company records any tax-related interest charges as interest expense and any tax-related penalties as other expense in the consolidated statements of operations of which there have been none to date. The Company is also subject to Texas Margin Tax. The Company realized no Texas Margin Tax in the accompanying condensed consolidated financial statements as we do not anticipate owing any Texas Margin Tax for the periods presented.

**Stock-based compensation**

The Company accounts for its stock-based compensation awards in accordance with Accounting Standards Codification Topic 718, Compensation-Stock Compensation ("ASC 718"). ASC 718 requires all stock-based payments to employees and non-employees including grants of stock options, to be recognized as expense in the statements of operations based on their grant date fair values. The Company periodically issues common stock and common stock options to consultants and directors for various services. Costs of these transactions are measured at the fair value of the service received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete.

## Results of Operations

To provide readers with meaningful comparisons, the following analysis provides comparisons of the financial results for the three and six months ended June 30, 2026 and 2025. We analyze and explain the differences between periods in the specific line items of the Consolidated Statements of Operations and Comprehensive (Loss) Income.

### The Three Months Ended June 30, 2026 Compared to the Three Months Ended June 30, 2025

The following table sets forth our results of operations for the periods presented:

| | For the Three Months Ended June 30, | | Variance | |
|---|---|---|---|---|
| | 2026 | 2025 | ($) | (%) |
| Revenues, Net | | | | |
| Natural gas, and product sales, net | $ 36,497 | $ 209,114 | $ (172,617) | (82.5)% |
| Total Revenues, Net | 36,497 | 209,114 | (172,617) | (82.5) |
| | | | | |
| Costs and expenses | | | | |
| Lease operating expenses | 182,360 | 308,385 | (126,025) | (40.9) |
| Impairment expenses | 250,000 | - | 250,000 | n/m |
| Depletion, depreciation, amortization, and accretion | 394,350 | 232,018 | 162,332 | 70.0 |
| General and administrative expenses | 16,091,330 | 1,532,520 | 14,558,810 | 950.0 |
| Total costs and expenses | 16,918,040 | 2,072,923 | 14,845,117 | 716.1 |
| | | | | |
| Loss from operations | $ (16,881,543) | $ (1,863,809) | $ (15,017,734) | 805.8 |
| | | | | |
| Other income (expenses) | | | | |
| Interest income | 44,704 | 10,948 | 33,756 | 308.3 |
| Interest expense | (615,990) | (1,515,986) | 899,996 | (59.4) |
| Change in fair value of derivative asset | - | 156,659 | (156,659) | n/m |
| Change in fair value of derivative liability | 772,893 | (99,274) | 872,167 | (878.5) |
| Change in fair value of deferred equity consideration | (3,698,652) | - | (3,698,652) | n/m |
| Loss on Debt Extinguishment | (70,657) | - | (70,657) | n/m |
| Other, net | 6,620 | (294,542) | 301,162 | (102.2) |
| Total Other Income (Expenses) | $ (3,561,082) | $ (1,742,195) | $ (1,818,887) | 104.4 |
| | | | | |
| Loss before income taxes | (20,442,625) | (3,606,004) | (16,836,621) | 466.9 |
| | | | | |
| Income taxes | - | - | - | n/m |
| Net loss | $ (20,442,625) | $ (3,606,004) | $ (16,836,621) | 466.9% |

***Net Revenue by Product Category***

The following table summarizes the Company's net consolidated revenues disaggregated by product category:

| | For the Three Months Ended June 30, | |
|---|---|---|
| | June 30, 2026 | June 30, 2025 |
| Natural gas | $ 206,183 | $ 591,188 |
| Less gathering and processing | (236,775) | (445,649) |
| Natural gas, net | (30,592) | 145,539 |
| NGL | 67,089 | 63,575 |
| Total revenue, net | $ 36,497 | $ 209,114 |

Natural gas, net decreased $176,131 for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The decrease in revenue was primarily due to a $0.77 per Mcf decrease in gas prices net of processing and transportation and a 31 MMcf decrease in gas sales volumes.

Natural gas liquids ("NGLs") increased $3,514 for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase in revenue was primarily due a $68.57 per barrel increase in NGL prices, partially offset by a 700 barrel decrease in NGL sales volumes.

***Operating Expenses***

| | For the Three Months Ended June 30, | | Variance | |
|---|---|---|---|---|
| | 2026 | 2025 | ($) | (%) |
| Costs and expenses | | | | |
| Lease operating expenses | $ 182,360 | $ 308,385 | $ (126,025) | (40.9)% |
| Impairment expenses | 250,000 | - | 250,000 | n/m |
| Depletion, depreciation, amortization, and accretion | 394,350 | 232,018 | 162,332 | 70.0 |
| General and administrative expenses | 16,091,330 | 1,532,520 | 14,558,810 | 950.0 |
| Total costs and expenses | $ 16,918,040 | $ 2,072,923 | $ 14,845,117 | 716.1% |

The Company experienced an overall increase in operating expenses of $14,845,117 for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025.

Lease operating expenses decreased $126,025 for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. Impairment expenses increased $250,000 for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was due to impairment of the gas plant related to payments made towards the plant during the three months ended June 30, 2026 and the change in the Company's strategy that occurred in late 2025.

Depletion, depreciation, amortization and accretion increased $162,332 for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily attributable to higher accretion expense associated with asset retirement obligations, partially offset by lower depletion expense due a decrease in the depletion rate.

General and administrative costs increased $14,558,810 for the three months ended June 30, 2026, as compared to the three months ended June 30, 2025. The increase was primarily due to an increase in stock-based compensation, legal expenses, professional services costs and a one-time legal settlement cost and a one-time contract termination fee that were both incurred during the three months ended June 30, 2026.

***Other (Expense) Income***

| | For the Three Months Ended June 30, | | Variance | |
|---|---|---|---|---|
| | 2026 | 2025 | ($) | (%) |
| Other income (expenses) | | | | |
| Interest income | $ 44,704 | $ 10,948 | $ 33,756 | 308.3% |
| Interest expense | (615,990) | (1,515,986) | 899,996 | (59.4) |
| Change in fair value of derivative asset | - | 156,659 | (156,659) | n/m |
| Change in fair value of derivative liability | 772,893 | (99,274) | 872,167 | (878.5) |
| Change in fair value of deferred equity consideration | (3,698,652) | - | (3,698,652) | n/m |
| Loss on Debt Extinguishment | (70,657) | - | (70,657) | n/m |
| Other, net | 6,620 | (294,542) | 301,162 | (102.2) |
| Total Other Income (Expenses) | $ (3,561,082) | $ (1,742,195) | $ (1,818,887) | 104.4% |

Interest income increased $33,756 for the three months ended June 30, 2026, as compared to the three months ended June 30, 2025, respectively. This interest income relates to interest earned on higher cash equivalents on hand.

Interest expense decreased $899,996 for the three months ended June 30, 2026, as compared to the three months ended June 30, 2025. The decrease was primarily attributable to the release of the excise tax liability and the payoff of the AirLife note and the convertible notes that were outstanding during the prior-year period. These decreases were partially offset by interest expense incurred on the Company's Term Loan A-1 during the three months ended June 30, 2026.

Change in fair value of derivative asset decreased $156,659 as the company paid off the associated debt instrument in the quarter ended December 31, 2025.

Change in fair value of derivative liability changed from a loss of $99,274 for the quarter ended June 30, 2025 to a gain of $772,893 for the three months ended June 30, 2026. The increase was primarily attributable to changes in the fair value of the embedded derivative associated with the SharonAI Note, as well as the recognition and subsequent remeasurement of the embedded derivative associated with the Term Loan Agreement entered into during the period.

Change in fair value of deferred equity consideration relates to the remeasurement of the deferred consideration associated with the acquisition of TCDC.

**The Six Months Ended June 30, 2026 Compared to the Six Months Ended June 30, 2025**

The following table sets forth our results of operations for the periods presented:

| | For the Six Months Ended June 30, | | Variance | |
|---|---|---|---|---|
| | 2026 | 2025 | ( $ ) | ( % ) |
| Revenues, Net | | | | |
| Natural gas, and product sales, net | $ 551,084 | $ 535,569 | $ 15,515 | 2.9% |
| Total Revenues, Net | 551,084 | 535,569 | 15,515 | 2.9 |
| | | | | |
| Costs and expenses | | | | |
| Lease operating expenses | 478,413 | 568,865 | (90,452) | (15.9) |
| Impairment expenses | 625,000 | - | 625,000 | n/m |
| Depletion, depreciation, amortization, and accretion | 769,210 | 430,427 | 338,783 | 78.7 |
| General and administrative expenses | 25,253,525 | 3,469,174 | 21,784,351 | 627.9 |
| Total costs and expenses | 27,126,148 | 4,468,466 | 22,657,682 | 507.1 |
| | | | | |
| Loss from operations | (26,575,064) | (3,932,897) | (22,642,167) | 575.7 |
| | | | | |
| Other income (expenses) | | | | |
| Interest income | 56,290 | 26,328 | 29,962 | 113.8 |
| Interest expense | (2,417,414) | (2,958,108) | 540,694 | (18.3) |
| Change in fair value of derivative asset | - | 141,256 | (141,256) | n/m |
| Change in fair value of derivative liability | 1,085,587 | 91,703 | 993,884 | 1,083.8 |
| Change in fair value of deferred equity consideration | (3,351,961) | - | (3,351,961) | n/m |
| Loss on Debt Extinguishment | (70,657) | - | (70,657) | n/m |
| Other, net | 6,620 | (294,542) | 301,162 | (102.2) |
| Total Other Income (Expenses) | (4,691,535) | (2,993,363) | (1,698,172) | 56.7 |
| | | | | |
| Loss before income taxes | (31,266,599) | (6,926,260) | (24,340,339) | 351.4 |
| | | | | |
| Income taxes | - | - | - | n/m |
| Net loss | $ (31,266,599) | $ (6,926,260) | $ (24,340,339) | 351.4% |

***Net Revenue by Product Category***

The following table summarizes the Company’s net consolidated revenues disaggregated by product category:

| | For the Six Months Ended June 30, | |
|---|---|---|
| | June 30, 2026 | June 30, 2025 |
| Natural gas | $ 1,156,400 | $ 1,273,349 |
| Less gathering and processing | (742,152) | (847,746) |
| Natural gas, net | 414,248 | 425,603 |
| NGL | 136,836 | 109,966 |
| Total revenue, net | $ 551,084 | $ 535,569 |

Natural gas, net decreased $11,355 for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025. The decrease in revenue was primarily due to a $0.02 per Mcf decrease in gas prices net of processing and transportation and a 2 MMcf decrease in gas sales volumes.

Natural gas liquids ("NGLs") increased $26,870 for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025. The increase in revenue was primarily due a $15.21 per barrel increase in NGL prices, partially offset by a 62 barrel decrease in NGL sales volumes.

***Operating Expenses***

| | For the Six Months Ended June 30, | | Variance | |
|---|---|---|---|---|
| | 2026 | 2025 | ($) | (%) |
| Costs and expenses | | | | |
| Lease operating expenses | $ 478,413 | $ 568,865 | $ (90,452) | (15.9)% |
| Impairment expenses | 625,000 | - | 625,000 | n/m |
| Depletion, depreciation, amortization, and accretion | 769,210 | 430,427 | 338,783 | 78.7 |
| General and administrative expenses | 25,253,525 | 3,469,174 | 21,784,351 | 627.9 |
| Total costs and expenses | $ 27,126,148 | $ 4,468,466 | $ 22,657,682 | 507.1% |

The Company experienced an overall increase in operating expenses of $22,657,682 for the six months ended June 30, 2026, as compared to the six months ended June 30, 2025, respectively.

Lease operating expenses decreased $90,452 for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. Impairment expenses increased $625,000 for the six months ended June 30, 2026, as compared to the six months ended June 30, 2025. The increase was due to impairment of the gas plant related to payments made towards the plant during the six months ended June 30, 2026 and the change in the Company's strategy that occurred in late 2025.

Depletion, depreciation, amortization and accretion increased $338,783 for the six months ended June 30, 2026, as compared to the six months ended June 30, 2025. The increase was primarily attributable to higher accretion expense associated with asset retirement obligations, partially offset by lower depletion expense due a decrease in the depletion rate.

General and administrative costs increased $21,784,351 for the six months ended June 30, 2026, respectively, as compared to the six months ended June 30, 2025. The increase was primarily due to an increase in stock-based compensation, legal expenses, professional services costs and a one-time legal settlement cost and a one-time contract termination fee that were both incurred during the six months ended June 30, 2026.

***Other (Expense) Income***

| | For the Six Months Ended June 30, | | Variance | |
|---|---|---|---|---|
| | 2026 | 2025 | ($) | (%) |
| Other income (expenses) | | | | |
| Interest income | $ 56,290 | $ 26,328 | $ 29,962 | 113.8% |
| Interest expense | (2,417,414) | (2,958,108) | 540,694 | (18.3) |
| Change in fair value of derivative asset | - | 141,256 | (141,256) | n/m |
| Change in fair value of derivative liability | 1,085,587 | 91,703 | 993,884 | 1,083.8 |
| Change in fair value of deferred equity consideration | (3,351,961) | - | (3,351,961) | n/m |
| Loss on Debt Extinguishment | (70,657) | - | (70,657) | n/m |
| Other, net | 6,620 | (294,542) | 301,162 | (102.2) |
| Total Other Income (Expenses) | $ (4,691,535) | $ (2,993,363) | $ (1,698,172) | 56.7% |

Interest income increased $29,962 for the six months ended June 30, 2026, as compared to the six months ended June 30, 2025. This interest income relates to interest earned on cash equivalents.

Interest expense decreased $540,694 for the six months ended June 30, 2026, as compared to the six months ended June 30, 2025. The decrease was primarily attributable to the settlement of the excise tax liability, the payoff of the AirLife note and the convertible notes that were outstanding during the prior-year period. These decreases were partially offset by interest expense incurred on the Company's Term Loan A-1 and SharonAI Note during the six months ended June 30, 2026.

Change in fair value of derivative asset decreased $141,256 as the company paid off the associated debt instrument in the quarter ended December 31, 2025.

Change in fair value of derivative liability increased $993,884 for the six months ended June 30, 2026, as compared to the six months ended June 30, 2025. The increase was primarily attributable to changes in the fair value of the embedded derivative associated with the SharonAI Note, as well as the recognition and subsequent remeasurement of the embedded derivative associated with the Term Loan Agreement entered into during the period.

Change in fair value of deferred equity consideration relates to the remeasurement of the deferred consideration associated with the acquisition of TCDC.

## Liquidity and Capital Resources

### *Sources of Liquidity*

We are currently focused in the near-term on using our available liquidity for the development of our flagship data center project, TCDC. We expect our liquidity to be supported by a diversified mix of debt and equity capital, including project financing for the buildout of our flagship project as well as tenant prepayments and advances, strategic equity investments and government grants. Although we plan to fund near-term development activity through a combination of these methods, there can be no assurance that such capital will be available in the amounts required or on favorable terms. Access to financing may be constrained by changes in macroeconomic conditions, increases in interest rates, customer-specific credit risks, regulatory shifts, or other market factors beyond our control.

On January 23, 2026, we filed a shelf registration statement on Form S-3 (File No. 333-292892) with the SEC, which was declared effective on January 30, 2026 (the "Registration Statement"). The Registration Statement, which includes a base prospectus, allows us at any time to offer any combination of securities described in the prospectus in one or more offerings in an aggregate amount of up to $350 million. The Registration Statement is intended to provide us flexibility to conduct registered sales of our securities, subject to market conditions and our future capital needs. The terms of any future offering under the Registration Statement will be established at the time of such offering and will be described in a prospectus supplement filed with the SEC prior to the completion of any such offering.

From February through June 2026, we issued 5,171,540 shares of common stock underlying the First Tranche Warrant and 7,992,460 shares of common stock underlying the Second Tranche Warrant to the Investor at an exercise price of $2.00 per share for total gross proceeds of $26,328,000.

Additionally, during the three months ended June 30, 2026, the Company significantly strengthened its liquidity position. On April 8, 2026, TCDC, the Company's wholly owned subsidiary, entered into the Term Loan Agreement providing for borrowings of up to $290.0 million, including an initial committed tranche of $20.0 million, which was fully funded on April 13, 2026. Access to additional amounts under the Term Loan Agreement beyond the initial committed tranche is subject to lender approval and the satisfaction of certain conditions. On April 10, 2026, we closed an underwritten public offering of 29,850,746 shares of common stock, at a price to the public of $3.35 per share, resulting in proceeds, net of underwriters' discount and issuance costs, of approximately $93.4 million pursuant to the Registration Statement. In connection with the underwritten public offering, the underwriters exercised their option to purchase an additional 4,477,611 shares of common stock at the public offering price, resulting in additional net proceeds of approximately $14.1 million. The Company used a portion of the offering proceeds to repay in full the outstanding borrowings under the SharonAI Note.

The Term Loan Agreement with Macquarie originally required us to establish an "at-the-market" program on an effective registration statement with an aggregate offering price of at least $100 million no later than sixty business days following the Closing Date (as defined therein). On July 17, 2026, however, the Company, on behalf of TCDC, entered into the Consent Letter with Macquarie pursuant to which, among other procedure-related waivers, the parties agreed to extend the deadline for the Company to establish such "at-the-market" program. Under the Consent Letter, the Company is now required to establish the "at-the-market" program within sixty days of receiving written notice from Macquarie or its permitted successors and assigns, or, if such sixtieth day falls during a financial blackout period or at a time when the Company's most recently filed financial statements are stale, then within five business days following the filing of the Company's next quarterly or annual periodic report.

Despite our ability to leverage or use various sources of capital, other factors may impact our capital plan. For example, we may also experience delays in construction that extend beyond our estimated development timeline. Prolonged development periods could increase project costs beyond budgeted amounts and reduce the availability of construction loans from project partners or third party financing sources during interim periods. Any such timing misalignments could necessitate additional bridge capital or contingency financing, which may not be available on acceptable terms, or at all. Furthermore, unanticipated events—such as permitting delays, failure to secure required regulatory approvals, or force majeure events—could result in liquidity shortfalls or force us to amend our capital plan.

Market conditions may also affect our ability to raise capital. For example, credit providers or their regulators may shift policy away from funding projects involving nuclear generation assets, or may reduce exposure to long-duration infrastructure development with extended pre-revenue periods. Even if financing is available, we may be required to accept unfavorable terms, including higher cost of capital, restrictive covenants, or equity dilution, all of which could impair our ability to execute our business plan. If we are unable to raise capital in the amounts, timing, or terms we expect, we may be forced to delay capital expenditures, amend or terminate our purchase commitments for long-lead materials or surrender assets pledged as collateral under our financing agreements in order to preserve liquidity, which could materially extend our development timeline and delay one or more phases of our projects, preventing us from achieving planned operational and financial milestones within the anticipated timeframe.

***Planned Use of Capital***

The capital expenditures we expect to incur as we complete the development of our flagship project will be significant. We currently estimate that the total capital expenditures we will incur to complete the development of our flagship project could exceed $15 billion, excluding amounts expected to be financed by our tenants of which approximately $50 million to $300 million is expected to be incurred in the next twelve months across all phases. These near-term expenditures are expected to be funded through a combination of tenant prepayments, project-level debt financing, and strategic equity capital. Required capital expenditures are difficult to estimate with precision and will depend on final tenant composition, generation mix, supply chain dynamics, and site optimization decisions.

*Uses and Availability of Funds*

We measure our liquidity in a number of ways, including cash balances on hand, working capital, and operating cash flows.

We had a cash, cash equivalent and restricted cash of $84,821,390 as of June 30, 2026. We also had a working capital surplus of $82,879,767 as of June 30, 2026.

The Company's future capital requirements will depend on many factors, including its future rate of revenue growth and the timing and extent of expenditures to support sales, marketing, and infrastructure development, including the buildout of data center capacity. The Company currently expects cash requirements of approximately $25 million to $30 million over the next twelve months. Upon execution of binding term sheets or definitive agreements with data center users, these expected expenditures may increase materially; the Company expects that any such increases would be funded through a combination of customer prepayments, additional borrowings under the term loan facility, equity offerings and cash on hand.

**Cash Flows**

*Cash flows for the six months ended June 30, 2026 and 2025*

The following table summarizes our cash flow activity for the periods presented:

| | For the Six Months Ended June 30, | |
|---|---|---|
| | 2026 | 2025 |
| Cash Provided by (Used in) | | |
| Operating Activities | $ (10,879,659) | $ (4,679,487) |
| Investing Activities | (11,821,197) | (877,546) |
| Financing Activities | 106,319,518 | 9,703,114 |
| Net increase in cash and cash equivalents | $ 83,618,662 | $ 4,146,081 |

**Net cash used in operating activities**

Cash used in operating activities was $10,879,659 for the six months ended June 30, 2026, primarily driven by a net loss of $31,266,599. This was partially offset by non-cash adjustments, including stock-based compensation of $14,169,558, amortization of debt discount and debt issuance costs of $1,021,742, depletion, depreciation, amortization, and accretion of $769,210, and impairment expense of $625,000, respectively. Cash used in operating activities was also impacted by changes in working capital, including increases in accounts receivable of $296,920 and prepaid and other current assets of $795,981, partially offset by increases in accrued liabilities of $1,584,469 and accounts payable of $1,137,831.

Operating activities used cash of $4,679,487 for the six months ended June 30, 2025. Net loss of $6,926,260 was affected by depletion, depreciation, amortization, and accretion of $430,427, amortization of debt discount of $2,344,697 and accrued interest on note payable and other liabilities of $86,330, offset by change in fair value of derivative asset of $141,256, change in fair value of derivative liability of $91,703 and interest income on investments and notes receivable of $26,328. Changes in operating assets and liabilities used $355,394 of cash for operating activities.

**Net cash used in investing activities**

Investing activities used cash of $11,821,197 for the six months ended June 30, 2026, related to the purchase of land and purchase of membership interest.

Investing activities used cash of $877,546 for the six months ended June 30, 2025, related to the purchase of property, plant and equipment of $802,546 and investment in joint venture of $75,000.

**Net cash provided by financing activities**

Financing activities provided cash of $106,319,518 for the six months ended June 30, 2026, primarily driven by $112,458,424 of proceeds from the issuance of common stock, $26,228,659 of proceeds from the exercise of warrants, $19,367,500 of net proceeds from the Term Loan A-1 financing, offset by the repayment of the SharonAI Note of $50,000,000.

Financing activities provided cash of $9,703,114 for the six months ended June 30, 2025, related to proceeds from the convertible note of $2,790,000 and issuance of common stock of $8,413,964 offset by repayment on the convertible notes of $1,416,667 and debt issuance costs of $84,183.

**Seasonality**

We typically do not experience seasonality in our operations.

**Critical Accounting Estimates**

The Company prepares its condensed consolidated financial statements for inclusion in this Report in accordance with generally accepted accounting principles in the United States ("GAAP"). See Note 2 of Notes to Consolidated Financial Statements. The following is a discussion of the Company's most critical accounting estimates, judgments and uncertainties that are inherent in the Company's application of GAAP.

***Reserves***

The Company's proved reserve information as of December 31, 2025 and December 31, 2024 was prepared by MKM Engineering, independent reservoir engineers. Because these estimates depend on many assumptions, all of which may substantially differ from future actual results, proved reserve estimates will be different from the quantities of oil and natural gas that are ultimately recovered. In addition, results of drilling, testing and production after the date of an estimate may justify material revisions, positively or negatively, to the estimate of proved reserves. The Company's estimates of proved reserves materially impact depreciation, depletion and amortization ("DD&A") expense. If the estimates of proved reserves decline, the rate at which the Company records DD&A expense will increase, reducing future net income. Such a decline may result from lower commodity prices, which may make it uneconomical to drill for and produce higher cost fields. Under the full cost method of accounting, the Company performs a quarterly ceiling test in accordance with SEC Regulation S-X Rule 4-10. The ceiling test limits the net capitalized costs of oil and gas properties to the present value (PV-10) of estimated future net revenues from proved reserves, based on SEC-prescribed commodity prices, adjusted for discounted asset retirement obligations and income taxes. The calculation requires significant estimates and assumptions, including reserve quantities, future production timing, future operating and development costs and commodity prices. Declines in proved reserve estimates, reductions in projected future net revenues or other adverse changes in the underlying assumptions may reduce the calculated ceiling limitation and result in non-cash impairment charges.

***Asset Retirement Obligations***

The Company has significant obligations to remove tangible equipment and facilities and to restore the land at the end of oil and natural gas production operations. The Company's removal and restoration obligations are primarily associated with plugging and abandoning wells. Estimating the future restoration and removal costs is difficult and requires management to make estimates and judgments because most of the removal obligations are many years in the future and in some cases have vague descriptions of what constitutes removal. Asset removal technologies and costs are constantly changing, as are regulatory, political, environmental, safety and public relations considerations. Inherent in the present value calculation are numerous assumptions and judgments including the ultimate settlement amounts, credit-adjusted discount rates, timing of settlement and changes in the legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions impact the present value of the existing asset retirement obligations, a corresponding adjustment is generally made to the crude oil and natural gas property balance.

### *Deferred Tax Asset Valuation Allowance*

The Company continually assesses both positive and negative evidence for recoverability of its deferred tax assets and based on projected future taxable income, applicable tax strategies and the expected timing of the reversals of existing temporary differences, the Company maintained a valuation allowance of $17,272,926 as of June 30, 2026. There can be no assurance that facts and circumstances will not materially change and require the Company to revise this valuation allowance in a future period.

### *Stock-based Compensation*

The Company calculates the fair value of stock-based compensation using various valuation methods. The Company determination on the appropriate valuation method requires the use of estimates to derive the inputs necessary to determine fair value. Costs of these transactions are measured at the fair value of the service received or the fair value of the equity instruments issued, whichever is more reliably measurable.

### *Warrants*

The Company determines the accounting classification of warrants it issues as either liability or equity classified by first assessing whether the warrants meet liability classification in accordance with ASC 480-10, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity ("ASC 480"), then in accordance with ASC 815-40 ("ASC 815"), Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock. Under ASC 480, warrants are considered liability classified if the warrants are mandatorily redeemable, obligate the Company to settle the warrants or the underlying shares by paying cash or other assets, or warrants that must or may require settlement by issuing variable number of shares. If warrants do not meet liability classification under ASC 480, the Company assesses the requirements under ASC 815, which states that contracts that require or may require the issuer to settle the contract for cash are liabilities recorded at fair value, irrespective of the likelihood of the transaction occurring that triggers the net cash settlement feature. If the warrants do not require liability classification under ASC 815, and in order to conclude equity classification, the Company also assesses whether the warrants are indexed to its common stock and whether the warrants are classified as equity under ASC 815 or other applicable GAAP. After all relevant assessments, the Company concludes whether the warrants are classified as liability or equity. Liability classified warrants require fair value accounting at issuance and subsequent to initial issuance with all changes in fair value after the issuance date recorded in the statements of operations. Equity classified warrants only require fair value accounting at issuance with no changes recognized subsequent to the issuance date.

### *Related parties*

Management approves all material related-party transactions. Management considers the details of each new, existing or proposed related party transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and the relevant related party. In determining whether to approve a related party transaction, the following factors are considered: (1) if the terms are fair to the Company, (2) if there are business reasons to enter into the transaction, or (3) if the transaction would present an improper conflict of interest for any officer.

### *Fair Value of Financial Instruments*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment;
- Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

### *Commitments and Contingencies*

### *Environmental Matters*

The Company, as a lessee of oil and gas properties, is subject to various federal, provincial, state and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on the lessee under an oil and gas lease for the cost of pollution clean-up resulting from operations and subject the lessee to liability for pollution damages. In some instances, the Company may be directed to suspend or cease operations in the affected area. There can be no assurance, however, that current regulatory requirements will not change, or past noncompliance with environmental laws will not be discovered on the Company's properties which may, in turn, require further remediation efforts.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

As a smaller reporting company we are not required to make disclosures under this Item.

**Item 4. Controls and Procedures.**

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our current principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive officer and principal financial officer and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

***Evaluation of Disclosure Controls and Procedures***

As required by Rule 13a-15 under the Exchange Act, management has evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures in effect as of June 30, 2026. As a result of management's evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of June 30, 2026, or as of the date of the filing of this Report, because of both the historical and the additional material weaknesses in our internal control described below.

*Material Weaknesses*

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

- Historical Material Weakness: In connection with the preparation of our consolidated financial statements for the fiscal year ended December 31, 2024, we concluded there was material weakness in financial reporting because management did not adequately evaluate and test its controls and procedures. We closed the Business Combination on December 6, 2024, and started trading on December 9, 2024. Prior to this, we were a private company with limited accounting personnel and other resources with which to address its internal controls over financial reporting.

During 2025, the Company continued the process to develop and implement its internal controls over financial reporting. This included the documentation of processes and identification of existing controls. In addition, in order to address segregation of duties issues as a result of the Company's limited accounting staff, the Company continues to engage a third party to assist in the monthly and quarterly accounting, a third party to assist in the evaluation of appropriate accounting treatment and disclosures related to complex transactions and new pronouncements, and a third party to assist in accounting for income taxes. The Company will develop and review plans in order to address the material weakness in its internal controls over financial reporting. These plans may include engaging a third party to assist in the development, evaluation, testing and monitoring of its internal controls over financial reporting. As of June 30, 2026, and as of the date of this filing, the Company has not completed development nor finalized plans to address its material weakness in its internal controls over financial reporting.

- Additional Material Weaknesses: Subsequent to the filing of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026, originally filed with the Securities and Exchange Commission (the "SEC") on May 15, 2026 (the "First Quarter Original Form 10-Q"), management identified the following additional material weaknesses in internal control over financial reporting as of March 31, 2026: (i) we did not effectively operate controls related to the measurement of grant-date fair value and the attribution of compensation cost for share-based payment awards containing performance and market conditions, including management review of supporting schedules and third-party valuation reports, and (ii) we did not effectively operate controls over the review of significant transactions, including the review and classification of related professional fees and transaction costs.

These material weaknesses resulted in material misstatements to general and administrative expenses, loss from operations, loss before income taxes, net loss, net loss per share, additional paid-in capital, and accumulated deficit, as well as to the presentation of net loss and non-cash stock-based compensation within the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in stockholders' equity (deficit) during the first quarter of 2026.

With the oversight of management and the Audit Committee, we are in the process of developing and implementing a remediation plan to address these material weaknesses. Elements of the plan include implementing additional management review and oversight, including consultation with external technical accounting resources as necessary, over equity awards and other significant transactions.

We believe our remediation plans will be sufficient to remediate our material weaknesses. However, the material weaknesses will not be considered remediated until the Company completes the design and implementation of the actions described above and the controls operate for a sufficient period of time, and management has concluded, through testing, that these controls are effective. As we test our internal controls over financial reporting, we may determine that additional measures or modifications to our remediation plans are necessary or appropriate.

The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. The elements of our remediation plans can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

***Changes in Internal Control Over Financial Reporting***

Except as disclosed above, there were no changes in the Company's internal control over financial reporting that occurred during the quarter ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

From time to time, we may be party to or otherwise involved in legal proceedings arising in the ordinary course of business. We recognize provisions for legal proceedings in our financial statements, in accordance with accounting rules, when we are advised by independent outside counsel that (i) it is probable that an outflow of resources will be required to settle the obligation and (ii) a reliable estimate can be made of the amount of the obligation. The assessment of the likelihood of loss includes analysis by outside counsel of available evidence, the hierarchy of laws, available case law, recent court rulings and their relevance in the legal system. Our provisions for probable losses arising from these matters are estimated and periodically adjusted by management. In making these adjustments our management relies on the opinions of our external legal advisors.

***New Mexico Litigation***

On December 23, 2025, the State of New Mexico filed a lawsuit against the Company and other parties, including our former Chief Executive Officer E. Will Gray II, in the First Judicial District Court for Santa Fe County ("New Mexico Litigation"). The complaint alleges several causes of action, including unjust enrichment, violations of the New Mexico Oil and Gas Act, violations of the Uniform Voidable Transactions Act, Fraud Against Taxpayers Act, civil conspiracy, and veil piercing, and seeks, among other relief, monetary damages, civil penalties, costs, and attorneys' fees. The New Mexico Litigation was stayed shortly after it was initiated because of the ongoing bankruptcy proceedings for several unrelated defendants.

The Company reached a settlement with the State of New Mexico and the Acacia Operating Company, LLC bankruptcy trustee that resolved all claims brought against the Company. That settlement was formally approved on July 9, 2026 in the U.S. Bankruptcy Court for the Western District of Texas. Pursuant to the settlement, the Company did not admit any liability, wrongdoing, fault, or violation of any law, regulation, duty, or obligation. The claims against the Company in *Torrez ex rel. State of New Mexico v. Acacia Operating Co.* will be dismissed.

***Shareholder Litigation***

On April 1, 2026, a federal securities class action lawsuit was filed in the U.S. District Court for the Western District of Texas against the Company and certain members of its management, styled *Annonio v. New Era Energy & Digital, Inc., et al.*, Case No. 7:26-cv-00120. The complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and seeks, among other relief, a determination that the action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure, monetary damages, costs, and attorneys' fees. On June 17, 2026, the Court appointed Mr. Mitchell Patterson as lead plaintiff. The lead plaintiff has until August 21, 2026 to file a consolidated amended complaint. Following the filing of the amended complaint, the Company will have 60 days to file a responsive pleading.

The Company intends to vigorously defend itself against these claims. The Company believes that the resolution of this litigation will not have a material adverse effect on its business, financial condition or results of operations. Nonetheless, the Company cannot predict the outcome of these proceedings, as legal matters are subject to inherent uncertainties, and there exists the possibility that the ultimate resolution of this matter could have a material adverse effect on the Company's business, financial condition or results of operations.

**Item 1A. Risk Factors.**

Except as set forth below, there have been no material changes to the risk factors disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025. You should carefully read and consider such risks, together with all of the other information in our Annual Report on Form 10-K for the year ended December 31, 2025, in this Quarterly Report on Form 10-Q (including the disclosures in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our condensed consolidated financial statements and related notes), and in the other documents that we file with the SEC.

***Our management has identified certain disclosure control deficiencies, which management believes constitute material weaknesses. Our failure to establish and maintain proper and effective disclosure controls and procedures has caused, and could continue to cause, material misstatements of our financial statements, and investors may lose confidence in our financial reporting and the trading price of our common stock may decline.***

Effective disclosure controls and procedures are necessary to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Any failure to establish and maintain effective disclosure controls and procedures, including due to a failure to remediate the material weaknesses mentioned below or the discovery or occurrence of any additional material weaknesses in the future, could adversely affect our ability to prepare financial statements within required time periods and record, process and report financial information accurately, which could result in material misstatements in our financial statements and cause us to fail to meet our reporting obligations.

In connection with the filing of the First Quarter Original Form 10-Q, management concluded that our disclosure controls and procedures were not effective as of March 31, 2026 due to a historical material weakness in internal control over financial reporting. Subsequent to the filing of the First Quarter Original Form 10-Q, management reevaluated the effectiveness of our disclosure controls and procedures and continued to conclude that our disclosure controls and procedures were not effective as of March 31, 2026 due to the foregoing historical material weakness and an additional material weakness in internal control over financial reporting that was identified relating to a misstatement of stock-based compensation expense and a misstatement in expense classification of professional fees and transaction costs.

We are in the process of developing and implementing a remediation plan to address the material weaknesses, however, we cannot assure you that any of the measures we implement will effectively mitigate or remedy such deficiencies. As a result, our investors could lose confidence in our reported financial information, the market price of our common stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities.

***We have a material weakness in our internal control over financial reporting, which, if left unremedied, could materially and adversely affect the market price of our stock.***

As of the date of this Report, we have not maintained effective controls over the control environment, including our internal control over financial reporting. We are a small company with few employees in our accounting and finance department. Although we utilize third parties to assist in the performance of certain accounting and tax related functions, we may still lack the ability to have adequate segregation of duties in the financial statement preparation process. In addition, we have not adequately evaluated and tested controls over the control environment, including our disclosure controls and our internal controls over financial reporting. Since these entity level controls have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness. If we are unable to remediate this material weakness as a newly public company, our financial reporting may not be reliable, and the market price of our stock may be adversely affected.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

(a) During the quarter ended June 30, 2026, there were no unregistered sales of our securities that were not reported in a Current Report on Form 8-K.

(b) Not applicable.

(c) None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not Applicable.

**Item 5. Other Information.**

None

**Item 6. Exhibits.**

| No. | Description of Exhibit |
|---|---|
| 3.1 | Amended and Restated Articles of Incorporation of Roth CH V Holdings, Inc. filed on December 6, 2024 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on December 12, 2024, File No. 001-42433). |
| 3.2 | Certificate of Change pursuant to NRS 78.209 (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 14, 2025, File No. 001-42433). |
| 3.3 | Certificate of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed with the SEC on August 14, 2025, File No. 001-42433). |
| 3.4 | Amended and Restated Bylaws of Roth CH V Holdings, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on December 12, 2024, File No. 001-42433). |
| 4.1 | Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 8, 2026, File No. 001-42433). |
| 4.2 | Form of Registration Rights Agreement (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on April 8, 2026, File No. 001-42433). |
| 4.3 | Warrant to Purchase Common Stock, dated April 13, 2026, by and between the Company and Macquarie Equipment Capital Inc. (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 14, 2026, File No. 001-42433). |
| 4.4 | Registration Rights Agreement, dated April 13, 2026, by and between the Company and Macquarie Equipment Capital Inc. (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on April 14, 2026, File No. 001-42433). |
| 10.1 | Amended and Restated Promissory Note, dated April 6, 2026, by and between the Company and Zachary Yi Zhou (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 6, 2026, File No. 001-42433). |
| 10.2 | Term Loan Agreement, dated April 8, 2026, by and between the Company, Texas Critical Data Centers LLC and Macquarie Equipment Capital Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 8, 2026, File No. 001-42433). |
| 10.3 | Underwriting Agreement, dated as of April 9, 2026, by and between New Era Energy & Digital, Inc. and Northland Securities, Inc., as representative of the several underwriters named in Schedule I thereto (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K filed with the SEC on April 10, 2026, File No. 001-42433). |
| 10.4 | Employment Agreement, dated April 28, 2026, by and between the Company and Andrew Casazza (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 17, 2026, File No. 001-42433). |
| 10.5 | Restricted Stock Unit Award Agreement, dated April 28, 2026, by and between the Company and Andrew Casazza (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on April 17, 2026, File No. 001-42433). |

| No. | Description of Exhibit |
|---|---|
| 10.6 | Employment Agreement, dated June 1, 2026, by and between the Company and Darin Rovell (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 3, 2026, File No. 001-42433). |
| 10.7 | Restricted Stock Unit Award Agreement, dated June 1, 2026, by and between the Company and Darin Rovell (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on June 3, 2026, File No. 001-42433). |
| 10.8 | Amendment to Employment Agreement, effective as of July 1, 2026, between the Company and Charles Nelson (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on July 6, 2026, File No. 001-42433). |
| 10.9 | Amendment to Employment Agreement, effective as of July 1, 2026, between the Company and Ted Warner (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on July 6, 2026, File No. 001-42433). |
| 10.10 | Amended and Restated Employment Agreement, effective as of July 1, 2026, between the Company and José Rodriguez (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on July 6, 2026, File No. 001-42433). |
| 10.11 | Performance Award Agreement, effective as of July 1, 2026, between the Company and José Rodriguez (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on July 6, 2026, File No. 001-42433). |
| 10.12 | Amended and Restated Employment Agreement, effective as of July 1, 2026, between the Company and E. Will Gray II (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the SEC on July 6, 2026, File No. 001-42433). |
| 31.1* | Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS* | Inline XBRL Instance Document. |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* Filed herewith.

** Furnished herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**NEW ERA ENERGY & DIGITAL, INC.**

By: */s/ Charles Nelson*
Name: Charles Nelson
Title: Chairman and Chief Executive Officer
Date: August 14, 2026

By: */s/ Ted Warner*
Name: Ted Warner
Title: President and Chief Financial Officer
Date: August 14, 2026

**Exhibit 31.1**

**CERTIFICATION**

I, Charles Nelson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of New Era Energy & Digital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2026

/s/ Charles Nelson

Charles Nelson
Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION**

I, Ted Warner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of New Era Energy & Digital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2026

/s/ Ted Warner

Ted Warner
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Charles Nelson, Chief Executive Officer of New Era Energy & Digital, Inc. (the “Company”), certify that:

1. the Quarterly Report on Form 10-Q of the Company for the period ending June 30, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2026

/s/ Charles Nelson
Charles Nelson
Chief Executive Officer

**Exhibit 32.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Ted Warner, Chief Financial Officer of New Era Energy & Digital, Inc. (the “Company”), certify that:

1. the Quarterly Report on Form 10-Q of the Company for the period ending June 30, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2026

/s/ Ted Warner
Ted Warner
Chief Financial Officer