

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

Form 10-Q

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

For the quarterly period ended June 30, 2026

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File No. 001-37917

Mammoth Energy Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

14201 Caliber Drive, Suite 300

Oklahoma City, Oklahoma

(Address of principal executive offices)

(405) 608-6007

(Registrant's telephone number, including area code)

32-0498321

(I.R.S. Employer
Identification No.)

73134

(Zip Code)

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

Title of each class

Common Stock

Trading Symbol(s)

TUSK

Name of each exchange on which registered

The Nasdaq Stock Market LLC
NASDAQ Global Select Market

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 S-T 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 the 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 ☐

Non-accelerated filer ☐

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 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 4, 2026, there were 48,127,585 shares of common stock, \$0.01 par value, outstanding.

TABLE OF CONTENTS

	<u>Page</u>
<u>Cautionary Note Regarding Forward-Looking Statements</u>	<u>i</u>
<u>PART I. FINANCIAL INFORMATION</u>	<u>1</u>
Item 1. <u>Condensed Consolidated Financial Statements (Unaudited)</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)</u>	<u>2</u>
<u>Condensed Consolidated Statements of Changes in Equity</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>4</u>
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>6</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>32</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>45</u>
Item 4. <u>Controls and Procedures</u>	<u>45</u>
<u>PART II. OTHER INFORMATION</u>	<u>47</u>
Item 1. <u>Legal Proceedings</u>	<u>47</u>
Item 1A. <u>Risk Factors</u>	<u>47</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>47</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>47</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>47</u>
Item 5. <u>Other Information</u>	<u>47</u>
Item 6. <u>Exhibits</u>	<u>48</u>
<u>SIGNATURES</u>	<u>49</u>

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding our expectations, plans, objectives, strategies, future events, future revenues, future operations, capital expenditures, liquidity, acquisitions, business trends and other statements that are not historical facts. Forward-looking statements may be identified by words such as "may," "will," "could," "should," "expect," "anticipate," "plan," "intend," "believe," "estimate," "project," "forecast," "target," "continue," "potential," or similar expressions, and the negative thereof.

Forward-looking statements are based on current expectations, estimates and assumptions and are subject to risks and uncertainties, many of which are beyond management's control. As a result, actual outcomes and results may differ materially from those expressed or implied by these forward-looking statements. The forward-looking statements contained in this report speak only as of the date of this report and are based on information available to us as of that date. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, and readers are cautioned not to place undue reliance on these forward-looking statements. Factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements include, among others:

- general economic, financial and industry conditions, including inflation, commodity price volatility and fluctuations in customer spending and capital expenditure activity;
- conditions in the energy, infrastructure, aviation, rental equipment and natural sand proppant markets that affect demand for our services and products;
- our ability to execute our business strategy, grow existing operations, integrate acquisitions and identify additional growth opportunities;
- the availability and cost of labor, equipment, materials, replacement parts and other operational resources;
- customer concentration, customer payment risks and our ability to collect outstanding receivables, including the timing and collectability of amounts owed by the Puerto Rico Electric Power Authority ("PREPA");
- governmental actions, regulations, permitting requirements, trade policies, tariffs and other legal or regulatory developments;
- litigation, claims, investigations and other contingent liabilities;
- weather events, natural disasters, acts of war, terrorism, civil unrest, cybersecurity incidents and other events beyond our control; and
- the other risks and uncertainties described under Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2025.

MAMMOTH ENERGY SERVICES, INC.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

ASSETS	June 30, 2026	December 31, 2025
(in thousands, except share data)		
CURRENT ASSETS		
Cash and cash equivalents	\$ 50,869	\$ 101,987
Marketable securities	26,150	19,635
Restricted cash	11,914	12,085
Accounts receivable, net	39,402	28,934
Inventories	11,043	4,083
Current assets held for sale	2,227	4,287
Other current assets	3,066	4,619
Current assets of discontinued operations	1,334	1,518
Total current assets	146,005	177,148
Property, plant and equipment, net	149,909	106,097
Sand reserves, net	39,369	39,613
Operating lease right-of-use assets	3,518	2,591
Goodwill	1,462	—
Other non current assets	5,693	5,767
Noncurrent assets of discontinued operations	6	3,678
Total assets	\$ 345,962	\$ 334,894
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 11,557	\$ 9,327
Accrued expenses and other current liabilities	19,875	18,336
Current operating lease liabilities	2,359	2,071
Income taxes payable	41,421	39,899
Current liabilities of discontinued operations	298	383
Total current liabilities	75,510	70,016
Deferred income tax liabilities	3,345	2,430
Long-term operating lease liabilities	1,617	1,375
Asset retirement obligations	2,777	2,759
Other long-term liabilities	324	26
Total liabilities	83,573	76,606
COMMITMENTS AND CONTINGENCIES (Note 18)		
EQUITY		
Equity:		
Common stock, \$0.01 par value, 200,000,000 shares authorized, 48,127,585 and 48,358,315 issued and outstanding at June 30, 2026 and December 31, 2025, respectively	481	483
Additional paid-in capital	540,848	540,841
Accumulated deficit	(274,619)	(279,046)
Accumulated other comprehensive loss	(4,321)	(3,990)
Total equity	262,389	258,288
Total liabilities and equity	\$ 345,962	\$ 334,894

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

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
(in thousands, except per share amounts)				
REVENUE				
Services revenue	\$ 15,882	\$ 6,402	\$ 27,052	\$ 11,216
Services revenue - related parties	197	575	694	652
Product revenue	9,975	5,376	20,339	12,115
Total revenue	26,054	12,353	48,085	23,983
COST, EXPENSES AND GAINS				
Services cost of revenue (exclusive of depreciation, depletion, amortization and accretion of \$3,958, \$6,999, \$1,414 and \$2,621 for the three and six months ended June 30, 2026 and 2025, respectively)	9,488	5,744	15,742	10,239
Services cost of revenue - related parties	—	96	—	192
Product cost of revenue (exclusive of depreciation, depletion, amortization and accretion of \$676, \$1,105, \$1,413 and \$2,289 for the three and six months ended June 30, 2026 and 2025, respectively)	9,713	5,263	19,966	10,738
Selling, general and administrative	4,232	4,958	7,828	9,074
Depreciation, depletion, amortization and accretion	4,634	2,827	8,104	4,910
Gains on disposal of assets, net	(4,641)	(1,077)	(5,316)	(4,549)
Impairment of long-lived assets	—	31,669	—	31,669
Total cost, expenses and gains, net	23,426	49,480	46,324	62,273
Operating income (loss)	2,628	(37,127)	1,761	(38,290)
OTHER INCOME (EXPENSE)				
Interest (expense) income, net	(784)	298	(270)	383
(Loss) gain on marketable securities, net	(1,116)	—	5,987	—
Other expense, net	(73)	(628)	(682)	(960)
Total other (expense) income, net	(1,973)	(330)	5,035	(577)
Net income (loss) from continuing operations before income taxes	655	(37,457)	6,796	(38,867)
Provision (benefit) for income taxes	1,853	(934)	3,309	(97)
Net (loss) income from continuing operations	(1,198)	(36,523)	3,487	(38,770)
Net income from discontinued operations, net of income taxes	438	45,371	940	47,081
Net (loss) income	\$ (760)	\$ 8,848	\$ 4,427	\$ 8,311
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation adjustment	\$ (213)	\$ 478	\$ (331)	\$ 497
Other comprehensive (loss) income	(213)	478	(331)	497
Comprehensive (loss) income	\$ (973)	\$ 9,326	\$ 4,096	\$ 8,808
Net income (loss) per share from continuing operations, basic and diluted (Note 14)	\$ (0.02)	\$ (0.76)	\$ 0.07	\$ (0.80)
Net income per share from discontinued operations, basic and diluted (Note 14)	0.01	0.94	0.02	0.98
Net (loss) income per share, basic and diluted (Note 14)	\$ (0.01)	\$ 0.18	\$ 0.09	\$ 0.18
Weighted average number of shares outstanding, basic and diluted (Note 14)	48,164	48,225	48,247	48,188

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

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)

	Three Months Ended June 30, 2026					
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount				
	(in thousands)					
Balance at March 31, 2026	48,170	\$ 481	\$ 540,435	\$ (273,859)	\$ (4,108)	262,949
Common stock repurchased and retired	(43)	—	(131)	—	—	(131)
Equity based compensation (Note 15)	—	—	544	—	—	544
Net loss	—	—	—	(760)	—	(760)
Other comprehensive loss	—	—	—	—	(213)	(213)
Balance at June 30, 2026	48,127	\$ 481	\$ 540,848	\$ (274,619)	\$ (4,321)	262,389

	Three Months Ended June 30, 2025					
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount				
	(in thousands)					
Balance at March 31, 2025	48,127	\$ 481	\$ 540,642	\$ (284,180)	\$ (4,432)	252,511
Stock based compensation	67	1	200	—	—	201
Net income	—	—	—	8,848	—	8,848
Other comprehensive income	—	—	—	—	478	478
Balance at June 30, 2025	48,194	\$ 482	\$ 540,842	\$ (275,332)	\$ (3,954)	262,038

	Six Months Ended June 30, 2026					
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount				
	(in thousands)					
Balance at December 31, 2025	48,358	\$ 483	\$ 540,841	\$ (279,046)	\$ (3,990)	258,288
Common stock repurchased and retired	(231)	(2)	(537)	—	—	(539)
Equity based compensation (Note 15)	—	—	544	—	—	544
Net income	—	—	—	4,427	—	4,427
Other comprehensive loss	—	—	—	—	(331)	(331)
Balance at June 30, 2026	48,127	\$ 481	\$ 540,848	\$ (274,619)	\$ (4,321)	262,389

	Six Months Ended June 30, 2025					
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount				
	(in thousands)					
Balance at December 31, 2024	48,127	\$ 481	\$ 540,431	\$ (283,643)	\$ (4,451)	252,818
Stock based compensation	67	1	411	—	—	412
Net income	—	—	—	8,311	—	8,311
Other comprehensive income	—	—	—	—	497	497
Balance at June 30, 2025	48,194	\$ 482	\$ 540,842	\$ (275,332)	\$ (3,954)	262,038

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

MAMMOTH ENERGY SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30,	
	2026	2025
	(in thousands)	
Cash flows from operating activities:		
Net income	\$ 4,427	\$ 8,311
Less: Net income from discontinued operations, net of income taxes	940	47,081
Net income (loss) from continuing operations	3,487	(38,770)
Adjustments to reconcile net income (loss) from continuing operations to net cash used in operating activities:		
Stock based compensation	—	412
Depreciation, depletion, amortization and accretion	8,104	4,910
Amortization of debt origination costs	1,432	354
Gains on disposal of assets, net	(5,316)	(4,549)
Gains from sale of aviation equipment	(700)	—
Gains from sales of equipment damaged or lost down-hole	(230)	—
Impairment of long-lived assets	—	31,669
Gain on marketable securities, net	(5,987)	—
Other	1,750	(1,839)
Changes in assets and liabilities:		
Accounts receivable, net	(9,331)	(702)
Inventories	(6,960)	531
Other current assets	532	3,271
Accounts payable	187	(1,588)
Accrued expenses and other liabilities	1,273	(4,893)
Income taxes payable	1,535	3,440
Net cash used in operating activities from continuing operations	(10,224)	(7,754)
Net cash provided by (used in) operating activities from discontinued operations	200	(2,059)
Net cash used in operating activities	(10,024)	(9,813)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(55,669)	(27,334)
Business acquisitions, net of cash transferred	(5,748)	—
Proceeds from disposal of property, plant and equipment	8,383	4,942
Proceeds from sale of aviation equipment	8,500	—
Purchases of marketable securities	(7,929)	—
Distributions received from publicly traded limited partnerships	665	—
Proceeds from sale of marketable securities	6,736	—
Net cash used in investing activities from continuing operations	(45,062)	(22,392)
Net cash provided by investing activities from discontinued operations	4,581	111,258
Net cash (used in) provided by investing activities	(40,481)	88,866
Cash flows from financing activities:		
Principal payments on finance leases and equipment financing notes	(136)	(253)
Common stock repurchased and retired	(534)	—
Net cash used in financing activities from continuing operations	(670)	(253)
Net cash used in financing activities from discontinued operations	—	(3,848)
Net cash used in financing activities	(670)	(4,101)
Effect of foreign exchange rate on cash	(111)	113
Net (decrease) increase in cash, cash equivalents and restricted cash	(51,286)	75,065
Cash, cash equivalents and restricted cash at beginning of period	114,124	82,326
Cash, cash equivalents and restricted cash at end of period	62,838	157,391
Less: Cash, cash equivalents and restricted cash of discontinued operations at end of period	55	88
Cash, cash equivalents and restricted cash of continuing operations	\$ 62,783	\$ 157,303

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(unaudited)

	Six Months Ended June 30,			
	2026		2025	
	(in thousands)			
Supplemental disclosure of cash flow information for continuing operations:				
Cash paid for interest	\$	96	\$	381
Cash paid for income taxes, net of refunds received	\$	819	\$	395
Supplemental disclosure of non-cash transactions for continuing operations:				
Purchases of property, plant and equipment included in accounts payable and accrued expenses	\$	2,086	\$	151
Right-of-use assets obtained for finance lease liabilities	\$	395	\$	

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

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of Business

Mammoth Energy Services, Inc. (“Mammoth” or the “Company”), together with its subsidiaries, is an integrated, growth-oriented company focused on providing products and services to our customers primarily in the oil and natural gas, aviation and utility infrastructure industries in North America. Mammoth’s suite of services includes rental services and aviation sales, infrastructure services, natural sand proppant services, accommodation services and drilling services. The Company’s rental services and aviation sales include a wide range of equipment used in oilfield, construction and aviation activities. The Company’s infrastructure services include providing fiber optic services to the utility infrastructure industry. The Company’s natural sand proppant services include mining, processing and selling natural sand proppant used for hydraulic fracturing. The Company’s accommodation services include housing, kitchen and dining, and recreational service facilities for workers located in remote areas away from readily available lodging. The Company’s drilling services include providing directional drilling to oilfield operators. The Company was incorporated in Delaware in June 2016.

On April 11, 2025, the Company completed a transaction to sell a portion of its infrastructure services entities, including its distribution, transmission and substation operations, for aggregate proceeds of \$108.7 million. Subsequently, on June 16, 2025, the Company sold all of the equipment previously used in its hydraulic fracturing services for \$15.0 million. In addition, on December 2, 2025, the Company completed a transaction to sell its engineering business for \$30.0 million. These transactions reflect a strategic shift in the Company’s business. Results of operations, financial position and cash flows for these services are reported as discontinued operations for all periods presented and discussed in this report. Refer to Note 4 for further information.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries and the variable interest entities (“VIE”) for which the Company is the primary beneficiary. See Note 11 for additional information regarding these entities. All intercompany accounts and transactions have been eliminated.

This report has been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, and reflects all adjustments, which in the opinion of management are necessary for the fair presentation of the results for the interim periods, on a basis consistent with the annual audited consolidated financial statements. All such adjustments are of a normal, recurring nature. Certain information, accounting policies and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

Unless otherwise indicated, information in these notes to unaudited condensed consolidated financial statements relates to continuing operations. Certain of our operations have been presented as discontinued. See Note 4 for further information.

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the summary of significant accounting policies and notes thereto included in the Company’s most recent Annual Report on Form 10-K for the year ended December 31, 2025.

Reclassifications

Certain prior period balances in the unaudited condensed consolidated balance sheets and notes to the unaudited condensed consolidated financial statements have been combined or reclassified to conform to current period presentation. There was no impact on previously reported total assets, total liabilities, net income (loss) or equity for the periods presented.

Cash, Cash Equivalents and Restricted Cash

All highly liquid investments with an original maturity of three months or less are considered cash equivalents. Restricted cash at June 30, 2026 and December 31, 2025 consisted of amounts held in escrow related to the sale of certain of our infrastructure subsidiaries as discussed in Note 4.

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following table provides a reconciliation of “cash and cash equivalents” and “restricted cash” reported on the unaudited condensed consolidated balance sheets that sum to the total of the same such amounts shown on the unaudited condensed consolidated statements of cash flows (in thousands):

	June 30,	December 31,
	2026	2025
Cash and cash equivalents	\$ 50,869	\$ 101,987
Restricted cash	11,914	12,085
Total cash, cash equivalents and restricted cash shown in the unaudited condensed consolidated statements of cash flows	<u>\$ 62,783</u>	<u>\$ 114,072</u>

Marketable Securities

The Company considers all of its marketable publicly held securities as available for use in current operations, and therefore classifies these securities within current assets on the unaudited condensed consolidated balance sheets. Equity securities are measured at fair value, with changes in fair value recognized within “(Loss) gain on marketable securities, net” on the unaudited condensed consolidated statements of operations and comprehensive income (loss).

Realized gains and losses on securities sold are determined using the specific identification method and are measured based on the last reported carrying value of the securities immediately preceding the date of sale. The following table presents the components of “(Loss) gain on marketable securities, net”:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
(Loss) gain recognized on marketable securities, net	\$ (1,116)	\$ —	\$ 5,987	\$ —
Less: net gain recognized on marketable securities sold during the period	75	—	75	—
Unrealized (loss) gain recognized on marketable securities still held at the reporting date	<u>\$ (1,191)</u>	<u>\$ —</u>	<u>\$ 5,912</u>	<u>\$ —</u>

Accounts Receivable, net

Accounts receivable include amounts due from customers for services performed or goods sold. The Company grants credit to customers in the ordinary course of business and generally does not require collateral. Prior to granting credit to customers, the Company analyzes the potential customer’s risk profile by utilizing a credit report, analyzing macroeconomic factors and using its knowledge of the industry, among other factors. Customer balances are generally considered delinquent if unpaid by the due date, which generally ranges from 30 to 60 days following the invoice date, and credit privileges may be revoked if balances remain unpaid. Interest on delinquent trade accounts receivable is recognized in “other (expense) income”, net on the unaudited condensed consolidated statements of operations and comprehensive income (loss) when chargeable and collectability is reasonably assured.

The Company regularly reviews receivables and provides for expected losses through an allowance for expected credit losses. In evaluating the level of established reserves, the Company makes judgments regarding its customers’ ability to make required payments, economic events and other factors. As the financial condition of customers changes, circumstances develop, or additional information becomes available, adjustments to the allowance for expected credit losses may be required. In the event the Company expects that a customer may not be able to make required payments, the Company would increase the allowance through a charge to income in the period in which that determination is made. If it is determined that previously reserved amounts are collectible, the Company would decrease the allowance through a credit to income in the period in which that determination is made. Uncollectible accounts receivable are periodically charged against the allowance for expected credit losses once a final determination is made regarding their collectability.

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Following is a rollforward of the changes in our allowance for expected credit losses for the six months ended June 30, 2026 (in thousands):

Balance at December 31, 2025	\$	170,937
Change in provision for expected credit losses before recoveries		—
Recoveries of receivables previously charged to credit loss expense		(4)
Write-offs charged against the provision		—
Balance at June 30, 2026	\$	170,933

The Company has made specific reserves consistent with Company policy which resulted in additions to the allowance for expected credit losses totaling \$0.1 million for the six months ended June 30, 2025. There were no additions to the allowance for expected credit losses for the six months ended June 30, 2026. These additions were charged to credit loss expense, which is included in “selling, general and administrative” on the unaudited condensed consolidated statements of operations and comprehensive income (loss) based on the factors described above.

Substantially all of the allowance for expected credit losses relates to the receivable from the Puerto Rico Electric Power Authority (“PREPA”). Refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2025, previously filed with the SEC for more information regarding the Settlement Agreement.

PREPA

During the period October 2017 through March 2019, the Company provided infrastructure services in Puerto Rico under master services agreements entered into by Cobra Acquisitions LLC (“Cobra”), one of the Company’s subsidiaries, with the Puerto Rico Electric Power Authority (“PREPA”) to perform repairs to PREPA’s electrical grid as a result of Hurricane Maria. PREPA is currently subject to bankruptcy proceedings, which were filed in July 2017 and are currently pending in the United States District Court for the District of Puerto Rico (the “Title III Court”). On July 22, 2024, Cobra entered into a release and settlement agreement with PREPA and the Financial Oversight and Management Board for Puerto Rico (the “FOMB”), in its capacity as Title III representative for PREPA, to settle all outstanding matters between Cobra and PREPA (the “Settlement Agreement”). Pursuant to the terms of the Settlement Agreement, PREPA paid Cobra approximately \$168.4 million in 2024 and, as of June 30, 2026, PREPA owes Cobra \$20.0 million, which is payable within seven days following the effective date of PREPA’s plan of adjustment in its bankruptcy proceedings.

The Settlement Agreement will not be fully performed until PREPA remits the remaining \$20.0 million payment.

Concentrations of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents in excess of federally insured limits, marketable securities and trade receivables. Following is a summary of our significant customers based on percentages of total accounts receivable, net balances at June 30, 2026 and December 31, 2025 and percentages of total revenue derived for the three and six months ended June 30, 2026 and 2025:

	REVENUE				ACCOUNTS RECEIVABLE, NET	
	Three Months Ended June 30,		Six Months Ended June 30,		At June 30,	At December 31,
	2026	2025	2026	2025	2026	2025
Customer A ^(a)	18 %	9 %	12 %	5 %	1 %	— %
Customer B ^(b)	11 %	3 %	9 %	1 %	6 %	1 %
Customer C ^(c)	6 %	1 %	19 %	— %	3 %	— %
Customer D ^(c)	8 %	13 %	6 %	12 %	6 %	2 %
Customer E ^(a)	3 %	26 %	6 %	25 %	2 %	4 %
Customer F ^(d)	— %	11 %	— %	9 %	5 %	6 %
Customer G ^(e)	— %	— %	— %	— %	51 %	69 %

(a) Revenue and the related accounts receivable balances earned from Customer A and E were derived from the Company’s natural sand proppant services segment.

(b) Revenue and the related accounts receivable balances earned from Customer B were derived from the Company’s drilling services segment.

(c) Revenue and the related accounts receivable balances earned from Customer C and D were derived from the Company’s rental services segment.

(d) Revenue and the related accounts receivable balances earned from Customer F were derived from the Company’s infrastructure services segment.

(e) The accounts receivable balance with Customer G was derived from the Company’s other services.

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy is based on three levels of input, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurements in its entirety requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy. The Company uses appropriate valuation techniques based on available inputs to measure the fair values of its assets and liabilities.

Level 1 - Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data. These are inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 - Unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

There were no transfers into, or out of, the three levels of fair value hierarchy for the three and six months ended June 30, 2026 and 2025.

The Company's financial instruments consist of cash and cash equivalents, marketable securities, restricted cash, accounts receivable, accounts payable as well as financing and operating lease liabilities and financed insurance premium obligations. The carrying values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximated fair value on June 30, 2026 and December 31, 2025 due to their short-term nature. The carrying values of amounts outstanding under financing and operating lease liabilities and financed insurance premium obligations approximated fair value on June 30, 2026 and December 31, 2025, as the effective borrowing rates approximated market rates.

Recurring Measurements

The fair value of the Company's cash equivalents and marketable securities are measured on a recurring basis are carried at estimated fair value. Cash equivalents consist of money market accounts and U.S. treasury bills which the Company has classified as Level 1 given the active market for these assets. Marketable securities are presented and are also classified as Level 1 due to their quoted prices in active markets. At June 30, 2026 and December 31, 2025, the Company had cash equivalents and marketable securities measured at fair value of \$70.5 million and \$113.6 million, respectively.

Nonrecurring Measurements

The Company estimates fair value to perform impairment tests on long-lived assets including property, plant and equipment and goodwill. The inputs used to determine such fair value may be based on internally developed cash flow models or market appraisals, both of which would generally be classified within Level 3 in the event that such assets were required to be measured and recorded at fair value.

As discussed in Note 7, the Company changed the classification of its drilling rig assets from held for use to held for sale at March 31, 2025, which required the Company to estimate the fair value of such assets. Cash flow models or market appraisals used to determine such fair value may be based on inputs that are classified within Level 3. The Company determined that the fair value of its drilling rig assets exceeds the carrying value and, therefore, no impairment was recognized.

Common Stock Repurchases and Retirements

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company accounts for repurchases of its common stock at the amount paid, including direct and incremental costs such as broker commissions. Shares repurchased under the Company's stock repurchase program are cancelled and retired, with the par value charged to common stock and the excess of the repurchase price over par value recorded as a reduction of additional paid-in capital.

New Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses", which requires disclosure of specified information about certain costs and expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027, with early adoption permitted, and should be applied either on a prospective basis or retrospective basis. The Company is currently assessing the impact of this ASU on the Company's unaudited condensed consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements ("ASU 2025-11"). The amendments clarify and reorganize existing interim reporting guidance, including the scope of Topic 270 and interim disclosure requirements, and introduce a disclosure principle requiring entities to disclose material events or changes occurring since the most recent annual reporting period. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2025-11 on its unaudited condensed consolidated financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In July 2025, the FASB issued ASU 2025-05, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets," which provides a practical expedient for estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606. The practical expedient allows entities to assume that current conditions as of the balance sheet date remain unchanged over the remaining life of the asset. The Company adopted ASU 2025-05 on January 1, 2026 and elected to apply the practical expedient. Adoption did not have a material impact on the Company's unaudited condensed consolidated financial statements.

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Acquisitions

Acquisition of Mission Construction and BERE Rentals

On June 12, 2026, we acquired all of the outstanding equity interests in Mission Construction LLC (“Mission Construction”), and BERE Rentals LLC (“BERE Rentals”) pursuant to equity purchase agreements with unrelated third-party sellers for aggregate consideration of \$6.5 million, funded with cash on hand, including a holdback payable of \$0.7 million due within one year of closing and subject to reduction for valid indemnification claims arising from customary representations, warranties and covenants. Both Mission Construction and BERE Rentals provide fiber optic services to utility customers in the midwestern region of the United States. The acquisitions were accounted for as business combinations under ASC 805, Business Combinations, with the results of Mission Construction and BERE Rentals included in the Infrastructure Services segment of our consolidated financial statements from the acquisition date. The acquisitions were undertaken to expand our presence in the fiber optic services market, broaden our services to utility customers, and strengthen our position in the region.

The following table summarizes the fair value of Mission Construction and BERE Rentals as of June 12, 2026:

	Mission Construction		BERE Rentals		Total
Cash and cash equivalents	\$	43	\$	59	102
Accounts receivable, net		795		364	1,159
Other current assets		—		1	1
Property, plant and equipment		1,454		1,396	2,850
Identifiable intangible assets - customer relationships		295		1,087	1,382
Identifiable intangible assets - trade names		70		161	231
Goodwill		986		476	1,462
Total assets acquired	\$	3,643	\$	3,544	\$ 7,187
Accounts payable and accrued liabilities	\$	351	\$	26	\$ 377
Other current liabilities		192		119	311
Total liabilities assumed	\$	543	\$	145	\$ 688
Net assets acquired	\$	3,100	\$	3,399	\$ 6,499

The purchase price allocation presented above is preliminary and subject to change as additional information becomes available regarding the fair values of assets acquired and liabilities assumed during the measurement period. The acquired customer relationship and trade name intangible assets each have an estimated useful life of seven years.

4. Discontinued Operations

T&D Transaction

On April 11, 2025, Lion Power Services LLC (“Lion”), a subsidiary of the Company, entered into an Equity Interest Purchase Agreement (the “T&D Agreement”), as the seller, with Peak Utility Services Group, Inc. (“Peak”), as the buyer, pursuant to which Lion sold all equity interests in its wholly-owned subsidiaries 5 Star Electric, LLC (“5 Star”), Higher Power Electrical, LLC (“Higher Power”) and Python Equipment LLC (“Python”) (the “T&D Transaction”). These subsidiaries provided transmission, distribution and substation services and were previously included in the Company’s Infrastructure segment, as defined in Note 19. The T&D Transaction was completed simultaneously with the signing of the T&D Agreement on April 11, 2025. The aggregate sales price in connection with the T&D Transaction was approximately \$108.7 million. Of the \$108.7 million, \$98.3 million was paid to Lion and the remaining \$10.4 million was deposited into an escrow account, pursuant to the terms of the T&D Agreement. Of the \$10.4 million deposited into an escrow account, \$0.8 million has been received, leaving \$9.6 million left in the restricted cash balance. The T&D Agreement includes customary representations, warranties and covenants by the parties. In addition, the T&D Agreement provides for customary indemnification rights with respect to a breach of a representation, warranty or covenant by either party, subject to customary thresholds and caps on liability.

Pressure Pumping Transaction

On June 16, 2025, Stingray Pressure Pumping LLC (“Stingray”) and Mammoth Equipment Leasing LLC (“Mammoth

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Equipment”), subsidiaries of the Company, entered into an Equipment Purchase Agreement (the “Pressure Pumping Agreement”), as the sellers, with MGB Manufacturing, LLC (“MGB”), as the buyer, pursuant to which Stingray and Mammoth Equipment sold all of the Company’s equipment used in its hydraulic fracturing services, which was included in the Company’s historical well completion segment, to MGB for \$15.0 million (the “Pressure Pumping Transaction” and collectively with the T&D Transaction, the “Transactions”). The Pressure Pumping Transaction was completed simultaneously with the signing of the Pressure Pumping Agreement on June 16, 2025. In conjunction with the Pressure Pumping Transaction, the Company has ceased operations of its sand hauling and equipment manufacturing services, which operations primarily served Stingray and Mammoth Equipment. All assets and liabilities associated with the Company’s sand hauling and equipment manufacturing services are included in discontinued operations.

Engineering Transaction

On December 2, 2025, Mammoth Energy Partners LLC (“MEP”), a subsidiary of the Company, entered into an Equity Purchase Agreement (the “Agreement”), as the seller, with Qualus, LLC (“Qualus”), as the buyer, and Aquawolf LLC (“Aquawolf”), MEP’s wholly-owned subsidiary and the subject of the sale, as a party to the Agreement. Pursuant to the Agreement, MEP sold all equity interests in Aquawolf, which was included in the Company’s Infrastructure segment, to Qualus for \$30.0 million (the “Engineering Transaction” and collectively with the Pressure Pumping Transaction and T&D Transaction, the “Transactions”). The Engineering Transaction was completed simultaneously with the signing of the Agreement on December 2, 2025. The aggregate sales price in connection with the Transaction was approximately \$30.0 million. Of the \$30.0 million, \$23.5 million was paid to MEP and \$2.5 million was deposited into an escrow account, pursuant to the terms of the Agreement. Of the \$2.5 million deposited into an escrow account, \$0.2 million has been received, leaving \$2.3 million left in the restricted cash balance. The Agreement includes customary representations, warranties and covenants by the parties. In addition, the Agreement provides for customary indemnification rights with respect to a breach of a representation, warranty or covenant by either party, subject to customary thresholds and caps on liability.

The Transactions and ceasing operations of the Company’s sand hauling and equipment manufacturing services reflect a strategic shift in the Company’s business. Therefore, the results of operations and cash flows of the services discussed above are classified as discontinued operations in the Company’s unaudited condensed consolidated statements of operations and comprehensive income (loss) and unaudited condensed consolidated statements of cash flows for all periods presented. The related assets and liabilities associated with the discontinued operations are included in the financial statement line items labeled discontinued operations in the unaudited condensed consolidated balance sheets as of June 30, 2026 and December 31, 2025. Amounts presented in discontinued operations have been derived from our consolidated financial statements and accounting records using the historical basis of assets, liabilities, results of operations and cash flows of the services discussed above. The discontinued operations exclude general corporate allocations.

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the major classes of assets and liabilities of discontinued operations (in thousands):

	T&D Transaction		Pressure Pumping Transaction		Engineering Transaction	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Carrying amounts of the major classes of assets included in discontinued operations:						
Cash and cash equivalents	\$ —	\$ —	\$ 55	\$ 50	\$ —	\$ —
Accounts receivable, net	—	—	1,003	1,036	—	—
Inventories	—	—	264	264	—	—
Other current assets	—	—	12	168	—	—
Total current assets of discontinued operations	—	—	1,334	1,518	—	—
Property, plant and equipment, net	—	—	6	3,678	—	—
Total noncurrent assets of discontinued operations	—	—	6	3,678	—	—
Total assets of discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,340</u>	<u>\$ 5,196</u>	<u>\$ —</u>	<u>\$ —</u>
Carrying amounts of the major classes of liabilities included in discontinued operations:						
Accounts payable	\$ —	\$ —	\$ 76	\$ 41	\$ —	\$ —
Accrued expenses and other current liabilities	—	—	222	342	—	—
Total current liabilities of discontinued operations	—	—	298	383	—	—
Total liabilities of discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 298</u>	<u>\$ 383</u>	<u>\$ —</u>	<u>\$ —</u>

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following tables present the major components from discontinued operations in the Company's unaudited condensed consolidated statements of operations and comprehensive income (loss) (in thousands):

	T&D Transaction		Pressure Pumping Transaction		Engineering Transaction	
	Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,	
	2026	2025	2026	2025	2026	2025
Services revenue	\$ —	\$ 3,502	\$ —	\$ 20,887	\$ —	\$ 4,055
COST, EXPENSES AND GAINS						
Cost of revenue	(15)	3,831	(488)	20,660	—	2,942
Selling, general and administrative	25	374	7	666	—	382
Depreciation and amortization	—	96	—	2,614	—	6
Gains on disposal of assets, net	—	146	—	(256)	—	—
Impairment of goodwill	—	—	—	9,214	—	—
Total cost, expenses and gains, net	10	4,447	(481)	32,898	—	3,330
Operating (loss) income	(10)	(945)	481	(12,011)	—	725
OTHER (INCOME) EXPENSE						
Interest expense (income), net	—	3	6	(368)	—	(107)
Other (income) expense, net	—	(127)	—	2	—	1
(Gain) loss on divestiture	—	(83,747)	—	24,974	27	—
Total other expense (income), net	—	(83,871)	6	24,608	27	(106)
(Loss) income before income taxes	(10)	82,926	475	(36,619)	(27)	831
Provision (benefit) for income taxes	—	3,028	—	(1,262)	—	1
Net (loss) income from discontinued operations, net of income taxes	\$ (10)	\$ 79,898	\$ 475	\$ (35,357)	\$ (27)	\$ 830

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	T&D Transaction		Pressure Pumping Transaction		Engineering Transaction	
	Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025	2026	2025
Services revenue	\$ —	\$ 29,553	\$ —	\$ 41,709	\$ —	\$ 8,018
COST, EXPENSES AND GAINS						
Cost of revenue	(14)	25,378	(299)	39,507	—	5,874
Selling, general and administrative	77	1,846	70	1,242	—	759
Depreciation and amortization	—	957	3	5,704	—	13
Gains on disposal of assets, net	—	(20)	(855)	(637)	—	—
Impairment of goodwill	—	—	—	9,214	—	—
Total cost, expenses and gains, net	<u>63</u>	<u>28,161</u>	<u>(1,081)</u>	<u>55,030</u>	<u>—</u>	<u>6,646</u>
Operating (loss) income	(63)	1,392	1,081	(13,321)	—	1,372
OTHER (INCOME) EXPENSE						
Interest expense (income), net	—	59	50	(465)	—	(130)
Other (income) expense, net	—	(122)	1	3	—	1
(Gain) loss on divestiture	—	(83,747)	—	24,974	27	—
Total other expense (income), net	<u>—</u>	<u>(83,810)</u>	<u>51</u>	<u>24,512</u>	<u>27</u>	<u>(129)</u>
(Loss) income before income taxes	(63)	85,202	1,030	(37,833)	(27)	1,501
Provision (benefit) for income taxes	—	3,050	—	(1,262)	—	1
Net (loss) income from discontinued operations, net of income taxes	<u>\$ (63)</u>	<u>\$ 82,152</u>	<u>\$ 1,030</u>	<u>\$ (36,571)</u>	<u>\$ (27)</u>	<u>\$ 1,500</u>

5. Revenue from Contracts with Customers

The Company's primary revenue streams include rental services and aviation sales, infrastructure services, natural sand proppant services, accommodation services and drilling services. See Note 19 for the Company's revenue disaggregated by type.

Certain of the Company's customer contracts include provisions entitling the Company to a termination penalty when the customer invokes its contractual right to terminate prior to the contract's nominal end date. The termination penalties in the customer contracts vary, but are generally considered substantive for accounting purposes and create enforceable rights and obligations throughout the stated duration of the contract. The Company accounts for a contract cancellation as a contract modification in the period in which the customer invokes the termination provision. The determination of the contract termination penalty is based on the terms stated in the related customer agreement. As of the modification date, the Company updates its estimate of the transaction price using the expected value method, subject to constraints, and recognizes the amount over the remaining performance period.

Rental, Accommodation and Drilling Services

Rental services, accommodation services and drilling services are generally provided pursuant to purchase orders, master service agreements, customer contracts or on a spot market basis. Services are typically billed on a day rate, hourly, contract or utilization basis. Performance obligations for these services are satisfied over time and revenue is recognized as services are performed using an appropriate measure of output. Contract durations are generally short-term in nature and may range from a single day to several months.

In addition, the Company generates revenue from aviation leasing and aviation sales. Revenue from aviation leases is recognized in accordance with the contractual terms. Revenue from aviation equipment sales is recognized at the point in time when control of the equipment transfers to the customer, generally upon delivery. Revenue from aviation leasing and other rental services is included in "services revenue", while revenue from aviation sales is included in "product revenue" on the unaudited condensed consolidated statements of operations and comprehensive income (loss). The cost of aviation equipment sold is included in "product cost of revenue". The proceeds from sale of aviation equipment are included in investing activities in the unaudited condensed consolidated statements of cash flows.

Infrastructure Services

Infrastructure services are typically provided pursuant to master service agreements, repair and maintenance contracts or fixed price and non-fixed price installation contracts. Pricing under these contracts may be unit priced, cost-plus/hourly (or time and materials basis) or fixed price (or lump sum basis). Generally, the Company accounts for infrastructure services as a single performance obligation satisfied over time. In certain circumstances, the Company supplies materials that are utilized during the jobs as part of the agreement with the customer. The Company accounts for these infrastructure agreements as multiple performance obligations satisfied over time. Revenue is recognized over time as work progresses based on progress toward completion utilizing an appropriate measure of output. Under certain customer contracts in our infrastructure services segment, the Company warrants equipment and labor performed for a specified period following substantial completion of the work.

Natural Sand Proppant Services

The Company sells natural sand proppant through sand supply agreements with its customers. Under these agreements, sand is typically sold at a flat rate per ton or a flat rate per ton with an index-based adjustment. The Company recognizes revenue at the point in time when the customer obtains legal title to the product, which may occur at the production facility, rail origin or at the destination terminal.

Certain of the Company's sand supply agreements contained a minimum volume commitment related to sand purchases whereby the Company charges a shortfall payment if the customer fails to meet the required minimum volume commitment. These agreements may also contain make-up provisions whereby shortfall payments can be applied in future periods against purchased volumes exceeding the minimum volume commitment. If a make-up right exists, the Company has future performance obligations to deliver excess volumes of product in subsequent months. In accordance with ASC 606, if the customer fails to meet the minimum volume commitment, the Company will assess whether it expects the customer to fulfill its unmet commitment during the contractually specified make-up period based on discussions with the customer and management's knowledge of the business. If the Company expects the customer will make-up deficient volumes in future periods, revenue related to shortfall payments will be deferred and recognized on the earlier of the date on which the customer utilizes make-up volumes or the likelihood that the customer will exercise its right to make-up deficient volumes becomes remote. If the Company does not expect the customer will make-up deficient volumes in

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

future periods, the breakage model will be applied and revenue related to shortfall payments will be recognized when the model indicates the customer's inability to take delivery of excess volumes. The Company did not recognize any shortfall revenue during the three and six months ended June 30, 2026. The Company recognized shortfall revenue totaling \$1.6 million during the six months ended June 30, 2025.

In certain of the Company's sand supply agreements, the customer obtains control of the product when it is loaded into rail cars and the customer reimburses the Company for all freight charges incurred. The Company has elected to account for shipping and handling as activities to fulfill the promise to transfer the sand. If revenue is recognized for the related product before the shipping and handling activities occur, the Company recognizes the related costs of those shipping and handling activities.

Practical Expedients

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts in which variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied distinct good or service that forms part of a single performance obligation.

Contract Balances

Following is a rollforward of the Company's contract liabilities, which are included in "accrued expenses and other current liabilities" on the unaudited condensed consolidated balance sheets (in thousands):

Balance at December 31, 2025	\$	1,357
Revenue recognized from beginning contract liability balance		(111)
Increase for deferral of customer prepayments		2,336
Balance at June 30, 2026	\$	3,582

The Company did not have any contract assets at June 30, 2026 and December 31, 2025.

Performance Obligations

Revenue recognized in the current period from performance obligations satisfied in previous periods was immaterial for the three and six months ended June 30, 2026 and 2025. At June 30, 2026, the Company had unsatisfied performance obligations totaling \$2.9 million, which will be recognized over the next 7 months.

6. Inventories

Inventories consist of raw sand, processed sand and parts available for sale and supplies used in performing services, as well as aviation equipment being repaired for their intended use. Inventory is stated at the lower of cost or net realizable value on an average cost basis. The Company assesses the valuation of its inventories based upon specific usage, future utility, obsolescence and other factors. A summary of the Company's inventories is shown below (in thousands):

	June 30, 2026	December 31, 2025
Supplies	\$ 1,365	\$ 1,913
Work in process	9,543	1,482
Finished goods	135	688
Total inventories	\$ 11,043	\$ 4,083

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Property, Plant and Equipment, net and Assets Held for Sale

Property, plant and equipment, net includes the following (in thousands):

		June 30,	December 31,
	Useful Life	2026	2025
Aviation equipment ^(a)	3-10 years	\$ 75,509	\$ 43,498
Machinery and equipment	7-20 years	70,307	53,774
Buildings and leasehold improvements	15-39 years	29,806	30,100
Drilling rigs and directional drilling equipment	3-15 years	12,758	13,062
Rail improvements	10-20 years	11,759	11,759
Vehicles, trucks and trailers	5-10 years	11,372	13,044
Land	N/A	6,025	6,025
Other property, plant and equipment	3-15 years	6,412	6,721
		223,948	177,983
Equipment not yet placed in service		27,811	25,970
		251,759	203,953
Less: Accumulated depreciation ^(b)		101,850	97,856
Total property, plant and equipment, net		\$ 149,909	\$ 106,097

(a) This equipment relates to assets leased and available to be leased to customers under operating leases.

(b) Includes accumulated depreciation of \$10.6 million and \$5.7 million at June 30, 2026 and December 31, 2025, respectively, related to assets under operating leases.

Depreciation, depletion, amortization and accretion

A summary of depreciation, depletion, amortization and accretion is below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Depreciation	\$ 4,352	\$ 2,233	\$ 7,783	\$ 4,269
Amortization	14	14	28	27
Depletion and accretion	268	580	293	614
Depreciation, depletion, amortization and accretion	\$ 4,634	\$ 2,827	\$ 8,104	\$ 4,910

Assets Held for Sale

The Company's assets held for sale consist solely of its contract drilling assets, which were classified as held for sale during the first quarter of 2025 pursuant to a plan to divest these assets. The Company continues to actively market the assets at a price that is reasonable in relation to their current fair value and remains committed to its plan of sale. At June 30, 2026 and December 31, 2025, assets held for sale totaled \$2.2 million and \$4.3 million and were recorded in "current assets held for sale" on the unaudited condensed consolidated balance sheets. These assets are measured at the lower of their carrying amount or fair value less costs to sell, and no impairment was recognized during the three and six months ended June 30, 2026.

8. Equity Method Investment

On December 21, 2018, Cobra Aviation Services LLC ("Cobra Aviation") and Wexford Partners Investment Co. LLC ("Wexford Investment"), a related party, formed a joint venture under the name of Brim Acquisitions LLC ("Brim Acquisitions") to acquire all outstanding equity interest in Brim Equipment Leasing, Inc. ("Brim Equipment") for a total purchase price of approximately \$2.0 million. Cobra Aviation owns a 49% economic interest and Wexford Investment owns a 51% economic interest in Brim Acquisitions, and each member contributed its pro rata portion of Brim Acquisitions' initial capital of \$2.0 million. Brim Acquisitions, through Brim Equipment, owns three commercial helicopters and leases two commercial helicopters for operations, which it uses to provide a variety of services, including short haul, aerial ignition, hoist operations, aerial photography, fire suppression, construction services, animal/capture/survey, search and rescue, airborne law enforcement, power line construction, precision long line operations, pipeline construction and survey, mineral and seismic exploration, and aerial seeding and fertilization.

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company uses the equity method of accounting to account for its investment in Brim Acquisitions, which had a carrying value of approximately \$2.9 million and \$3.2 million at June 30, 2026 and December 31, 2025, respectively. The investment is included in “other non-current assets” on the unaudited condensed consolidated balance sheets. The Company recorded equity method income (loss) to its investment of \$0.2 million and (\$0.3) million for the three and six months ended June 30, 2026, respectively, and equity method income of \$0.4 million and \$0.3 million for the three and six months ended June 30, 2025, respectively, which is included in “other income (expense), net” on the unaudited condensed consolidated statements of operations and comprehensive income (loss). The investment in Brim Acquisitions is included in the Company’s Rentals segment, as defined in Note 19. The Company made additional equity contributions of \$0.4 million during the year ended December 31, 2025 and no contributions were made during the six months ended June 30, 2026.

9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities included the following (in thousands):

	June 30, 2026	December 31, 2025
State and local taxes payable	\$ 12,567	\$ 12,332
Deferred revenue	3,582	1,357
Financed insurance premiums ^(a)	601	1,936
Accrued compensation and benefits	598	821
Insurance reserves	563	1,166
Other	1,964	724
Total accrued expenses and other current liabilities	\$ 19,875	\$ 18,336

- (a) Financed insurance premiums are due in monthly installments, are unsecured and mature within the twelve-month period following the close of the year. At June 30, 2026 the applicable interest rate associated with financed insurance premiums was 5.49%. At December 31, 2025, the applicable interest rate associated with financed insurance premiums ranged from 5.49% to 6.49%.

10. Debt

Revolving Credit Facility

On May 8, 2026, the Company entered into a new \$25.0 million revolving credit agreement with Fifth Third Bank, National Association (the “new revolving credit facility”) and terminated its prior revolving credit facility, dated October 16, 2023, as amended (the “prior revolving credit facility”). The new revolving credit facility matures on May 8, 2029 and may be increased to up to \$50.0 million at the Company’s request, subject to the lender’s sole discretion. Borrowings bear interest at one-month Term SOFR plus 1.50% per annum, and the Company pays a 0.20% per annum fee on the unused commitments. The facility is secured by a first-priority lien on cash and investment securities held in a collateral account maintained with the lender, the value of which, after applying specified advance rates, must equal at least 100% of outstanding borrowings and letter of credit obligations. The new revolving credit facility is not guaranteed by the Company’s subsidiaries and does not contain a financial maintenance covenant based on the Company’s operating results or any restriction on the payment of dividends or the repurchase of the Company’s common stock. In connection with the termination of the prior revolving credit facility, the Company wrote off \$1.2 million of unamortized debt issuance costs during the three months ended June 30, 2026.

At June 30, 2026, the new revolving credit facility was undrawn and there was \$20.0 million of borrowing capacity under the facility, after giving effect to \$5.0 million of outstanding letters of credit deemed issued thereunder. At December 31, 2025, the prior revolving credit facility was undrawn and there was \$36.7 million of borrowing capacity under that facility, after giving effect to \$5.0 million of outstanding letters of credit. The Company was in compliance with all covenants under the new revolving credit facility at June 30, 2026.

11. Variable Interest Entities

Dire Wolf Energy Services LLC (“Dire Wolf”) and Predator Aviation LLC (“Predator Aviation”), wholly owned subsidiaries of the Company, are party to Voting Trust Agreements with TVPX Aircraft Solutions Inc. (the “Voting Trustee”). Under the Voting Trust Agreements, Dire Wolf transferred 100% of its membership interest in Cobra Aviation and Predator Aviation transferred 100% of its membership interest in Leopard Aviation LLC (“Leopard”) to the respective Voting Trustees in exchange for Voting Trust Certificates. Dire Wolf and Predator Aviation retained the obligation to absorb all expected returns or losses of Cobra Aviation and Leopard. Prior to the transfer of the membership interest to the Voting Trustee, Cobra Aviation was a wholly owned subsidiary of Dire Wolf and Leopard was a wholly owned subsidiary of Predator Aviation. Cobra Aviation owns aviation equipment, including eight aircraft that are owned through individual trusts that are each structured as separate legal entities, and 49% of the equity interest in Brim Acquisitions. Leopard owns aviation equipment. Dire Wolf and Predator Aviation entered into the Voting Trust Agreements in order to meet certain registration requirements.

Dire Wolf’s and Predator Aviation’s voting rights are not proportional to their respective obligations to absorb expected returns or losses of Cobra Aviation and Leopard, respectively, and all of Cobra Aviation’s and Leopard’s activities are conducted on behalf of Dire Wolf and Predator Aviation, which have disproportionately fewer voting rights; therefore, Cobra Aviation and Leopard meet the criteria of a VIE. Cobra Aviation and Leopard’s operational activities are directed by Dire Wolf’s and Predator Aviation’s officers and Dire Wolf and Predator Aviation have the option to terminate the Voting Trust Agreements at any time. Therefore, the Company, through Dire Wolf and Predator Aviation, is considered the primary beneficiary of the VIEs and consolidates Cobra Aviation and Leopard at June 30, 2026.

12. Income Taxes

The Company recorded income tax expense from continuing operations of \$3.3 million for the six months ended June 30, 2026 compared to income tax benefit of \$0.1 million for the six months ended June 30, 2025. The Company’s effective tax rates were 48.7% and 0.2% for the six months ended June 30, 2026 and 2025, respectively.

The effective tax rate for the six months ended June 30, 2026 differed from the statutory rate of 21% primarily due to changes in the valuation allowance and interest and penalties recognized during the period. The effective tax rate for the six months ended June 30, 2025 differed from the statutory rate of 21% primarily due to changes in the valuation allowance and interest and penalties recognized during the period.

On July 4, 2025, the One Big Beautiful Bill Act (the “OBBA”) was enacted in the United States. The legislation made several changes to U.S. federal income tax law, including provisions allowing 100% bonus depreciation for certain qualifying depreciable property acquired and placed in service after January 19, 2025, and changes to the business interest expense limitation under Section 163(j) for tax years beginning after December 31, 2024. The Company considered the impact of these provisions to estimate its income tax provision for the six months ended June 30, 2026, including the expected impact on future cash taxes.

13. Leases***Lessee Accounting***

The Company recognizes a lease liability equal to the present value of the lease payments and an operating lease right-of-use asset representing its right to use the underlying asset for the lease term for all leases with a term in excess of 12 months. For operating leases, lease expense for lease payments is recognized on a straight-line basis over the lease term, while finance leases include both an operating expense and an interest expense component. For all leases with a term of 12 months or less, the Company has elected the practical expedient to not recognize lease assets and liabilities and recognizes lease expense for these short-term leases on a straight-line basis over the lease term.

The Company’s operating leases are primarily for rail cars, real estate, and equipment and its finance leases are primarily for vehicles and equipment. Generally, the Company does not include renewal or termination options in its assessment of the leases unless extension or termination of certain assets is deemed to be reasonably certain. The accounting for some of the Company’s leases may require significant judgment, which includes determining whether a contract contains a lease, determining the incremental borrowing rates to utilize in the net present value calculation of lease payments for lease agreements which do not provide an implicit rate and assessing the likelihood of renewal or termination options. Lease agreements that contain a lease and non-lease component are generally accounted for as a single lease component.

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The rate implicit in the Company's leases is not readily determinable. Therefore, the Company uses its incremental borrowing rate based on information available at the commencement date of its leases in determining the present value of lease payments. The Company's incremental borrowing rate reflects the estimated rate of interest that it would pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Lease expense consisted of the following for the three and six months ended June 30, 2026 and 2025 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease expense	\$ 564	\$ 1,256	\$ 1,187	\$ 2,656
Short-term lease expense	198	—	420	—
Finance lease expense:				
Amortization of right-of-use assets	19	35	25	70
Interest on lease liabilities	7	4	8	9
Total lease expense	\$ 788	\$ 1,295	\$ 1,640	\$ 2,735

Right-of-use assets and liabilities related to finance leases are recorded in the following line items on the unaudited condensed consolidated balance sheets at June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Property, plant and equipment, net	\$ 473	\$ 102
Accrued expenses and other current liabilities	109	49
Other liabilities	324	26

Other supplemental information related to leases for the three and six months ended June 30, 2026 and 2025 and at June 30, 2026 and December 31, 2025 is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 729	\$ 1,254	\$ 1,584	\$ 2,670
Operating cash flows from finance leases	7	4	8	9
Financing cash flows from finance leases	23	70	33	138
Right-of-use assets obtained in exchange for lease liabilities:				
Operating leases	\$ 1,949	\$ 2,231	\$ 1,973	\$ 2,492
Finance leases	420	—	395	—

	June 30, 2026	December 31, 2025
Weighted-average remaining lease term:		
Operating leases	3.3 years	3.5 years
Finance leases	2.5 years	1.5 years
Weighted-average discount rate:		
Operating leases	9.4 %	9.8 %
Finance leases	8.8 %	10.1 %

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Maturities of lease liabilities at June 30, 2026 are as follows (in thousands):

	Operating Leases	Finance Leases
Remainder of 2026	\$ 1,450	\$ 71
2027	2,036	146
2028	546	88
2029	52	196
2030	52	—
Thereafter	537	—
Total lease payments	4,673	501
Less: Present value discount	697	68
Present value of lease payments	<u>\$ 3,976</u>	<u>\$ 433</u>

Lessor Accounting

Certain rental and accommodation service arrangements contain lease components under ASC 842. The Company has elected the practical expedient to combine the lease and non-lease components when permitted. Revenue from these arrangements is generally recognized over time based on the contractual rental period. The Company recognized lease revenue of \$5.0 million and \$8.9 million during the three and six months ended June 30, 2026, respectively, and \$1.0 million and \$1.2 million during the three and six months ended June 30, 2025, respectively, which is included in “services revenue” and “services revenue - related parties” on the unaudited condensed consolidated statements of operations and comprehensive income (loss).

Maturities of lease payments for the Company’s outstanding long-term leases at June 30, 2026 are as follows (in thousands):

Remainder of 2026	\$ 6,270
2027	7,998
2028	6,212
2029	2,638
2030	1,315
Thereafter	140
Total lease payments	<u>\$ 24,573</u>

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Earnings Per Share

Reconciliations of the components of basic and diluted net earnings per share are presented in the table below (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Basic and diluted earnings per share:				
Net (loss) income from continuing operations	\$ (1,198)	\$ (36,523)	\$ 3,487	\$ (38,770)
Net income from discontinued operations, net of income taxes	438	45,371	940	47,081
Net (loss) income	<u>\$ (760)</u>	<u>\$ 8,848</u>	<u>\$ 4,427</u>	<u>\$ 8,311</u>
Weighted average common shares outstanding ^(a)	48,164	48,225	48,247	48,188
Basic and diluted (loss) earnings per share from continuing operations	\$ (0.02)	\$ (0.76)	\$ 0.07	\$ (0.80)
Basic and diluted earnings per share from discontinued operations	0.01	0.94	0.02	0.98
Basic and diluted (loss) earnings per share	<u>\$ (0.01)</u>	<u>\$ 0.18</u>	<u>\$ 0.09</u>	<u>\$ 0.18</u>

(a) Excludes 94 and 93 shares for the three and six months ended June 30, 2025 of potentially dilutive restricted stock awards as their effect was antidilutive under the treasury stock method.

15. Equity Based Compensation

During June 2026, all outstanding Specified Member and Non-Employee Member awards were settled through the transfer of shares of Mammoth common stock by the majority equity holder of MEH Sub. As a result, all rights under the awards were cancelled and extinguished. The Company recognized equity based compensation expense of approximately \$0.5 million during the three and six months ended June 30, 2026, with a corresponding capital contribution recorded in equity. No unrecognized compensation cost remained as of June 30, 2026.

16. Stock Based Compensation

On April 29, 2024, the board of directors of Mammoth adopted the Mammoth Energy Services, Inc. 2024 Equity Incentive Plan (the "2024 Plan"). The 2024 Plan authorizes the Company's board of directors or the compensation committee of the Company's board of directors to grant restricted stock, restricted stock units, stock appreciation rights, stock options and performance awards. There are a maximum of 1.9 million shares of common stock reserved for issuance under the 2024 Plan, of which 1.9 million shares of common stock remain available for future grants under the 2024 Plan at June 30, 2026.

Restricted Stock Units

The fair value of restricted stock unit awards was determined based on the fair market value of the Company's common stock on the date of the grant. This value is amortized over the vesting period. At June 30, 2026, there was no unrecognized compensation cost. No shares vested during the three and six months ended June 30, 2026. The total fair value of shares vested was \$0.5 million and \$0.6 million during the three and six months ended June 30, 2025, respectively. Included in "selling, general and administrative" on the unaudited condensed consolidated statements of operations and comprehensive income (loss) is stock based compensation expense of \$0.2 million and \$0.4 million for the three and six months ended June 30, 2025, respectively.

17. Related Party Transactions

Transactions between the subsidiaries of the Company and the following companies are included in related party transactions: Wexford, El Toro Resources LLC, Caliber Investment Group LLC, Grizzly Oil Sands ULC, Brim Equipment and Executive Express Aviation LLC. The Company provides accommodations services to Grizzly Oil Sands ULC and engages in aircraft leasing arrangements with Brim Equipment. Revenue from related party transactions was \$0.2 million and \$0.7 million for the three and six months ended June 30, 2026, respectively, and \$0.6 million and \$0.7 million for the three and six months ended June 30, 2025, respectively. Costs incurred from related party transactions was \$0.1 million and \$0.2 million for the three and six months ended June 30, 2025, respectively. At June 30, 2026 and December 31, 2025, accounts receivable from related party transactions was \$0.4 million and \$0.4 million, which is included in "accounts receivable, net" on the unaudited condensed consolidated balance sheets. There were no accounts payable for related party transactions at June 30, 2026 and December 31, 2025.

On December 21, 2018, Cobra Aviation purchased two commercial helicopters, spare parts, support equipment and aircraft documents from Brim Equipment. Following these transactions, and also on December 21, 2018, Cobra Aviation formed a joint venture with Wexford Investment named Brim Acquisitions to acquire all outstanding equity interests in Brim Equipment. Cobra Aviation owns a 49% economic interest and Wexford Investment owns a 51% economic interest in Brim Acquisitions, and each member contributed its pro rata portion of Brim Acquisitions' initial capital of \$2.0 million. Wexford Investment is an entity controlled by Wexford. Cobra Aviation and Leopard each lease one helicopter to Brim Equipment under the terms of aircraft lease and management agreements.

On February 23, 2026, Mammoth Energy Partners LLC, a subsidiary of the Company, entered into a sublease agreement with El Toro Resources LLC, an entity controlled by Wexford and a related party of the Company. The agreement was subject to approval by Mammoth Energy Partners LLC's landlord, which approval was obtained on March 16, 2026. The sublease relates to office space located at 14201 Caliber Drive, Suite 200, Oklahoma City, Oklahoma. The sublease began on June 1, 2026 and extends through May 31, 2027, with an option to extend through April 30, 2028. The aggregate minimum lease payments under the agreement are approximately \$0.2 million.

On June 2, 2026, and July 28, 2026, Cobra Aviation, a subsidiary of the Company, entered into separate aircraft lease agreements with Executive Express Aviation LLC, an entity controlled by Wexford and a related party of the Company. The first lease relates to a Pilatus Model PC12/45 aircraft, while the second lease relates to a Raytheon Aircraft Company Model 1900D aircraft. Both leases are expected to commence on August 31, 2026 and extend through August 31, 2029. The aggregate minimum lease payments under the Pilatus and Raytheon leases are approximately \$1.1 million and \$1.3 million, respectively.

18. Commitments and Contingencies***Commitments***

From time to time, the Company may enter into agreements with suppliers that contain minimum purchase obligations and agreements to purchase capital equipment. Aggregate future minimum payments under these obligations in effect at June 30, 2026 were approximately \$6.2 million.

Letters of Credit

The Company had outstanding letters of credit related to environmental remediation and insurance programs that were issued under the Company's revolving credit facility, which is collateralized by cash and investment securities held in a collateral account maintained with the lender, totaling \$5.0 million at June 30, 2026 and December 31, 2025.

Insurance

The Company has insurance coverage for physical partial loss to its assets, employer's liability, automobile liability, commercial general liability, workers' compensation and insurance for other specific risks. At June 30, 2026 and December 31, 2025, there was no deductible for the workers' compensation policy. At June 30, 2026 and December 31, 2025, the Company's primary automobile liability policy required a deductible per occurrence of up to \$0.1 million.

Effective November 1, 2024, the Company became party to a deductible reimbursement insurance policy from a protected cell captive insurance company that covers losses between \$0.1 million and the \$0.5 million deductible under its primary auto liability policy that was in effect through October 31, 2025. Also effective November 1, 2024, the Company became a member of a group captive insurance company that covers one layer of its auto liability coverage.

The Company establishes liabilities for the unpaid deductible portion of claims incurred based on estimates. At June 30, 2026 and December 31, 2025, total accrued claims for continuing and discontinued operations were \$0.6 million and

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

\$1.2 million, respectively. Of this amount, \$0.3 million and \$0.4 million at June 30, 2026 and December 31, 2025, respectively, relate to continuing operations.

The Company also has insurance coverage for directors and officers liability. As of June 30, 2026 and December 31, 2025, the directors and officers liability policy had a deductible per occurrence of \$1.5 million and an aggregate deductible of \$10.0 million. As of June 30, 2026 and December 31, 2025, the Company did not have any accrued claims for directors and officers liability.

Effective January 1, 2026, the Company transitioned to a fully insured employee health insurance plan. Through December 31, 2025, the Company self-insured its employee health insurance. At June 30, 2026 and December 31, 2025, total accrued claims for continuing and discontinued operations were \$0.3 million and \$0.9 million, respectively. Of these amounts, \$0.3 million at June 30, 2026 and December 31, 2025, respectively, relate to continuing operations. These estimates may change in the near term as actual claims continue to develop.

Bonds

In the ordinary course of business, the Company is required to provide bid bonds to certain customers in the infrastructure services segment as part of the bidding process. These bonds provide a guarantee to the customer that the Company, if awarded the project, will perform under the terms of the contract. Bid bonds are typically provided for a percentage of the total contract value. Additionally, the Company may be required to provide performance and payment bonds for contractual commitments related to projects in process. These bonds provide a guarantee to the customer that the Company will perform under the terms of a contract and that the Company will pay subcontractors and vendors. If the Company fails to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. The Company must reimburse the surety for expenses or outlays it incurs. At June 30, 2026 and December 31, 2025, there were no outstanding performance and payment bonds and no outstanding bid bonds that related to the Company's continuing operations.

Litigation

PREPA

Foreman Electric Services, Inc. ("Foreman") and related parties asserted claims against Mammoth and Cobra arising from Puerto Rico restoration work performed by Cobra. As discussed in Note 2, PREPA owes Cobra \$20.0 million as of June 30, 2026 pursuant to the Settlement Agreement entered into in July 2024. Payment is due following the effective date of PREPA's plan of adjustment.

Other Litigation

In July 2025, the Company settled the matter with Foreman. The settlement did not have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

The Company is routinely involved in state and local tax audits. During 2015, the State of Ohio assessed taxes on the purchase of equipment the Company believes is exempt under state law. The Company appealed the assessment and a hearing was held in 2017. As a result of the hearing, the Company received a decision from the State of Ohio, which the Company appealed. On February 25, 2022, the Company received an unfavorable decision on the appeal. The Company appealed the decision. On August 2, 2023, the Ohio Supreme Court affirmed the ruling in part and reversed the ruling in part. The Company received the final assessment in April 2025. It did not have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

Cobra has been named in 15 lawsuits brought by municipalities in Puerto Rico seeking construction excise taxes and volume of business taxes associated with restoration work performed in Puerto Rico. Several adverse judgments have been entered, and certain matters remain subject to ongoing appellate and post-judgment proceedings. Cobra continues to challenge these assessments and intends to vigorously defend these matters. In connection with the Settlement Agreement entered into with PREPA, PREPA and related governmental parties have agreed to cooperate with Cobra in connection with the resolution of these matters. However, there can be no assurance that these efforts will be successful. Based on the current status of the proceedings, management is unable to reasonably estimate a range of possible loss, if any, beyond amounts already accrued. Accordingly no additional liability has been recorded. The Company will continue to evaluate these matters as additional information becomes available.

On April 16, 2019, Christopher Williams, a former employee of Higher Power Electrical, LLC, filed a putative class and collective action complaint titled Christopher Williams, individually and on behalf of all others similarly situated v.

MAMMOTH ENERGY SERVICES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Higher Power Electrical, LLC, Cobra Acquisitions LLC, and Cobra Energy LLC in the U.S. District Court for the District of Puerto Rico. On June 24, 2019, the complaint was amended to replace Mr. Williams with Matthew Zeisset as the named plaintiff. The plaintiff alleges the defendant failed to pay overtime wages to a class of workers in compliance with the Fair Labor Standards Act and Puerto Rico law. On August 21, 2019, upon request of the parties, the Court stayed proceedings in the lawsuit and administratively closed the case pending completion of individual arbitration proceedings initiated by Mr. Zeisset and opt-in plaintiffs. Other claimants subsequently initiated additional individual arbitration proceedings asserting similar claims. The Company has agreed to settlements with a portion of the claimants. Arbitrations remain pending for the remaining claimants. The Company will continue to vigorously defend the arbitrations. The Company has recognized an estimated liability related to the remaining complaints, which is included in “accounts payable” in the accompanying unaudited condensed consolidated balance sheets. The amount required to resolve these matters may ultimately increase or decrease from the Company’s estimated amount as the matters progress.

The Company is involved in various other legal proceedings in the ordinary course of business. Although the Company cannot predict the outcome of these proceedings, legal matters are subject to inherent uncertainties and there exists the possibility that the ultimate resolution of these matters could have a material impact on the Company’s business, financial condition, results of operations or cash flows.

Defined Contribution Plan

The Company sponsors a 401(k) defined contribution plan for the benefit of substantially all employees at their date of hire. The plan allows eligible employees to contribute up to 92% of their annual compensation, not to exceed annual limits established by the federal government. The Company makes discretionary matching contributions of up to 3% of an employee’s compensation and may make additional discretionary contributions for eligible employees. For the three and six months ended June 30, 2026 and 2025, the Company paid \$0.1 million, \$0.2 million, \$0.3 million and \$0.8 million, respectively, in contributions to the plan. Of these amounts for the three and six months ended June 30, 2026 and 2025, \$0.1 million, \$0.2 million, \$0.1 million and \$0.1 million, respectively, relates to continuing operations.

19. Reportable Segments

The Company’s Chief Operating Officer, Chief Financial Officer and Chief Business Officer comprise the Company’s chief operating decision makers (“CODM”). Segment information is prepared on the same basis that the CODM manages the segments, evaluates the segment financial statements and makes key operating and resource utilization decisions. Segment evaluation is determined on a quantitative basis based on a function of Adjusted EBITDA, as well as a qualitative basis, such as nature of the product and service offerings and types of customers. The Company defines Adjusted EBITDA as net income (loss) from continuing operations before depreciation, depletion, amortization and accretion, gains on disposal of assets, net, impairment of long lived assets, equity based compensation, stock based compensation, interest income, net, inclusive of related parties, (loss) gain on marketable securities, net, other (income) expense, net and provision for income taxes. The Company’s significant segment expenses include cost of revenue, exclusive of depreciation, depletion, amortization and accretion, and selling, general and administrative expense.

The Company principally provides products and services to customers operating in the oil and natural gas, aviation and utility infrastructure industries. At June 30, 2026, the Company had five reportable segments, which includes rental services (“Rentals”), infrastructure services (“Infrastructure”), natural sand proppant services (“Sand”), accommodation services (“Accommodations”) and drilling services (“Drilling”). The Company has determined that its operating segments meet the criteria in ASC Topic 280, *Segment Reporting*, and are reported as five reportable segments.

Sales from one segment to another are generally priced at estimated equivalent commercial selling prices. All transactions conducted between segments are eliminated in consolidation. Transactions conducted by companies within the same reportable segment are eliminated within each reportable segment. Corporate selling, general and administrative costs are allocated to each segment based on forecasted revenue, expense and asset base. Corporate interest expense is allocated to each segment based on its intercompany payable position with the Company’s corporate entity. U.S. income tax expense is not allocated to each segment. Foreign income tax expense is realized in the segment in which the foreign operations occur.

To reflect how the CODM evaluates the business, prior period segment information has been recast to conform with our reportable segment composition as of June 30, 2026. The following tables set forth certain financial information with respect to the Company’s reportable segments (in thousands):

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended June 30, 2026	Rentals		Infrastructure		Sand		Accommodations		Drilling		Total
Revenue from external and related party customers	\$	10,115	\$	940	\$	7,975	\$	3,202	\$	3,822	\$ 26,054
Intersegment revenue		108		—		—		—		—	108
		10,223		940		7,975		3,202		3,822	26,162
<i>Reconciliation of Revenue</i>											
Other ^(b)											48
Eliminations ^(a)											(156)
Total consolidated revenue										\$	26,054
<i>Less segment expenses:</i>											
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion, inclusive of related parties		4,722		1,540		7,713		2,118		2,972	
Selling, general and administrative, exclusive of stock based compensation		1,775		290		685		288		230	
Segment Adjusted EBITDA	\$	3,726	\$	(890)	\$	(423)	\$	796	\$	620	\$ 3,829
<i>Reconciliation of total segment Adjusted EBITDA</i>											
<i>Less:</i>											
Other ^(b)									\$		1,208
Depreciation, depletion, amortization and accretion											4,634
Gains on disposal of assets, net											(4,641)
Equity based compensation											544
Interest expense, net											784
Loss on marketable securities, net											1,116
Other income, net											(471)
Income from continuing operations before income taxes										\$	655

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended June 30, 2025	Rentals	Infrastructure	Sand	Accommodations	Drilling	Total
Revenue from external and related party customers	\$ 3,078	\$ 1,389	\$ 5,376	\$ 1,767	\$ 743	\$ 12,353
Intersegment revenue	28	—	—	—	—	28
	3,106	1,389	5,376	1,767	743	12,381
<i>Reconciliation of Revenue</i>						
Eliminations ^(a)						(28)
Total consolidated revenue						\$ 12,353
Less segment expenses:						
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion, inclusive of related parties	\$ 1,567	\$ 1,355	\$ 5,262	\$ 1,242	\$ 758	
Selling, general and administrative, exclusive of stock based compensation	1,121	203	1,386	407	210	
Segment Adjusted EBITDA	\$ 418	\$ (169)	\$ (1,272)	\$ 118	\$ (225)	\$ (1,130)
<i>Reconciliation of total segment Adjusted EBITDA</i>						
Less:						
Other ^(b)					\$	2,378
Depreciation, depletion, amortization and accretion						2,827
Gains on disposal of assets, net						(1,077)
Impairment of long-lived assets						31,669
Stock based compensation						200
Interest income, net						(298)
Other expense, net						628
Loss from continuing operations before income taxes					\$	(37,457)

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended June 30, 2026	Rentals		Infrastructure		Sand		Accommodations		Drilling		Total
Revenue from external and related party customers	\$	23,050	\$	1,208	\$	11,839	\$	6,743	\$	5,245	48,085
Intersegment revenue		140		—		—		—		—	140
		23,190		1,208		11,839		6,743		5,245	48,225
<i>Reconciliation of Revenue</i>											
Other ^(b)											96
Eliminations ^(a)											(236)
Total consolidated revenue									\$		48,085
Less segment expenses:											
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion, inclusive of related parties	\$	12,781	\$	2,051	\$	12,168	\$	4,257	\$	4,164	
Selling, general and administrative, exclusive of stock based compensation		3,043		476		1,538		620		482	
Segment Adjusted EBITDA	\$	7,366	\$	(1,319)	\$	(1,867)	\$	1,866	\$	599	6,645
<i>Reconciliation of total segment Adjusted EBITDA</i>											
Less:											
Other ^(b)									\$		2,096
Depreciation, depletion, amortization and accretion											8,104
Gains on disposal of assets, net											(5,316)
Equity based compensation											544
Interest expense, net											270
Gain on marketable securities, net											(5,987)
Other expense, net											138
Income from continuing operations before income taxes									\$		6,796

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended June 30, 2025	Rentals	Infrastructure	Sand	Accommodations	Drilling	Total
Revenue from external and related party customers \$	4,994 \$	2,102 \$	12,115 \$	3,847 \$	925 \$	23,983
Intersegment revenue	38	—	—	—	—	38
	5,032	2,102	12,115	3,847	925	24,021
<i>Reconciliation of Revenue</i>						
Eliminations ^(a)						(38)
Total consolidated revenue						\$ 23,983
Less segment expenses:						
Cost of revenue, exclusive of depreciation, depletion, amortization and accretion, inclusive of related parties \$	2,984 \$	2,229 \$	10,738 \$	2,673 \$	1,154	
Selling, general and administrative, exclusive of stock based compensation	1,488	323	2,816	796	420	
Segment Adjusted EBITDA	\$ 560	\$ (450)	\$ (1,439)	\$ 378	\$ (649)	\$ (1,600)

Reconciliation of total segment Adjusted EBITDA

Less:						
Other ^(b)					\$	4,248
Depreciation, depletion, amortization and accretion						4,910
Gains on disposal of assets, net						(4,549)
Impairment of other long-lived assets						31,669
Stock based compensation						412
Interest income, net						(383)
Other expense, net						960
Loss from continuing operations before income taxes					\$	(38,867)

^(a) Includes eliminations for intersegment transactions.

^(b) Includes activity related to non-operating legacy services that are no longer active.

	Rentals	Infrastructure	Sand	Accommodations	Drilling	Total
As of June 30, 2026:						
Total assets for reportable segments	\$ 126,384	\$ 13,192	\$ 69,282	\$ 14,076	\$ 5,080	\$ 228,014
Other assets ^(a)						116,608
Total consolidated assets, excluding discontinued operations						\$ 344,622
As of December 31, 2025:						
Total assets for reportable segments	\$ 75,004	\$ 2,598	\$ 68,028	\$ 14,309	\$ 1,859	\$ 161,798
Other assets ^(a)						167,900
Total consolidated assets, excluding discontinued operations						\$ 329,698

^(a) Includes assets related to non-operating legacy services that are no longer active as well as corporate related assets, which include cash and cash equivalents, marketable securities, restricted cash and other current assets.

MAMMOTH ENERGY SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. Subsequent Events

On July 27, 2026, the Company committed to purchase three aircraft for an aggregate purchase price of \$32.4 million. As part of this commitment, the Company made a non-refundable security deposit of approximately \$0.6 million. As of the date of issuance of these financial statements, definitive purchase agreements had not been executed.

On July 30, 2026, Cobra Aviation entered into two separate purchase agreements with a third-party seller to purchase two auxiliary power units (“APUs”) for aggregate consideration of approximately \$7.1 million. In connection with these agreements, the Company made a non-refundable deposit of approximately \$0.4 million. On July 31, 2026, the Company completed the purchase of one of the APUs for approximately \$3.6 million.

On July 31, 2026, Stingray Rentals committed to purchase rental equipment of approximately \$7.2 million.

On August 7, 2026, Cobra Aviation committed to sell an aircraft engine for \$7.7 million.

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

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes thereto presented in this Quarterly Report and the consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K. This discussion contains forward-looking statements reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in Item 1.A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission, or the SEC, on March 6, 2026 and the section entitled “Cautionary Note Regarding Forward-Looking Statements” appearing elsewhere in this Quarterly Report.

Overview

We are an integrated, growth-oriented company focused on providing products and services to our customers primarily in the aviation, oil and natural gas and utility infrastructure industries. Our suite of services includes rental services, infrastructure services, natural sand proppant services, accommodation services and drilling services. Our rental services segment provides a wide range of equipment used in oilfield, construction and aviation activities. Our infrastructure services segment provides engineering, design and fiber optic services to the utility industry. Our natural sand proppant services segment mines, processes and sells natural sand proppant used for hydraulic fracturing. Our accommodation services provide housing, kitchen and dining, and recreational service facilities for workers located in remote areas away from readily available lodging. Our drilling services provide directional drilling to oilfield operators.

We are focused on driving returns through improved execution by prioritizing asset utilization, margin expansion, and capital efficiency across the portfolio. While macroeconomic uncertainty, including tariffs and demand volatility, continues to affect parts of the market, we remain proactive in repositioning Mammoth to perform through differing business cycles.

Business Developments

During 2025, we completed four strategic divestitures. On April 11, 2025, we sold a portion of our infrastructure services entities, including our distribution, transmission and substation operations, for aggregate proceeds of approximately \$108.7 million. On June 16, 2025, we sold all of the equipment previously used in our hydraulic fracturing services for \$15.0 million. On September 15, 2025, the Company completed the sale of assets related to its natural sand proppant operations at its Piranha Proppant LLC processing plant. On December 2, 2025, we completed the sale of our engineering services business, Aquawolf for approximately \$30.0 million. The results of operations, financial position and cash flows for these businesses are reported as discontinued operations for all periods presented and discussed in this report. Unless otherwise indicated, the information presented in this Management’s Discussion and Analysis relates only to our continuing operations.

To reflect how management evaluates the business after these divestitures, prior period segment information in our results of operations below has been recast to conform with our segment composition as of June 30, 2026. See Note 4. Discontinued Operations of the notes to our unaudited condensed consolidated financial statements for more information.

During the second quarter of 2026, we expanded our fiber optic services offering through the acquisitions of Mission Construction LLC and BERE Rentals LLC, both providers of fiber optic services to utility customers in the midwestern region of the United States. On June 12, 2026, we acquired all of the outstanding equity interests in Mission Construction LLC for aggregate consideration of \$3.1 million and all of the outstanding equity interests in BERE Rentals LLC for aggregate consideration of \$3.4 million. The acquisitions were funded with cash on hand. These acquisitions extend our presence in the fiber optic services market and broaden the range of services we provide to utility customers in the region.

Overview of Our Industries

Aircraft Industry

Demand for aviation assets remained favorable during the quarter, supporting increased utilization and revenue in our aviation rental business. We continue to evaluate opportunities to expand our aviation fleet as market conditions warrant.

Oil and Natural Gas Industry

Customer activity improved during 2026, contributing to higher utilization across our drilling, rental and accommodation businesses, although commodity price volatility continues to create uncertainty.

Infrastructure Industry

Demand for our fiber optic services continues to be supported by communications infrastructure investment and broadband deployment initiatives.

Settlement Agreement with PREPA

See Notes 2 and 18 for discussion of the PREPA Settlement Agreement.

Second Quarter 2026 Financial Overview

Revenue increased 110%, to \$26.1 million during the second quarter of 2026, driven primarily by aviation, accommodation and drilling activities. Operating income improved to \$2.6 million compared to an operating loss of \$37.1 million in the prior-year period, reflecting higher utilization and the absence of the impairment charges recorded in 2025. Adjusted EBITDA improved to \$2.6 million from a loss of \$3.5 million in the prior year period. See “Non-GAAP Financial Measures” for a reconciliation of net income (loss) from continuing operations to Adjusted EBITDA.

Future Results

We remain focused on increasing equipment utilization, expanding our aviation rental platform, developing our infrastructure services business and maintaining capital discipline. While uncertainty remains regarding commodity prices, tariffs and broader economic conditions, we believe our current liquidity position and operating platform will support continued execution of our business strategy during the remainder of 2026.

Results of Operations

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

	Three Months Ended	
	June 30, 2026	June 30, 2025
	(in thousands)	
Revenue:		
Rental services and aviation sales	\$ 10,223	\$ 3,106
Infrastructure services	940	1,389
Natural sand proppant services	7,975	5,376
Accommodation services	3,202	1,767
Drilling services	3,822	743
Other services	48	—
Eliminations	(156)	(28)
Total revenue	26,054	12,353
Cost of revenue:		
Rental services and aviation sales (exclusive of depreciation and amortization of \$3,455 and \$929 for the three months ended June 30, 2026 and 2025, respectively)	4,722	1,567
Infrastructure services (exclusive of depreciation and amortization of \$129 and \$56 for the three months ended June 30, 2026 and 2025, respectively)	1,540	1,355
Natural sand proppant services (exclusive of depreciation, depletion and accretion of \$676 and \$1,413 for the three months ended June 30, 2026 and 2025, respectively)	7,713	5,262
Accommodation services (exclusive of depreciation and accretion of \$288 and \$267 for the three months ended June 30, 2026 and 2025, respectively)	2,118	1,242
Drilling services (exclusive of depreciation of \$24 and \$23 for the three months ended June 30, 2026 and 2025, respectively)	2,972	758
Other services (exclusive of depreciation of \$62 and \$139 for the three months ended June 30, 2026 and 2025, respectively)	292	947
Eliminations	(156)	(28)
Total cost of revenue	19,201	11,103
Selling, general and administrative	4,232	4,958
Depreciation, depletion, amortization and accretion	4,634	2,827
Gains on disposal of assets, net	(4,641)	(1,077)
Impairment of long-lived assets	—	31,669
Operating income (loss)	2,628	(37,127)
Interest (expense) income, net	(784)	298
Loss on marketable securities, net	(1,116)	—
Other expense, net	(73)	(628)
Income (loss) before income taxes	655	(37,457)
Provision (benefit) for income taxes	1,853	(934)
Net loss from continuing operations	(1,198)	(36,523)
Net income from discontinued operations, net of income taxes	438	45,371
Net (loss) income	\$ (760)	\$ 8,848

Revenue. Revenue for the three months ended June 30, 2026 increased \$13.7 million, or 110%, to \$26.1 million compared to \$12.4 million for the same period in 2025. The increase in total revenue is primarily attributable to increases in revenue for rental, natural sand proppant, accommodation and drilling services during the three months ended June 30, 2026, which was partially offset by a decrease in revenue for infrastructure services. Revenue by segment was as follows:

Rental Services and Aviation Sales. Rental services and aviation sales revenue increased \$7.1 million, or 229%, to \$10.2 million for the three months ended June 30, 2026 compared to \$3.1 million for the same period in 2025. The increase reflected \$5.7 million from aviation fleet expansion, higher aviation utilization and increased aviation sales activity. Aviation utilization improved from 34% during the prior-year period to 71% during the current-year period, while fleet capacity increased through aircraft acquisitions completed during 2025 and 2026. The increase in aviation revenue was partially driven by the sale of an airframe and landing gear for \$2.0 million. Revenue also benefited from a 38% increase in the average number of pieces of equipment rented to customers to 407 for the three months ended June 30, 2026 compared to 296 for the same period in 2025.

Infrastructure Services. Infrastructure services revenue decreased \$0.5 million, or 36%, to \$0.9 million for the three months ended June 30, 2026 compared to \$1.4 million for the same period in 2025. The decrease in revenue was primarily due to a decrease in fiber optic revenue related to a loss of a customer and decreased activity. Infrastructure results also reflected transition-related costs and underutilization associated with customer changes and the integration of recent acquisitions. Management expects utilization and operating performance to improve as these acquisitions are further integrated and customer activity expands.

Natural Sand Proppant Services. Natural sand proppant services revenue increased \$2.6 million, or 48%, to \$8.0 million for the three months ended June 30, 2026 compared to \$5.4 million for the same period in 2025 primarily due to a \$2.9 million increase in freight revenue. This was partially offset by a 5% decrease in tons of sand sold to 229,031 tons for the three months ended June 30, 2026 compared to 241,763 tons for the same period in 2025, combined with an immaterial decline in the average price per ton of sand sold to \$21.36 per ton during the three months ended June 30, 2026 compared to \$21.41 per ton for the same period in 2025. The average price per ton of sand sold decreased primarily due to a shift of grade mix to include more coarse sand.

Accommodation Services. Accommodation services revenue increased \$1.4 million, or 78%, to \$3.2 million for the three months ended June 30, 2026 compared to \$1.8 million for the same period in 2025. The increase reflected higher occupancy levels and improved utilization driven by increased customer activity. On average, 259 rooms were utilized during the three months ended June 30, 2026 as compared to 145 for the same period in 2025 for our accommodation services.

Drilling Services. Drilling services revenue increased \$3.1 million or 443% to \$3.8 million for the three months ended June 30, 2026 compared to \$0.7 million for the same period in 2025. The increase in our drilling services revenue was primarily attributable to increased utilization, which increased to 43% for the three months ended June 30, 2026 compared to 16% for the same period in 2025. This was coupled with proceeds of \$0.3 million from the sale of equipment damaged or lost down-hole and higher average day rates for our drilling services for the three months ended June 30, 2026.

Cost of Revenue (exclusive of depreciation, depletion, amortization and accretion). Cost of revenue, exclusive of depreciation, depletion, amortization and accretion, increased \$8.1 million to \$19.2 million, or 74% of total revenue, for the three months ended June 30, 2026 compared to \$11.1 million, or 90% of total revenue, for the same period in 2025. Cost of revenue by segment was as follows:

Rental Services and Aviation Sales. Rental services and aviation sales cost of revenue, exclusive of depreciation and amortization, increased \$3.1 million, or 194%, to \$4.7 million for the three months ended June 30, 2026 compared to \$1.6 million for the same period in 2025. The increase was primarily attributable to higher operating activity associated with the aviation fleet expansion, increased utilization and the sale of an airframe and landing gear with a cost basis of \$2.0 million. As a percentage of revenue, our rental services cost of revenue, exclusive of depreciation and amortization of \$3.5 million and \$0.9 million for the three months ended June 30, 2026 and 2025, was 46% and 52%, respectively. Despite the increase in operating costs, segment margins benefited from higher aircraft utilization and improved absorption of fixed operating expenses.

Infrastructure Services. Infrastructure services cost of revenue, exclusive of depreciation, increased \$0.1 million, or 7%, to \$1.5 million for the three months ended June 30, 2026 compared to \$1.4 million for the same period in 2025. As a percentage of revenue, cost of revenue, exclusive of depreciation of \$0.1 million for the three months ended June 30, 2026 and 2025, was 167% and 100% for the three months ended June 30, 2026 and 2025,

respectively. The increase as a percentage of revenue is primarily due to an increase in compensation and benefits and fuel expense coupled with a decrease in utilization, resulting in a higher ratio of fixed costs to variable costs.

Natural Sand Proppant Services. Natural sand proppant services cost of revenue, exclusive of depreciation, depletion and accretion, increased \$2.4 million, or 45%, to \$7.7 million for the three months ended June 30, 2026 compared to \$5.3 million for the same period in 2025. As a percentage of revenue, cost of revenue, exclusive of depreciation, depletion and accretion of \$0.7 million and \$1.4 million for the three months ended June 30, 2026 and 2025, was 96% and 98% for the three months ended June 30, 2026 and 2025, respectively. The decrease in cost as a percentage of revenue is primarily due to an increase in freight revenue, which was offset by a 5% decrease in tons sold and a nominal decline in average sales price per ton.

Accommodation Services. Accommodation services cost of revenue, exclusive of depreciation and accretion, increased \$0.9 million, or 75%, to \$2.1 million for the three months ended June 30, 2026 compared to \$1.2 million for the same period in 2025. As a percentage of revenue, cost of revenue, exclusive of depreciation and accretion of \$0.3 million and \$0.3 million for the three months ended June 30, 2026 and 2025, was 66% and 67% for the three months ended June 30, 2026 and 2025, respectively. Operating costs increased as utilization improved; however, segment margins benefited from greater absorption of fixed operating costs resulting from higher occupancy.

Drilling Services. Drilling services cost of revenue, exclusive of depreciation, increased \$2.2 million, or 275%, to \$3.0 million for the three months ended June 30, 2026 compared to \$0.8 million for the same period in 2025. As a percentage of revenue, cost of revenue, exclusive of depreciation of immaterial amounts for the three months ended June 30, 2026 and 2025, was 79% and 114% for the three months ended June 30, 2026 and 2025, respectively. The decrease as a percentage of revenue is primarily due to an increase in utilization, resulting in a lower ratio of fixed costs to variable costs.

Other Services. Other services cost of revenue, exclusive of depreciation, decreased \$0.6 million to \$0.3 million for the three months ended June 30, 2026 compared to \$0.9 million for the same period in 2025. The decrease is primarily due to lower compensation and benefits expense and reduced insurance costs associated with non-operating legacy services.

Selling, General and Administrative. Selling, general and administrative expense decreased \$0.8 million, or 16%, to \$4.2 million for the three months ended June 30, 2026 compared to \$5.0 million for the same period in 2025. The decrease was primarily attributable to lower corporate overhead and professional service costs. SG&A expense represented 16% of revenue during the three months ended June 30, 2026 compared to 40% during the prior-year period, reflecting improved operating leverage on higher revenue levels.

Depreciation, Depletion, Amortization and Accretion. Depreciation, depletion, amortization and accretion totaled \$4.6 million for the three months ended June 30, 2026 compared to \$2.8 million for the same period in 2025. The increase is primarily attributable to increased depreciation of property, plant and equipment resulting from aviation assets being placed into service.

Gains on Disposal of Assets, Net. Net gains on the disposal of assets, net were \$4.6 million compared to \$1.1 million for the three months ended June 30, 2026 and 2025, respectively. Gains on the disposal of assets is primarily related to the sale of drilling rigs for the three months ended June 30, 2026 and trucks and field equipment for the same period in 2025.

Impairment of Long-Lived Assets. During the three months ended June 30, 2025, the Company's management made the decision to market assets related to its natural sand proppant operations at its Piranha Proppant LLC and Muskie Proppant LLC processing plants. As a result, the Company recognized impairment expense on these assets totaling \$31.7 million during the three months ended June 30, 2025. There was no similar activity during the three months ended June 30, 2026.

Operating Income (Loss). We reported operating income of \$2.6 million for the three months ended June 30, 2026 compared to an operating loss of \$37.1 million for the same period in 2025. The increase in operating income is primarily due to an increase in activity for our rental, accommodation and drilling services.

Interest (Expense) Income, Net. Interest expense was \$0.8 million for the three months ended June 30, 2026 compared to interest income of \$0.3 million for the same period in 2025. The increase in interest expense is primarily due to a one time charge of \$1.2 million of unamortized debt issuance costs during the three months ended June 30, 2026 in relation to the new credit agreement.

Loss on Marketable Securities, Net. Net loss on marketable securities was \$1.1 million for the three months ended June 30, 2026 compared to the prior-year period in which no marketable securities were held.

Other Expense, Net. Other expense, net was \$0.1 million for the three months ended June 30, 2026 compared to \$0.6 million for the same period in 2025.

Provision (Benefit) for Income Taxes. We recorded income tax expense of \$1.9 million on pre-tax income of \$0.7 million for the three months ended June 30, 2026 compared to income tax benefit of \$0.9 million on pre-tax loss of \$37.5 million for the same period in 2025. Our effective tax rates were 282.9% and 2.5% for the three months ended June 30, 2026 and 2025, respectively. The increase in the effective tax rate was primarily attributable to changes in valuation allowances, interest and penalties, withholding taxes and other foreign tax items, as well as the change from a pre-tax loss for the three months ended June 30, 2025 to pre-tax income for the three months ended June 30, 2026.

Discontinued Operations. We recorded net income from discontinued operations, net of income taxes totaling \$0.4 million during the three months ended June 30, 2026 compared to \$45.4 million for the same period in 2025. See Note 4 of the notes to our unaudited condensed consolidated financial statements for a breakout of the results of operations for our discontinued operations.

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

	Six Months Ended	
	June 30, 2026	June 30, 2025
	(in thousands)	
Revenue:		
Rental services and aviation sales	\$ 23,190	\$ 5,032
Infrastructure services	1,208	2,102
Natural sand proppant services	11,839	12,115
Accommodation services	6,743	3,847
Drilling services	5,245	925
Other services	96	—
Eliminations	(236)	(38)
Total revenue	48,085	23,983
Cost of revenue:		
Rental services and aviation sales (exclusive of depreciation and amortization of \$6,067 and \$1,095 for the six months ended June 30, 2026 and 2025, respectively)	12,781	2,984
Infrastructure services (exclusive of depreciation and amortization of \$185 and \$108 for the six months ended June 30, 2026 and 2025, respectively)	2,051	2,229
Natural sand proppant services (exclusive of depreciation, depletion and accretion of \$1,105 and \$2,289 for the six months ended June 30, 2026 and 2025, respectively)	12,168	10,738
Accommodation services (exclusive of depreciation and accretion of \$575 and \$526 for the six months ended June 30, 2026 and 2025, respectively)	4,257	2,673
Drilling services (exclusive of depreciation of \$41 and \$53 for the six months ended June 30, 2026 and 2025, respectively)	4,164	1,154
Other services (exclusive of depreciation of \$131 and \$839 for the six months ended June 30, 2026 and 2025, respectively)	523	1,429
Eliminations	(236)	(38)
Total cost of revenue	35,708	21,169
Selling, general and administrative	7,828	9,074
Depreciation, depletion, amortization and accretion	8,104	4,910
Gains on disposal of assets, net	(5,316)	(4,549)
Impairment of long-lived assets	—	31,669
Operating income (loss)	1,761	(38,290)
Interest (expense) income, net	(270)	383
Gain on marketable securities, net	5,987	—
Other expense, net	(682)	(960)
Income (loss) before income taxes	6,796	(38,867)
Provision (benefit) for income taxes	3,309	(97)
Net income (loss) from continuing operations	3,487	(38,770)
Net income from discontinued operations, net of income taxes	940	47,081
Net income	\$ 4,427	\$ 8,311

Revenue. Revenue for the six months ended June 30, 2026 increased \$24.1 million, or 100%, to \$48.1 million from \$24.0 million for the same period in 2025. The increase in total revenue is primarily attributable to increases in rental, accommodation and drilling services, partially offset by decreases in infrastructure services and natural sand proppant services revenue. Revenue by segment was as follows:

Rental Services and Aviation Sales. Rental services and aviation sales revenue increased \$18.2 million, or 364%, to \$23.2 million for the six months ended June 30, 2026 compared to \$5.0 million for the same period in 2025. Revenue growth was driven by aviation fleet expansion, increased aircraft utilization and higher aviation sales activity. Aviation rental revenue increased \$15.8 million and equipment rental revenue increased \$2.4 million. The increase in aviation revenue was partially driven by the sale of an auxiliary power unit and an airframe and landing gear for \$8.5 million. The increase in our equipment rental revenue was driven by a 51% increase in the average number of pieces of equipment rented to customers to 398 for the six months ended June 30, 2026 compared to 264 for the same period in 2025.

Infrastructure Services. Infrastructure services revenue decreased \$0.9 million, or 43%, to \$1.2 million for the six months ended June 30, 2026 compared to \$2.1 million for the same period in 2025. The decrease in revenue was primarily due to a decrease in fiber optic revenue related to a loss of a customer and decreased activity. Infrastructure results also reflected transition-related costs and underutilization associated with customer changes and the integration of recent acquisitions. Management expects utilization and operating performance to improve as these acquisitions are further integrated and customer activity expands.

Natural Sand Proppant Services. Natural sand proppant services revenue decreased \$0.3 million, or 2%, to \$11.8 million for the six months ended June 30, 2026 compared to \$12.1 million for the same period in 2025. The decrease in our natural sand proppant services revenue was primarily due to a 11% decrease in tons of sand sold to approximately 384,628 tons for the six months ended June 30, 2026 compared to approximately 430,783 tons for the same period in 2025, coupled with a 4% decrease in the average sales price per ton of sand sold to \$20.60 per ton during the six months ended June 30, 2026 compared to \$21.44 per ton for the same period in 2025. The average price per ton of sand sold decreased primarily due to a shift of grade mix to include more coarse sand.

Accommodation Services. Accommodation services revenue increased \$2.9 million, or 76%, to \$6.7 million for the six months ended June 30, 2026, compared to \$3.8 million for the same period in 2025. Revenue growth reflected increased occupancy. On average, 267 rooms were utilized during the six months ended June 30, 2026 compared to 162 for the same period in 2025 for our accommodation services.

Drilling Services. Drilling services revenue increased \$4.3 million, or 478%, to \$5.2 million for the six months ended June 30, 2026, compared to \$0.9 million for the same period in 2025. The increase in our drilling services revenue was primarily attributable to increased utilization, which increased to 32% for the six months ended June 30, 2026 compared to 15% for the same period in 2025. This was coupled with proceeds of \$0.3 million from the sale of equipment damaged or lost down-hole and higher average day rates for our drilling services for the six months ended June 30, 2026.

Cost of Revenue (exclusive of depreciation, depletion, amortization and accretion). Cost of revenue, exclusive of depreciation, depletion, amortization and accretion, increased \$14.5 million to \$35.7 million, or 74% of total revenue, for the six months ended June 30, 2026, compared to \$21.2 million, or 88% of total revenue, for the same period in 2025. Cost of revenue by segment was as follows:

Rental Services and Aviation Sales. Rental services and aviation sales cost of revenue, exclusive of depreciation and amortization, increased \$9.8 million, or 327%, to \$12.8 million for the six months ended June 30, 2026 compared to \$3.0 million for the same period in 2025. The increase reflected higher operating activity associated with aviation fleet expansion and increased utilization as well as the sale of an auxiliary power unit and an airframe and landing gear with an aggregate cost basis of \$7.8 million. As a percentage of revenue, our rental services cost of revenue, exclusive of depreciation and amortization of \$6.1 million and \$1.1 million for the six months ended June 30, 2026 and 2025, respectively, was 55% and 60% for the six months ended June 30, 2026 and 2025, respectively. The decrease as a percentage of revenue is primarily due to an increase in utilization, combined with the investment in aviation assets, which produces a higher gross margin percentage.

Infrastructure Services. Infrastructure services cost of revenue, exclusive of depreciation, decreased \$0.1 million, or 5%, to \$2.1 million for the six months ended June 30, 2026 compared to \$2.2 million for the same period in 2025. As a percentage of revenue, cost of revenue, exclusive of depreciation and amortization of \$0.2 million and \$0.1 million for the six months ended June 30, 2026 and 2025, respectively was 175% and 105% for the six months ended June 30, 2026 and 2025, respectively. The increase as a percentage of revenue is primarily due to an increase in compensation and benefits and fuel expense coupled with a decrease in utilization, resulting in a higher ratio of fixed costs to variable costs.

Natural Sand Proppant Services. Natural sand proppant services cost of revenue, exclusive of depreciation, depletion and accretion, increased \$1.5 million, or 14%, to \$12.2 million for the six months ended June 30, 2026 compared to \$10.7 million for the same period in 2025. As a percentage of revenue, cost of revenue, exclusive of depreciation, depletion and accretion of \$1.1 million and \$2.3 million for the six months ended June 30, 2026 and 2025, respectively, was 103% and 88% for the six months ended June 30, 2026 and 2025, respectively. The increase in cost as a percentage of revenue is primarily due to an 11% decrease in tons sold and a 4% decrease in average sales price per ton.

Accommodation Services. Accommodation services cost of revenue, exclusive of depreciation and accretion, increased \$1.6 million, or 59%, to \$4.3 million for the six months ended June 30, 2026 compared to \$2.7 million for the same period in 2025. The increase reflected higher operating activity associated with increased occupancy levels. As a percentage of revenue, cost of revenue, exclusive of depreciation and accretion of \$0.6 million and \$0.5 million for the six months ended June 30, 2026 and 2025, respectively, was 64% and 71% for the six months ended June 30, 2026 and 2025, respectively. Operating costs increased to support higher customer activity; however, revenue growth outpaced the increase in operating costs, resulting in improved operating leverage and greater absorption of fixed facility costs.

Drilling Services. Drilling services cost of revenue, exclusive of depreciation, increased \$3.0 million, or 250%, to \$4.2 million for the six months ended June 30, 2026 compared to \$1.2 million for the same period in 2025. As a percentage of revenue, cost of revenue, exclusive of depreciation of an immaterial amount and \$0.1 million for the six months ended June 30, 2026 and 2025, was 81% and 133% for the six months ended June 30, 2026 and 2025, respectively. The decrease as a percentage of revenue is primarily due to an increase in utilization, resulting in a lower ratio of fixed costs to variable costs.

Other Services. Other services cost of revenue, exclusive of depreciation, decreased \$0.9 million to \$0.5 million for the six months ended June 30, 2026 compared to \$1.4 million for the same period in 2025. The decrease is primarily due to lower compensation and benefits expense and reduced insurance costs associated with non-operating legacy services.

Selling, General and Administrative. Selling, general and administrative expense decreased \$1.3 million, or 14%, to \$7.8 million for the six months ended June 30, 2026 compared to \$9.1 million for the same period in 2025. The decrease was primarily attributable to reduced corporate and professional costs. SG&A expense represented 16% of revenue during the six months ended June 30, 2026 compared to 38% during the prior-year period, reflecting the Company's ability to leverage its fixed overhead structure as revenue increased.

Depreciation, Depletion, Amortization and Accretion. Depreciation, depletion, amortization and accretion increased \$3.2 million to \$8.1 million for the six months ended June 30, 2026 from \$4.9 million for the same period in 2025. The increase is primarily attributable to increased depreciation of property, plant and equipment resulting from aviation assets being placed into service during the six months ended June 30, 2026.

Gains on Disposal of Assets, Net. Net gains on the disposal of assets were \$5.3 million and \$4.5 million for the six months ended June 30, 2026 and 2025, respectively. Gains on the disposal of assets is primarily related to the sale of drilling rigs for the six months ended June 30, 2026 and trucks and field equipment for the same period in 2025.

Impairment of Long-Lived Assets. During the six months ended June 30, 2025, the Company's management made the decision to market assets related to its natural sand proppant operations at its Piranha Proppant LLC and Muskie Proppant LLC processing plants. As a result, the Company recognized impairment expense on these assets totaling \$31.7 million during the six months ended June 30, 2025. There was no similar activity during the six months ended June 30, 2026.

Operating Income (Loss). We reported operating income of \$1.8 million for the six months ended June 30, 2026 compared to an operating loss of \$38.3 million for the same period in 2025. The increase in operating income was primarily due to \$31.7 million in impairment expense recognized during the six months ended June 30, 2025 with no similar activity during the six months ended June 30, 2026.

Interest (Expense) Income, Net. Interest expense, net of interest income was \$0.3 million for the six months ended June 30, 2026 compared to interest income, net of interest expense of \$0.4 million for the same period in 2025. The increase in interest expense is primarily due to a one time charge of \$1.2 million of unamortized debt issuance costs during the six months ended June 30, 2026 in relation to the new credit agreement.

Gain on Marketable Securities, Net. Net gain on marketable securities was \$6.0 million for the six months ended June 30, 2026 compared to the prior-year period in which no marketable securities were held.

Other Expense, Net. We recognized other expense, net of \$0.7 million during the six months ended June 30, 2026 compared to \$1.0 million for the same period in 2025.

Provision (Benefit) for Income Taxes. We recorded income tax expense of \$3.3 million on pre-tax income of \$6.8 million for the six months ended June 30, 2026 compared to an income tax benefit of \$0.1 million on pre-tax loss of \$38.9 million for the same period in 2025. Our effective tax rates were 48.7% and 0.2% for the six months ended June 30, 2026 and 2025, respectively. The increase in the effective tax rate was primarily attributable to changes in valuation allowances, interest and penalties, withholding taxes and other foreign tax items, as well as the change from a pre-tax loss for the six months ended June 30, 2025 to pre-tax income for the six months ended June 30, 2026.

Discontinued Operations. We recorded net income from discontinued operations, net of income taxes totaling \$0.9 million during the six months ended June 30, 2026 compared to \$47.1 million for the same period in 2025. See Note 4 of the notes to our unaudited condensed consolidated financial statements for a breakout of the results of operations for our discontinued operations.

Non-GAAP Financial Measures

Adjusted EBITDA from Continuing Operations

Adjusted EBITDA from continuing operations is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. We define Adjusted EBITDA from continuing operations as net income (loss) from continuing operations before depreciation, depletion, amortization and accretion, gains on disposal of assets, net, impairment of long lived assets, equity based compensation, stock based compensation, interest expense (income), net, (loss) gain on marketable securities, net, other (income) expense, net and provision (benefit) for income taxes. We exclude the items listed above from net income (loss) from continuing operations in arriving at Adjusted EBITDA from continuing operations because these amounts can vary substantially from company to company within our industries depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA from continuing operations should not be considered as an alternative to, or more meaningful than, net income (loss) from continuing operations or cash flows from operating activities as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDA from continuing operations are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historical costs of depreciable assets, none of which are components of Adjusted EBITDA from continuing operations. Our computations of Adjusted EBITDA from continuing operations may not be comparable to other similarly titled measures of other companies. We believe that Adjusted EBITDA from continuing operations is a widely followed measure of operating performance and may also be used by investors to measure our ability to meet debt service requirements.

The following tables provide a reconciliation of Adjusted EBITDA from continuing operations to net income (loss) from continuing operations, the most directly comparable GAAP financial measure for the specified periods (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Reconciliation of net (loss) income from continuing operations to Adjusted EBITDA from continuing operations:				
Net (loss) income from continuing operations	\$ (1,198)	\$ (36,523)	\$ 3,487	\$ (38,770)
Depreciation, depletion, amortization and accretion	4,634	2,827	8,104	4,910
Gains on disposal of assets, net	(4,641)	(1,077)	(5,316)	(4,549)
Impairment of long-lived assets	—	31,669	—	31,669
Equity based compensation	544	—	544	—
Stock based compensation	—	200	—	412
Interest expense (income), net	784	(298)	270	(383)
Loss (gain) on marketable securities, net	1,116	—	(5,987)	—
Other (income) expense, net	(471)	628	138	960
Provision (benefit) for income taxes	1,853	(934)	3,309	(97)
Adjusted EBITDA from continuing operations	<u>\$ 2,621</u>	<u>\$ (3,508)</u>	<u>\$ 4,549</u>	<u>\$ (5,848)</u>

Liquidity and Capital Resources

We require capital to fund ongoing operations including maintenance expenditures on our existing fleet of equipment, organic growth initiatives, investments and acquisitions, and the litigation settlement obligations described in Note 18. Commitments and Contingencies of the notes to the unaudited condensed consolidated financial statements and under “Capital Requirements and Sources of Liquidity” below. Our primary sources of liquidity have been cash on hand, borrowings under our revolving credit facility, proceeds from the sale of assets and cash flows from operations. Our primary uses of capital have been for investing in property, plant and equipment used to provide our services and to acquire complementary assets and businesses.

Liquidity

The following table summarizes our liquidity as of the dates indicated (in thousands):

	June 30, 2026	December 31, 2025
Cash and cash equivalents	\$ 50,869	\$ 101,987
Revolving credit facility borrowing base	25,000	50,000
Less letter of credit facilities (environmental remediation)	(2,573)	(2,573)
Less letter of credit facilities (insurance programs)	(2,400)	(2,400)
Net working capital (less cash, cash equivalents and restricted cash) ^(a)	7,712	(6,940)
Total	<u>\$ 78,608</u>	<u>\$ 140,074</u>

(a) Net working capital (less cash, cash equivalents and restricted cash) is calculated by subtracting total current liabilities, cash and cash equivalents and restricted cash from total current assets.

As of August 4, 2026, we had unrestricted cash on hand of \$40.4 million, marketable securities of \$27.5 million, no outstanding borrowings under our revolving credit facility, leaving an aggregate of \$20.0 million of available borrowing capacity under this facility, after giving effect to \$5.0 million of outstanding letters of credit. As of August 4, 2026, we had cash, cash equivalents and marketable securities of \$67.9 million.

Cash Flows

The following table sets forth our cash flows for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net cash used in operating activities from continuing operations	\$ (7,472)	\$ (7,289)	\$ (10,224)	\$ (7,754)
Net cash provided by (used in) operating activities from discontinued operations	482	(5,236)	200	(2,059)
Net cash used in investing activities from continuing operations	(34,719)	(25,623)	(45,062)	(22,392)
Net cash provided by investing activities from discontinued operations	—	117,481	4,581	111,258
Net cash used in financing activities from continuing operations	(205)	(128)	(670)	(253)
Net cash used in financing activities from discontinued operations	—	(175)	—	(3,848)
Effect of foreign exchange rate on cash	(105)	110	(111)	113
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>\$ (42,019)</u>	<u>\$ 79,140</u>	<u>\$ (51,286)</u>	<u>\$ 75,065</u>

Operating Activities from Continuing Operations

Net cash used in operating activities from continuing operations was \$10.2 million during the six months of 2026 compared to \$7.8 million for the prior-year period. The increase primarily reflected investments in working capital, including increases in accounts receivable and inventories, partially offset by increases in accounts payable and accrued liabilities.

Investing Activities from Continuing Operations

Net cash used in investing activities from continuing operations was \$45.1 million during the first six months of 2026, compared to \$22.4 million during the prior-year period. The increase primarily reflected aviation fleet purchases, acquisitions and purchases of marketable securities, partially offset by proceeds from asset sales.

The following table summarizes our purchases of property, plant and equipment by segment for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Rental services ^(a)	\$ 41,213	\$ 26,821	\$ 50,548	\$ 26,940
Infrastructure services ^(b)	900	—	2,835	110
Natural sand proppant services ^(c)	1,001	—	1,236	93
Accommodation services ^(c)	158	58	359	75
Drilling services ^(c)	691	19	691	116
Total purchases of property, plant and equipment	<u>\$ 43,963</u>	<u>\$ 26,898</u>	<u>\$ 55,669</u>	<u>\$ 27,334</u>

(a) Capital expenditures primarily for expansion of our aviation rental fleet and equipment rental purchases for the three months ended June 30, 2026 and six months ended June 30, 2025.

(b) Capital expenditures primarily for equipment for our fiber optic fleets for the periods presented.

(c) Capital expenditures primarily for equipment for the periods presented.

Financing Activities from Continuing Operations

Net cash used in financing activities from continuing operations was \$0.7 million during the six months of 2026, compared to \$0.3 million during the prior-year period. The increase primarily related to repurchases of common stock and payments on finance lease obligations.

Net Working Capital

Our net working capital totaled \$70.5 million and \$107.1 million at June 30, 2026 and December 31, 2025, respectively. Our unrestricted cash balances were \$50.9 million and \$102.0 million at June 30, 2026 and December 31, 2025, respectively.

Revolving Credit Facility

Refer to Note 10 of the notes to the unaudited condensed consolidated financial statements for a description of the revolving credit facility. At June 30, 2026, the facility was undrawn and provided \$20.0 million of remaining borrowing capacity after letters of credit.

Repurchase Program Authorization

On August 10, 2023, our board of directors approved a stock repurchase program pursuant to which we would be authorized to repurchase up to the lesser of \$55 million or 10 million shares of our common stock, subject to the factors discussed below. Any stock repurchases under this program may be made opportunistically from time to time in open market or privately negotiated transactions in compliance with Rule 10b-18 under the Securities Act of 1934, as amended, including any 10b5-1 plan, and will be subject to market conditions, applicable legal and contractual restrictions, liquidity requirements and other factors. The repurchase program has no time limit, does not require us to repurchase any specific number of shares and may be suspended from time to time, modified or discontinued by our board of directors at any time. Any common stock repurchased as part of such stock repurchase program will be cancelled and retired. We have repurchased and retired 230,730 shares of our common stock for approximately \$0.5 million under the stock repurchase program during the six months ended June 30, 2026.

Capital Requirements and Sources of Liquidity

We expect cash on hand, marketable securities, operating cash flows and available borrowing capacity to be sufficient to fund anticipated capital expenditures, working capital requirements and other obligations. During the six months ended June 30, 2026, capital expenditures totaled \$55.7 million. For 2026, excluding aviation acquisitions, capital expenditures are currently expected to total approximately \$32.5 million. We continue to evaluate acquisition opportunities and may use cash, debt, equity or a combination thereof to finance future transactions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the market risks disclosed in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2025 except as described below.

Interest Rate Risk

At June 30, 2026, we had no borrowings outstanding under our revolving credit facility. Accordingly, we had limited exposure to changes in interest rates.

Marketable Securities Risk

As of June 30, 2026, the recorded fair value of our equity investments in publicly traded companies was \$26.1 million. These investments are subject to market price volatility, and current global economic conditions add further uncertainty. However, our holdings are concentrated in publicly traded equity securities. Accordingly, we believe that a meaningful sensitivity analysis is not practicable. Because these securities are measured at fair value, changes in market prices are recognized in earnings each reporting period. As a result, future reported earnings may be materially affected by unrealized gains and losses associated with these investments, which may not be indicative of realized investment results or our underlying operating performance.

Foreign Currency Risk

Our remote accommodation services segment generates revenue and incurs expenses that are denominated in the Canadian dollar. These transactions could be materially affected by currency fluctuations. Changes in currency exchange rates could adversely affect our consolidated results of operations or financial position. We also maintain cash balances denominated in the Canadian dollar. At June 30, 2026, we had \$6.2 million of cash, in Canadian dollars, in Canadian accounts. A 10% increase in the strength of the Canadian dollar versus the U.S. dollar would have resulted in an increase in pre-tax income of approximately \$0.2 million as of June 30, 2026. We have not hedged our exposure to changes in foreign currency exchange rates and, as a result, could incur unanticipated translation gains and losses.

Customer Credit Risk

See Note 2 and Note 18 of the notes to the unaudited condensed consolidated financial statements for additional discussion of PREPA-related credit exposure.

Item 4. Controls and Procedures

Evaluation of Disclosure Control and Procedures

Under the direction of our Chief Operating Officer and Chief Financial Officer, we have established disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The disclosure controls and procedures are also intended to ensure that such information is accumulated and communicated to management, including our Chief Operating Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

At June 30, 2026, an evaluation was performed under the supervision and with the participation of management, including our Chief Operating Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act. Based upon our evaluation, our Chief Operating Officer and Chief Financial Officer have concluded that at June 30, 2026, our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the quarter ended June 30, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Due to the nature of our business, we are, from time to time, involved in litigation or subject to disputes or claims related to our business activities, including breaches of contractual obligations, workers' compensation claims, employment related disputes, arbitrations, class actions and other litigation. We are also involved, from time to time, in reviews, investigations, subpoenas and other proceedings (both formal and informal) by governmental agencies regarding our business (collectively, "regulatory matters"), which regulatory matters, if determined adversely to us, could subject us to significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. In the opinion of our management, none of the pending litigation, disputes or claims against us is expected to have a material adverse effect on our financial condition, cash flows or results of operations, except as disclosed in Note 18. Commitments and Contingencies of the notes to the unaudited condensed consolidated financial statements.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K filed with the SEC on March 6, 2026. For a discussion of the trends and uncertainties impacting our business and risks associated with the Settlement Agreement with PREPA, see also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview of Our Industries—."

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

The number of shares of common stock repurchased and retired by us during the three months ended June 30, 2026 is set forth below.

	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽²⁾
April 1 - April 30, 2026	—	—	—	\$ 54,595,741
May 1 - May 31, 2026	—	—	—	\$ 54,595,741
June 1 - June 30, 2026	43,062	\$ 2.99	43,062	\$ 54,466,485
Total	43,062		43,062	

- (1) Excludes excise tax on common stock repurchases and retirements, which is included as part of the cost basis of the shares acquired.
- (2) On August 10, 2023, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to the lesser of \$55 million or 10 million shares of its common stock. The repurchase program has no stated expiration date and may be suspended, modified, or discontinued at any time. All shares repurchased under the program are cancelled and retired.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

See our Annual Report on Form 10-K for the year ended December 31, 2025 for a discussion of the regulatory framework governing our mining operations. Required quarterly mine safety disclosures are included in Exhibit 95.1.

Item 5. Other Information

None of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the second quarter ended June 30, 2026.

Item 6. Exhibits

The following exhibits are filed as a part of this report:

Exhibit Number	Exhibit Description	Incorporated By Reference				Filed Herewith	Furnished Herewith
		Form	Commission File No.	Filing Date	Exhibit No.		
3.1	Amended and Restated Certificate of Incorporation of the Company	8-K	001-37917	11/15/2016	3.1		
3.2	Amended and Restated Bylaws of the Company	8-K	001-37917	11/15/2016	3.2		
3.3	First Amendment to Amended and Restated Bylaws of the Company	8-K	001-37917	6/9/2020	3.1		
4.1	Specimen Certificate for shares of common stock, par value \$0.01 per share, of the Company	S-1/A	333-213504	10/3/2016	4.1		
4.2	Registration Rights Agreement, dated October 12, 2016, by and between the Company and Mammoth Energy Holdings, LLC	8-K	001-37917	11/15/2016	4.1		
10.1	N493SA Aircraft Lease Agreement, dated as of June 2, 2026 by and between Cobra Aviation Services LLC and Executive Express Aviation LLC						X
10.2	N258AW Aircraft Lease Agreement, dated as of July 28, 2026 by and between Cobra Aviation Services LLC and Executive Express Aviation LLC						X
31.1	Certification of Chief Operating Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934						X
31.2	Certification of Chief Financial Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934						X
32.1	Certification of Chief Operating Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002						X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002						X
95.1	Mine Safety Disclosure Exhibit						X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.						X
101.SCH	XBRL Taxonomy Extension Schema Document.						X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.						X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.						X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.						X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.						X
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.						X

Signatures

Pursuant to the requirements 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.

Date:	August 7, 2026	By:	MAMMOTH ENERGY SERVICES, INC. /s/ Bernard Lancaster Bernard Lancaster Chief Operating Officer and Principal Executive Officer
Date:	August 7, 2026	By:	/s/ Mark Layton Mark Layton Chief Financial Officer and Principal Financial Officer

AIRCRAFT LEASE AGREEMENT

dated as of

June 2, 2026

between

Bank of Utah
not in its individual capacity but solely as Owner Trustee

as Lessor

and

Executive Express Aviation LLC

as Lessee

One Pilatus Model PC12/45 with US Registration N493SA
Manufacturer's Serial Number 157
Equipped with one Pratt & Whitney Canada PT6A-67B Turboprop Engine
Manufacturer's Serial Number PCE-PR0220
One Hartzell Model HC-E4A-3D Propeller
Manufacturer's Serial Number KX50

INDEX

<u>SECTION</u>	<u>HEADING</u>	<u>PAGE</u>
	Preamble	
1.	Definitions	1
2.	Lease and Conditions	8
3.	Delivery and Acceptance; Effective Date; Term	10
4.	Rent; Payment; Security Deposit	11
5.	Representations and Warranties	13
6.	Possession and Use	18
7.	Information and Inspection	22
8.	Covenants of Lessee	23
9.	Replacement of Parts; Alterations; Modifications and Additions	24
10.	General Tax Indemnity	26
11.	Casualty Occurrences	28
12.	Insurance and Indemnification	29
13.	Liens	34
14.	Perfection of Title and Further Assurances	34
15.	Return of Aircraft and Records	35
16.	Events of Default	37
17.	Remedies	40
18.	Alienation; Section 1110, and the Cape Town Convention;	42
19.	Miscellaneous	43

AIRCRAFT LEASE AGREEMENT

THIS AIRCRAFT LEASE AGREEMENT, dated as of June 2, 2026, is by and between Bank of Utah a corporation organized and existing under the laws of the State of Utah, not in its individual capacity but solely as owner trustee under the Trust Agreement ("Lessor"), and Executive Express Aviation LLC, a limited liability company organized and existing under the laws of the State of Mississippi ("Lessee"). Each of Lessor and Lessee may be referred to as a "Party" and Lessor and Lessee may collectively be referred to as the "Parties".

WITNESSETH

WHEREAS, Lessee desires to lease from Lessor, and Lessor is willing to lease to Lessee, the Aircraft described herein, upon the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE, for and in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

SECTION 1 DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following respective meanings for all purposes of this Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Aircraft" shall mean the Airframe, together with (i) the Engine, whether or not installed on the Aircraft; (ii) the Propeller, whether or not installed on the Aircraft; (iii) all Parts and all components thereof; (iv) all ancillary equipment or devices furnished with the Aircraft under this Lease; (v) all Aircraft Documents; and (vi) all substitutions, replacements and renewals of any and all thereof.

"Aircraft Documents" shall mean (a) the maintenance and inspection records and all other current and historical records and documentation pertaining to the Aircraft identified in Exhibit B hereto (all of which shall be delivered to Lessee on or before the Delivery Date) and (b) the maintenance and inspection records generated and maintained by Lessee during the Term under Applicable Law, including the records required as set forth in Exhibit F hereto.

"Airframe" shall mean: (a) the certain Pilatus Model PC12/45 aircraft (excluding the Engine or engine from time to time installed thereon) bearing manufacturer's serial number 157; and (b) any and all Parts which are from time to time incorporated or installed on or attached thereto or which have been removed therefrom so long as title thereto remains vested in Lessor in accordance herewith, including the terms of Section 9 hereof.

"Airworthiness Directives" or ADs shall mean all airworthiness directives of the FAA and the Aviation Authority applicable to the Aircraft.

“Applicable Law” shall mean: (i) any law, statute, decree, constitution, regulation, order, judgment, rule, license, permit, injunction or other directive of any Governmental Entity; (ii) any treaty, pact, compact or other agreement to which any Governmental Entity is a signatory or party; (iii) any judicial interpretation with binding characteristics or application of those described in (i) or (ii) above; (iv) any administrative interpretation with binding characteristics or application of those described in (i) or (ii) above; and (v) any amendment or revision of any of those described in (i), (ii), (iii) or (iv) above, and in each case, which is applicable to the Aircraft and its use and operation, Lessee, or the transactions contemplated by this Lease and the Operative Agreements.

“Approved Insurance Broker” shall mean an insurance broker of internationally recognized responsibility and standing specializing in aircraft insurance as is reasonably acceptable to and approved by Lessor and any Lessor Lender.

“Approved Insurer” shall mean an insurer of internationally recognized responsibility and standing specializing in aircraft insurance, as is reasonably acceptable to and approved by Lessor and any Lessor Lender.

“Approved Maintenance Provider” shall mean: (i) with respect to any scheduled maintenance, modification, or alteration to the Aircraft, Lessee, or any other Person which is an FAA approved maintenance facility, and which is reasonably acceptable to Lessor; and (ii) with respect to any other required maintenance hereunder, any other Person which is an FAA approved maintenance facility.

“Aviation Authority” shall mean the FAA and any other applicable authority having jurisdiction in respect of the Aircraft.

“Basic Rent” shall mean the rent for the Aircraft specified on Exhibit C and payable throughout the Term for the Aircraft pursuant to Section 4.1 hereof.

“Basic Rent Payment Date” shall mean the day for payment of Basic Rent determined in accordance with Exhibit C.

“Beneficiary” shall mean Cobra Aviation Services, LLC, a limited liability company formed and existing under the laws of the State of Delaware.

“BOU” means Bank of Utah a corporation organized and existing under the laws of the State of Utah.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or required by law to be closed.

“Cape Town Convention” shall mean, collectively, the Protocol and the Convention.

“Casualty Occurrence” shall mean any of the following events with respect to the Aircraft, Airframe or the Engine: (a) loss of such property or its use due to theft or disappearance (including

hijacking) for a period in excess of ninety (90) consecutive days, or destruction, damage beyond economic repair, or rendition of such property permanently unfit for normal use by Lessee for any reason whatsoever; (b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss or on the basis of a compromised or constructive total loss; (c) the condemnation, confiscation, appropriation or seizure of, or requisition of title to, such property; or (d) the occurrence of any event described in Section 6.1(b)(iv) hereof. A Casualty Occurrence with respect to the Airframe shall constitute a Casualty Occurrence with respect to the Aircraft.

“Convention” shall mean the official English language text of the Convention on International Interests in Mobile Equipment, adopted on 16 November 2001 at a diplomatic conference held in Cape Town, South Africa, as the same may be amended or modified from time to time.

“Default” shall mean an event which would constitute an Event of Default but for the lapse of time or the giving of notice or both.

“Delivery Condition” shall mean the conditions set forth in Exhibit A-2 hereto.

“Delivery Date” shall mean the date of Lease Supplement No. 1.

“Delivery Location” shall mean the location specified in Exhibit C hereto for the delivery of the Aircraft by Lessor to Lessee.

“Delivery Time” shall mean the time specified in Lease Supplement No. 1 as the time on the Delivery Date when the delivery of the Aircraft from Lessor to Lessee is completed.

“Dollars or \$” shall mean lawful currency of the United States of America.

“DOT” shall mean the United States Department of Transportation or any successor thereto.

“Engine” shall mean such aircraft engine being identified as to manufacturer, type and manufacturer serial number in Exhibit A hereto, together in each case with any and all Parts incorporated or installed in or attached thereto and any and all Parts removed therefrom so long as title thereto remains vested in Lessor in accordance with the terms of Section 9 hereof after removal from such Engine.

“Estimated Delivery Date” shall mean the date specified on Exhibit C hereto.

“Event of Default” shall mean the occurrence of any of the events specified in Section 16 hereof.

“Existing Account Balances” shall have the meaning set forth in Section 6.4.

“FAA” shall mean the Federal Aviation Administration of the United States Department of Transportation or any successor thereto.

“FAA Counsel” shall mean Crowe Dunlevy, or such other counsel as notified by Lessor to Lessee.

“FAR” shall mean the Federal Aviation Regulations promulgated under the Federal Aviation Act, as amended and supplemented from time to time.

“Federal Aviation Act” shall mean 49 U.S.C. §40101 et. seq., as amended and as in effect on the date of this Lease, or any successor or substituted U.S. legislation at the time in effect and applicable.

“Governmental Entity” shall mean and include: (i) DOT; (ii) the Aviation Authority; (iii) any national, state, or local government (whether domestic or foreign), any political subdivision thereof or local jurisdiction therein; (iv) any board, commission, department, division, organ, instrumentality, court or agency of any entity described in (i), (ii) or (iii) above, however constituted; and (v) any association, organization or institution of which any entity described in (iii) or (iv) above is a member or to whose jurisdiction any such entity is subject or in whose activities any such entity is a participant but only (except for purposes of defining "Applicable Law" above) to the extent that any entity described in (i) through (v) above has jurisdiction over this Lease, the Operative Agreements or the Aircraft and its operations.

“Hot Section Engine Inspection ” shall mean the hot section engine inspection for the Engine as required under the Engine Manufacturer’s manual for the Engine.

“International Interest” shall mean an “International Interest” as defined in the Protocol.

“International Registry” shall mean the international registry as defined in and maintained pursuant to the Convention.

“Lease Agreement, this Lease Agreement, this Lease, this Agreement, herein, hereunder” or other like words shall mean this Lease and all Exhibits, Lease Supplements, amendments or modifications hereto or thereto from time to time entered into.

“Lease Identification” shall mean a placard in the form set forth in Exhibit C hereto.

“Lease Supplement” shall mean Lease Supplement No. 1, substantially in the form of Exhibit D hereto.

“Lessor Lender” shall mean any Person to whom Lessor may hereafter, grant a security interest in the Aircraft and/or this Lease and the other Operative Agreements for the purpose of any financing by Lessor, as so identified from time to time in writing by Lessor to Lessee, in a Lease Supplement or other notice.

“Lessor's Estate” shall mean all estate, right, title and interest of Lessor in and to the Aircraft, the Lease, the Lease Supplement, any bill of sale, any warranty with respect to the Airframe or the Engine, all amounts of Basic Rent and Supplemental Rent, including, without limitation, insurance

proceeds and requisition, indemnity or other payments of any kind for or with respect to the Aircraft.

“Lessor's Liens” shall mean Liens on the Aircraft or Lessor's Estate arising as a result of: (i) claims against Lessor or Lessor's Estate not related to the transactions contemplated by this Lease; or (ii) acts or omissions of Lessor, not contemplated and expressly permitted under this Lease; or (iii) Taxes imposed against Lessor, Lessor's Estate, or the Aircraft which are not indemnified against by Lessee pursuant to Section 10 hereof; or (iv) claims against Lessor, Lessor's Estate or the Aircraft arising out of the voluntary transfer by Lessor of all or any part of its interests in Lessor's Estate, the Aircraft or this Lease, other than a transfer pursuant to Sections 11 or 18 hereof; or (v) Liens granted by Lessor to any Lessor Lender.

“Lien” shall mean any mortgage, pledge, lien, charge, encumbrance, hypothecation, lease, exercise of rights, security interest or claim (including any imposed with respect to any Taxes, or any airport fees, landing fees, navigation charges or related charges) and resulting from any act or omission of Lessee and effecting Lessor's Estate, the Aircraft, or this Lease.

“LLP” shall mean any Part that has a predetermined life limit as mandated by the Manufacturer, Engine Manufacturer or any applicable Governmental Entity which requires any such part to be discarded upon reaching such life limit.

“Maintenance Check” shall mean (i) Required Engine Inspection , (ii) the Hot Section Engine Inspection or (iii) the Propeller Inspection.

“Maintenance Contribution Items” shall mean, individually or collectively as the context indicates, Engine Overhaul, Engine Hot Section, Landing Gear overhaul, and Propeller overhaul.

“Maintenance Contribution Payments” shall mean the payments the Lessor is required to make to the Lessee pursuant to Section 6.4 hereof.

“Maintenance Program” shall mean either (i) Lessee's FAA approved maintenance program for Pilatus PC12/45 aircraft as amended from time to time or (ii) manufacturer's FAA approved maintenance program for Pilatus PC12/45 aircraft. Upon request by Lessor, Lessee shall immediately provide a copy of and/or any information concerning such Maintenance Program to Lessor which shall only be used or disseminated by Lessor for purposes related to this Lease.

“Operating Certificate” shall mean the Lessee's Air Carrier Certificate issued by the FAA.

“Operative Agreements” shall mean this Lease, any Lease Supplement and any other documents and agreements executed and delivered by Lessor, Lessee, or any Lessor Lender or any other Person in furtherance of the transactions contemplated hereby.

“Original Engine” shall mean the specific Engine being identified as to manufacturer, type and manufacturer serial number in Exhibit A hereto, not including any Substitute Engine which may

from time to time be substituted therefore pursuant to and in accordance with the terms of this Lease.

"Parts" shall mean all appliances, components, parts, instruments, appurtenances, avionics, accessories, furnishings, auxiliary power units, and other equipment of whatever nature (other than the complete Engine or engine), which may now or from time to time be incorporated or installed in or attached to the Airframe or the Engine (including any hush kits). Except as otherwise set forth herein, only at such time as a replacement part shall be substituted for a Part in accordance with Section 9 hereof, shall the Part so replaced cease to be a Part hereunder.

"Permitted Lien" shall mean: (i) any Lien for Taxes which are either not assessed or, if assessed, are not yet due and payable or are being contested in good faith by appropriate proceedings for the payment of which adequate reserves have been provided; or (ii) any undetermined or inchoate Lien of a repairer, carrier, hangarkeeper, material supplier or other similar Lien arising in the ordinary course of business in respect of obligations which are not overdue or which have been adequately bonded or are being contested in good faith by appropriate proceedings for which adequate reserves have been provided; provided that (in the case of both (i) and (ii)) such proceedings, or the continued existence of such Lien, do not involve any material danger of the sale, forfeiture or loss of the Aircraft; or (iii) the respective rights of the parties to the Operative Agreements as set forth therein, and any Liens expressly permitted thereby including Liens granted by Lessor to any Lessor Lender.

"Person" shall mean and include any individual, corporation, company, limited liability company, partnership, firm, joint stock company, joint venture, trust, estate, unincorporated organization, association or Governmental Entity.

"PMA Part" shall mean a part, component, furnishing, appliance, module, accessory instrument or other item of equipment which is not listed in the most recent revision of the illustrated parts catalogue which is published by the Airframe Manufacturer and which has been manufactured under the FAA parts manufacturer approval (PMA) process.

"Propeller" shall mean such propeller being identified as to manufacturer, type and manufacturer serial number in Exhibit A hereto, together in each case with any and all Parts incorporated or installed in or attached thereto and any and all Parts removed therefrom so long as title thereto remains vested in Lessor in accordance with the terms of Section 9 hereof after removal from such Propeller.

"Propeller Inspection" shall mean the inspection for the Propeller set forth in the Propeller Manufacturer's instructions for continued airworthiness.

"Protocol" shall mean the official English language text of the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, adopted on 16 November 2001 at a diplomatic conference held in Cape Town, as the same may be amended or modified from time to time.

"Rent" shall mean Basic Rent and Supplemental Rent, collectively.

“Replacement Engine” shall have the meaning set forth in Exhibit C hereof.

“Required Engine Inspection” shall mean the inspection for the Engine set forth in the Engine Manufacturer’s instructions for continued airworthiness.

“Return Conditions” shall mean the return conditions for the Aircraft specified in Exhibit E hereof.

“Return Location” shall have the meaning set forth in Section 15.1 hereof.

“Return Occasion” shall mean any return of possession of the Aircraft to Lessor upon the Expiration Date, or upon Lessor taking possession of the Aircraft pursuant to Section 17 hereof.

“Routine Engine Maintenance” shall mean the performance of normal routine and non-routine line maintenance which can be performed while an Engine is installed on the Airframe and any other maintenance, inspection, repair or overhaul resulting from foreign object damage or abuse or misuse.

“Service Bulletins” or SBs shall mean all mandatory service bulletins issued by the Airframe, Engine or any Parts manufacturer with respect to the Aircraft.

“Supplemental Rent” shall mean any and all amounts, liabilities and obligations (other than Basic Rent) which Lessee assumes or agrees to pay hereunder to Lessor, or any Lessor Lender, including without limitation: (i) any payment of Casualty Value; (ii) any payment of indemnity required by Sections 10 or 13 hereof; (iii) to the extent permitted by Applicable Law, interest at the Interest Rate (all computations of interest under this Lease to be made on the basis of a three hundred sixty (360) day year for the actual number of days elapsed) calculated on any part of any installment of Basic Rent not paid on the due date thereof for the period the same remains unpaid, and on any Supplemental Rent not paid when due hereunder until the same is paid; (iv) the Use Payments; and (v) the Security Deposit.

“Taxes” shall mean any and all sales, use, business, gross income, personal property, transfer, fuel, leasing, occupational, value added, excess profits, excise, gross receipts, franchise, stamp, ad valorem, income, levies, imposts, customs, import and export, withholdings, goods and services, or other taxes, excises, or duties of any nature whatsoever, together with any penalties, fines, charges or interest thereon.

“Technical Acceptance” shall mean Lessee’s written notification to Lessor that Lessee has accepted the technical condition of the Aircraft in accordance with Section 3.1 and the Delivery Conditions set forth in Exhibit A-3.

“Term” shall mean the term of this Lease which shall commence on the Delivery Date and which shall end on the Expiration Date.

“Trust Agreement” shall mean the Trust Agreement (N493SA) dated as of July 6, 2022 between Bank of Utah and JAH2PC12-157, LLC, as assigned, assumed and amended by that certain

Assignment, Assumption and Amendment Agreement, dated on or about April 3, 2025, among JAH2 US Aircraft Holdings, LLC, the Beneficiary and the Lessor.

The terms Base Term, Basic Rent Payment Date, Casualty Value, Delivery Location, Engine Manufacturer, Estimated Delivery Date, Expiration Date, Indemnities, Initial Security Deposit, Inspection and Delivery Procedure, Interest Rate, Lease Identification, Lessee's Address, Lessor's Address, Manufacturer, Payment Location, Propeller Manufacturer, Security Deposit Balance, Security Deposit and Use Payments shall have the meanings set forth in Exhibit C hereto.

SECTION 2 LEASE AND CONDITIONS

2.1 Lessor hereby agrees to lease the Aircraft to Lessee, and Lessee hereby agrees to lease the Aircraft from Lessor, subject to and in accordance with the terms hereof, as supplemented by the Lease Supplement; At all times during the term of this Lease, the Aircraft shall be under the exclusive operational control of Lessee, and Lessee will be responsible for airworthiness and maintenance. The Lessor acknowledges that, subject to the Lessor's rights as provided in Sections 3.3, 16, and 17, the Aircraft shall be in the legal custody and control of the Lessee during the Term of the Lease and that the Lessor will not provide, directly or indirectly, any flight crew member to operate the Aircraft for the duration of the Lease.

2.2 Lessor shall deliver the Aircraft to Lessee upon the completion/satisfaction of the following items on or before the Delivery Date (or such later date as specified below), all of which shall be reasonably satisfactory in form and substance to both Lessor and Lessee, and duly authorized and executed:

- (a) this Lease and the Lease Supplement in the form of Exhibit D hereto, along with each of the other Operative Agreements;
- (b) Lessor shall have received approval by the Board of Directors and Executive Committee of Lessor for the transaction contemplated hereunder;
- (c) the Lessor shall have received the Security Deposit;
- (d) Lessor shall have received payment of Basic Rent for the first month during the Term;
- (e) no Casualty Occurrence shall have occurred with respect to the Aircraft;
- (f) Lessor shall have received a copy of the articles of organization of Lessee, and containing all amendments and additions, a certificate of good standing issued by the state of Lessee's organization, as well as an officer's certificate evidencing due authority of Lessee for the execution, delivery and performance of this Lease, the Operative Agreements, and all other documents related thereto;

(g) Lessor shall have received a copy of Lessee's Operating Certificate and any other documentation or authority pursuant to which the Aircraft will be operated by Lessee, together with evidence that the same is valid and in compliance with the requirements of the FAA;

(h) Lessor shall have received a certificate signed by a duly authorized officer of Lessee, dated as of the Delivery Date, stating that: (i) the representations and warranties contained in Section 5.3 hereof are true and accurate on and as of such date as though made on and as of such time; and (ii) no event has occurred and is continuing, or would result from the execution, delivery and performance by Lessee of this Lease and the Operative Agreements which constitutes a Default or an Event of Default;

(i) Lessor shall have received an opinion or report, dated the Delivery Date, signed by an Approved Insurance Broker as to the due compliance with the insurance provisions of Section 12 hereof with respect to the Aircraft in form and substance reasonably satisfactory to Lessor and any Lessor Lender;

(j) Lessor shall have received certificates of an Approved Insurance Broker evidencing the insurance as required by Section 12 hereof in form and substance reasonably satisfactory to Lessor and any Lessor Lender;

(k) three (3) original, executed counterparts of this Lease and the Lease Supplement that have been pre-positioned with FAA Counsel;

(l) Lessor shall have received confirmation that Lessee is registered as a Transacting User Entity (as defined in the Cape Town Convention) and has granted an authorization to the FAA Counsel, acting as a Professional User Entity (as defined in the Cape Town Convention) to register an International Interest in favor of Lessor with respect to the Airframe and the Engine; and

(m) At Delivery, the Aircraft shall be in compliance with the Delivery Conditions as evidenced by Lessee's execution and delivery of the Technical Acceptance Certificate; and

(n) Lessor shall have received such other documents and matters incident to any of the foregoing as Lessor may reasonably request provided that such documents and matters are customary for transactions of this type and do not impose additional material obligations or liabilities on Lessee beyond those expressly contemplated by this Lease.

2.3 Subject to and in accordance with the terms of this Lease, Lessee shall accept the Aircraft hereunder from Lessor upon (i) Lessee's determination that the Aircraft meets the Delivery Conditions, (ii) Lessee's execution and delivery of the Technical Acceptance Certificate, and (iii) the receipt by Lessee of tender of the Aircraft and the Aircraft Documents at Delivery.

SECTION 3 INSPECTION DELIVERY AND ACCEPTANCE; EFFECTIVE DATE; TERM

3.1 Pre-Delivery Inspection and Delivery. The Aircraft will become available for delivery on or about the Estimated Delivery Date. Lessor shall arrange to make the Aircraft and Aircraft Documents (including by electronic link) available to Lessee not later than seven (7) Business Days after execution of this Lease. Lessee will be entitled to accomplish a pre-delivery inspection, at Lessee's sole expense, at the Delivery Location, not later than ten (10) days after receipt of the Aircraft Documents. Lessee shall give Lessor four (4) days advance notice, in writing, of the date of inspection so that Lessor may have a designee or representative present at the inspection. The inspection may include Lessee's review of the Aircraft Documents and a physical inspection of the Aircraft and its equipment and will be conducted and completed within four (4) calendar days. . Within two (2) Business Days following such inspection, and in accordance with the Delivery Conditions, Lessee shall either notify Lessor that it technically accepts the Aircraft by delivering the signed Technical Acceptance Certificate to Lessor, or Lessee shall specify in writing the specific conditions which are the basis for not taking technical acceptance, and Lessor shall thereafter have a reasonable opportunity to rectify such conditions, whereupon if the conditions are rectified, the Lessee will technically accept the Aircraft by delivering the signed Technical Acceptance Certificate to Lessor. If Lessee does not technically accept the Aircraft and Lessor does not rectify the conditions identified by Lessee, this Lease shall terminate and the Security Deposit shall be returned to Lessee in full within two (2) Business Days.

3.2 Place of Delivery and Acceptance. Subject to and in accordance with the terms of this Lease, the Aircraft shall be delivered to and accepted by Lessee at the Delivery Location set forth in Exhibit C.

3.3 Casualty to the Aircraft Preceding Delivery. In the event of a Casualty Occurrence with respect to the Aircraft prior to the execution of Lease Supplement No. 1, Lessor shall promptly notify Lessee in writing and the obligation of Lessor to make the Aircraft available to Lessee, and the obligation of Lessee to lease the Aircraft from Lessor, shall terminate. In such event, Lessor shall promptly return to Lessee the difference between any monies paid by Lessee to Lessor hereunder, including the Security Deposit, less the costs and expenses payable by Lessee pursuant Section 19.8 hereof. Notwithstanding anything to the contrary contained in this Lease or any other Operative Agreement, neither party shall be liable for any delay in delivery of the Aircraft, or failure to deliver the Aircraft, caused by acts of God, (including but not limited to fire, floods, earthquakes or other natural disasters) or caused by acts of any Governmental Entity.

3.4 Acceptance of Aircraft. Subject to the Lessee's determination that the Aircraft is in the Delivery Condition as evidenced by Lessee's delivery of the Technical Acceptance Certificate, the Aircraft to be leased hereunder shall be delivered to Lessee in "AS IS, WHERE IS" and "WITH ALL FAULTS" condition and SUBJECT TO EACH AND EVERY DISCLAIMER OF WARRANTY AND REPRESENTATION AS SET FORTH IN SECTION 5.1 HEREOF. Upon tender of delivery of the Aircraft by Lessor to Lessee in compliance with Lessor's

obligations pursuant to this Lease, Lessee shall accept the Aircraft and shall indicate and confirm its acceptance of the Aircraft by executing and delivering Lease Supplement No. 1 in the form set forth in Exhibit D hereto.

3.5 Effective Date and Term of Lease. The effective date of this Lease shall be the Delivery Date and the Term of this Lease shall continue until the later of the last day of the Base Term or the last day of any Extension Period, if applicable; provided that this Lease may be earlier terminated by Lessor pursuant to the provisions of Sections 3.3, 11 or 16 hereof.

SECTION 4 RENT; PAYMENT; SECURITY DEPOSIT

4.1 Rent. Lessee covenants and agrees to pay to Lessor, or its permitted assigns (including but not limited to any Lessor Lender) or whoever shall be entitled thereto, the following as Rent:

(a) the Basic Rent as set forth in Exhibit C hereto throughout the Term hereof, payable in consecutive monthly installments in advance and due on each Basic Rent Payment Date; and

(b) any and all Supplemental Rent as the same becomes due, including without limitation the Use Payments, payable in accordance with Section 4.6 hereof.

4.2 Place and Method of Payment. All Basic Rent and Supplemental Rent payable under this Lease shall be paid in U.S. Dollars, by wire transfer of immediately available funds at the Payment Location specified on Exhibit C hereto, or at such other location as Lessor shall designate in writing to Lessee. Each payment of Rent shall be made by the Lessee in immediately available funds prior to 12:00 o'clock noon, New York City time, on the scheduled date when such payment shall be due.

4.3 Non-Business Day; Date of Receipt.

(a) If any payment of Rent falls due hereunder on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

(b) All payments shall be considered to have been made on the date on which they are received at the Payment Location in the manner provided in Section 4.2.

4.4 Interest on Overdue Amounts. If Lessee fails to pay any sum when due hereunder, Lessee shall pay interest thereon at the Interest Rate as Supplemental Rent from the date such sum fell due until the date of payment thereof. Such interest shall be payable by Lessee to Lessor on demand, shall be calculated on the basis of a year of 360 days and the actual number of days elapsed in the period during which the sum is outstanding and shall be compounded monthly during such period.

4.5 Prohibition Against Setoff, Counterclaim, Etc. This Lease is a net lease. Lessee's obligation to pay all Rent hereunder shall be absolute and unconditional and shall not be affected or reduced by any circumstances, including, without limitation: (i) any setoff, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, the Manufacturer, any seller of or Person providing services with respect to the Aircraft or any other Person, for any reason whatsoever; (ii) any defect in the condition, design, operation, merchantability or fitness for use of, or any damage to or loss or destruction of, the Aircraft, or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever, whether arising out of or related to an act or omission of Lessee, or any other Person; (iii) any Liens, Lessor Liens, or Permitted Liens with respect to the Aircraft; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessor or Lessee or any other Person; (v) any other circumstance or happening of any nature whatsoever, whether or not similar to any of the foregoing; or (vi) any Taxes (with respect to which Lessee's obligations shall be as set forth in Section 10 hereof); it being the express intention of Lessor and Lessee that all Rent payable hereunder shall be payable in all events, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease; provided, however, (A) nothing in this Section 4.5 shall be construed to waive any rights Lessee may have to bring a counterclaim against Lessor in the same proceeding, or to bring a separate action against Lessor, for breach of Lessor's obligations under this Lease, and Lessee expressly reserves the right to assert any such counterclaim, defense, or right of recoupment against Lessor in any proceeding in which Lessor seeks to enforce Lessee's obligations hereunder; (B) if the Aircraft is unairworthy or otherwise unable to be operated by Lessee under Applicable Law for any reason not caused by Lessee, its employees, agents, or contractors (including but not limited to a condition existing prior to Delivery and not disclosed to Lessee, a defect in Lessor's title to the Aircraft, a Lessor's Lien, or any action or inaction by Lessor, any Lessor Lender, or any Person claiming through Lessor), Basic Rent shall abate on a pro rata daily basis for each day during such period of unairworthiness or inability to operate, commencing on the first day the Aircraft is unable to operate and continuing until the condition is cured; and (C) Lessee shall have the right to recover from Lessor any direct damages incurred by Lessee as a result of any breach by Lessor of its representations, warranties, or obligations under this Lease..

4.6 Security Deposit.

(a) Lessor acknowledges that Lessee has paid to Lessor the Initial Security Deposit. On or prior to the date hereof, Lessee shall pay to Lessor an amount equal to the Security Deposit Balance. The Lessor shall hold the Security Deposit as security for the timely and faithful performance by Lessee of all of Lessee's obligations, and Lessee hereby grants Lessor a continuing security interest in the Security Deposit. Lessee agrees to execute and file with the appropriate Governmental Authorities any and all documents necessary or reasonably requested by Lessor to evidence and perfect such security interest in favor of Lessor. If Lessee fails to pay Rent hereunder or to pay any other sums due or to perform any of the other terms and provisions of this Lease or an Event of Default has otherwise occurred and is continuing hereunder, in addition to all other rights Lessor shall have hereunder and under the applicable Law, Lessor may use, apply or retain all or any portion of the Security Deposit in full or partial payment for sums due to Lessor by

Lessee under the terms and conditions of this Lease. If Lessor uses or applies all or any portion of such Security Deposit, such application shall not be deemed a cure of any Default, and Lessee shall within fifteen (15) days after written demand therefor deposit with Lessor in cash an amount sufficient to fully restore the Security Deposit to its original sum and the failure of Lessee to do so shall be a material breach of this Lease by Lessee.

(b) Provided no Event of Default has occurred and is continuing under this Lease, and subject to Section 4.6 (a) above, the balance of the Security Deposit shall be returned to Lessee within ten (10) Business Days upon the earlier of: (i) Lessee's return of the Aircraft in compliance with the Return Conditions and Lessor's issuance of the Redelivery Receipt; or (ii) termination of this Lease (A) prior to the Delivery date in accordance with Section 3.3; [(B) in accordance with Section 9.3.] .

(c) The Lessor need not maintain the Security Deposit in a segregated account and may commingle with Lessor's other funds. Interest, if any, which accrues on the Security Deposit, shall be for Lessor's account.

4.7 Use Payments. During the Term, on the fifth (5th) day of each calendar month, Lessee shall make Use Payments to Lessor, in respect of the operation of the Aircraft during the previous calendar month (each such period a "Use Payment Period") in such amounts with respect to the Engine OHC, Engine HIS, Landing Gear, and the Propeller as are specified in Exhibit C hereto. In addition, on the last day of the Term, Lessee shall make Use Payments to Lessor in respect of operation of the Aircraft for the period commencing on the day immediately succeeding the last day of the most recent Use Payment Period for which Lessor received a Use Payment and ending on the last day of the Term, in such amounts with respect to the Landing Gear, the Engine and the Propeller as are specified in Exhibit C hereto. All Use Payments constitute Supplemental Rent and shall be the exclusive property of Lessor at the time such amounts are paid to Lessor and Lessee shall have no rights, claims or interests in any such amounts.

SECTION 5 REPRESENTATIONS AND WARRANTIES

5.1 DISCLAIMER. SUBJECT TO THE LESSEE'S DETERMINATION THAT THE AIRCRAFT IS IN THE DELIVERY CONDITION, AS EVIDENCED BY LESSEE'S EXECUTION AND DELIVERY OF THE TECHNICAL ACCEPTANCE CERTIFICATE, LESSOR LEASES AND LESSEE EXPRESSLY AGREES TO TAKE THE AIRCRAFT "AS IS," "WHERE IS," WITH ALL FAULTS. LESSOR HAS NOT MADE AND SHALL NOT BE DEEMED TO HAVE MADE (WHETHER BY VIRTUE OF HAVING LEASED THE AIRCRAFT UNDER THIS LEASE, OR HAVING ACQUIRED THE AIRCRAFT, OR HAVING DONE OR FAILED TO DO ANY ACT, OR HAVING ACQUIRED OR FAILED TO ACQUIRE ANY STATUS UNDER OR IN RELATION TO THIS LEASE OR OTHERWISE) AND LESSOR HEREBY SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED (EXCEPT AS HEREIN BELOW PROVIDED IN THIS SECTION 5.1), AS TO AIRWORTHINESS, SERVICEABILITY, CONDITION, DESIGN, OPERATION, MERCHANTABILITY, FREEDOM FROM CLAIMS OF INFRINGEMENT OR

THE LIKE, OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT, THE ENGINE OR ANY PART, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE AIRCRAFT, THE ENGINE OR ANY PART, THE ABSENCE THEREFROM OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE COMPLETENESS AND VERACITY OF THE AIRCRAFT DOCUMENTS, OR AS TO ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED (INCLUDING ANY IMPLIED WARRANTY ARISING FROM A COURSE OF PERFORMANCE OR DEALING OR USAGE OF TRADE), WITH RESPECT TO THE AIRCRAFT AND/OR THE AIRCRAFT DOCUMENTS; AND LESSEE HEREBY WAIVES, RELEASES, RENOUNCES AND DISCLAIMS EXPECTATION OF OR RELIANCE UPON ANY SUCH WARRANTY OR WARRANTIES. LESSOR SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY WHATSOEVER TO LESSEE OR ANY OTHER PERSON, WHETHER ARISING IN CONTRACT OR TORT, OUT OF ANY NEGLIGENCE OR STRICT LIABILITY OF LESSOR OR OTHERWISE, FOR: (i) ANY LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED, DIRECTLY OR INDIRECTLY, BY THE AIRCRAFT, THE ENGINE OR ANY PART OR BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN OR BY ANY OTHER CIRCUMSTANCE IN CONNECTION THEREWITH; (ii) THE USE, OPERATION OR PERFORMANCE OF THE AIRCRAFT, THE ENGINE OR ANY PART OR ANY RISKS RELATING THERETO; (iii) ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS, ANY ANTICIPATED PROFITS, ANY INCIDENTAL DAMAGES OR ANY CONSEQUENTIAL DAMAGES; OR (iv) THE DELIVERY, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF THE AIRCRAFT. THE WARRANTIES AND REPRESENTATIONS SET FORTH IN THIS SECTION 5.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, AND LESSOR SHALL NOT BE DEEMED TO HAVE MADE ANY OTHER WARRANTIES, EXCEPT THAT:

- (a) Lessor warrants that at the Delivery Time on the Delivery Date, Lessor owns the Aircraft, and the Aircraft shall be free and clear of any and all Liens, other than Lessor's Liens;
- (b) Lessor further represents and warrants that the making and performance by Lessor of this Lease has been duly authorized by all necessary action on the part of Lessor and will not violate any provision of BOU's articles of association or other constitutional documents and neither the execution and delivery hereof nor the consummation of the transactions contemplated hereby nor compliance by Lessor with any of the terms and provisions hereof will, contravene any Applicable Law;
- (c) Lessor further represents and warrants that this Lease has been duly executed and delivered by Lessor, and that this Lease and the Lease Supplement and the other Operative Documents, when executed and delivered hereunder by Lessor constitute legal, valid and binding obligations of Lessor, enforceable in accordance with their respective terms except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and, to the extent that certain remedies require

or may require enforcement by a court of equity, by such principles of equity as a court having jurisdiction may impose;

(d) Neither Lessor nor any of its shareholders, members, officers or directors is an individual, entity or organization identified on (A) any Office of Foreign Assets Control ("OFAC") "watch list", including, without limitation, OFAC's list of Specially Designated Nationals and Blocked Persons, or (B) any Federal Bureau of Investigation "watch list" or Bureau of Industry and Security list of unverified persons or denied persons, and in each case it is not an affiliate of any kind with such an individual, entity or organization; and Lessor is not a person resident in, or whose funds are transferred from or through, or has operations in, a jurisdiction identified as non-cooperative by the Financial Action Task Force or sanctioned by OFAC; and

(e) Lessor represents and warrants that it has full legal title to the Aircraft and is a "citizen of the United States" within the meaning of 49 U.S.C. § 40102(a)(15).

5.2 Manufacturers' Warranties. So long as Lessee is not in Default and Lessor has not terminated this Lease, Lessor hereby assigns to Lessee such rights as Lessor may have under any warranty, express or implied, with respect to the Aircraft and the Engine made by the Manufacturer, the Engine Manufacturer, or any other Person (including any Approved Maintenance Provider), to the extent that the same exist or may be assigned by Lessor or otherwise made available to Lessee; and that any monies recovered pursuant to such warranties which are suffered during the Term shall be applied to correct or cure any defect or deficiency of the Aircraft, and the balance of any such monies shall be paid over to Lessee to reimburse it for any amounts paid by it to correct or cure such defect or deficiency during the Term which were properly reimbursable under such warranty; provided, however, that upon the occurrence of a Default or an Event of Default, all such rights shall immediately revert to, and all such monies shall be paid over to, Lessor including all claims thereunder, whether or not perfected. Upon the cure of any such Default or Event of Default, and provided that Lessor is not then pursuing any other remedies in respect thereof, then such rights shall revert to Lessee.

5.3 Lessee's Representations and Warranties. Lessee hereby represents and warrants the following, each of which shall survive the execution and delivery of this Lease, and the delivery by Lessor and acceptance by Lessee of the Aircraft:

(a) Lessee is a limited liability company duly formed and validly existing under the laws of the State of Mississippi, and has the full power and authority to carry on its business as presently conducted and to perform its obligations under this Lease and each of the Operative Agreements to which Lessee is a party;

(b) this Lease and each of the Operative Agreements to which Lessee is a party have been duly authorized by all necessary action on the part of Lessee, do not require any approval of members or stockholders of Lessee, and neither the execution and delivery hereof nor the consummation of the transactions contemplated hereby nor compliance by Lessee with any of the terms and provisions hereof will, contravene any

Applicable Law or result in any breach of, or constitute any default under, or result in the creation of any Lien upon any property of Lessee under Lessee's constitutive documents or any credit agreement or instrument or other agreement or instrument to which Lessee is a party or by which Lessee or its properties or assets are bound or affected;

(c) no consent, approval or authorization of, or notice to, any Governmental Entity having jurisdiction with respect to the execution, delivery or performance by Lessee of this Lease, and each of the Operative Agreements to which Lessee is a party (including all monetary and other obligations hereunder or thereunder) is required for Lessee to execute and deliver this Lease, and to perform the transactions contemplated hereby;

(d) this Lease has been duly executed and delivered by Lessee, and the Lease, the Lease Supplement and the other Operative Agreements, when executed and delivered by Lessee, constitute legal, valid and binding obligations of Lessee, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally;

(e) there are no suits or proceedings pending or, to the knowledge of Lessee, threatened in any court or before any Governmental Entity against or affecting Lessee which would, if adversely determined, have a materially adverse effect on the current business or financial condition of Lessee or Lessee's ability to perform its obligations under any of the Operative Agreements;

(f) except for (i) the registration of the Aircraft on the aircraft registry maintained by the FAA, (ii) the placing on the Aircraft and on the Engine of the plates containing the legends referred to in Section 6.6, (iii) the filing for recordation with FAA of this Lease, (iv) the filing of financing statement pursuant to the provisions of the Uniform Commercial Code in effect in the State of New York, and (v) the registration of an International Interest for the Airframe and the Engine on the International Registry, no further filing or recording of this Lease or of any other document and no further action is necessary under the Laws of any Governmental Entity in order to fully protect and establish Lessor's title to the Aircraft as against Lessee or any third party;

(g) except for the rights of Lessee conferred by this Lease, Lessee shall not have, or claim to have, any other interest in the Aircraft or make any demands against Lessor in respect thereof;

(h) the Maintenance Program complies with all FAA requirements;

(i) Lessee is a U.S. Part 135 certificated air carrier, and in connection with such designation, has satisfied all of the requirements of and is in good standing

with the FAA and all other applicable Governmental Entities, and has complied with and satisfied all requirements of the FAA and/or other applicable Governmental Entities, as applicable, so as to enable it to fulfill its obligations hereunder, and to otherwise lawfully operate, possess, use and maintain the Aircraft; and

(j) Lessee currently possesses and will continue to maintain all required and necessary economic and technical competency authority from all Governmental Entities having authority over those jurisdictions to which Lessee is presently operating aircraft and to which Lessee will operate the Aircraft, and will further obtain any additional authorities required during the Term of the Lease.

(k) all of the written information that Lessee has provided in connection with this Lease was true, correct and complete at the time it was given; (ii) Lessee is entering into this Lease and the transactions contemplated hereby solely for its own account, risk and beneficial interest and not for the account or beneficial interest of any third party; (iii) neither Lessee nor any of its shareholders, members, officers or directors is an individual, entity or organization identified on (A) any OFAC "watch list", including, without limitation, OFAC's list of Specially Designated Nationals and Blocked Persons, or (B) any Federal Bureau of Investigation "watch list" or Bureau of Industry and Security list of unverified persons or denied persons, and in each case it is not an affiliate of any kind with such an individual, entity or organization; (iv) Lessee does not have a shell bank or offshore bank; and (v) Lessee is not a person resident in, or whose funds are transferred from or through, or has operations in, a jurisdiction identified as non-cooperative by the Financial Action Task Force or sanctioned by OFAC.

SECTION 6 POSSESSION AND USE

6.1 Possession.

(a) Sublease, Assignment and Transfer. Lessee hereby covenants and agrees that, without the prior written consent of Lessor and any Lessor Lender (which consent Lessor or any Lessor Lender may withhold in its sole discretion), Lessee will not, and hereby acknowledges and confirms that it has no right to, assign this Lease or sublease or transfer possession of the Aircraft, the Airframe or the Engine, or install the Engine or permit the Engine to be installed on any airframe other than the Airframe, provided, however, that so long as no Default or Event of Default shall have occurred and be continuing and as long as the action to be taken shall not affect the registration of, Lessor's title to, or the priority of any Lien of any Lessor Lender in and to, the Aircraft and so long as all necessary approvals of each Governmental Entity having jurisdiction over Lessee, and its operations, have been obtained, then Lessee may:

(i) without the prior written consent of Lessor or any Lessor Lender, deliver possession of the Aircraft, the Airframe, the Engine, the

Propeller or any Part thereof, to the manufacturer thereof for testing or other similar purposes or to any Approved Maintenance Provider for inspection, service, repair, maintenance, testing or overhaul work; and

- (ii) without the prior written consent of Lessor or any Lessor Lender, install an engine (other than an Engine) on the Airframe or a part (other than a Part) on the Aircraft, provided that such installation does not create, or permit to exist, any Liens on the Aircraft except those permitted under Section 14 hereof and those which apply only to such engine or part which has been installed on the Aircraft.

6.2 Lawful Insured Operations. Throughout the Term, Lessee shall ensure that the Aircraft will be used at all times in accordance with all Applicable Laws and shall conform with all laws, rules and regulations governing the Aircraft. Lessee will not permit the Aircraft to be maintained, used or operated in violation of any Applicable Law or law of any Governmental Entity, or in violation of any airworthiness certificate, or license or registration issued by any such authority, or contrary to the Manufacturer's operating manuals or instructions for the Aircraft. Lessee agrees not to operate the Aircraft or permit the Aircraft to be operated: (i) unless the Aircraft is covered by insurance as required by the provisions hereof, (ii) contrary to the terms of such insurance, or (iii) except in a configuration for flights for which Lessee is duly authorized.

6.3 Maintenance. Lessee, at its own cost and expense, shall:

- (a) perform or cause an Approved Maintenance Provider to perform all inspections, repair, maintenance, overhaul and testing (including but not limited to any Airworthiness Directives and Service Bulletins): (i) in compliance with all applicable FAA rules and regulations; (ii) in compliance with the Maintenance Program, (iii) in compliance with the Manufacturer's and Engine Manufacturer's recommended maintenance programs and mandatory service bulletins where mandated by the FAA and applicable to Lessee's operation, including aging aircraft, structural inspection and corrosion control programs; (iv) the FAA approved maintenance programs of the Lessee; (v) in the same manner and with the same care as shall be the case with similar aircraft and engines owned or operated by or on behalf of Lessee without discrimination, and (vi) so as to keep the Aircraft in as good operating condition as when delivered to Lessee, ordinary wear and tear excepted, with all systems in good operating condition;

- (b) keep the Aircraft in such operating condition as is necessary to enable all certificates, licenses, permits and authorizations required for the use and operation of the Aircraft to be maintained at all times under applicable FAA regulations and any other Applicable Law;

(c) maintain, in the English language, all records, logs and other materials required by, and in accordance with the requirements of Exhibit F hereto, and in a manner acceptable to the FAA;

(d) furnish Lessor on or before the fifth day of each calendar month a report for the immediately preceding calendar month in substantially the form of Exhibit G;

(e) maintain the Engine in accordance with the Maintenance Program including the performance of all Routine Engine Maintenance and all non-routine maintenance work in order to maintain the Engine in as good operating condition as when delivered, reasonable wear and tear excepted; and

(f) Lessee shall not modify any material provision of the Maintenance Program, including but not limited to extending any service intervals beyond standard extensions and escalations, without first obtaining the Lessor's prior written consent, which consent shall not be unreasonably withheld.

6.4 Maintenance Contribution Payments.

(a) Lessor shall maintain four (4) separate accounts as book entries.

- (i) Engine overhaul account (the "Engine OHC Account");
 - (ii) PT6 Hot Section Inspection account (the "HIS Account");
 - (iii) Landing Gear overhaul account (the "Landing Gear Account");
 - and
 - (iv) Propeller overhaul account (the "Propeller Account");
- (items (i), (ii), (iii) and (iv) are hereinafter referred to as the "Accounts").

During the Term, the balance of each Account (the "Existing Account Balance") shall be increased by the amount of each Use Payment that the Lessee makes which corresponds to such Account and shall be decreased by the amount of any Maintenance Contribution Payment that the Lessor makes to Lessee. The Existing Account Balances for each Account shall remain separate and distinct and no transfer of the Existing Account Balance from one Account to another shall be permitted.

(b) Subject to the limitations in this Section 6.4(b), Lessor will reimburse Lessee for the cost of the (i) Engine overhaul; (ii) Engine Hot Section Inspection (iii) Landing Gear overhaul, and (iv) Propeller overhaul in each case only up to the amount of the then Existing Account Balance for the applicable Account. The obligation of Lessor to reimburse Lessee shall be subject to the satisfaction of the following conditions: (i) no Event of Default shall have occurred and be continuing; (ii) Lessor's receipt of originals or copies of invoices or other evidence of the performance of such Maintenance Contribution Item by

an Approved Maintenance Provider and (iii) the amount and proof of payment of the relevant Maintenance Contribution Item, in each case to the Lessor's reasonable satisfaction, delivered no later than sixty (60) days after the date of the performance of such Maintenance Contribution Item. Lessee shall be responsible for the cost of any Maintenance Contribution Item in excess of the Existing Account Balance. No claim for reimbursement may be submitted after the end of the Term unless a Maintenance Contribution Item has been performed as part of the return conditions. The Lessor will not reimburse Lessee for any Maintenance Contribution Item required as a result of any ingestion or foreign object damage, improper maintenance, repair or operation, incorrect or unauthorized settings, overspeed, overtemperature operation, accident or incident, exposure to stress or heat beyond limits, immersion in salt water or exposure to corrosive agents outside normal operation, or for the performance of any AD or SB, whether or not mandatory. Lessor will not reimburse any part of the cost of transportation or the cost of obtaining customs clearance for importation of parts (including, but not limited to, import/export duties, levies and other Taxes). If Lessee intends to undertake any Maintenance Contribution Item, the cost for which it will seek reimbursement from the Lessor, Lessee shall notify Lessor at least ten (10) days in advance of such Maintenance Contribution Item, and shall request Lessor's consent in writing, of the workscope Lessee desires to accomplish, the estimated cost thereof and the maintenance facility Lessee proposes to have accomplish the work.

6.5 Registration. At all times during the Term, Lessee shall cause the Aircraft to be remain registered in the United States of America in accordance with Applicable Law reflecting, to the extent possible, that Lessor is the owner and lessor hereunder.

6.6 Lease Identification. Upon delivery of the Aircraft, Lessee agrees to place the Lease Identification in the cockpit in a location reasonably adjacent to, and not less prominent than the airworthiness certificate for the Aircraft and to place the Lease Identification on the Engine.

6.7 Maintenance Program. Lessee shall not modify, nor shall any transferee or sublessee permitted under this Agreement, any material provision of the Maintenance Program, including but not limited to extending any service intervals beyond standard extensions and escalations, without first obtaining the Lessor's prior written consent, which consent shall not be unreasonably withheld.

SECTION 7 INFORMATION AND INSPECTION

7.1 During the Term of this Lease, Lessee agrees to furnish to Lessor and any Lessor Lender the following:

(a) as soon as available after the end of each fiscal year (but not later than one hundred eighty (180) days after the end of such fiscal year), a copy of Lessee's annual consolidated profit and loss account and balance sheet;

(b) three (3) Business Days after completion of any non-routine, unscheduled maintenance of the Aircraft, Lessee shall notify Lessor of the nature and outcome of such maintenance;

(c) upon the Lessor's written request, written summaries of Lessee's maintenance programs relating to the Aircraft; and

(d) from time to time such information concerning the location, condition, use and operation of the Aircraft as Lessor or any Lessor Lender may reasonably request.

7.2 Lessee shall permit Lessor and/or any Lessor Lender, or a designee of either, on two (2) days prior written notice or at each Maintenance Check, to visit and inspect the Aircraft, its condition, use and operation, and the books, records and logs maintained and relating to the Aircraft at any reasonable time during normal business hours without interfering with the normal commercial operation of the Aircraft. Lessee shall provide Lessor with thirty (30) days prior written notice of each Maintenance Check or portion thereof. Notwithstanding the foregoing, Lessor shall have the right to inspect the Aircraft at any time that a Default or an Event of Default has occurred and is continuing. Neither Lessor nor any Lessor Lender shall have any duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection. Lessor's or any Lessor Lender's failure to object to any condition or procedure observed or observable in the course of an inspection hereunder shall not be deemed to waive or modify any of the terms of this Lease with respect to such condition or procedure.

SECTION 8 COVENANTS OF LESSEE

In addition to and not in limitation of Lessee's other representations, warranties, covenants and agreements set forth elsewhere in this Lease, Lessee covenants and agrees that:

(a) Maintenance of Company Existence. During the Term, Lessee will preserve and maintain its company existence.

(b) Maintenance of Status. Lessee is and shall remain duly qualified to operate and maintain the Aircraft under Applicable Law and in accordance with the requirements of this Agreement. Lessee will maintain in full force and effect during the Term, a current operating certificate, air transport license and a current certificate of airworthiness for the type of operations conducted by Lessee.

(c) Payment of Taxes. Lessee will promptly pay or cause to be paid all Taxes due and owing during the Term as provided in Section 10 hereof.

(d) Place of Business. Lessee will provide to Lessor at least thirty (30) days prior written notice of any change in its principal place of business.

(e) Notice of Default. Immediately after Lessee obtains knowledge of a Default or an Event of Default hereunder, Lessee shall immediately notify Lessor in writing. In addition, Lessee shall provide immediate notice to Lessor if the police or any other authority seizes or impounds the Aircraft.

(f) Governmental Consents. Lessee shall maintain in full force and effect all governmental consents, licenses and authorizations, obtained in connection with this Lease.

(g) No Liens. Lessee shall at all times keep the Aircraft free and clear of Liens except as permitted under Section 14 hereof.

(h) Licenses. Lessee will maintain in full force and effect during the Term, a current Part 135 operating certificate and a current certificate of airworthiness.

(i) No Discrimination. Lessee shall not discriminate in its maintenance and care, operation or any other conditions or obligations with respect to the Aircraft as between it and the other Pilatus Model PC12/45 aircraft operated by Lessee. Lessee will not replace time-controlled components with anything other than zero-time-since-overhaul components of equivalent model, manufacture, and value. Lessee will not replace LLPs with anything other than parts with no less life remaining than the part being replaced had on the Delivery Date, and of equivalent model, manufacture, and value.

SECTION 9 **REPLACEMENT OF PARTS; ALTERATIONS; MODIFICATIONS AND ADDITIONS**

9.1 Replacement of Parts. Lessee, at its own cost and expense will promptly replace or cause to be replaced, all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. All replacement Parts (a) shall be free and clear of all Liens, other than Liens permitted by Section 14 hereof, (b) shall be in at least the same modification status and service bulletin accomplishment status as the Part being replaced, (c) shall be interchangeable as to form, fit and function and of the same model and manufacturer as the Part being replaced, (d) shall have been overhauled, repaired and inspected by an FAA approved agency and shall bear FAA acceptable tags, and (e) shall be in as good an operating condition as, and have a value, utility and remaining useful life at least equal to, the Parts replaced; provided, however, that Lessee shall replace each time controlled Part with a replacement Part that has not less than one hundred per cent (100%) of the remaining time until the next overhaul or replacement and Lessee shall replace each LLP with a replacement LLP that has no less life remaining than the original LLP being replaced had on the Delivery Date. All replacement Parts shall have "back-to-birth" records and

all historical records relating to such replacement Parts shall be maintained by Lessee in English. Lessee shall not use, and shall ensure that no transferee or sublessee permitted under this Agreement shall use, any PMA Part without the Lessor's prior written consent.

All Parts, which are at any time, removed from the Aircraft shall remain the property of Lessor and subject to this Lease, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to the Aircraft and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to the Aircraft as above provided, (i) title to the removed Part shall thereupon vest in Lessee, free and clear of all rights of Lessor, (ii) title to such replacement Part shall thereupon vest solely in Lessor, free and clear of any and all Liens other than Lessor's Liens or Permitted Liens and (iii) such replacement Part shall become subject to this Lease.

9.2 Alterations, Modifications and Additions. Subject to Section 9.3 below, Lessee, at its own cost and expense, shall make or cause to be made such alterations and modifications in and additions to the Aircraft, the Engine or Parts, as may be required from time to time to meet the applicable standards of the FAA, or to comply with any Applicable Law. Title to all Parts incorporated or installed in or attached or added to the Aircraft as the result of such alteration, modification or addition shall vest immediately in Lessor and shall become subject to this Lease, provided, however, that Lessee may remove such Parts prior to return of the Aircraft on the Expiration Date if such removal does not damage or otherwise result in any diminution in value of the Aircraft, and provided further, that Lessee replaces and restores any Parts originally installed on the Aircraft as of the Delivery Date and which were removed.

9.3 Airworthiness Directives and Service Bulletins. The costs of complying with and otherwise accomplishing any Airworthiness Directive or Service Bulletin requiring the mandatory alteration and modification of Pilatus PC12/45 Model aircraft shall be the responsibility of the Lessee. Notwithstanding the foregoing, solely with respect to an Airworthiness Directive or Service Bulletin applicable to the Engine, the Lessor shall be responsible for the cost of complying with any such Airworthiness Directive or Service Bulletin; provided, however, if the cost of any such compliance exceeds Five Hundred Thousand Dollars (\$500,000) (the "Engine AD/SB Threshold"), the Lessor may elect not to pay for the cost of such Airworthiness Directive or Service Bulletin and terminate this Lease. If Lessor so elects to terminate this Lease, Lessor shall not bear any liability for any costs or losses incurred by Lessee as result of such termination.

SECTION 10 GENERAL TAX INDEMNITY

10.1 Indemnity. Lessee shall pay when due and indemnify and hold each Indemnitee harmless from and against any and from all Taxes imposed against any such Indemnitee, Lessee, the Aircraft or any interest therein or use thereof, as well as Taxes arising out of this Lease, and each other Operative Agreement, or based on or measured by, the payments of Rent and other amounts due hereunder or thereunder, the terms, covenants and conditions hereof and thereof, or the use, operation, maintenance, possession, condition, control, occupancy, servicing, installation, transportation, storage, substitution, recording, documentation, import and export of the Aircraft

by Lessee in connection with its use and operation thereof, rental, lease, modification, location, repair, abandonment, replacement, delivery, registration, repossession, improvement, subleasing, manufacture, rental, settlement of any insurance claim, return or other disposition of the Aircraft or any Part thereof or interest therein regardless of the method of calculation; provided, however, that Lessee shall have no obligation to pay any of the following Taxes: (i) assessed by the federal government of the United States, or any state, or any foreign country or international taxing authority against the Indemnitees which are based upon or measured by their respective gross annual incomes, profits, gains, capital or net worth, or Taxes in lieu of any of the foregoing; (ii) Taxes attributable to any Indemnitee's gross negligence or willful misconduct; or (iii) Taxes imposed as a result of Lessor's voluntary or involuntary transfer or other disposition of the Aircraft or any Part thereof or interest therein, except a transfer or sale resulting directly from a Default or Event of Default hereunder.

10.2 Miscellaneous. In case any report or return is required to be made with respect to any Taxes which are an obligation of Lessee under this Section 10, Lessee will either make such report or return in such manner as will show the ownership of the Aircraft in Lessor or will notify Lessor of such requirement.

Lessee's obligations under this Section 10 shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or any other Person for any reason whatsoever. Lessee will pay to an Indemnitee to the extent permitted by Applicable Law, interest at the Interest Rate on any amount not paid to such Indemnitee when due pursuant to this Section 10 until the same shall be paid in full. All indemnities, obligations, adjustments and payments provided for in this Section 10 shall survive, and remain in full force and effect, notwithstanding the expiration or other termination of this Lease.

10.3 Gross-Up. Lessee further agrees that if at any time any Applicable Law or any Governmental Entity requires any deduction or withholding in respect of Taxes from any payment of Rent or other amounts due under this Lease, the sum due from Lessee shall be increased to the extent necessary to ensure that, after paying such Taxes, the Indemnitee receives a net sum equal to the sum which it would have received had no such deduction or withholding been required ; provided, however, Lessee shall have no obligation to gross-up any payment to the extent such deduction or withholding arises solely as a result of (i) Lessor's assignment, sale, or transfer of its interest in this Lease or the Aircraft to a Person organized or resident outside the United States, (ii) a change in the tax residency or status of Lessor or any assignee, or (iii) any action by Lessor or any assignee that causes a withholding obligation that would not have existed but for such action.

10.4 Timing of payment. Any amount payable by Lessee pursuant to this Section 10 will be paid promptly, or on demand by Lessor, within the later of ten (10) days of the demand or thirty (30) days prior to the date such Tax is due to the taxing authority.

10.5 Contest. Notwithstanding anything in this Section 10 to the contrary, so long as (i) a contest of such Taxes does not involve a material danger of the sale, forfeiture or loss of, or imposition of a Lien on, the Aircraft or any interest therein, and (ii) Lessee has provided Lessor

with an opinion of independent tax counsel that a reasonable basis exists for contesting such claim, then Lessor or Indemnatee at Lessee's written request will in good faith, with due diligence and at Lessee's expense, contest such Taxes.

10.6 Refunds. Upon receipt by Lessor or Indemnatee of a refund of all or any part of any Taxes which Lessee has paid, Lessor or Indemnatee, as the case may be, will pay to Lessee the amount of such Taxes refunded, including any interest paid to Lessor or Indemnatee therewith.

SECTION 11 CASUALTY OCCURRENCES

11.1 Casualty Occurrence with respect to the Aircraft. Immediately after a Casualty Occurrence with respect to the Aircraft, Lessee shall give Lessor written notice. On or before ninety (90) days after the date of the Casualty Occurrence, or upon receipt of insurance proceeds in an amount equal to the Casualty Value, whichever is sooner, Lessee shall pay to Lessor the Casualty Value. Upon such payment, and the payment of all other amounts then due and payable under this Lease (i) the obligation of Lessee to make further payments of Basic Rent shall terminate (ii) this Lease shall terminate with respect to the Aircraft, and (iii) Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest, in and to the Aircraft, free and clear of Lessor's Liens, as well as all of Lessor's right, title and interest in and to the Engine constituting part of the Aircraft but not installed thereon at the time of the Casualty Occurrence. No Casualty Occurrence shall result in any abatement of Rent until receipt by Lessor of the Casualty Value.

11.2 Application of Proceeds and Payments. Any payments received at any time by Lessor or by Lessee from any insurer (other than liability insurance), or from any Governmental Entity or other Person with respect to a Casualty Occurrence will be applied to the payment of the Casualty Value due to Lessor, or, if already paid by Lessee (unless a Default or an Event of Default shall have occurred and be continuing) shall be applied to reimburse Lessee

11.3 Requisition for Use by Government. In the event of the requisition for use by a Governmental Entity of the Aircraft (other than a requisition constituting a Casualty Occurrence), all of Lessee's obligations under this Lease, including without limitation those with respect to the Airframe or such Engine, shall continue to the same extent as if such requisition had not occurred; Provided no Default or Event of Default has occurred and is continuing, all payments received by Lessor or Lessee from the Governmental Entity for the use of the Airframe or such Engine during the Term therefor shall be paid over to, or retained by, Lessee. All payments received by Lessor or Lessee from the Governmental Entity for the use of the Aircraft after the Term therefor shall be paid over to, or retained by Lessor.

11.4 Other Applications. Any amounts not payable to or retained by Lessee pursuant to this Section 11 or Section 12 hereof because a Default or an Event of Default shall have occurred and be continuing shall be paid to Lessor until such Default or Event of Default shall cease to be continuing.

SECTION 12 INSURANCE AND INDEMNIFICATION

12.1 Public Liability and Property Damage Insurance. Lessee will carry and maintain in effect, at its own cost and expense, with Approved Insurers, comprehensive aircraft liability insurance. Such Liability Insurance shall (i) be in an amount not less than Fifteen Million United States Dollars (US\$15,000,000) subject to a deductible approved by Lessor (such approval not to be unreasonably withheld or delayed), and (ii) extended to include war and allied perils under Extended Coverage Endorsement as per AVN52E.

12.2 Insurance Against Loss or Damage. Lessee, at its own cost and expense, will maintain in effect with Approved Insurers "all-risk" ground and flight aircraft hull insurance, including but not limited to fire, theft, ingestion, crash and collision and war and allied perils. Such insurance shall be for an amount not less than the greater of the Casualty Value or the full replacement value of the Aircraft, in form AVN67B or comparable.

12.3 Required Policy Designations and Provisions. Each policy of insurance obtained and maintained pursuant to this Section shall: (i) name Lessor as owner of the Aircraft and name the Indemnitees as additional insureds, and Lessor (or any Lessor Lender for so long as such Lessor Lender has a security interest in the Aircraft), as sole loss payee (with no obligation to pay any premiums for any such policies); (ii) expressly provide that, in respect of the interests of the Indemnitees, the insurance shall not be invalidated by any action or inaction of Lessee, and shall insure the Indemnitees regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee; (iii) provide that cancellation, adverse change or lapse shall not be effective as to the Indemnitees for thirty (30) days (seven (7) days in the case war risks or allied perils coverage or such lesser period of time as may be customarily applicable after receipt written notice by Lessor and any Lessor Lender; (iv) include coverage for all territorial limits of any country in which the Aircraft may at any time be located; (v) provide waivers of set-off, counterclaim or any other deduction, and subrogation against Indemnitees; and (vi) provide that losses shall be payable directly to Lessor or Lessor Lender as sole loss payee. Each such policy shall be primary without right of contribution from any other insurance which may be carried by the Indemnitees.

12.4 Application of Insurance Proceeds for a Casualty Occurrence. Insurance payments arising from a Casualty Occurrence shall be applied in accordance with Section 11.2 hereof.

12.5 Application of Insurance Proceeds for Other than a Casualty Occurrence. Insurance payments for any property damage not constituting a Casualty Occurrence shall be paid to Lessor and applied by Lessor in payment for repairs Lessee or for replacement property Lessee is required to obtain, or, if already paid for by Lessee, to reimburse

12.6 Application in Default. Any amount otherwise payable to Lessee under Sections 11.2 or 12.5 shall not be paid to Lessee if at the time of such payment, a Default or an Event of Default has occurred and is continuing and instead shall be held by Lessor as security for the obligations of Lessee.

12.7 Certificates of Insurance. On or before the Delivery Date, and on each renewal of the insurance required hereby, Lessee will furnish to Lessor and any Lessor Lender a certificate and letter of undertaking from an Approved Insurance. Such insurance certificates shall include the following provisions (i) solely with respect to Liability Coverages, the Indemnitees shall be included as Additional Insureds, (ii) solely as respects Hull Coverage, all losses will be adjusted with the Named Insured and shall be payable to the Beneficiary.

12.8 Reinsurance. In the event that the insurances required hereunder are reinsured, Lessee shall use commercially reasonable efforts to procure that such reinsurance contains a "cut-through" clause reasonably satisfactory to Lessor; provided, however, the inability to obtain such clause despite commercially reasonable efforts shall not constitute a Default or Event of Default hereunder.

12.9 Indemnification. Lessee hereby agrees and undertakes to indemnify, reimburse and hold harmless each Indemnatee from and against any and all claims, damages, losses, liabilities, demands, judgments, settlements, , legal proceedings (whether civil or criminal), penalties, fines, other actions, and any reasonable attorneys' fees and all other costs and expenses in connection therewith, of whatsoever kind or nature, including any of the foregoing arising or imposed with or without any such Indemnatee's fault or negligence or under the doctrine of strict liability or any other theory of liability (any and all of which are hereafter referred to as "Claims") which may result from, pertain to, or arise out of : (i) any act or omission of Lessee, or its employees, agents, officers, directors, shareholders, or other representatives in respect of the transactions contemplated hereby, or the enforcement of any of the terms hereof, including but not limited to the breach of any representation, warranty, covenant, obligation or duty of Lessee hereunder or any other document or agreement executed and delivered in connection herewith or with respect to any Indemnatee; or (ii) the condition, manufacture, delivery, lease, acceptance, possession, repossession, return, disposition pursuant to the exercise of remedies under Section 17 hereof, airworthiness, use, maintenance, storage or operation of the Aircraft, the Airframe, the Engine or Part either in the air or on the ground; or (iii) any defect in the Aircraft (whether or not discovered or discoverable by Lessee or Lessor) arising from any material or articles or Parts used therein or from the design, testing, or use thereof or from any maintenance, repair, modification, alteration, service, repair, overhaul, or testing of the Aircraft, whether or not the Aircraft is in the possession of Lessee, and regardless of where the Aircraft may then be located; or (iv) any transaction, approval, or document contemplated by this Lease, or given or entered into in connection herewith; provided, however, that Lessee shall be subrogated to all rights and remedies which Lessor may have against the Manufacturer, the Engine Manufacturer, any Approved Maintenance Provider, or the manufacturer of any Part, or any of their subcontractors. In the event Lessee is required to indemnify any Indemnatee hereunder, Lessee shall pay to such Indemnatee an amount which, after deduction of all Taxes and like charges required to be paid by such Indemnatee in respect of such payment, is equal to the amount of the indemnification required, net of any credits received by such Indemnatee by reason of having made such payments, provided, however, that all of the provisions of Section 10.3 hereof shall apply to such payment.

12.10 Lessee hereby waives, and releases each Indemnatee from any Claims (whether now existing or hereafter arising) for or on account of or arising or in any way connected with injury to

or death of personnel or any agent of Lessee or loss or damage to property of Lessee or the loss of use of any property which may result from or arise in any manner out of or in relation to the ownership, manufacture, purchase, delivery, leasing, return, condition, use, maintenance, storage, disposition, repossession or operation of the Aircraft, either in the air or on the ground, or which may be caused by any defect in the Aircraft from the material or any article or Part used therein or from the design or testing thereof, or use thereof or from any maintenance, service, repair, overhaul, or testing of the Aircraft regardless of when such defect may be discovered, whether or not the Aircraft is at the time in the possession of Lessee, and regardless of the location of the Aircraft at any such time.

12.11 The indemnities contained in Section 12.9 shall survive the execution and delivery of this Lease and shall continue in full force and effect notwithstanding the expiration or other termination of this Lease or other Operative Agreement.

12.12 The following are excluded from Lessee's agreement to indemnify any Indemnatee under Section 12.9:

- (a) any Claim caused by the gross negligence or willful misconduct of such Indemnatee;
- (b) any Claim arising from acts or events which occur after the Return Occasion (other than pursuant to Section 18 hereof) and the payment and performance in full by Lessee of each of its obligations and liabilities under the Operative Agreements;
- (c) any Claim arising from acts or events which occur prior to delivery of the Aircraft to Lessee;
- (d) any Claim that arises solely and directly from the breach by an Indemnatee of this Lease or any of the other Operative Agreement;
- (e) any Claim to the extent Lessee's defense of such Claim is precluded as a result of the failure of an Indemnatee to timely notify Lessee of such Claim; and
- (f) any Claim that constitutes the ordinary and usual operating and overhead expenses of an Indemnatee.

SECTION 13 **LIENS**

Lessee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Aircraft, title thereto or any interest therein, except: (i) the respective rights of Lessor and Lessee as herein provided; (ii) Lessor's Liens with respect to the Aircraft; and (iii) Permitted Liens.

SECTION 14 **PERFECTION OF TITLE AND FURTHER ASSURANCES**

14.1 Recordation of Lease. Lessee shall, at Lessee's cost and expense, cause this Lease, and all exhibits hereto, any supplements hereto, to be filed and recorded, with the FAA and any other applicable Governmental Entity to the extent required to perfect and preserve Lessor's and Lessor Lender's interest and title in and to the Aircraft and this Lease.

14.2 Other Filings.

(a) Upon the occurrence of an Event of Default if any filing or recording is reasonably necessary to protect the interest of Lessor or any Lessor Lender, Lessee, at its own cost shall cause such filing to be made. In the event that Lessor refinances or otherwise grants a subsequent security interest to another Lessor Lender during the Term, then the costs and expenses of any such filings and/or recordings contemplated by this Section 14.2 shall be the responsibility of Lessor.

(b) In addition, Lessee will promptly and duly execute and deliver to Lessor such further documents and assurances and take such further actions as Lessor may from time to time reasonably request in order to more effectively carry out the intent and purpose of this Lease and to establish, protect and perfect the rights and remedies created or intended to be created in favor of Lessor and any Lessor Lender hereunder, including, without limitation, if reasonably requested by Lessor at the expense of Lessor, the execution and delivery of supplements or amendments hereto or to any Lessor Lender's security agreement in recordable form, subjecting this Lease to the Lien of any Lessor Lender's security agreement, and the recording or filing of counterparts thereof, in accordance with the laws of any appropriate jurisdiction.

(c) Lessee and Lessor will cause an International Interest to be registered with the International Registry with respect to the Airframe and the Engine.

SECTION 15 **RETURN OF AIRCRAFT AND RECORDS**

15.1 Return. On the Expiration Date or such other Return Occasion, Lessee, at its own expense, shall return the Aircraft to Lessor in the condition specified in Exhibit E hereto at a location within the continental U.S.A. mutually agreed by Lessor and Lessee, provided that if the Parties cannot agree, the return location shall be within five hundred (500) nautical miles of Lessee's principal operating base (the "Return Location"), fully equipped, with all required Parts and Engine, duly installed thereon. At such time as the Aircraft has been inspected by Lessor and found to be in the condition required hereunder, Lessor shall issue a redelivery receipt ("Redelivery Receipt") to Lessee.

15.2 Legal Status Upon Return. Upon any Return Occasion, the Aircraft: (i) shall be free and clear of all Liens, except for Lessor's Liens; (ii) shall have a current, valid certificate of airworthiness from the FAA, (iii) shall be eligible for Part 135 operation under FAA regulations; and (iv) shall be in full compliance with the Maintenance Program and all Airworthiness Directives and Service Bulletins in accordance with Section 9.3. .

15.3 Records. Upon the Return Occasion, Lessee shall deliver to Lessor all Aircraft Documents and all such Maintenance Program data and task cards required to transition the Aircraft to another operator's maintenance program.

15.4 Service Bulletin and Modification Kits. At or upon return, Lessee shall deliver to Lessor all service bulletin kits furnished without charge by a manufacturer which have not been installed. Any such kit relating to (i) the Airframe shall be delivered to the Lessor at Lessee's cost, and (ii) the Engine shall be delivered to Lessor at Lessor's cost. .

15.5 Condition of Aircraft. Upon the Return Occasion, Lessee shall return the Aircraft to Lessor in such condition that the Aircraft shall comply with all of the conditions set forth in Exhibit E hereto, with all Aircraft systems fully functional and in good working order.

15.6 Final Inspection. Upon the Return Occasion, Lessee shall make the Aircraft available, at Lessee's expense, to Lessor at Lessee's principal maintenance base or such other location mutually agreed to by Lessor and Lessee for detailed inspection (the "Final Inspection"). Lessee shall give Lessor not less than ten (10) days prior written notice of the commencement date of such Final Inspection. The Final Inspection shall commence on or before the Expiration Date. To the extent that any portion of the Final Inspection extends beyond the Expiration Date, and to the extent that any such delay was not caused by the Lessee, Lessee shall not be responsible to pay any Rent beyond the Expiration Date. Any storage expense attributable to the Final Inspection extending beyond the Expiration Date shall be the sole responsibility of the Lessor.

15.7 Aircraft Documentation. In order to enable Lessor to prepare for the Final Inspection of the Aircraft pursuant to Section 15.5 above, Lessee agrees to make available to Lessor at Lessee's principal maintenance base not later than ten (10) days prior to the commencement of such Final Inspection, the then available Aircraft Documents, together with such other documentation regarding the condition, use, maintenance, operation and history of the Aircraft generated during Lessee's possession of the Aircraft, and as Lessor may otherwise reasonably request.

15.8 Extension of Lease. To the extent that the Aircraft fails upon the Return Occasion to conform to any requirement imposed by this Lease, Lessee shall have thirty (30) days after written notice from Lessor identifying specific deficiencies to cure such deficiencies at Lessee's expense. If Lessee fails to cure such deficiencies within such thirty (30) day period. Lessor, at its sole option, may continue the Lease, and the Term shall be deemed to have been automatically extended, and the obligation to pay Rent shall continue on a daily basis at the rate of One Hundred Twenty-Five Percent (125%) of the Basic Rent until such time as the Aircraft is brought up to the condition required. Lessee shall not operate the Aircraft during any such extension period.

15.9 Demonstration Flight. Immediately prior to redelivery, at Lessee's expense, Lessee shall conduct a demonstration flight. Two (2) persons designated by Lessor may participate as non-participating observers.. If such demonstration flight reveals discrepancies outside of applicable maintenance and / or operation manual limits and if such discrepancies are specified in

writing by Lessor, Lessee, at its own expense, shall cause such discrepancies to be immediately rectified.

15.10 Return of Security Deposit. Upon compliance by Lessee with all of the terms and conditions of this Lease on or as of the Expiration Date, and provided no Event of Default has occurred and is continuing, Lessor shall upon the execution and delivery of the Redelivery Receipt return the Security Deposit (or that portion of the Security Deposit remaining after application thereof by Lessor in accordance with the terms hereof), together with all accrued interest thereon to Lessee within two (2) Business Days.

SECTION 16 **EVENTS OF DEFAULT**

Any one or more of the following occurrences or events shall constitute an Event of Default:

(a) Lessee shall fail to make any payment of Rent to Lessor within five (5) Business Days following the date when it is due under this Lease;

(b) Lessee (i) shall fail to obtain and maintain any insurance required under Section 12 , (ii) shall let any such insurance coverage lapse, or shall operate the Aircraft outside the scope of the insurance coverage or (iii) shall fail to redeliver the Aircraft to Lessor on the Expiration Date in compliance with the Return Conditions set forth herein;

(c) any representation or warranty made by Lessee in Sections 5.3(a) through 5.3(k) hereof inclusive is incorrect at the time given in any material respect; any other representation or warranty made by Lessee herein or in any document or certificate furnished to Lessor in connection herewith or therewith or pursuant hereto is incorrect in any material respect at any time during the Term and Lessee fails to cure the within thirty (30) days after the earlier of (i) Lessee's actual knowledge thereof or (ii) notice from Lessor, or such longer period as Lessor shall agree provided that Lessee is using best efforts in good faith to correct such defect;

(d) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it pursuant to this Lease and such failure shall continue for a period of thirty (30) days after notice thereof is given by Lessor to Lessee, or if Lessee shall fail to observe its covenant to keep the Aircraft free and clear of Liens (subject to Section 14 hereof), thirty (30) days after the date of imposition of any such Lien;

(e) Lessee consents to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or Lessee admits in writing its inability to pay its debts generally as they come due, or makes a general assignment for the benefit of creditors, or Lessee files a voluntary petition in;

(f) an order, judgment or decree is entered by any court appointing a receiver, trustee or liquidator for Lessee or of all or any substantial part of its property, respectively, or all or any substantial part of the property of Lessee is sequestered, and any such order, judgment or decree of appointment or sequestration remains in effect, undismissed, unstayed or unvacated for a period of sixty (60) days after the date of entry thereof;

(g) a petition against Lessee in a proceeding under bankruptcy or insolvency laws is filed and is not withdrawn or dismissed within sixty (60) days thereafter;

(h) a final judgment for the payment of money not covered by insurance in excess of Five Hundred Thousand United States Dollars (US\$500,000.00), shall be rendered against Lessee, and the same shall remain undischarged for a period of thirty (30) days; or

(i) Lessee shall default in any covenant or agreement relating to any obligation of Lessee for borrowed money in excess of \$500,000.00 and the maturity of such obligation has been accelerated; or

(j) An event of default shall occur under any lease (other than this Lease) under which Lessee or any of its affiliates leases an aircraft (other than the Aircraft) from Lessor, the Beneficiary or any affiliate of the Beneficiary ("Related Lease") or an event of default shall occur under any financing agreement under which Lessor, the Beneficiary or any of affiliate of the Beneficiary provides financing to Lessee or any of its affiliates for an aircraft (other than the Aircraft); or

(k) Lessee shall voluntarily suspend (not including any suspension necessitated by any labor dispute) all of its commercial air operations, or the franchises, concessions, permits, rights or privileges required for the conduct of the commercial air carrier business of Lessee shall be revoked, canceled or otherwise terminated.

SECTION 17 **REMEDIES**

17.1 Upon the occurrence of any Event of Default, Lessor may, at its option, exercise one or more of the following:

(a) demand that Lessee, and Lessee shall upon such demand and at Lessee's expense, immediately return the Aircraft to Lessor at such location as may be directed by Lessor, In addition, Lessor, to the extent permitted by Applicable Law, may enter upon the premises where the Aircraft is located and take immediate possession, all without liability except for damage caused by gross negligence or willful misconduct of Lessor;

(b) sell at private or public sale, or hold, use, operate or lease to others the Aircraft as Lessor may determine, all free and clear of any rights of Lessee;

(c) proceed by appropriate court action to enforce performance by Lessee and to recover damages;

(d) retain and/or liquidate the Security Deposit;

(e) terminate this Lease by written notice to Lessee and/or repossess the Aircraft;

(f) send a written notice to Lessee specifying a payment date not earlier than ten (10) days from the date of such notice, that Lessee must pay as liquidated damages for loss of a bargain and not as a penalty (in lieu of the installments of Basic Rent for the Aircraft due for the period from and after the payment date specified herein until the Expiration), the sum of any Rent due on or before such payment date (together with interest, if any, on such amount at the Interest Rate from such specified payment date until the date of actual payment of such amount) plus an amount equal to the aggregate remaining payments of Basic Rent due and owing for the remainder of the Term, after discounting such payments at a discount rate equal to the then-current yield on United States Treasury obligations of comparable remaining maturity; and/or

(g) exercise any other remedies available under Applicable Law.

In any event, upon the occurrence of an Event of Default, Lessee shall be liable for (i) any and all unpaid Rent, together with interest at the Interest Rate, (ii) all reasonable legal fees incurred by Lessor, and (iii) the costs and out of pocket expenses incurred by Lessor in connection with the repossession of the Aircraft. Further, upon the occurrence of any of the events specified in clauses (e), (f) and (g) of Section 16 hereof, this Lease shall immediately terminate, and Lessee shall return the Aircraft to Lessor.

Upon the occurrence of an Event of Default, in effecting any repossession, Lessor, its representatives and agents, to the extent permitted by Applicable Law shall: (i) have the right to enter upon premises where the Aircraft is reasonably believed, to be located; (ii) not be liable for the taking of personal property of Lessee in or attached to the Aircraft; provided that Lessor shall return all such personal property of Lessee; and (iii) not be liable for inadvertent damage to any of Lessee's property except for that caused by Lessor's gross negligence or willful misconduct

17.2 No remedy referred to in this Section 17 is intended to be exclusive, each shall be cumulative and in addition to any other remedy available to Lessor at law or in equity. No express or implied waiver by Lessor of any Default or Event of Default shall constitute a waiver of any future or subsequent Default or Event of Default.

SECTION 18 **ALIENATION; SECTION 1110 AND CAPETOWN;**

18.1 Alienation. Lessor shall have the right, at its sole cost and expense, to assign, sell or encumber any interest of Lessor in the Aircraft or this Lease subject to the rights of Lessee under this Lease. To effect any such assignment, sale or encumbrance, Lessee agrees to provide, at Lessor's sole cost and expense, including, but not limited to, Lessee's reasonable attorney's fees and costs, such agreements, consents, and documents as may be reasonably requested by Lessor, provided, however, that (i) no such assignment, sale or encumbrance shall increase the aggregate financial exposure of Lessee under this Lease as compared to what such obligations would have been absent such assignment, sale or encumbrance, (ii) Lessee's rights under this Lease, including the right to quiet enjoyment, shall not be diminished or adversely affected by any such assignment, and (iii) any successor Lessor shall be bound by all of the terms and conditions of this Lease.

18.2 Section 1110 and the Cape Town Convention.

(a) Throughout the Term Lessee shall take any reasonable actions requested by Lessor to enable Lessor to receive the benefits of Section 1110 of the Bankruptcy Code, 11 U.S.C. §1110, as amended ("Section 1110") or any equivalent provisions under the Cape Town Convention.

(b) The Lessor and the Lessee intend that this Lease constitutes a "true lease" and a lease for all United States federal income tax purposes. The Lessor and the Lessee further intend and agree that the Lessor shall be entitled to the full benefits afforded lessors of aircraft under Section 1110 or under the equivalent provisions under the Cape Town Convention.

(c) Lessee covenants to and agrees with Lessor that Lessee will support any motion, petition or application filed by Lessor seeking recovery of possession of the Aircraft under Section 1110 or under the Cape Town Convention, and Lessee shall not oppose such action by Lessor.

SECTION 19 **MISCELLANEOUS**

19.1 Severability, Amendment and Construction. Any provision of this Lease, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof; This Lease supersedes any prior or contemporaneous agreements, whether oral or in writing, of the parties hereto and shall constitute the entire agreement of the Parties. No provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by both Parties. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in the Aircraft. The headings in this Lease are for convenience of reference only and shall not define or limit any terms of the provisions hereof. Whenever required by the context hereof, the singular shall include the

plural and vice versa. All Exhibits and Schedules attached hereto are incorporated herein by reference and are deemed to be a part hereof.

19.2 Governing Law; Jurisdiction.

(a) This Lease shall in all respects be governed by, and construed in accordance with the internal laws of the State of New York without giving effect to the conflict of laws provisions (except sections 5-1401 and 5-1402 of the New York *General Obligations Law*, which the Parties agree apply hereto), including all matters of construction, validity and performance. Lessor and Lessee hereby expressly submit to the exclusive jurisdiction of the courts of the State of New York and the federal courts located in New York, New York. The foregoing shall not limit the rights of either party to enforce a judgment in any jurisdiction.

19.3 Notices. All notices required under the terms hereof shall be in writing, shall be sent to Lessor or Lessee at their respective addresses or e-mail addresses set forth in Exhibit C hereto (or such other addresses or e-mail address as the parties may designate from time to time by notice pursuant to this Section 19.3) by e-mail or by international courier service. Any such notice shall become effective upon the earlier of actual receipt or the third (3rd) day following the date such notice is sent by air courier.

19.4 Lessor's Right to Perform for Lessee. If Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any material covenant or material obligation hereunder and such failure continues beyond the applicable cure period set forth in this Lease, Lessor shall have the right but not the obligation to make such payment or perform such obligation. All expenditures made by Lessor pursuant to this Section 19.4 shall be commercially reasonable. The amount of any payment made and the amount of the reasonable expenses of Lessor incurred in connection therewith, together with interest thereon at the Interest Rate, shall be payable by Lessee to Lessor (as Supplemental Rent) upon demand. Lessor agrees to notify Lessee in writing prior to making any payment under this Section 19.4, unless the Aircraft will be in danger of loss, sale, confiscation, forfeiture or seizure should such payment not be made. The taking of any such action by Lessor pursuant to this Section 19.4 shall not constitute a waiver or release of any obligation of Lessee under the Lease, nor a waiver of any Event of Default which may arise out of Lessee's nonperformance of such obligation, nor an election or waiver by Lessor of any remedy or right available to Lessor under or in relation to this Lease.

19.5 Counterparts. This Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19.6 Quiet Enjoyment. Lessor covenants that, so long as no Event of Default has occurred or is continuing, Lessee shall quietly enjoy the use and possession of the Aircraft without interference by Lessor, or by any Person lawfully claiming by or through Lessor, at all times during the Term, including following any assignment by Lessor under Section 18.1.

19.7 Brokers. Lessor and Lessee each represent that neither has engaged a broker for purposes of this Lease.

19.8 Expenses. Except as otherwise expressly provided herein, Lessee shall be responsible for and pay (i) its costs and expenses incurred in connection with the negotiation and drafting of this Lease (ii) 50% of the fees of the FAA Counsel, (iii) 50% of the fees and expenses for FAA and International Registry filings, (iv) all fees and costs in connection with configuring the Aircraft for Part 135 operations, (v) all fees and costs in connection placing the Aircraft on Lessee's operation specifications, and (vi) costs incurred by Lessee in connection with the pre-delivery inspection of the Aircraft.

Confidential Treatment. The Parties each acknowledge that the commercial and financial information contained in this Lease is considered confidential. Each Party agrees that it will treat the contents and subject matter of this Lease as confidential and will not, without the prior written consent of the other, disclose this Lease or the subject matter hereof to any third party except to their respective affiliates and its and their respective employees, officers, directors, managers, members, partners, professional advisors, potential financing sources, insurance brokers, auditors and or other agents, as may be required by Applicable Law y, or in connection with any court order, court ruling or subpoena. . Notwithstanding the foregoing, Lessee may disclose the terms of this Lease to banks, auditors, and prospective purchasers of Lessee without Lessor approval, provided such entities have a requirement for such information based on their business relationship with Lessee and further agree to keep such information confidential.

19.11 No Lessee Consent Required For Assignment. Lessor shall have the right to sell, transfer or assign its right, title and interest in and to this Agreement and/or the Aircraft, subject to the provisions of Section 18.1, and Lessee shall execute such reasonable documents as are necessary to effectuate such sale, transfer or assignment. Lessor shall be responsible for the reasonable cost incurred by Lessee in connection with any such sale, transfer or assignment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Lessor and Lessee, each pursuant to due authority, have each caused this Aircraft Lease Agreement to be executed by their duly authorized officers as of the day and year first above written.

LESSOR:

BANK OF UTAH, not in its individual capacity but solely as owner trustee

By: /s/ Michael Arsenault

Name: Michael Arsenault

Title: Senior Vice President

LESSEE:

EXECUTIVE EXPRESS AVIATION LLC

By: /s/ Wayne Heller

Name: Wayne Heller

Title: President and CEO

AIRCRAFT LEASE AGREEMENT

dated as of

July 28, 2026

between

Cobra Aviation Services, LLC,

as Lessor

and

Executive Express Aviation LLC

as Lessee

**One Raytheon Aircraft Company Model 1900D
Bearing Manufacturer's Serial Number UE258
and US Registration N258AW
Equipped with two Pratt & Whitney Canada PT6A-67D Turboprop Engines
Manufacturer's Serial Number PCE-PS0350 and PCE-PS0224
Two Hartzell Model HC-E4A-3J Propellers
Manufacturer's Serial Number HJ1276 and HJ2323**

INDEX

<u>SECTION</u>	<u>HEADING</u>	<u>PAGE</u>
	Preamble	
1.	Definitions	1
2.	Lease and Conditions	8
3.	Delivery and Acceptance; Effective Date; Term	10
4.	Rent; Payment; Security Deposit	11
5.	Representations and Warranties	13
6.	Possession and Use	18
7.	Information and Inspection	22
8.	Covenants of Lessee	23
9.	Replacement of Parts; Alterations; Modifications and Additions	24
10.	General Tax Indemnity	26
11.	Casualty Occurrences	28
12.	Insurance and Indemnification	29
13.	Liens	34
14.	Perfection of Title and Further Assurances	34
15.	Return of Aircraft and Records	35
16.	Events of Default	37
17.	Remedies	40
18.	Alienation; Section 1110, and the Cape Town Convention;	42
19.	Miscellaneous	43

AIRCRAFT LEASE AGREEMENT

THIS AIRCRAFT LEASE AGREEMENT, dated as of July 28, 2026, is by and between Cobra Aviation Services, LLC ("Lessor"), and Executive Express Aviation LLC, a limited liability company organized and existing under the laws of the State of Mississippi ("Lessee"). Each of Lessor and Lessee may be referred to as a "Party" and Lessor and Lessee may collectively be referred to as the "Parties".

WITNESSETH

WHEREAS, Lessee desires to lease from Lessor, and Lessor is willing to lease to Lessee, the Aircraft described herein, upon the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE, for and in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

SECTION 1 DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following respective meanings for all purposes of this Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Aircraft" shall mean the Airframe, together with (i) the Engines, whether or not installed on the Aircraft; (ii) the Propellers, whether or not installed on the Aircraft; (iii) all Parts and all components thereof; (iv) all ancillary equipment or devices furnished with the Aircraft under this Lease; (v) all Aircraft Documents; and (vi) all substitutions, replacements and renewals of any and all thereof.

"Aircraft Documents" shall mean (a) the maintenance and inspection records and all other current and historical records and documentation pertaining to the Aircraft identified in Exhibit B hereto (all of which shall be delivered to Lessee on or before the Delivery Date) and (b) the maintenance and inspection records generated and maintained by Lessee during the Term under Applicable Law, including the records required as set forth in Exhibit F hereto.

"Airframe" shall mean: (a) the certain Raytheon Aircraft Company Model 1900D aircraft (excluding the Engines or engine(s) from time to time installed thereon) bearing manufacturer's serial number UE258; and (b) any and all Parts which are from time to time incorporated or installed on or attached thereto or which have been removed therefrom so long as title thereto remains vested in Lessor in accordance herewith, including the terms of Section 9 hereof.

"Airworthiness Directives" or ADs shall mean all airworthiness directives of the FAA and the Aviation Authority applicable to the Aircraft.

“Applicable Law” shall mean: (i) any law, statute, decree, constitution, regulation, order, judgment, rule, license, permit, injunction or other directive of any Governmental Entity; (ii) any treaty, pact, compact or other agreement to which any Governmental Entity is a signatory or party; (iii) any judicial interpretation with binding characteristics or application of those described in (i) or (ii) above; (iv) any administrative interpretation with binding characteristics or application of those described in (i) or (ii) above; and (v) any amendment or revision of any of those described in (i), (ii), (iii) or (iv) above, and in each case, which is applicable to the Aircraft and its use and operation, Lessee, or the transactions contemplated by this Lease and the Operative Agreements.

“Approved Insurance Broker” shall mean an insurance broker of internationally recognized responsibility and standing specializing in aircraft insurance as is reasonably acceptable to and approved by Lessor and any Lessor Lender.

“Approved Insurer” shall mean an insurer of internationally recognized responsibility and standing specializing in aircraft insurance, as is reasonably acceptable to and approved by Lessor and any Lessor Lender.

“Approved Maintenance Provider” shall mean: (i) with respect to any scheduled maintenance, modification, or alteration to the Aircraft, Lessee, or any other Person which is an FAA approved maintenance facility, and which is reasonably acceptable to Lessor; and (ii) with respect to any other required maintenance hereunder, any other Person which is an FAA approved maintenance facility.

“Aviation Authority” shall mean the FAA and any other applicable authority having jurisdiction in respect of the Aircraft.

“Basic Rent” shall mean the rent for the Aircraft specified on Exhibit C and payable throughout the Term for the Aircraft pursuant to Section 4.1 hereof.

“Basic Rent Payment Date” shall mean the day for payment of Basic Rent determined in accordance with Exhibit C.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or required by law to be closed.

“Cape Town Convention” shall mean, collectively, the Protocol and the Convention.

“Casualty Occurrence” shall mean any of the following events with respect to the Aircraft, Airframe or an Engine: (a) loss of such property or its use due to theft or disappearance (including hijacking) for a period in excess of ninety (90) consecutive days, or destruction, damage beyond economic repair, or rendition of such property permanently unfit for normal use by Lessee for any reason whatsoever; (b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss or on the basis of a compromised or constructive total loss; (c) the condemnation, confiscation, appropriation or seizure of, or requisition of title to, such property; or (d) the occurrence of any event described in Section 6.1(b)(iv) hereof. A

Casualty Occurrence with respect to the Airframe shall constitute a Casualty Occurrence with respect to the Aircraft.

“Convention” shall mean the official English language text of the Convention on International Interests in Mobile Equipment, adopted on 16 November 2001 at a diplomatic conference held in Cape Town, South Africa, as the same may be amended or modified from time to time.

“Default” shall mean an event which would constitute an Event of Default but for the lapse of time or the giving of notice or both.

“Delivery Condition” shall mean the conditions set forth in Exhibit A-2 hereto.

“Delivery Date” shall mean the date of Lease Supplement No. 1.

“Delivery Location” shall mean the location specified in Exhibit C hereto for the delivery of the Aircraft by Lessor to Lessee.

“Delivery Time” shall mean the time specified in Lease Supplement No. 1 as the time on the Delivery Date when the delivery of the Aircraft from Lessor to Lessee is completed.

“Dollars or \$” shall mean lawful currency of the United States of America.

“DOT” shall mean the United States Department of Transportation or any successor thereto.

“Engine” shall mean each aircraft engine being identified as to manufacturer, type and manufacturer serial number in Exhibit A hereto, together in each case with any and all Parts incorporated or installed in or attached thereto and any and all Parts removed therefrom so long as title thereto remains vested in Lessor in accordance with the terms of Section 9 hereof after removal from such Engine.

“Estimated Delivery Date” shall mean the date specified on Exhibit C hereto.

“Event of Default” shall mean the occurrence of any of the events specified in Section 16 hereof.

“Existing Account Balances” shall have the meaning set forth in Section 6.4.

“FAA” shall mean the Federal Aviation Administration of the United States Department of Transportation or any successor thereto.

“FAA Counsel” shall mean Crowe Dunlevy, or such other counsel as notified by Lessor to Lessee.

“FAR” shall mean the Federal Aviation Regulations promulgated under the Federal Aviation Act, as amended and supplemented from time to time.

"Federal Aviation Act" shall mean 49 U.S.C. §40101 et. seq., as amended and as in effect on the date of this Lease, or any successor or substituted U.S. legislation at the time in effect and applicable.

"Governmental Entity" shall mean and include: (i) DOT; (ii) the Aviation Authority; (iii) any national, state, or local government (whether domestic or foreign), any political subdivision thereof or local jurisdiction therein; (iv) any board, commission, department, division, organ, instrumentality, court or agency of any entity described in (i), (ii) or (iii) above, however constituted; and (v) any association, organization or institution of which any entity described in (iii) or (iv) above is a member or to whose jurisdiction any such entity is subject or in whose activities any such entity is a participant but only (except for purposes of defining "Applicable Law" above) to the extent that any entity described in (i) through (v) above has jurisdiction over this Lease, the Operative Agreements or the Aircraft and its operations.

"Hot Section Engine Inspection " shall mean the hot section engine inspection for an Engine as required under the Engine Manufacturer's manual for the Engines.

"International Interest" shall mean an "International Interest" as defined in the Protocol.

"International Registry" shall mean the international registry as defined in and maintained pursuant to the Convention.

"Lease Agreement, this Lease Agreement, this Lease, this Agreement, herein, hereunder" or other like words shall mean this Lease and all Exhibits, Lease Supplements, amendments or modifications hereto or thereto from time to time entered into.

"Lease Identification" shall mean a placard in the form set forth in Exhibit C hereto.

"Lease Supplement" shall mean Lease Supplement No. 1, substantially in the form of Exhibit D hereto.

"Lessor Lender" shall mean any Person to whom Lessor may hereafter, grant a security interest in the Aircraft and/or this Lease and the other Operative Agreements for the purpose of any financing by Lessor, as so identified from time to time in writing by Lessor to Lessee, in a Lease Supplement or other notice.

"Lessor's Estate" shall mean all estate, right, title and interest of Lessor in and to the Aircraft, the Lease, the Lease Supplement, any bill of sale, any warranty with respect to the Airframe or the Engines, all amounts of Basic Rent and Supplemental Rent, including, without limitation, insurance proceeds and requisition, indemnity or other payments of any kind for or with respect to the Aircraft.

"Lessor's Liens" shall mean Liens on the Aircraft or Lessor's Estate arising as a result of: (i) claims against Lessor or Lessor's Estate not related to the transactions contemplated by this Lease; or (ii) acts or omissions of Lessor, not contemplated and expressly permitted under this Lease; or (iii)

Taxes imposed against Lessor, Lessor's Estate, or the Aircraft which are not indemnified against by Lessee pursuant to Section 10 hereof; or (iv) claims against Lessor, Lessor's Estate or the Aircraft arising out of the voluntary transfer by Lessor of all or any part of its interests in Lessor's Estate, the Aircraft or this Lease, other than a transfer pursuant to Sections 11 or 18 hereof; or (v) Liens granted by Lessor to any Lessor Lender.

“Lien” shall mean any mortgage, pledge, lien, charge, encumbrance, hypothecation, lease, exercise of rights, security interest or claim (including any imposed with respect to any Taxes, or any airport fees, landing fees, navigation charges or related charges) and resulting from any act or omission of Lessee and effecting Lessor's Estate, the Aircraft, or this Lease.

“LLP” shall mean any Part that has a predetermined life limit as mandated by the Manufacturer, Engine Manufacturer or any applicable Governmental Entity which requires any such part to be discarded upon reaching such life limit.

“Maintenance Check” shall mean (i) Required Engine Inspection , (ii) the Hot Section Engine Inspection or (iii) the Propeller Inspection.

“Maintenance Contribution Items” shall mean, individually or collectively as the context indicates, Engine Overhaul, Engine Hot Section, Landing Gear overhaul, and Propeller overhaul.

“Maintenance Contribution Payments” shall mean the payments the Lessor is required to make to the Lessee pursuant to Section 6.4 hereof.

“Maintenance Program” shall mean either (i) Lessee's FAA approved maintenance program for Raytheon Aircraft Company Model 1900D aircraft as amended from time to time or (ii) manufacturer's FAA approved maintenance program for Raytheon Aircraft Company Model 1900D aircraft. Upon request by Lessor, Lessee shall immediately provide a copy of and/or any information concerning such Maintenance Program to Lessor which shall only be used or disseminated by Lessor for purposes related to this Lease.

“Operating Certificate” shall mean the Lessee's Air Carrier Certificate issued by the FAA.

“Operative Agreements” shall mean this Lease, any Lease Supplement and any other documents and agreements executed and delivered by Lessor, Lessee, or any Lessor Lender or any other Person in furtherance of the transactions contemplated hereby.

“Original Engines” shall mean each of the specific Engines being identified as to manufacturer, type and manufacturer serial number in Exhibit A hereto, not including any Substitute Engine(s) which may from time to time be substituted therefore pursuant to and in accordance with the terms of this Lease.

“Parts” shall mean all appliances, components, parts, instruments, appurtenances, avionics, accessories, furnishings, auxiliary power units, and other equipment of whatever nature (other than

the complete Engine or engine), which may now or from time to time be incorporated or installed in or attached to the Airframe or an Engine (including any hush kits). Except as otherwise set forth herein, only at such time as a replacement part shall be substituted for a Part in accordance with Section 9 hereof, shall the Part so replaced cease to be a Part hereunder.

“Permitted Lien” shall mean: (i) any Lien for Taxes which are either not assessed or, if assessed, are not yet due and payable or are being contested in good faith by appropriate proceedings for the payment of which adequate reserves have been provided; or (ii) any undetermined or inchoate Lien of a repairer, carrier, hangarkeeper, material supplier or other similar Lien arising in the ordinary course of business in respect of obligations which are not overdue or which have been adequately bonded or are being contested in good faith by appropriate proceedings for which adequate reserves have been provided; provided that (in the case of both (i) and (ii)) such proceedings, or the continued existence of such Lien, do not involve any material danger of the sale, forfeiture or loss of the Aircraft; or (iii) the respective rights of the parties to the Operative Agreements as set forth therein, and any Liens expressly permitted thereby including Liens granted by Lessor to any Lessor Lender.

“Person” shall mean and include any individual, corporation, company, limited liability company, partnership, firm, joint stock company, joint venture, trust, estate, unincorporated organization, association or Governmental Entity.

“PMA Part” shall mean a part, component, furnishing, appliance, module, accessory instrument or other item of equipment which is not listed in the most recent revision of the illustrated parts catalogue which is published by the Airframe Manufacturer and which has been manufactured under the FAA parts manufacturer approval (PMA) process.

“Propeller” shall mean each propeller being identified as to manufacturer, type and manufacturer serial number in Exhibit A hereto, together in each case with any and all Parts incorporated or installed in or attached thereto and any and all Parts removed therefrom so long as title thereto remains vested in Lessor in accordance with the terms of Section 9 hereof after removal from such Propeller.

“Propeller Inspection” shall mean the inspection for the Propeller set forth in the Propeller Manufacturer’s instructions for continued airworthiness.

“Protocol” shall mean the official English language text of the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, adopted on 16 November 2001 at a diplomatic conference held in Cape Town, as the same may be amended or modified from time to time.

“Rent” shall mean Basic Rent and Supplemental Rent, collectively.

“Replacement Engine” shall have the meaning set forth in Exhibit C hereof.

“Required Engine Inspection” shall mean the inspection for each Engine set forth in the Engine Manufacturer’s instructions for continued airworthiness.

“Return Conditions” shall mean the return conditions for the Aircraft specified in Exhibit E hereof.

“Return Location” shall have the meaning set forth in Section 15.1 hereof.

“Return Occasion” shall mean any return of possession of the Aircraft to Lessor upon the Expiration Date, or upon Lessor taking possession of the Aircraft pursuant to Section 17 hereof.

“Routine Engine Maintenance” shall mean the performance of normal routine and non-routine line maintenance which can be performed while an Engine is installed on the Airframe and any other maintenance, inspection, repair or overhaul resulting from foreign object damage or abuse or misuse.

“Service Bulletins” or SBs shall mean all mandatory service bulletins issued by the Airframe, Engine or any Parts manufacturer with respect to the Aircraft.

“Supplemental Rent” shall mean any and all amounts, liabilities and obligations (other than Basic Rent) which Lessee assumes or agrees to pay hereunder to Lessor, or any Lessor Lender, including without limitation: (i) any payment of Casualty Value; (ii) any payment of indemnity required by Sections 10 or 13 hereof; (iii) to the extent permitted by Applicable Law, interest at the Interest Rate (all computations of interest under this Lease to be made on the basis of a three hundred sixty (360) day year for the actual number of days elapsed) calculated on any part of any installment of Basic Rent not paid on the due date thereof for the period the same remains unpaid, and on any Supplemental Rent not paid when due hereunder until the same is paid; (iv) the Use Payments; and (v) the Security Deposit.

“Taxes” shall mean any and all sales, use, business, gross income, personal property, transfer, fuel, leasing, occupational, value added, excess profits, excise, gross receipts, franchise, stamp, ad valorem, income, levies, imposts, customs, import and export, withholdings, goods and services, or other taxes, excises, or duties of any nature whatsoever, together with any penalties, fines, charges or interest thereon.

“Technical Acceptance” shall mean Lessee’s written notification to Lessor that Lessee has accepted the technical condition of the Aircraft in accordance with Section 3.1 and the Delivery Conditions set forth in Exhibit A-3.

“Term” shall mean the term of this Lease which shall commence on the Delivery Date and which shall end on the Expiration Date.

The terms Base Term, Basic Rent Payment Date, Casualty Value, Delivery Location, Engine Manufacturer, Estimated Delivery Date, Expiration Date, Indemnities, Inspection and Delivery Procedure, Interest Rate, Lease Identification, Lessee's Address, Lessor's Address, Manufacturer, Payment Location, Propeller Manufacturer, Security Deposit and Use Payments shall have the meanings set forth in Exhibit C hereto.

SECTION 2 LEASE AND CONDITIONS

2.1 Lessor hereby agrees to lease the Aircraft to Lessee, and Lessee hereby agrees to lease the Aircraft from Lessor, subject to and in accordance with the terms hereof, as supplemented by the Lease Supplement; At all times during the term of this Lease, the Aircraft shall be under the exclusive operational control of Lessee, and Lessee will be responsible for airworthiness and maintenance. The Lessor acknowledges that, subject to the Lessor's rights as provided in Sections 3.3, 16, and 17, the Aircraft shall be in the legal custody and control of the Lessee during the Term of the Lease and that the Lessor will not provide, directly or indirectly, any flight crew member to operate the Aircraft for the duration of the Lease.

2.2 Lessor shall deliver the Aircraft to Lessee upon the completion/satisfaction of the following items on or before the Delivery Date (or such later date as specified below), all of which shall be reasonably satisfactory in form and substance to both Lessor and Lessee, and duly authorized and executed:

(a) this Lease and the Lease Supplement in the form of Exhibit D hereto, along with each of the other Operative Agreements;

(b) Lessor shall have received approval by the Board of Directors and Executive Committee of Lessor for the transaction contemplated hereunder;

(c) the Lessor shall have received the Security Deposit;

(d) Lessor shall have received payment of Basic Rent for the first month during the Term;

(e) no Casualty Occurrence shall have occurred with respect to the Aircraft;

(f) Lessor shall have received a copy of the articles of organization of Lessee, and containing all amendments and additions, a certificate of good standing issued by the state of Lessee's organization, as well as an officer's certificate evidencing due authority of Lessee for the execution, delivery and performance of this Lease, the Operative Agreements, and all other documents related thereto;

(g) Lessor shall have received a copy of Lessee's Operating Certificate and any other documentation or authority pursuant to which the Aircraft will be operated by Lessee, together with evidence that the same is valid and in compliance with the requirements of the FAA;

(h) Lessor shall have received a certificate signed by a duly authorized officer of Lessee, dated as of the Delivery Date, stating that: (i) the representations and warranties contained in Section 5.3 hereof are true and accurate on

and as of such date as though made on and as of such time; and (ii) no event has occurred and is continuing, or would result from the execution, delivery and performance by Lessee of this Lease and the Operative Agreements which constitutes a Default or an Event of Default;

(i) Lessor shall have received an opinion or report, dated the Delivery Date, signed by an Approved Insurance Broker as to the due compliance with the insurance provisions of Section 12 hereof with respect to the Aircraft in form and substance reasonably satisfactory to Lessor and any Lessor Lender;

(j) Lessor shall have received certificates of an Approved Insurance Broker evidencing the insurance as required by Section 12 hereof in form and substance reasonably satisfactory to Lessor and any Lessor Lender;

(k) three (3) original, executed counterparts of this Lease and the Lease Supplement that have been pre-positioned with FAA Counsel;

(l) Lessor shall have received confirmation that Lessee is registered as a Transacting User Entity (as defined in the Cape Town Convention) and has granted an authorization to the FAA Counsel, acting as a Professional User Entity (as defined in the Cape Town Convention) to register an International Interest in favor of Lessor with respect to the Airframe and the Engines; and

(m) At Delivery, the Aircraft shall be in compliance with the Delivery Conditions as evidenced by Lessee's execution and delivery of the Technical Acceptance Certificate; and

(n) Lessor shall have received such other documents and matters incident to any of the foregoing as Lessor may reasonably request provided that such documents and matters are customary for transactions of this type and do not impose additional material obligations or liabilities on Lessee beyond those expressly contemplated by this Lease.

2.3 Subject to and in accordance with the terms of this Lease, Lessee shall accept the Aircraft hereunder from Lessor upon (i) Lessee's determination that the Aircraft meets the Delivery Conditions, (ii) Lessee's execution and delivery of the Technical Acceptance Certificate, and (iii) the receipt by Lessee of tender of the Aircraft and the Aircraft Documents at Delivery.

SECTION 3 INSPECTION DELIVERY AND ACCEPTANCE; EFFECTIVE DATE; TERM

3.1 Pre-Delivery Inspection and Delivery. The Aircraft will become available for delivery on or about the Estimated Delivery Date. Lessor shall arrange to make the Aircraft and Aircraft Documents (including by electronic link) available to Lessee not later than seven (7) Business Days after execution of this Lease. Lessee will be entitled to accomplish a pre-delivery

inspection, at Lessee's sole expense, at the Delivery Location, not later than ten (10) days after receipt of the Aircraft Documents. Lessee shall give Lessor four (4) days advance notice, in writing, of the date of inspection so that Lessor may have a designee or representative present at the inspection. The inspection may include Lessee's review of the Aircraft Documents and a physical inspection of the Aircraft and its equipment and will be conducted and completed within four (4) calendar days. Within two (2) Business Days following such inspection, and in accordance with the Delivery Conditions, Lessee shall either notify Lessor that it technically accepts the Aircraft by delivering the signed Technical Acceptance Certificate to Lessor, or Lessee shall specify in writing the specific conditions which are the basis for not taking technical acceptance, and Lessor shall thereafter have a reasonable opportunity to rectify such conditions, whereupon if the conditions are rectified, the Lessee will technically accept the Aircraft by delivering the signed Technical Acceptance Certificate to Lessor. If Lessee does not technically accept the Aircraft and Lessor does not rectify the conditions identified by Lessee, this Lease shall terminate and the Security Deposit shall be returned to Lessee in full within two (2) Business Days.

3.2 Place of Delivery and Acceptance. Subject to and in accordance with the terms of this Lease, the Aircraft shall be delivered to and accepted by Lessee at the Delivery Location set forth in Exhibit C.

3.3 Casualty to the Aircraft Preceding Delivery. In the event of a Casualty Occurrence with respect to the Aircraft prior to the execution of Lease Supplement No. 1, Lessor shall promptly notify Lessee in writing and the obligation of Lessor to make the Aircraft available to Lessee, and the obligation of Lessee to lease the Aircraft from Lessor, shall terminate. In such event, Lessor shall promptly return to Lessee the difference between any monies paid by Lessee to Lessor hereunder, including the Security Deposit, less the costs and expenses payable by Lessee pursuant Section 19.8 hereof. Notwithstanding anything to the contrary contained in this Lease or any other Operative Agreement, neither party shall be liable for any delay in delivery of the Aircraft, or failure to deliver the Aircraft, caused by acts of God, (including but not limited to fire, floods, earthquakes or other natural disasters) or caused by acts of any Governmental Entity.

3.4 Acceptance of Aircraft. Subject to the Lessee's determination that the Aircraft is in the Delivery Condition as evidenced by Lessee's delivery of the Technical Acceptance Certificate, the Aircraft to be leased hereunder shall be delivered to Lessee in "AS IS, WHERE IS" and "WITH ALL FAULTS" condition and SUBJECT TO EACH AND EVERY DISCLAIMER OF WARRANTY AND REPRESENTATION AS SET FORTH IN SECTION 5.1 HEREOF. Upon tender of delivery of the Aircraft by Lessor to Lessee in compliance with Lessor's obligations pursuant to this Lease, Lessee shall accept the Aircraft and shall indicate and confirm its acceptance of the Aircraft by executing and delivering Lease Supplement No. 1 in the form set forth in Exhibit D hereto.

3.5 Effective Date and Term of Lease. The effective date of this Lease shall be the Delivery Date and the Term of this Lease shall continue until the later of the last day of the Base Term or the last day of any Extension Period, if applicable; provided that this Lease may be earlier terminated by Lessor pursuant to the provisions of Sections 3.3, 11 or 16 hereof.

3.6 Maintenance to be Performed by Lessee Prior to Delivery. Lessor and Lessee agree that the maintenance set forth in Part II of Exhibit A-2 (Delivery Conditions) that the Lessor is responsible for performing prior to the Delivery shall be performed by the Lessee prior to Delivery (the "Required Pre-Delivery Maintenance"); provided (i) upon completion of the Required Pre-Delivery Maintenance, the Lessee shall provide written notice to the Lessor of the cost incurred by the Lessee for the completion of the Required Pre-Delivery Maintenance (the "RPM Cost"), and (ii) Lessor agrees that an amount equal to the RPM Cost shall be credited against the Basic Rent due on the Basic Rent Payment Date following the date of such notice.

SECTION 4 RENT; PAYMENT; SECURITY DEPOSIT

4.1 Rent. Lessee covenants and agrees to pay to Lessor, or its permitted assigns (including but not limited to any Lessor Lender) or whoever shall be entitled thereto, the following as Rent:

(a) the Basic Rent as set forth in Exhibit C hereto throughout the Term hereof, payable in consecutive monthly installments in advance and due on each Basic Rent Payment Date; and

(b) any and all Supplemental Rent as the same becomes due, including without limitation the Use Payments, payable in accordance with Section 4.6 hereof.

4.2 Place and Method of Payment. All Basic Rent and Supplemental Rent payable under this Lease shall be paid in U.S. Dollars, by wire transfer of immediately available funds at the Payment Location specified on Exhibit C hereto, or at such other location as Lessor shall designate in writing to Lessee. Each payment of Rent shall be made by the Lessee in immediately available funds prior to 12:00 o'clock noon, New York City time, on the scheduled date when such payment shall be due.

4.3 Non-Business Day; Date of Receipt.

(a) If any payment of Rent falls due hereunder on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

(b) All payments shall be considered to have been made on the date on which they are received at the Payment Location in the manner provided in Section 4.2.

4.4 Interest on Overdue Amounts. If Lessee fails to pay any sum when due hereunder, Lessee shall pay interest thereon at the Interest Rate as Supplemental Rent from the date such sum fell due until the date of payment thereof. Such interest shall be payable by Lessee to Lessor on demand, shall be calculated on the basis of a year of 360 days and the actual number of days elapsed in the period during which the sum is outstanding and shall be compounded monthly during such period.

4.5 Prohibition Against Setoff, Counterclaim, Etc. This Lease is a net lease. Lessee's obligation to pay all Rent hereunder shall be absolute and unconditional and shall not be affected or reduced by any circumstances, including, without limitation: (i) any setoff (subject to Section 3.6 above), counterclaim, recoupment, defense or other right which Lessee may have against Lessor, the Manufacturer, any seller of or Person providing services with respect to the Aircraft or any other Person, for any reason whatsoever; (ii) any defect in the condition, design, operation, merchantability or fitness for use of, or any damage to or loss or destruction of, the Aircraft, or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever, whether arising out of or related to an act or omission of Lessee, or any other Person; (iii) any Liens, Lessor Liens, or Permitted Liens with respect to the Aircraft; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessor or Lessee or any other Person; (v) any other circumstance or happening of any nature whatsoever, whether or not similar to any of the foregoing; or (vi) any Taxes (with respect to which Lessee's obligations shall be as set forth in Section 10 hereof); it being the express intention of Lessor and Lessee that all Rent payable hereunder shall be payable in all events, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease; provided, however, (A) nothing in this Section 4.5 shall be construed to waive any rights Lessee may have to bring a counterclaim against Lessor in the same proceeding, or to bring a separate action against Lessor, for breach of Lessor's obligations under this Lease, and Lessee expressly reserves the right to assert any such counterclaim, defense, or right of recoupment against Lessor in any proceeding in which Lessor seeks to enforce Lessee's obligations hereunder; (B) if the Aircraft is unairworthy or otherwise unable to be operated by Lessee under Applicable Law for any reason not caused by Lessee, its employees, agents, or contractors (including but not limited to a condition existing prior to Delivery and not disclosed to Lessee, a defect in Lessor's title to the Aircraft, a Lessor's Lien, or any action or inaction by Lessor, any Lessor Lender, or any Person claiming through Lessor), Basic Rent shall abate on a pro rata daily basis for each day during such period of unairworthiness or inability to operate, commencing on the first day the Aircraft is unable to operate and continuing until the condition is cured; and (C) Lessee shall have the right to recover from Lessor any direct damages incurred by Lessee as a result of any breach by Lessor of its representations, warranties, or obligations under this Lease..

4.6 Security Deposit.

(a) On or prior to the date hereof, Lessee shall pay to Lessor an amount equal to the Security Deposit. The Lessor shall hold the Security Deposit as security for the timely and faithful performance by Lessee of all of Lessee's obligations, and Lessee hereby grants Lessor a continuing security interest in the Security Deposit. Lessee agrees to execute and file with the appropriate Governmental Authorities any and all documents necessary or reasonably requested by Lessor to evidence and perfect such security interest in favor of Lessor. If Lessee fails to pay Rent hereunder or to pay any other sums due or to perform any of the other terms and provisions of this Lease or an Event of Default has otherwise occurred and is continuing hereunder, in addition to all other rights Lessor shall have hereunder and under the applicable Law, Lessor may use, apply or retain all or any portion of the Security Deposit in full or partial payment for sums due to Lessor by Lessee under the terms and conditions of this Lease. If Lessor uses or applies all or any portion

of such Security Deposit, such application shall not be deemed a cure of any Default, and Lessee shall within fifteen (15) days after written demand therefor deposit with Lessor in cash an amount sufficient to fully restore the Security Deposit to its original sum and the failure of Lessee to do so shall be a material breach of this Lease by Lessee.

(b) Provided no Event of Default has occurred and is continuing under this Lease, and subject to Section 4.6 (a) above, the balance of the Security Deposit shall be returned to Lessee within ten (10) Business Days upon the earlier of: (i) Lessee's return of the Aircraft in compliance with the Return Conditions and Lessor's issuance of the Redelivery Receipt; or (ii) termination of this Lease (A) prior to the Delivery date in accordance with Section 3.3; [(B) in accordance with Section 9.3.] .

(c) The Lessor need not maintain the Security Deposit in a segregated account and may commingle with Lessor's other funds. Interest, if any, which accrues on the Security Deposit, shall be for Lessor's account.

4.7 Use Payments. During the Term, on the fifth (5th) day of each calendar month, Lessee shall make Use Payments to Lessor, in respect of the operation of the Aircraft during the previous calendar month (each such period a "Use Payment Period") in such amounts with respect to, each Engine, the Landing Gear, and the Propellers as are specified in Exhibit C hereto. In addition, on the last day of the Term, Lessee shall make Use Payments to Lessor in respect of operation of the Aircraft for the period commencing on the day immediately succeeding the last day of the most recent Use Payment Period for which Lessor received a Use Payment and ending on the last day of the Term, in such amounts with respect to the Landing Gear, the Engines and the Propellers as are specified in Exhibit C hereto. All Use Payments constitute Supplemental Rent and shall be the exclusive property of Lessor at the time such amounts are paid to Lessor and Lessee shall have no rights, claims or interests in any such amounts.

SECTION 5 REPRESENTATIONS AND WARRANTIES

5.1 DISCLAIMER. SUBJECT TO THE LESSEE'S DETERMINATION THAT THE AIRCRAFT IS IN THE DELIVERY CONDITION, AS EVIDENCED BY LESSEE'S EXECUTION AND DELIVERY OF THE TECHNICAL ACCEPTANCE CERTIFICATE, LESSOR LEASES AND LESSEE EXPRESSLY AGREES TO TAKE THE AIRCRAFT "AS IS," "WHERE IS," WITH ALL FAULTS. LESSOR HAS NOT MADE AND SHALL NOT BE DEEMED TO HAVE MADE (WHETHER BY VIRTUE OF HAVING LEASED THE AIRCRAFT UNDER THIS LEASE, OR HAVING ACQUIRED THE AIRCRAFT, OR HAVING DONE OR FAILED TO DO ANY ACT, OR HAVING ACQUIRED OR FAILED TO ACQUIRE ANY STATUS UNDER OR IN RELATION TO THIS LEASE OR OTHERWISE) AND LESSOR HEREBY SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED (EXCEPT AS HEREIN BELOW PROVIDED IN THIS SECTION 5.1), AS TO AIRWORTHINESS, SERVICEABILITY, CONDITION, DESIGN, OPERATION, MERCHANTABILITY, FREEDOM FROM CLAIMS OF INFRINGEMENT OR THE LIKE, OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT,

THE ENGINES OR ANY PART, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE AIRCRAFT, THE ENGINES OR ANY PART, THE ABSENCE THEREFROM OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE COMPLETENESS AND VERACITY OF THE AIRCRAFT DOCUMENTS, OR AS TO ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED (INCLUDING ANY IMPLIED WARRANTY ARISING FROM A COURSE OF PERFORMANCE OR DEALING OR USAGE OF TRADE), WITH RESPECT TO THE AIRCRAFT AND/OR THE AIRCRAFT DOCUMENTS; AND LESSEE HEREBY WAIVES, RELEASES, RENOUNCES AND DISCLAIMS EXPECTATION OF OR RELIANCE UPON ANY SUCH WARRANTY OR WARRANTIES. LESSOR SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY WHATSOEVER TO LESSEE OR ANY OTHER PERSON, WHETHER ARISING IN CONTRACT OR TORT, OUT OF ANY NEGLIGENCE OR STRICT LIABILITY OF LESSOR OR OTHERWISE, FOR: (i) ANY LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED, DIRECTLY OR INDIRECTLY, BY THE AIRCRAFT, AN ENGINE OR ANY PART OR BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN OR BY ANY OTHER CIRCUMSTANCE IN CONNECTION THEREWITH; (ii) THE USE, OPERATION OR PERFORMANCE OF THE AIRCRAFT, AN ENGINE OR ANY PART OR ANY RISKS RELATING THERETO; (iii) ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS, ANY ANTICIPATED PROFITS, ANY INCIDENTAL DAMAGES OR ANY CONSEQUENTIAL DAMAGES; OR (iv) THE DELIVERY, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF THE AIRCRAFT. THE WARRANTIES AND REPRESENTATIONS SET FORTH IN THIS SECTION 5.1 ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, AND LESSOR SHALL NOT BE DEEMED TO HAVE MADE ANY OTHER WARRANTIES, EXCEPT THAT:

- (a) Lessor warrants that at the Delivery Time on the Delivery Date, Lessor owns the Aircraft, and the Aircraft shall be free and clear of any and all Liens, other than Lessor's Liens;
- (b) Lessor further represents and warrants that the making and performance by Lessor of this Lease has been duly authorized by all necessary action on the part of Lessor and will not violate constitutional documents and neither the execution and delivery hereof nor the consummation of the transactions contemplated hereby nor compliance by Lessor with any of the terms and provisions hereof will, contravene any Applicable Law;
- (c) Lessor further represents and warrants that this Lease has been duly executed and delivered by Lessor, and that this Lease and the Lease Supplement and the other Operative Documents, when executed and delivered hereunder by Lessor constitute legal, valid and binding obligations of Lessor, enforceable in accordance with their respective terms except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and, to the extent that certain remedies require or may require enforcement by a court of equity, by such principles of equity as a court having jurisdiction may impose;

(d) Neither Lessor nor any of its shareholders, members, officers or directors is an individual, entity or organization identified on (A) any Office of Foreign Assets Control (“OFAC”) “watch list”, including, without limitation, OFAC's list of Specially Designated Nationals and Blocked Persons, or (B) any Federal Bureau of Investigation “watch list” or Bureau of Industry and Security list of unverified persons or denied persons, and in each case it is not an affiliate of any kind with such an individual, entity or organization; ;and Lessor is not a person resident in, or whose funds are transferred from or through, or has operations in, a jurisdiction identified as non-cooperative by the Financial Action Task Force or sanctioned by OFAC; and

(e) Lessor represents and warrants that it has full legal title to the Aircraft and is a “citizen of the United States” within the meaning of 49 U.S.C. § 40102(a)(15).

5.2 Manufacturers' Warranties. So long as Lessee is not in Default and Lessor has not terminated this Lease, Lessor hereby assigns to Lessee such rights as Lessor may have under any warranty, express or implied, with respect to the Aircraft and the Engines made by the Manufacturer, the Engine Manufacturer, or any other Person (including any Approved Maintenance Provider), to the extent that the same exist or may be assigned by Lessor or otherwise made available to Lessee; and that any monies recovered pursuant to such warranties which are suffered during the Term shall be applied to correct or cure any defect or deficiency of the Aircraft, and the balance of any such monies shall be paid over to Lessee to reimburse it for any amounts paid by it to correct or cure such defect or deficiency during the Term which were properly reimbursable under such warranty; provided, however, that upon the occurrence of a Default or an Event of Default, all such rights shall immediately revert to, and all such monies shall be paid over to, Lessor including all claims thereunder, whether or not perfected. Upon the cure of any such Default or Event of Default, and provided that Lessor is not then pursuing any other remedies in respect thereof, then such rights shall revert to Lessee.

5.3 Lessee's Representations and Warranties. Lessee hereby represents and warrants the following, each of which shall survive the execution and delivery of this Lease, and the delivery by Lessor and acceptance by Lessee of the Aircraft:

(a) Lessee is a limited liability company duly formed and validly existing under the laws of the State of Mississippi, and has the full power and authority to carry on its business as presently conducted and to perform its obligations under this Lease and each of the Operative Agreements to which Lessee is a party;

(b) this Lease and each of the Operative Agreements to which Lessee is a party have been duly authorized by all necessary action on the part of Lessee, do not require any approval of members or stockholders of Lessee, and neither the execution and delivery hereof nor the consummation of the transactions contemplated hereby nor compliance by Lessee with any of the terms and provisions hereof will, contravene any Applicable Law or result in any breach of, or constitute any default under, or result in the creation of any Lien upon any property of Lessee under Lessee's constitutive documents or any credit agreement or instrument or other agreement or instrument to

which Lessee is a party or by which Lessee or its properties or assets are bound or affected;

(c) no consent, approval or authorization of, or notice to, any Governmental Entity having jurisdiction with respect to the execution, delivery or performance by Lessee of this Lease, and each of the Operative Agreements to which Lessee is a party (including all monetary and other obligations hereunder or thereunder) is required for Lessee to execute and deliver this Lease, and to perform the transactions contemplated hereby;

(d) this Lease has been duly executed and delivered by Lessee, and the Lease, the Lease Supplement and the other Operative Agreements, when executed and delivered by Lessee, constitute legal, valid and binding obligations of Lessee, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally;

(e) there are no suits or proceedings pending or, to the knowledge of Lessee, threatened in any court or before any Governmental Entity against or affecting Lessee which would, if adversely determined, have a materially adverse effect on the current business or financial condition of Lessee or Lessee's ability to perform its obligations under any of the Operative Agreements;

(f) except for (i) the registration of the Aircraft on the aircraft registry maintained by the FAA, (ii) the placing on the Aircraft and on each Engine of the plates containing the legends referred to in Section 6.6, (iii) the filing for recordation with FAA of this Lease, (iv) the filing of financing statement pursuant to the provisions of the Uniform Commercial Code in effect in the State of New York, and (v) the registration of an International Interest for the Airframe and the Engines on the International Registry, no further filing or recording of this Lease or of any other document and no further action is necessary under the Laws of any Governmental Entity in order to fully protect and establish Lessor's title to the Aircraft as against Lessee or any third party;

(g) except for the rights of Lessee conferred by this Lease, Lessee shall not have, or claim to have, any other interest in the Aircraft or make any demands against Lessor in respect thereof;

(h) the Maintenance Program complies with all FAA requirements;

(i) Lessee is a U.S. Part 135 certificated air carrier, and in connection with such designation, has satisfied all of the requirements of and is in good standing with the FAA and all other applicable Governmental Entities, and has complied with and satisfied all requirements of the FAA and/or other applicable Governmental Entities,

as applicable, so as to enable it to fulfill its obligations hereunder, and to otherwise lawfully operate, possess, use and maintain the Aircraft; and

(j) Lessee currently possesses and will continue to maintain all required and necessary economic and technical competency authority from all Governmental Entities having authority over those jurisdictions to which Lessee is presently operating aircraft and to which Lessee will operate the Aircraft, and will further obtain any additional authorities required during the Term of the Lease.

(k) all of the written information that Lessee has provided in connection with this Lease was true, correct and complete at the time it was given; (ii) Lessee is entering into this Lease and the transactions contemplated hereby solely for its own account, risk and beneficial interest and not for the account or beneficial interest of any third party; (iii) neither Lessee nor any of its shareholders, members, officers or directors is an individual, entity or organization identified on (A) any OFAC "watch list", including, without limitation, OFAC's list of Specially Designated Nationals and Blocked Persons, or (B) any Federal Bureau of Investigation "watch list" or Bureau of Industry and Security list of unverified persons or denied persons, and in each case it is not an affiliate of any kind with such an individual, entity or organization; (iv) Lessee does not have a shell bank or offshore bank; and (v) Lessee is not a person resident in, or whose funds are transferred from or through, or has operations in, a jurisdiction identified as non-cooperative by the Financial Action Task Force or sanctioned by OFAC.

SECTION 6 POSSESSION AND USE

6.1 Possession.

(a) Sublease, Assignment and Transfer. Lessee hereby covenants and agrees that, without the prior written consent of Lessor and any Lessor Lender (which consent Lessor or any Lessor Lender may withhold in its sole discretion), Lessee will not, and hereby acknowledges and confirms that it has no right to, assign this Lease or sublease or transfer possession of the Aircraft, the Airframe or an Engine, or install an Engine or permit an Engine to be installed on any airframe other than the Airframe, provided, however, that so long as no Default or Event of Default shall have occurred and be continuing and as long as the action to be taken shall not affect the registration of, Lessor's title to, or the priority of any Lien of any Lessor Lender in and to, the Aircraft and so long as all necessary approvals of each Governmental Entity having jurisdiction over Lessee, and its operations, have been obtained, then Lessee may:

(i) without the prior written consent of Lessor or any Lessor Lender, deliver possession of the Aircraft, the Airframe, an Engine, a Propeller or any Part thereof, to the manufacturer thereof for testing or other

similar purposes or to any Approved Maintenance Provider for inspection, service, repair, maintenance, testing or overhaul work; and

- (ii) without the prior written consent of Lessor or any Lessor Lender, install an engine (other than an Engine) on the Airframe or a part (other than a Part) on the Aircraft, provided that such installation does not create, or permit to exist, any Liens on the Aircraft except those permitted under Section 14 hereof and those which apply only to such engine or part which has been installed on the Aircraft.

6.2 Lawful Insured Operations. Throughout the Term, Lessee shall ensure that the Aircraft will be used at all times in accordance with all Applicable Laws and shall conform with all laws, rules and regulations governing the Aircraft. Lessee will not permit the Aircraft to be maintained, used or operated in violation of any Applicable Law or law of any Governmental Entity, or in violation of any airworthiness certificate, or license or registration issued by any such authority, or contrary to the Manufacturer's operating manuals or instructions for the Aircraft. Lessee agrees not to operate the Aircraft or permit the Aircraft to be operated: (i) unless the Aircraft is covered by insurance as required by the provisions hereof, (ii) contrary to the terms of such insurance, or (iii) except in a configuration for flights for which Lessee is duly authorized.

6.3 Maintenance. Lessee, at its own cost and expense, shall:

- (a) perform or cause an Approved Maintenance Provider to perform all inspections, repair, maintenance, overhaul and testing (including but not limited to any Airworthiness Directives and Service Bulletins): (i) in compliance with all applicable FAA rules and regulations; (ii) in compliance with the Maintenance Program, (iii) in compliance with the Manufacturer's and Engine Manufacturer's recommended maintenance programs and mandatory service bulletins where mandated by the FAA and applicable to Lessee's operation, including aging aircraft, structural inspection and corrosion control programs; (iv) the FAA approved maintenance programs of the Lessee; (v) in the same manner and with the same care as shall be the case with similar aircraft and engines owned or operated by or on behalf of Lessee without discrimination, and (vi) so as to keep the Aircraft in as good operating condition as when delivered to Lessee, ordinary wear and tear excepted, with all systems in good operating condition;
- (b) keep the Aircraft in such operating condition as is necessary to enable all certificates, licenses, permits and authorizations required for the use and operation of the Aircraft to be maintained at all times under applicable FAA regulations and any other Applicable Law;

(c) maintain, in the English language, all records, logs and other materials required by, and in accordance with the requirements of Exhibit F hereto, and in a manner acceptable to the FAA;

(d) furnish Lessor on or before the fifth day of each calendar month a report for the immediately preceding calendar month in substantially the form of Exhibit G;

(e) maintain each Engine in accordance with the Maintenance Program including the performance of all Routine Engine Maintenance and all non-routine maintenance work in order to maintain each Engine in as good operating condition as when delivered, reasonable wear and tear excepted; and

(f) Lessee shall not modify any material provision of the Maintenance Program, including but not limited to extending any service intervals beyond standard extensions and escalations, without first obtaining the Lessor's prior written consent, which consent shall not be unreasonably withheld.

6.4 Maintenance Contribution Payments.

(a) Lessor shall maintain the accounts specified below as book entries.

- (i) for each Engine, an overhaul account (the "Engine OHC Account");
 - (ii) for each Engine, a PT6 Hot Section Inspection account (the "HSI Account");
 - (iii) Landing Gear overhaul account (the "Landing Gear Account"); and
 - (iv) for each Propeller, the Propeller overhaul account (the "Propeller Account");
- (items (i), (ii), (iii) and (iv) are hereinafter referred to as the "Accounts").

During the Term, the balance of each Account (the "Existing Account Balance") shall be increased by the amount of each Use Payment that the Lessee makes which corresponds to such Account and shall be decreased by the amount of any Maintenance Contribution Payment that the Lessor makes to Lessee. The Existing Account Balances for each Account shall remain separate and distinct and no transfer of the Existing Account Balance from one Account to another shall be permitted.

(b) Subject to the limitations in this Section 6.4(b), Lessor will reimburse Lessee for the cost of (i) with respect to each Engine (A) the Engine overhaul and (B) each Engine Hot Section Inspection, (ii) the Landing Gear overhaul, and (iii) with respect to each Propeller, the Propeller overhaul in each case only up to the amount of the then Existing

Account Balance for the applicable Account. The obligation of Lessor to reimburse Lessee shall be subject to the satisfaction of the following conditions: (i) no Event of Default shall have occurred and be continuing; (ii) Lessor's receipt of originals or copies of invoices or other evidence of the performance of such Maintenance Contribution Item by an Approved Maintenance Provider and (iii) the amount and proof of payment of the relevant Maintenance Contribution Item, in each case to the Lessor's reasonable satisfaction, delivered no later than sixty (60) days after the date of the performance of such Maintenance Contribution Item. Lessee shall be responsible for the cost of any Maintenance Contribution Item in excess of the Existing Account Balance. No claim for reimbursement may be submitted after the end of the Term unless a Maintenance Contribution Item has been performed as part of the return conditions. The Lessor will not reimburse Lessee for any Maintenance Contribution Item required as a result of any ingestion or foreign object damage, improper maintenance, repair or operation, incorrect or unauthorized settings, overspeed, overtemperature operation, accident or incident, exposure to stress or heat beyond limits, immersion in salt water or exposure to corrosive agents outside normal operation, or for the performance of any AD or SB, whether or not mandatory. Lessor will not reimburse any part of the cost of transportation or the cost of obtaining customs clearance for importation of parts (including, but not limited to, import/export duties, levies and other Taxes). If Lessee intends to undertake any Maintenance Contribution Item, the cost for which it will seek reimbursement from the Lessor, Lessee shall notify Lessor at least ten (10) days in advance of such Maintenance Contribution Item, and shall request Lessor's consent in writing, of the workscope Lessee desires to accomplish, the estimated cost thereof and the maintenance facility Lessee proposes to have accomplish the work.

6.5 Registration. At all times during the Term, Lessee shall cause the Aircraft to be remain registered in the United States of America in accordance with Applicable Law reflecting, to the extent possible, that Lessor is the owner and lessor hereunder.

6.6 Lease Identification. Upon delivery of the Aircraft, Lessee agrees to place the Lease Identification in the cockpit in a location reasonably adjacent to, and not less prominent than the airworthiness certificate for the Aircraft and to place the Lease Identification on each Engine.

6.7 Maintenance Program. Lessee shall not modify, nor shall any transferee or sublessee permitted under this Agreement, any material provision of the Maintenance Program, including but not limited to extending any service intervals beyond standard extensions and escalations, without first obtaining the Lessor's prior written consent, which consent shall not be unreasonably withheld.

SECTION 7 INFORMATION AND INSPECTION

7.1 During the Term of this Lease, Lessee agrees to furnish to Lessor and any Lessor Lender the following:

(a) as soon as available after the end of each fiscal year (but not later than one hundred eighty (180) days after the end of such fiscal year), a copy of Lessee's annual consolidated profit and loss account and balance sheet;

(b) three (3) Business Days after completion of any non-routine, unscheduled maintenance of the Aircraft, Lessee shall notify Lessor of the nature and outcome of such maintenance;

(c) upon the Lessor's written request, written summaries of Lessee's maintenance programs relating to the Aircraft; and

(d) from time to time such information concerning the location, condition, use and operation of the Aircraft as Lessor or any Lessor Lender may reasonably request.

7.2 Lessee shall permit Lessor and/or any Lessor Lender, or a designee of either, on two (2) days prior written notice or at each Maintenance Check, to visit and inspect the Aircraft, its condition, use and operation, and the books, records and logs maintained and relating to the Aircraft at any reasonable time during normal business hours without interfering with the normal commercial operation of the Aircraft. Lessee shall provide Lessor with thirty (30) days prior written notice of each Maintenance Check or portion thereof. Notwithstanding the foregoing, Lessor shall have the right to inspect the Aircraft at any time that a Default or an Event of Default has occurred and is continuing. Neither Lessor nor any Lessor Lender shall have any duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection. Lessor's or any Lessor Lender's failure to object to any condition or procedure observed or observable in the course of an inspection hereunder shall not be deemed to waive or modify any of the terms of this Lease with respect to such condition or procedure.

SECTION 8 COVENANTS OF LESSEE

In addition to and not in limitation of Lessee's other representations, warranties, covenants and agreements set forth elsewhere in this Lease, Lessee covenants and agrees that:

(a) Maintenance of Company Existence. During the Term, Lessee will preserve and maintain its company existence.

(b) Maintenance of Status. Lessee is and shall remain duly qualified to operate and maintain the Aircraft under Applicable Law and in accordance with the requirements of this Agreement. Lessee will maintain in full force and effect during the Term, a current operating certificate, air transport license and a current certificate of airworthiness for the type of operations conducted by Lessee.

(c) Payment of Taxes. Lessee will promptly pay or cause to be paid all Taxes due and owing during the Term as provided in Section 10 hereof.

(d) Place of Business. Lessee will provide to Lessor at least thirty (30) days prior written notice of any change in its principal place of business.

(e) Notice of Default. Immediately after Lessee obtains knowledge of a Default or an Event of Default hereunder, Lessee shall immediately notify Lessor in writing. In addition, Lessee shall provide immediate notice to Lessor if the police or any other authority seizes or impounds the Aircraft.

(f) Governmental Consents. Lessee shall maintain in full force and effect all governmental consents, licenses and authorizations, obtained in connection with this Lease.

(g) No Liens. Lessee shall at all times keep the Aircraft free and clear of Liens except as permitted under Section 14 hereof.

(h) Licenses. Lessee will maintain in full force and effect during the Term, a current Part 135 operating certificate and a current certificate of airworthiness.

(i) No Discrimination. Lessee shall not discriminate in its maintenance and care, operation or any other conditions or obligations with respect to the Aircraft as between it and the other Raytheon Aircraft Company Model 1900D aircraft operated by Lessee. Lessee will not replace time-controlled components with anything other than zero-time-since-overhaul components of equivalent model, manufacture, and value. Lessee will not replace LLPs with anything other than parts with no less life remaining than the part being replaced had on the Delivery Date, and of equivalent model, manufacture, and value.

SECTION 9 REPLACEMENT OF PARTS; ALTERATIONS; MODIFICATIONS AND ADDITIONS

9.1 Replacement of Parts. Lessee, at its own cost and expense will promptly replace or cause to be replaced, all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. All replacement Parts (a) shall be free and clear of all Liens, other than Liens permitted by Section 14 hereof, (b) shall be in at least the same modification status and service bulletin accomplishment status as the Part being replaced, (c) shall be interchangeable as to form, fit and function and of the same model and manufacturer as the Part being replaced, (d) shall have been overhauled, repaired and inspected by an FAA approved agency and shall bear FAA acceptable tags, and (e) shall be in as good an operating condition as, and have a value, utility and remaining useful life at least equal to, the Parts replaced; provided, however, that Lessee shall replace each time controlled Part with a replacement Part that has not less than one hundred per cent (100%) of the remaining time until the next overhaul or replacement and Lessee shall replace each LLP with a replacement LLP that has no less life remaining than the original LLP being replaced had on the Delivery Date. All replacement Parts shall have "back-to-birth" records and

all historical records relating to such replacement Parts shall be maintained by Lessee in English. Lessee shall not use, and shall ensure that no transferee or sublessee permitted under this Agreement shall use, any PMA Part without the Lessor's prior written consent.

All Parts, which are at any time, removed from the Aircraft shall remain the property of Lessor and subject to this Lease, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to the Aircraft and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to the Aircraft as above provided, (i) title to the removed Part shall thereupon vest in Lessee, free and clear of all rights of Lessor, (ii) title to such replacement Part shall thereupon vest solely in Lessor, free and clear of any and all Liens other than Lessor's Liens or Permitted Liens and (iii) such replacement Part shall become subject to this Lease.

9.2 Alterations, Modifications and Additions. Subject to Section 9.3 below, Lessee, at its own cost and expense, shall make or cause to be made such alterations and modifications in and additions to the Aircraft, each Engine or Parts, as may be required from time to time to meet the applicable standards of the FAA, or to comply with any Applicable Law. Title to all Parts incorporated or installed in or attached or added to the Aircraft as the result of such alteration, modification or addition shall vest immediately in Lessor and shall become subject to this Lease, provided, however, that Lessee may remove such Parts prior to return of the Aircraft on the Expiration Date if such removal does not damage or otherwise result in any diminution in value of the Aircraft, and provided further, that Lessee replaces and restores any Parts originally installed on the Aircraft as of the Delivery Date and which were removed.

9.3 Airworthiness Directives and Service Bulletins. The costs of complying with and otherwise accomplishing any Airworthiness Directive or Service Bulletin requiring the mandatory alteration and modification of Raytheon Aircraft Company model 1900D aircraft shall be the responsibility of the Lessee. Notwithstanding the foregoing, solely with respect to an Airworthiness Directive or Service Bulletin applicable to the Engines, the Lessor shall be responsible for the cost of complying with any such Airworthiness Directive or Service Bulletin; provided, however, if the cost of any such compliance exceeds Five Hundred Thousand Dollars (\$500,000) (the "Engine AD/SB Threshold"), the Lessor may elect not to pay for the cost of such Airworthiness Directive or Service Bulletin and terminate this Lease. If Lessor so elects to terminate this Lease, Lessor shall not bear any liability for any costs or losses incurred by Lessee as result of such termination.

SECTION 10 GENERAL TAX INDEMNITY

10.1 Indemnity. Lessee shall pay when due and indemnify and hold each Indemnatee harmless from and against any and from all Taxes imposed against any such Indemnatee, Lessee, the Aircraft or any interest therein or use thereof, as well as Taxes arising out of this Lease, and each other Operative Agreement, or based on or measured by, the payments of Rent and other amounts due hereunder or thereunder, the terms, covenants and conditions hereof and thereof, or the use, operation, maintenance, possession, condition, control, occupancy, servicing, installation, transportation, storage, substitution, recording, documentation, import and export of the Aircraft

by Lessee in connection with its use and operation thereof, rental, lease, modification, location, repair, abandonment, replacement, delivery, registration, repossession, improvement, subleasing, manufacture, rental, settlement of any insurance claim, return or other disposition of the Aircraft or any Part thereof or interest therein regardless of the method of calculation; provided, however, that Lessee shall have no obligation to pay any of the following Taxes: (i) assessed by the federal government of the United States, or any state, or any foreign country or international taxing authority against the Indemnitees which are based upon or measured by their respective gross annual incomes, profits, gains, capital or net worth, or Taxes in lieu of any of the foregoing; (ii) Taxes attributable to any Indemnitee's gross negligence or willful misconduct; or (iii) Taxes imposed as a result of Lessor's voluntary or involuntary transfer or other disposition of the Aircraft or any Part thereof or interest therein, except a transfer or sale resulting directly from a Default or Event of Default hereunder.

10.2 Miscellaneous. In case any report or return is required to be made with respect to any Taxes which are an obligation of Lessee under this Section 10, Lessee will either make such report or return in such manner as will show the ownership of the Aircraft in Lessor or will notify Lessor of such requirement.

Lessee's obligations under this Section 10 shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or any other Person for any reason whatsoever. Lessee will pay to an Indemnitee to the extent permitted by Applicable Law, interest at the Interest Rate on any amount not paid to such Indemnitee when due pursuant to this Section 10 until the same shall be paid in full. All indemnities, obligations, adjustments and payments provided for in this Section 10 shall survive, and remain in full force and effect, notwithstanding the expiration or other termination of this Lease.

10.3 Gross-Up. Lessee further agrees that if at any time any Applicable Law or any Governmental Entity requires any deduction or withholding in respect of Taxes from any payment of Rent or other amounts due under this Lease, the sum due from Lessee shall be increased to the extent necessary to ensure that, after paying such Taxes, the Indemnitee receives a net sum equal to the sum which it would have received had no such deduction or withholding been required ; provided, however, Lessee shall have no obligation to gross-up any payment to the extent such deduction or withholding arises solely as a result of (i) Lessor's assignment, sale, or transfer of its interest in this Lease or the Aircraft to a Person organized or resident outside the United States, (ii) a change in the tax residency or status of Lessor or any assignee, or (iii) any action by Lessor or any assignee that causes a withholding obligation that would not have existed but for such action.

10.4 Timing of payment. Any amount payable by Lessee pursuant to this Section 10 will be paid promptly, or on demand by Lessor, within the later of ten (10) days of the demand or thirty (30) days prior to the date such Tax is due to the taxing authority.

10.5 Contest. Notwithstanding anything in this Section 10 to the contrary, so long as (i) a contest of such Taxes does not involve a material danger of the sale, forfeiture or loss of, or imposition of a Lien on, the Aircraft or any interest therein, and (ii) Lessee has provided Lessor

with an opinion of independent tax counsel that a reasonable basis exists for contesting such claim, then Lessor or Indemnatee at Lessee's written request will in good faith, with due diligence and at Lessee's expense, contest such Taxes.

10.6 Refunds. Upon receipt by Lessor or Indemnatee of a refund of all or any part of any Taxes which Lessee has paid, Lessor or Indemnatee, as the case may be, will pay to Lessee the amount of such Taxes refunded, including any interest paid to Lessor or Indemnatee therewith.

SECTION 11 CASUALTY OCCURRENCES

11.1 Casualty Occurrence with respect to the Aircraft. Immediately after a Casualty Occurrence with respect to the Aircraft, Lessee shall give Lessor written notice. On or before ninety (90) days after the date of the Casualty Occurrence, or upon receipt of insurance proceeds in an amount equal to the Casualty Value, whichever is sooner, Lessee shall pay to Lessor the Casualty Value. Upon such payment, and the payment of all other amounts then due and payable under this Lease (i) the obligation of Lessee to make further payments of Basic Rent shall terminate (ii) this Lease shall terminate with respect to the Aircraft, and (iii) Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest, in and to the Aircraft, free and clear of Lessor's Liens, as well as all of Lessor's right, title and interest in and to each Engine constituting part of the Aircraft but not installed thereon at the time of the Casualty Occurrence. No Casualty Occurrence shall result in any abatement of Rent until receipt by Lessor of the Casualty Value.

11.2 Application of Proceeds and Payments. Any payments received at any time by Lessor or by Lessee from any insurer (other than liability insurance), or from any Governmental Entity or other Person with respect to a Casualty Occurrence will be applied to the payment of the Casualty Value due to Lessor, or, if already paid by Lessee (unless a Default or an Event of Default shall have occurred and be continuing) shall be applied to reimburse Lessee

11.3 Requisition for Use by Government. In the event of the requisition for use by a Governmental Entity of the Aircraft (other than a requisition constituting a Casualty Occurrence), all of Lessee's obligations under this Lease, including without limitation those with respect to the Airframe or such Engine(s), shall continue to the same extent as if such requisition had not occurred; Provided no Default or Event of Default has occurred and is continuing, all payments received by Lessor or Lessee from the Governmental Entity for the use of the Airframe or such Engine(s) during the Term therefor shall be paid over to, or retained by, Lessee. All payments received by Lessor or Lessee from the Governmental Entity for the use of the Aircraft after the Term therefor shall be paid over to, or retained by Lessor.

11.4 Other Applications. Any amounts not payable to or retained by Lessee pursuant to this Section 11 or Section 12 hereof because a Default or an Event of Default shall have occurred and be continuing shall be paid to Lessor until such Default or Event of Default shall cease to be continuing.

SECTION 12 INSURANCE AND INDEMNIFICATION

12.1 Public Liability and Property Damage Insurance. Lessee will carry and maintain in effect, at its own cost and expense, with Approved Insurers, comprehensive aircraft liability insurance. Such Liability Insurance shall (i) be in an amount not less than Fifteen Million United States Dollars (US\$15,000,000) subject to a deductible approved by Lessor (such approval not to be unreasonably withheld or delayed), and (ii) extended to include war and allied perils under Extended Coverage Endorsement as per AVN52E.

12.2 Insurance Against Loss or Damage. Lessee, at its own cost and expense, will maintain in effect with Approved Insurers "all-risk" ground and flight aircraft hull insurance, including but not limited to fire, theft, ingestion, crash and collision and war and allied perils. Such insurance shall be for an amount not less than the greater of the Casualty Value or the full replacement value of the Aircraft, in form AVN67B or comparable.

12.3 Required Policy Designations and Provisions. Each policy of insurance obtained and maintained pursuant to this Section shall: (i) name Lessor as owner of the Aircraft and name the Indemnitees as additional insureds, and Lessor (or any Lessor Lender for so long as such Lessor Lender has a security interest in the Aircraft), as sole loss payee (with no obligation to pay any premiums for any such policies); (ii) expressly provide that, in respect of the interests of the Indemnitees, the insurance shall not be invalidated by any action or inaction of Lessee, and shall insure the Indemnitees regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee; (iii) provide that cancellation, adverse change or lapse shall not be effective as to the Indemnitees for thirty (30) days (seven (7) days in the case war risks or allied perils coverage or such lesser period of time as may be customarily applicable after receipt written notice by Lessor and any Lessor Lender; (iv) include coverage for all territorial limits of any country in which the Aircraft may at any time be located; (v) provide waivers of set-off, counterclaim or any other deduction, and subrogation against Indemnitees; and (vi) provide that losses shall be payable directly to Lessor or Lessor Lender as sole loss payee. Each such policy shall be primary without right of contribution from any other insurance which may be carried by the Indemnitees.

12.4 Application of Insurance Proceeds for a Casualty Occurrence. Insurance payments arising from a Casualty Occurrence shall be applied in accordance with Section 11.2 hereof.

12.5 Application of Insurance Proceeds for Other than a Casualty Occurrence. Insurance payments for any property damage not constituting a Casualty Occurrence shall be paid to Lessor and applied by Lessor in payment for repairs Lessee or for replacement property Lessee is required to obtain, or, if already paid for by Lessee, to reimburse

12.6 Application in Default. Any amount otherwise payable to Lessee under Sections 11.2 or 12.5 shall not be paid to Lessee if at the time of such payment, a Default or an Event of Default has occurred and is continuing and instead shall be held by Lessor as security for the obligations of Lessee.

12.7 Certificates of Insurance. On or before the Delivery Date, and on each renewal of the insurance required hereby, Lessee will furnish to Lessor and any Lessor Lender a certificate and letter of undertaking from an Approved Insurance. Such insurance certificates shall include the following provisions (i) solely with respect to Liability Coverages, the Indemnitees shall be included as Additional Insureds, (ii) solely as respects Hull Coverage, all losses will be adjusted with the Named Insured and shall be payable to the Lessor.

12.8 Reinsurance. In the event that the insurances required hereunder are reinsured, Lessee shall use commercially reasonable efforts to procure that such reinsurance contains a "cut-through" clause reasonably satisfactory to Lessor; provided, however, the inability to obtain such clause despite commercially reasonable efforts shall not constitute a Default or Event of Default hereunder.

12.9 Indemnification. Lessee hereby agrees and undertakes to indemnify, reimburse and hold harmless each Indemnatee from and against any and all claims, damages, losses, liabilities, demands, judgments, settlements, , legal proceedings (whether civil or criminal), penalties, fines, other actions, and any reasonable attorneys' fees and all other costs and expenses in connection therewith, of whatsoever kind or nature, including any of the foregoing arising or imposed with or without any such Indemnatee's fault or negligence or under the doctrine of strict liability or any other theory of liability (any and all of which are hereafter referred to as "Claims") which may result from, pertain to, or arise out of: (i) any act or omission of Lessee, or its employees, agents, officers, directors, shareholders, or other representatives in respect of the transactions contemplated hereby, or the enforcement of any of the terms hereof, including but not limited to the breach of any representation, warranty, covenant, obligation or duty of Lessee hereunder or any other document or agreement executed and delivered in connection herewith or with respect to any Indemnatee; or (ii) the condition, manufacture, delivery, lease, acceptance, possession, repossession, return, disposition pursuant to the exercise of remedies under Section 17 hereof, airworthiness, use, maintenance, storage or operation of the Aircraft, the Airframe, an Engine or Part either in the air or on the ground; or (iii) any defect in the Aircraft (whether or not discovered or discoverable by Lessee or Lessor) arising from any material or articles or Parts used therein or from the design, testing, or use thereof or from any maintenance, repair, modification, alteration, service, repair, overhaul, or testing of the Aircraft, whether or not the Aircraft is in the possession of Lessee, and regardless of where the Aircraft may then be located; or (iv) any transaction, approval, or document contemplated by this Lease, or given or entered into in connection herewith; provided, however, that Lessee shall be subrogated to all rights and remedies which Lessor may have against the Manufacturer, the Engine Manufacturer, any Approved Maintenance Provider, or the manufacturer of any Part, or any of their subcontractors. In the event Lessee is required to indemnify any Indemnatee hereunder, Lessee shall pay to such Indemnatee an amount which, after deduction of all Taxes and like charges required to be paid by such Indemnatee in respect of such payment, is equal to the amount of the indemnification required, net of any credits received by such Indemnatee by reason of having made such payments, provided, however, that all of the provisions of Section 10.3 hereof shall apply to such payment.

12.10 Lessee hereby waives, and releases each Indemnatee from any Claims (whether now existing or hereafter arising) for or on account of or arising or in any way connected with injury to

or death of personnel or any agent of Lessee or loss or damage to property of Lessee or the loss of use of any property which may result from or arise in any manner out of or in relation to the ownership, manufacture, purchase, delivery, leasing, return, condition, use, maintenance, storage, disposition, repossession or operation of the Aircraft, either in the air or on the ground, or which may be caused by any defect in the Aircraft from the material or any article or Part used therein or from the design or testing thereof, or use thereof or from any maintenance, service, repair, overhaul, or testing of the Aircraft regardless of when such defect may be discovered, whether or not the Aircraft is at the time in the possession of Lessee, and regardless of the location of the Aircraft at any such time.

12.11 The indemnities contained in Section 12.9 shall survive the execution and delivery of this Lease and shall continue in full force and effect notwithstanding the expiration or other termination of this Lease or other Operative Agreement.

12.12 The following are excluded from Lessee's agreement to indemnify any Indemnatee under Section 12.9:

- (a) any Claim caused by the gross negligence or willful misconduct of such Indemnatee;
- (b) any Claim arising from acts or events which occur after the Return Occasion (other than pursuant to Section 18 hereof) and the payment and performance in full by Lessee of each of its obligations and liabilities under the Operative Agreements;
- (c) any Claim arising from acts or events which occur prior to delivery of the Aircraft to Lessee;
- (d) any Claim that arises solely and directly from the breach by an Indemnatee of this Lease or any of the other Operative Agreement;
- (e) any Claim to the extent Lessee's defense of such Claim is precluded as a result of the failure of an Indemnatee to timely notify Lessee of such Claim; and
- (f) any Claim that constitutes the ordinary and usual operating and overhead expenses of an Indemnatee.

SECTION 13 **LIENS**

Lessee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Aircraft, title thereto or any interest therein, except: (i) the respective rights of Lessor and Lessee as herein provided; (ii) Lessor's Liens with respect to the Aircraft; and (iii) Permitted Liens.

SECTION 14 **PERFECTION OF TITLE AND FURTHER ASSURANCES**

14.1 Recordation of Lease. Lessee shall, at Lessee's cost and expense, cause this Lease, and all exhibits hereto, any supplements hereto, to be filed and recorded, with the FAA and any other applicable Governmental Entity to the extent required to perfect and preserve Lessor's and Lessor Lender's interest and title in and to the Aircraft and this Lease.

14.2 Other Filings.

(a) Upon the occurrence of an Event of Default if any filing or recording is reasonably necessary to protect the interest of Lessor or any Lessor Lender, Lessee, at its own cost shall cause such filing to be made. In the event that Lessor refinances or otherwise grants a subsequent security interest to another Lessor Lender during the Term, then the costs and expenses of any such filings and/or recordings contemplated by this Section 14.2 shall be the responsibility of Lessor.

(b) In addition, Lessee will promptly and duly execute and deliver to Lessor such further documents and assurances and take such further actions as Lessor may from time to time reasonably request in order to more effectively carry out the intent and purpose of this Lease and to establish, protect and perfect the rights and remedies created or intended to be created in favor of Lessor and any Lessor Lender hereunder, including, without limitation, if reasonably requested by Lessor at the expense of Lessor, the execution and delivery of supplements or amendments hereto or to any Lessor Lender's security agreement in recordable form, subjecting this Lease to the Lien of any Lessor Lender's security agreement, and the recording or filing of counterparts thereof, in accordance with the laws of any appropriate jurisdiction.

(c) Lessee and Lessor will cause an International Interest to be registered with the International Registry with respect to the Airframe and each Engine.

SECTION 15 RETURN OF AIRCRAFT AND RECORDS

15.1 Return. On the Expiration Date or such other Return Occasion, Lessee, at its own expense, shall return the Aircraft to Lessor in the condition specified in Exhibit E hereto at a location within the continental U.S.A. mutually agreed by Lessor and Lessee, provided that if the Parties cannot agree, the return location shall be within five hundred (500) nautical miles of Lessee's principal operating base (the "Return Location"), fully equipped, with all required Parts and Engine, duly installed thereon. At such time as the Aircraft has been inspected by Lessor and found to be in the condition required hereunder, Lessor shall issue a redelivery receipt ("Redelivery Receipt") to Lessee.

15.2 Legal Status Upon Return. Upon any Return Occasion, the Aircraft: (i) shall be free and clear of all Liens, except for Lessor's Liens; (ii) shall have a current, valid certificate of airworthiness from the FAA, (iii) shall be eligible for Part 135 operation under FAA regulations; and (iv) shall be in full compliance with the Maintenance Program and all Airworthiness Directives and Service Bulletins in accordance with Section 9.3.

15.3 Records. Upon the Return Occasion, Lessee shall deliver to Lessor all Aircraft Documents and all such Maintenance Program data and task cards required to transition the Aircraft to another operator's maintenance program.

15.4 Service Bulletin and Modification Kits. At or upon return, Lessee shall deliver to Lessor all service bulletin kits furnished without charge by a manufacturer which have not been installed. Any such kit relating to (i) the Airframe shall be delivered to the Lessor at Lessee's cost, and (ii) the Engines shall be delivered to Lessor at Lessor's cost.

15.5 Condition of Aircraft. Upon the Return Occasion, Lessee shall return the Aircraft to Lessor in such condition that the Aircraft shall comply with all of the conditions set forth in Exhibit E hereto, with all Aircraft systems fully functional and in good working order.

15.6 Final Inspection. Upon the Return Occasion, Lessee shall make the Aircraft available, at Lessee's expense, to Lessor at Lessee's principal maintenance base or such other location mutually agreed to by Lessor and Lessee for detailed inspection (the "Final Inspection"). Lessee shall give Lessor not less than ten (10) days prior written notice of the commencement date of such Final Inspection. The Final Inspection shall commence on or before the Expiration Date. To the extent that any portion of the Final Inspection extends beyond the Expiration Date, and to the extent that any such delay was not caused by the Lessee, Lessee shall not be responsible to pay any Rent beyond the Expiration Date. Any storage expense attributable to the Final Inspection extending beyond the Expiration Date shall be the sole responsibility of the Lessor.

15.7 Aircraft Documentation. In order to enable Lessor to prepare for the Final Inspection of the Aircraft pursuant to Section 15.5 above, Lessee agrees to make available to Lessor at Lessee's principal maintenance base not later than ten (10) days prior to the commencement of such Final Inspection, the then available Aircraft Documents, together with such other documentation regarding the condition, use, maintenance, operation and history of the Aircraft generated during Lessee's possession of the Aircraft, and as Lessor may otherwise reasonably request.

15.8 Extension of Lease. To the extent that the Aircraft fails upon the Return Occasion to conform to any requirement imposed by this Lease, Lessee shall have thirty (30) days after written notice from Lessor identifying specific deficiencies to cure such deficiencies at Lessee's expense. If Lessee fails to cure such deficiencies within such thirty (30) day period. Lessor, at its sole option, may continue the Lease, and the Term shall be deemed to have been automatically extended, and the obligation to pay Rent shall continue on a daily basis at the rate of One Hundred Twenty-Five Percent (125%) of the Basic Rent until such time as the Aircraft is brought up to the condition required. Lessee shall not operate the Aircraft during any such extension period.

15.9 Demonstration Flight. Immediately prior to redelivery, at Lessee's expense, Lessee shall conduct a demonstration flight. Two (2) persons designated by Lessor may participate as non-participating observers.. If such demonstration flight reveals discrepancies outside of applicable maintenance and / or operation manual limits and if such discrepancies are specified in

writing by Lessor, Lessee, at its own expense, shall cause such discrepancies to be immediately rectified.

15.10 Return of Security Deposit. Upon compliance by Lessee with all of the terms and conditions of this Lease on or as of the Expiration Date, and provided no Event of Default has occurred and is continuing, Lessor shall upon the execution and delivery of the Redelivery Receipt return the Security Deposit (or that portion of the Security Deposit remaining after application thereof by Lessor in accordance with the terms hereof), together with all accrued interest thereon to Lessee within two (2) Business Days.

SECTION 16 **EVENTS OF DEFAULT**

Any one or more of the following occurrences or events shall constitute an Event of Default:

(a) Lessee shall fail to make any payment of Rent to Lessor within five (5) Business Days following the date when it is due under this Lease;

(b) Lessee (i) shall fail to obtain and maintain any insurance required under Section 12, (ii) shall let any such insurance coverage lapse, or shall operate the Aircraft outside the scope of the insurance coverage or (iii) shall fail to redeliver the Aircraft to Lessor on the Expiration Date in compliance with the Return Conditions set forth herein;

(c) any representation or warranty made by Lessee in Sections 5.3(a) through 5.3(k) hereof inclusive is incorrect at the time given in any material respect; any other representation or warranty made by Lessee herein or in any document or certificate furnished to Lessor in connection herewith or therewith or pursuant hereto is incorrect in any material respect at any time during the Term and Lessee fails to cure the within thirty (30) days after the earlier of (i) Lessee's actual knowledge thereof or (ii) notice from Lessor, or such longer period as Lessor shall agree provided that Lessee is using best efforts in good faith to correct such defect;

(d) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it pursuant to this Lease and such failure shall continue for a period of thirty (30) days after notice thereof is given by Lessor to Lessee, or if Lessee shall fail to observe its covenant to keep the Aircraft free and clear of Liens (subject to Section 14 hereof), thirty (30) days after the date of imposition of any such Lien;

(e) Lessee consents to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or Lessee admits in writing its inability to pay its debts generally as they come due, or makes a general assignment for the benefit of creditors, or Lessee files a voluntary petition in;

(f) an order, judgment or decree is entered by any court appointing a receiver, trustee or liquidator for Lessee or of all or any substantial part of its property, respectively, or all or any substantial part of the property of Lessee is sequestered, and any such order, judgment or decree of appointment or sequestration remains in effect, undismissed, unstayed or unvacated for a period of sixty (60) days after the date of entry thereof;

(g) a petition against Lessee in a proceeding under bankruptcy or insolvency laws is filed and is not withdrawn or dismissed within sixty (60) days thereafter;

(h) a final judgment for the payment of money not covered by insurance in excess of Five Hundred Thousand United States Dollars (US\$500,000.00), shall be rendered against Lessee, and the same shall remain undischarged for a period of thirty (30) days; or

(i) Lessee shall default in any covenant or agreement relating to any obligation of Lessee for borrowed money in excess of \$500,000.00 and the maturity of such obligation has been accelerated; or

(j) An event of default shall occur under any lease (other than this Lease) under which Lessee or any of its affiliates leases an aircraft (other than the Aircraft) from Lessor or any affiliate of the Lessor ("Related Lease") or an event of default shall occur under any financing agreement under which Lessor or any of affiliate of Lessor provides financing to Lessee or any of its affiliates for an aircraft (other than the Aircraft); or

(k) Lessee shall voluntarily suspend (not including any suspension necessitated by any labor dispute) all of its commercial air operations, or the franchises, concessions, permits, rights or privileges required for the conduct of the commercial air carrier business of Lessee shall be revoked, canceled or otherwise terminated.

SECTION 17 **REMEDIES**

17.1 Upon the occurrence of any Event of Default, Lessor may, at its option, exercise one or more of the following:

(a) demand that Lessee, and Lessee shall upon such demand and at Lessee's expense, immediately return the Aircraft to Lessor at such location as may be directed by Lessor, In addition, Lessor, to the extent permitted by Applicable Law, may enter upon the premises where the Aircraft is located and take immediate possession, all without liability except for damage caused by gross negligence or willful misconduct of Lessor;

- (b) sell at private or public sale, or hold, use, operate or lease to others the Aircraft as Lessor may determine, all free and clear of any rights of Lessee;
- (c) proceed by appropriate court action to enforce performance by Lessee and to recover damages;
- (d) retain and/or liquidate the Security Deposit;
- (e) terminate this Lease by written notice to Lessee and/or repossess the Aircraft;
- (f) send a written notice to Lessee specifying a payment date not earlier than ten (10) days from the date of such notice, that Lessee must pay as liquidated damages for loss of a bargain and not as a penalty (in lieu of the installments of Basic Rent for the Aircraft due for the period from and after the payment date specified herein until the Expiration), the sum of any Rent due on or before such payment date (together with interest, if any, on such amount at the Interest Rate from such specified payment date until the date of actual payment of such amount) plus an amount equal to the aggregate remaining payments of Basic Rent due and owing for the remainder of the Term, after discounting such payments at a discount rate equal to the then-current yield on United States Treasury obligations of comparable remaining maturity; and/or
- (g) exercise any other remedies available under Applicable Law.

In any event, upon the occurrence of an Event of Default, Lessee shall be liable for (i) any and all unpaid Rent, together with interest at the Interest Rate, (ii) all reasonable legal fees incurred by Lessor, and (iii) the costs and out of pocket expenses incurred by Lessor in connection with the repossession of the Aircraft. Further, upon the occurrence of any of the events specified in clauses (e), (f) and (g) of Section 16 hereof, this Lease shall immediately terminate, and Lessee shall return the Aircraft to Lessor.

Upon the occurrence of an Event of Default, in effecting any repossession, Lessor, its representatives and agents, to the extent permitted by Applicable Law shall: (i) have the right to enter upon premises where the Aircraft is reasonably believed, to be located; (ii) not be liable for the taking of personal property of Lessee in or attached to the Aircraft; provided that Lessor shall return all such personal property of Lessee; and (iii) not be liable for inadvertent damage to any of Lessee's property except for that caused by Lessor's gross negligence or willful misconduct

17.2 No remedy referred to in this Section 17 is intended to be exclusive, each shall be cumulative and in addition to any other remedy available to Lessor at law or in equity. No express or implied waiver by Lessor of any Default or Event of Default shall constitute a waiver of any future or subsequent Default or Event of Default.

SECTION 18 ALIENATION; SECTION 1110 AND CAPETOWN;

18.1 Alienation. Lessor shall have the right, at its sole cost and expense, to assign, sell or encumber any interest of Lessor in the Aircraft or this Lease subject to the rights of Lessee under this Lease. To effect any such assignment, sale or encumbrance, Lessee agrees to provide, at Lessor's sole cost and expense, including, but not limited to, Lessee's reasonable attorney's fees and costs, such agreements, consents, and documents as may be reasonably requested by Lessor, provided, however, that (i) no such assignment, sale or encumbrance shall increase the aggregate financial exposure of Lessee under this Lease as compared to what such obligations would have been absent such assignment, sale or encumbrance, (ii) Lessee's rights under this Lease, including the right to quiet enjoyment, shall not be diminished or adversely affected by any such assignment, and (iii) any successor Lessor shall be bound by all of the terms and conditions of this Lease.

18.2 Section 1110 and the Cape Town Convention.

(a) Throughout the Term Lessee shall take any reasonable actions requested by Lessor to enable Lessor to receive the benefits of Section 1110 of the Bankruptcy Code, 11 U.S.C. §1110, as amended ("Section 1110") or any equivalent provisions under the Cape Town Convention.

(b) The Lessor and the Lessee intend that this Lease constitutes a "true lease" and a lease for all United States federal income tax purposes. The Lessor and the Lessee further intend and agree that the Lessor shall be entitled to the full benefits afforded lessors of aircraft under Section 1110 or under the equivalent provisions under the Cape Town Convention.

(c) Lessee covenants to and agrees with Lessor that Lessee will support any motion, petition or application filed by Lessor seeking recovery of possession of the Aircraft under Section 1110 or under the Cape Town Convention, and Lessee shall not oppose such action by Lessor.

SECTION 19 MISCELLANEOUS

19.1 Severability, Amendment and Construction. Any provision of this Lease, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof; This Lease supersedes any prior or contemporaneous agreements, whether oral or in writing, of the parties hereto and shall constitute the entire agreement of the Parties. No provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by both Parties. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in the Aircraft. The headings in this Lease are for convenience of reference only and shall not define or limit any terms of the provisions hereof. Whenever required by the context hereof, the singular shall include the

plural and vice versa. All Exhibits and Schedules attached hereto are incorporated herein by reference and are deemed to be a part hereof.

19.2 Governing Law; Jurisdiction.

(a) This Lease shall in all respects be governed by, and construed in accordance with the internal laws of the State of New York without giving effect to the conflict of laws provisions (except sections 5-1401 and 5-1402 of the New York *General Obligations Law*, which the Parties agree apply hereto), including all matters of construction, validity and performance. Lessor and Lessee hereby expressly submit to the exclusive jurisdiction of the courts of the State of New York and the federal courts located in New York, New York. The foregoing shall not limit the rights of either party to enforce a judgment in any jurisdiction.

19.3 Notices. All notices required under the terms hereof shall be in writing, shall be sent to Lessor or Lessee at their respective addresses or e-mail addresses set forth in Exhibit C hereto (or such other addresses or e-mail address as the parties may designate from time to time by notice pursuant to this Section 19.3) by e-mail or by international courier service. Any such notice shall become effective upon the earlier of actual receipt or the third (3rd) day following the date such notice is sent by air courier.

19.4 Lessor's Right to Perform for Lessee. If Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any material covenant or material obligation hereunder and such failure continues beyond the applicable cure period set forth in this Lease, Lessor shall have the right but not the obligation to make such payment or perform such obligation. All expenditures made by Lessor pursuant to this Section 19.4 shall be commercially reasonable. The amount of any payment made and the amount of the reasonable expenses of Lessor incurred in connection therewith, together with interest thereon at the Interest Rate, shall be payable by Lessee to Lessor (as Supplemental Rent) upon demand. Lessor agrees to notify Lessee in writing prior to making any payment under this Section 19.4, unless the Aircraft will be in danger of loss, sale, confiscation, forfeiture or seizure should such payment not be made. The taking of any such action by Lessor pursuant to this Section 19.4 shall not constitute a waiver or release of any obligation of Lessee under the Lease, nor a waiver of any Event of Default which may arise out of Lessee's nonperformance of such obligation, nor an election or waiver by Lessor of any remedy or right available to Lessor under or in relation to this Lease.

19.5 Counterparts. This Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19.6 Quiet Enjoyment. Lessor covenants that, so long as no Event of Default has occurred or is continuing, Lessee shall quietly enjoy the use and possession of the Aircraft without interference by Lessor, or by any Person lawfully claiming by or through Lessor, at all times during the Term, including following any assignment by Lessor under Section 18.1.

19.7 Brokers. Lessor and Lessee each represent that neither has engaged a broker for purposes of this Lease.

19.8 Expenses. Except as otherwise expressly provided herein, Lessee shall be responsible for and pay (i) its costs and expenses incurred in connection with the negotiation and drafting of this Lease (ii) 50% of the fees of the FAA Counsel, (iii) 50% of the fees and expenses for FAA and International Registry filings, (iv) all fees and costs in connection with configuring the Aircraft for Part 135 operations, (v) all fees and costs in connection placing the Aircraft on Lessee's operation specifications, and (vi) costs incurred by Lessee in connection with the pre-delivery inspection of the Aircraft.

Confidential Treatment. The Parties each acknowledge that the commercial and financial information contained in this Lease is considered confidential. Each Party agrees that it will treat the contents and subject matter of this Lease as confidential and will not, without the prior written consent of the other, disclose this Lease or the subject matter hereof to any third party except to their respective affiliates and its and their respective employees, officers, directors, managers, members, partners, professional advisors, potential financing sources, insurance brokers, auditors and or other agents, as may be required by Applicable Law y, or in connection with any court order, court ruling or subpoena. Notwithstanding the foregoing, Lessee may disclose the terms of this Lease to banks, auditors, and prospective purchasers of Lessee without Lessor approval, provided such entities have a requirement for such information based on their business relationship with Lessee and further agree to keep such information confidential.

19.11 No Lessee Consent Required For Assignment. Lessor shall have the right to sell, transfer or assign its right, title and interest in and to this Agreement and/or the Aircraft, subject to the provisions of Section 18.1, and Lessee shall execute such reasonable documents as are necessary to effectuate such sale, transfer or assignment. Lessor shall be responsible for the reasonable cost incurred by Lessee in connection with any such sale, transfer or assignment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Lessor and Lessee, each pursuant to due authority, have each caused this Aircraft Lease Agreement to be executed by their duly authorized officers as of the day and year first above written.

LESSOR:

COBRA AVIATION SERVICES, LLC

By: /s/ Mark Layton

Name: Mark Layton

Title: Chief Financial Officer

LESSEE:

EXECUTIVE EXPRESS AVIATION LLC

By: /s/ Wayne Heller

Name: Wayne Heller

Title: President and CEO

CERTIFICATIONS

I, Bernard Lancaster, Chief Operating Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the “registrant”);
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(s) 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 Rule 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 (the registrant’s fourth fiscal quarter in the case of an annual report) 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(s) 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.

MAMMOTH ENERGY SERVICES, INC.

By: /s/ Bernard Lancaster

Bernard Lancaster

Chief Operating Officer

August 7, 2026

CERTIFICATIONS

I, Mark Layton, Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the “registrant”);
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(s) 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 Rule 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 (the registrant’s fourth fiscal quarter in the case of an annual report) 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(s) 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.

MAMMOTH ENERGY SERVICES, INC.

By:

/s/ Mark Layton

Mark Layton

Chief Financial Officer

August 7, 2026

**CERTIFICATION OF THE CHIEF OPERATING OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-K of Mammoth Energy Services, Inc. (the "Company") for the quarter ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard Lancaster, as Chief Operating Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MAMMOTH ENERGY SERVICES, INC.

By: /s/ Bernard Lancaster

Bernard Lancaster

Chief Operating Officer

August 7, 2026

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Mammoth Energy Services, Inc. (the "Company") for the quarter ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Layton, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MAMMOTH ENERGY SERVICES, INC.

By:

/s/ Mark Layton

Mark Layton

Chief Financial Officer

August 7, 2026

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Mine Safety Disclosure

The following disclosures are provided pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) and Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”).

Mine Safety Information. Whenever the Federal Mine Safety and Health Administration (“MSHA”) believes a violation of the Mine Act, any health or safety standard or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the U.S. mining operator must abate the alleged violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until the alleged hazards are corrected. When MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the alleged violation, that the operator is ordered to pay. Citations and orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the mine as well as by the MSHA inspector(s) assigned.

Mine Safety Data. The following provides additional information about references used in the table below to describe the categories of violations, orders or citations issued by MSHA under the Mine Act:

- Section 104 S&S Citations: Citations received from MSHA under section 104 of the Mine Act for violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard.
- Section 104(b) Orders: Orders issued by MSHA under section 104(b) of the Mine Act, which represents a failure to abate a citation under section 104(a) within the period of time prescribed by MSHA. This results in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.
- Section 104(d) Citations and Orders: Citations and orders issued by MSHA under section 104(d) of the Mine Act for unwarrantable failure to comply with mandatory health or safety standards.
- Section 110(b)(2) Violations: Flagrant violations issued by MSHA under section 110(b)(2) of the Mine Act.
- Section 107(a) Orders: Orders issued by MSHA under section 107(a) of the Mine Act for situations in which MSHA determined an “imminent danger” (as defined by MSHA) existed.

The following table details the violations, citations and orders issued to us by MSHA during the quarter ended June 30, 2026:

Mine ^(a)	Section 104 S&S Citations(#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders(#)	Section 110(b)(2) Violations(#)	Section 107(a) Orders (#)	Proposed Assessments ^(b) (\$, amounts in dollars)	Mining Related Fatalities (#)
Taylor, WI	—	—	—	—	—	\$ —	—
Menomonie, WI	—	—	—	—	—	\$ —	—

- The definition of mine under section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting minerals, such as land, structures, facilities, equipment, machines, tools and minerals preparation facilities. Unless otherwise indicated, any of these other items associated with a single mine have been aggregated in the totals for that mine. MSHA assigns an identification number to each mine and may or may not assign separate identification numbers to related facilities such as preparation facilities. We are providing the information in the table by mine rather than MSHA identification number because that is how we manage and operate our mining business and we believe this presentation will be more useful to investors than providing information based on MSHA identification numbers.
- Represents the total dollar value of proposed assessments from MSHA under the Mine Act relating to any type of citation or order issued during the quarter ended June 30, 2026.

Pattern or Potential Pattern of Violations. During the quarter ended June 30, 2026, none of the mines operated by us received written notice from MSHA of (a) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the Mine Act or (b) the potential to have such a pattern.

Pending Legal Actions. There were no legal actions pending before the Federal Mine Safety and Health Review Commission (the Commission) as of June 30, 2026. The Commission is an independent adjudicative agency established by the Mine Act that provides administrative trial and appellate review of legal disputes arising under the Mine Act.