



Consolidated Financial Statements

December 31, 2025 and 2024

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Reconnaissance Energy Africa Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Reconnaissance Energy Africa Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended December 31, 2025 and nine month period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the year and period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company does not have revenue, and the Company may be required to raise new financing through the sale of shares or issuance of debt to continue with its operations to develop its assets. Accordingly, the Company's continued successful operations are dependent on its ability to obtain additional financing. Although management has been successful in raising capital in the past, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's E&E Assets totalled \$199,460,313 as of December 31, 2025. As more fully described in Notes 2 and 3 to the consolidated financial statements, management is required to assess the E&E Assets for indicators of impairment when facts and circumstances suggest that the carrying amount of the E&E Assets may exceed its recoverable amount.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the legal and regulatory environment in the jurisdictions in which the Company operates. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Examining management's assessment of impairment indicators of its E&E Assets.
- Examining the regulatory framework in the jurisdictions where the Company is licensed to carrying out exploration activities through discussions with management.
- Assessing compliance with agreements and expenditure requirements including examining license agreements and other supporting documentation that evidence compliance within the terms of the agreements.
- Obtaining, from legal counsel, confirmation of title to corroborate that the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

Davidson & Company LLP

Chartered Professional Accountants

Vancouver, Canada

April 14, 2026

RECONNAISSANCE ENERGY AFRICA LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars, unless otherwise stated)

	Year Ended	9-Month Period Ended
	December 31, 2025	December 31, 2024
EXPENSES		
Resource property costs	\$ 384,209	\$ 292,472
General and administration (Note 10)	11,472,602	10,257,362
Repairs and maintenance	-	23,560
Accretion (Note 8)	66,956	43,445
Share-based payments (Notes 7, 9)	4,376,439	7,694,161
Impairment on exploration and evaluation asset (Note 5)	244,544	-
	16,544,750	18,311,000
Other Items		
Other income	(183,426)	(375,557)
Exchange loss	339,057	456,244
	155,631	80,687
Loss before taxes	16,700,381	18,391,687
Current tax expense (Note 13)	-	581,085
Deferred tax expense (Note 13)	(889,027)	562,972
Loss	15,811,354	19,535,744
Other Comprehensive (Income) Loss		
Items that may be reclassified subsequently to loss		
Translation adjustment	8,791,398	(9,965,600)
Loss and comprehensive loss	\$ 24,602,752	\$ 9,570,144
Basic & diluted loss per common share	\$ 0.05	\$ 0.08
Weighted average number of common shares outstanding - basic and diluted	295,072,138	250,168,619

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

RECONNAISSANCE ENERGY AFRICA LTD.**Consolidated Statements of Changes in Shareholders' Equity**
(Expressed in Canadian Dollars, unless otherwise stated)

	Share Capital		Reserves	Deficit	AOCI	Equity
	Number	Amount				
Balance at March 31, 2024	210,916,210	\$ 360,536,864	\$ 81,542,509	\$ (305,998,519)	774,030	\$ 136,854,884
Shares issued:						
Public offering	50,110,705	48,218,218	7,798,094	-	-	56,016,312
Issue costs - cash	-	(4,124,518)	-	-	-	(4,124,518)
Issue costs - broker warrants	-	(872,499)	872,499	-	-	-
Warrants exercise	4,039,965	4,648,147	(752,885)	-	-	3,895,262
Compensation option exercise	25,303	31,515	(3,682)	-	-	27,833
Options exercise	550,000	358,004	(123,504)	-	-	234,500
Share-based payments	-	-	7,694,161	-	-	7,694,161
Loss	-	-	-	(19,535,744)	-	(19,535,744)
Translation adjustment	-	-	-	-	9,965,600	9,965,600
Balance at December 31, 2024	265,642,183	\$ 408,795,731	\$ 97,027,192	\$ (325,534,263)	10,739,630	\$ 191,028,290
Shares issued:						
Public offering	71,894,000	31,988,850	7,359,890	-	-	39,348,740
Issue costs - cash	-	(3,181,491)	-	-	-	(3,181,491)
Issue costs - broker warrants	-	(690,411)	690,411	-	-	-
Advisory units	166,667	86,972	13,028	-	-	100,000
Warrants exercise	1,514,302	1,020,501	(255,135)	-	-	765,366
Share-based payments	-	-	4,486,661	-	-	4,486,661
Loss	-	-	-	(15,811,354)	-	(15,811,354)
Translation adjustment	-	-	-	-	(8,791,398)	(8,791,398)
Balance at December 31, 2025	339,217,152	\$ 438,020,152	\$ 109,322,047	\$ (341,345,617)	1,948,232	\$ 207,944,814

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

RECONNAISSANCE ENERGY AFRICA LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars, unless otherwise stated)

	Year Ended December 31, 2025	9-Month Period Ended December 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	\$ (15,811,354)	\$ (19,535,744)
Items not involving cash:		
Deferred tax expense	(889,027)	562,972
Accretion on decommissioning liabilities	66,956	43,445
Impairment on exploration and evaluation asset	244,544	-
Share-based payments	4,486,661	7,694,161
Unrealized foreign exchange	(282,687)	562,102
Changes in non-cash working capital items:		
Receivables	1,819,063	(2,047,452)
Prepaid expenses and deposits	457,637	(288,758)
Accounts payable and accrued liabilities	(404,045)	(1,866,346)
Net cash used in operating activities	(10,312,252)	(14,875,620)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of equipment	-	69,393
Investment in exploration and evaluation assets	(34,753,065)	(31,019,041)
Settlement of decommissioning liabilities	-	(461,128)
Net cash used in investing activities	(34,753,065)	(31,410,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	40,114,106	59,701,717
Share issue costs	(3,181,491)	(4,124,518)
Net cash provided by financing activities	36,932,615	55,577,199
Impact of exchange rate changes on cash	12,643	45,629
Net change in cash	(8,120,059)	9,336,432
Cash, beginning of period	11,413,181	2,076,749
Cash, end of period	\$ 3,293,122	\$ 11,413,181

For the year ended December 31, 2025 and nine month period ended December 31, 2024, all non-cash financing or investing transactions are disclosed in the relevant note disclosures.

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

RECONNAISSANCE ENERGY AFRICA LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2025 and nine month period ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

Reconnaissance Energy Africa Ltd. (“ReconAfrica” or the “Company”) was incorporated on June 22, 1978, under the provisions of the Company Act of British Columbia. The Company is a junior oil and natural gas company with a focus on exploration and development in Namibia, Botswana, Gabon and Angola. The address of the Company’s corporate office and principal place of business is 635 – 8th Avenue SW, Calgary, AB, T2P 3M3, Canada.

These audited consolidated financial statements (the “Financial Statements”) have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. ReconAfrica does not have revenues to fund ongoing operations, and the Company may be required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its assets. Accordingly, the Company’s continued successful operations are dependent on its ability to obtain additional financing. Although management has been successful in raising capital in the past, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. These Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These Financial Statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

Basis of measurement

These Financial Statements have been prepared on an accruals basis and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit or loss. These Financial Statements are presented in Canadian dollars unless otherwise noted.

Principles of consolidation

The Financial Statements include the accounts of ReconAfrica and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power to affect those returns. The Company’s subsidiaries include 1163631 B.C. Ltd., 0408861 B.C. Ltd., Reconnaissance Energy International Corp. (“REI”), Reconnaissance Oil & Gas Corp. (“ROG”), Reconnaissance Energy Namibia (Pty) Ltd. (“REN”), AfriCan (BVI) Corporation (“ACC”), CanAfrica Drilling (Pty) Ltd. (“CanAfrica”), Reconnaissance Energy Botswana (Pty) Ltd. (“REB”), and Reconnaissance Energy Angola Ltd. (“RE Angola”), which was incorporated on April 8, 2025 and is 95% owned by the Company. Effective January 23, 2026, the Company incorporated Reconnaissance Energie Gabon SAS. All subsidiaries are wholly owned by the Company unless otherwise indicated. Transactions between ReconAfrica and its subsidiaries have been eliminated upon consolidation.

Use of estimates and judgments

The preparation of these Financial Statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates:

Notes to the Financial Statements (continued)

(a) Critical judgments

Contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the event that management's estimate of the probability of a financial impact of these matters changes, the Company will recognize the effects of the changes in its Financial Statements on the date such changes occur.

Impairment indicators

The assessment of impairment indicators as required by IFRS 6 – Exploration for and evaluation of mineral resources and International Accounting Standard (“IAS”) 36 – Impairment of assets requires management to make judgments in estimates for costs, future commodity prices or recoverable reserves underlying its exploration and evaluation assets.

Functional currency

The Company's functional currency has been assessed by management with consideration given to the currency and economic factors that mainly influence the Company's business. Specifically, the Company considers the currencies in which its revenues and expenses are settled by the Company, as well as the currency in which the Company may receive or raise financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

Going concern

The preparation of these Financial Statements requires management to make judgments regarding the going concern assumption for the Company. Those judgements include management estimation of cash flows required in the following year, the ability to raise financing when needed and the timeline associated with Company's various commitments.

(b) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are the following:

Share-based payments

Management is required to make certain estimates when determining the fair value of stock option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based payments in the consolidated statements of loss and comprehensive loss.

Decommissioning costs

Decommissioning costs will be incurred by the Company at the end of the operating life of the Company's facilities and properties. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques, experience at other production sites, and changes to the credit-adjusted discount rate. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Deferred income tax

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. A number of these estimates require management to make estimates of future taxable profit, and if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statements of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following is a summary of the material accounting policy information followed by the Company in the preparation of these Financial Statements:

Financial assets and liabilities

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. Cash, other receivables, deposits and accounts payable are measured at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is determined by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes financial liabilities when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar, except for

Notes to the Financial Statements (continued)

REI, ROG, REN, ACC, CanAfrica and RE Angola which have a functional currency of the US dollar and REB which has a functional currency of the Botswana pula. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date. At each period end, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate prevailing at the period end date. All differences are recognized in net earnings. Non-monetary assets, liabilities and transactions denominated in a foreign currency and measured at historical cost are translated at the exchange rate in effect at the transaction date. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. For the purpose of consolidation, assets and liabilities of foreign subsidiaries are translated from their functional currency to Canadian dollars using the exchange rate prevailing at the period end date. The consolidated statements of (income) loss and comprehensive loss and cash flows are translated using the average exchange rates for the period. Foreign exchange differences resulting from such transactions are recorded in equity as cumulative translation adjustment.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized on a property-by-property basis. The Company capitalizes the costs of acquiring, maintaining its interest in, exploring and evaluating oil and gas and mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

At each reporting date the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The technical feasibility and commercial viability of retrieving petroleum resources is assessed on the existence of economically recoverable reserves for the project. In the situation that the asset is deemed not to be technically feasible or commercially viable the accumulated E&E costs associated with the exploration project are charged to E&E expense in the period, the determination is made. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

The exploration and evaluation phase of a particular project is completed when both the technical feasibility and commercial viability of extracting oil or gas are demonstrable for the project or there is no prospect of a positive outcome for the project. Exploration and evaluation assets with commercial reserves will be reclassified to development and production assets and the carrying amounts will be assessed for impairment and adjusted (if appropriate) to their estimated recoverable amounts. If commercial reserves are not discovered or the project is abandoned, the exploration and evaluation asset is written off in the consolidated statements of loss and comprehensive loss.

Property, plant, and equipment

Property, plant and equipment ("PP&E") are carried at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes an expenditure that is directly attributable to the acquisition of the asset and the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

The cost of replacing a part of an item of PP&E is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PP&E (repair and maintenance) are recognized in profit or loss as incurred.

PP&E are depreciated based on estimates of useful lives and salvage values. These estimates consider data and information from various sources including vendors, industry and regional practices, and may change as more experience is gained, market conditions shift, or technological advancements are made. Gains and losses on

Notes to the Financial Statements (continued)

disposal of an item of PP&E are determined by comparing the proceeds from disposal to the carrying amount of PP&E and are recognized in the consolidated statements of loss and comprehensive loss.

Share-based payments

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes Option Pricing Model. Under this method, the Company recognizes compensation expense for employee stock option awards, based on the grant date fair value, for each vesting installment, over the vesting period of the options. Each installment is valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each installment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures and changes in forfeiture estimates in subsequent periods.

In situations where stock option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Warrants issued in equity financing transactions

Equity financing transactions may involve the issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of the units are valued based on the relative fair value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Share issuance costs

Professional, consulting, regulatory fees and other costs that are directly attributable to the issuance of shares are recognized as a deduction from equity.

Loss per common share

The Company computes the dilutive effect of options, warrants and similar instruments whereby the dilutive effect on loss per share is recognized by the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. The Company assumes that the proceeds will be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic and diluted loss per share is calculated using the weighted average number of common shares outstanding during the year.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date. Deferred tax is provided for based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

Notes to the Financial Statements (continued)

Segment reporting

The Company is considering its African assets as separate reportable operating segments. The Company has a decentralized business unit structure designed to manage assets in each country the Company operates. As a result, the Company's operating segments are: (i) The exploration and evaluation of its African assets; and (ii) the corporate segment. The corporate segment primarily aggregates costs incurred at the Company's head office in Calgary. The Company's chief operating decision maker is the CEO.

Decommissioning liabilities

The Company recognizes a decommissioning liability, with a corresponding increase to the carrying amount of the related Property, Plant and Equipment, or exploration and evaluation assets, in the period in which a reasonable estimate of the fair value can be made of the statutory, contractual, constructive or legal liabilities associated with the retirement and reclamation of the Company's oil and gas properties, facilities and pipelines. The amount recognized is the estimated cost of decommissioning, discounted to its present value, using the credit-adjusted discount rate. The estimates are reviewed periodically. Changes in the provision as a result of changes to the timing of expenditures, costs or risk-free rates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to property, plant and equipment or exploration and evaluation assets. The unwinding of the discount on the decommissioning provision is charged to the consolidated statements of loss and comprehensive loss. Actual costs incurred upon settlement of the obligations are charged against the provision to the extent of the liability recorded and the remaining balance of the actual costs is recorded in the consolidated statements of loss and comprehensive loss.

Accounting pronouncements not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently assessing the impact the standard will have on its consolidated financial statements.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The Company's financial instruments consist of cash, other receivables, deposits and accounts payable. The carrying value of cash, other receivables, deposits and accounts payable are a reasonable approximation of their fair value due to the short-term nature of these instruments. All of the Company's financial assets and liabilities are measured at amortized cost. Fair value measurements are categorized into a fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

- Level 1 inputs are determined by reference to unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are determined based on inputs other than unadjusted quoted prices that are observable, either directly or indirectly.
- Level 3 inputs are not based on observable market data. The Company does not have any financial instruments classified as Level 3.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is related to its cash deposits in financial institutions and value-added tax ("VAT") receivable from government authorities. The Company manages cash deposit risk by using major banks that are high credit quality financial institutions as determined by rating agencies. The recoverability of VAT is subject to the fiscal regimes and administrative processes in the jurisdictions in which the Company operates. Management monitors the collectability of VAT receivable on an ongoing basis and, where applicable, records allowances for amounts considered not recoverable.

Notes to the Financial Statements (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company's sole source of funding has been the issuance of equity securities for cash, primarily through prospectus offerings, and the exercising of outstanding options and warrants. The Company's access to financing is always uncertain and additional funding will be required to meet its longer-term business objectives. This may include debt or equity financing in addition to funds raised from joint venture partners or other transactions. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has a non-material direct exposure to foreign exchange risk arising from cash, other receivables, deposits and accounts payable measured in foreign currencies, principally the US dollar, Namibian dollar, Botswana pula, Central African Franc, and Angolan Kwanza. The Company has a policy of settling items denominated in foreign currencies at the spot rate in place at the time of settlement.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any significant interest rate risk.

Commodity price risk

Oil and natural gas prices have been and are expected to remain volatile due to market uncertainties over the supply and demand of these commodities due to various factors including Organization of the Petroleum Exporting Countries ("OPEC") actions, the current state of world economies, international conflicts and ongoing credit and liquidity concerns. Volatile commodity prices have had and will continue to have a significant impact on the Company's ability to raise future capital to fund operations. Therefore, management regularly monitors natural resource commodity prices to determine the appropriate course of action to mitigate this risk.

5. EXPLORATION AND EVALUATION ASSETS

The following table reconciles the changes in the Company's exploration and evaluation assets:

	Botswana Property		Namibia Property		Gabon Property		Total
Balance at March 31, 2024	\$	202,671	\$	128,833,968	\$	-	\$ 129,036,639
Additions		31,425		33,036,611		-	33,068,036
Effect of exchange rate changes		5,846		9,202,547		-	9,208,393
Balance at December 31, 2024		239,942		171,073,126		-	171,313,068
Additions		8,320		29,349,358		7,468,306	36,825,984
Impairment		(244,544)		-		-	(244,544)
Effect of exchange rate changes		(3,718)		(8,430,477)		-	(8,434,195)
Balance at December 31, 2025	\$	-	\$	191,992,007	\$	7,468,306	\$ 199,460,313

The Company's exploration and evaluation assets relate entirely to properties located in Namibia, Botswana and Gabon. As at December 31, 2025, the Company has written off its exploration and evaluation assets in Botswana, and the full carrying amount has been recognized as an impairment loss in the statement of profit or loss. During the year, exploration and evaluation expenditures of \$1,584,566 were incurred but remain unpaid at year-end and are included in accounts payable and accrued liabilities.

Namibia Property

Pursuant to the terms of a petroleum agreement among the Government of the Republic of Namibia, the National Petroleum Corporation of Namibia ("NAMCOR"), and REN, a wholly owned subsidiary of ReconAfrica, dated January 26, 2015 and as amended on February 25, 2019 (the "Petroleum Agreement"), the Company holds a 70% interest (reduced from 90% pursuant to a definitive farm down agreement (the "BW Energy Farm Down

Notes to the Financial Statements (continued)

Agreement”) with BW Energy Limited (OSE:BWE) (“BW Energy”), for a strategic farm down (the “BW Energy Farm Down”) in Petroleum Exploration Licence 073, comprising six licensed blocks, namely 1719, 1720, 1721, 1819, 1820 and 1821 situated in the Kavango Basin of northeast Namibia (the “Namibia Licensed Property”), granted by the Government of the Republic of Namibia to REN and NAMCOR pursuant to the Petroleum (Exploration and Production) Act, 1991 (Namibia) (the “Namibian Petroleum Act”) and governed by the Petroleum Agreement (“PEL 73” or the “Namibia Licence”).

On July 30, 2024, the Company entered into the BW Energy Farm Down Agreement for the BW Energy Farm Down. Pursuant to the BW Energy Farm Down Agreement, BW Energy agreed to participate in two Damara Fold Belt exploration wells and a 3D seismic program, with an option to participate in two Rift Basin exploration wells over a two-year period. The Company’s total potential consideration under the BW Energy Farm Down Agreement is US\$141 million (\$193 million), including a \$22 million (US\$16 million) equity investment pursuant to the July 2024 Offering (completed). An additional US\$45 million (\$62 million) bonus will be earned at declaration of commerciality (FID). These commerciality bonus payments will be paid in two installments, one at FID and the second payment one year after first production commences. In the event of development of discoveries, production bonuses based on certain cash flow milestones achieved by BW Energy could total an additional US\$80 million (\$110 million). Three separate production bonus payments of US\$25 million (\$34 million), are made after BW Energy reaches certain free cash flow milestones. An additional first production payment of US\$5 million (\$7 million), is paid sixty days after the start of commercial production. All values converted using the USD exchange rate as at December 31, 2025.

On January 20, 2025, upon receipt of the approvals of MME and NAMCOR, the Company closed the BW Energy Farm Down. Upon closing, the working interests in PEL 73 became: ReconAfrica, operator, 70% working interest; BW Energy 20% working interest; and NAMCOR 10% carried participating interest.

During the period ending March 31, 2023, the Company entered into a purchase and sale agreement with NAMCOR to acquire an additional 5% participating interest in PEL 73. As consideration, the Company will pay to NAMCOR US\$2,000,000 in cash and issue to NAMCOR 5,000,000 common shares of the Company. The transaction has not yet closed and the parties are in ongoing discussions to terminate the agreement.

The Company has commitments related to its petroleum exploration licence in Northeast Namibia. In October 2023, ReconAfrica and its joint venture partner NAMCOR were granted approval for the Second Renewal Exploration Period by the Ministry of Mines and Energy in Namibia (“MME”). The Second Renewal Exploration Period covers the period from January 30, 2024, to January 29, 2026, relating to PEL 73. Under the terms of the Second Renewal Exploration Period the Company will acquire additional subsurface data including either; (i) 500 km of 2D seismic data, (ii) 1,200 km² of enhanced Full Tensor Gradiometry (“eFTG”) data, or (iii) some combination of (i) or (ii) which is considered reasonable. Additionally, the Company will be required to design and drill a minimum of one exploration or stratigraphic test well. A minimum dollar commitment equivalent to the above items is also required. The Company applied for a one-year renewal of the licence, which was granted subsequent to year end (see Note 15).

Botswana Property

On June 9, 2020, the Company, through its wholly-owned subsidiary, REB, was granted Petroleum Exploration Licence 001 (“PEL 001” or the “Botswana Licenced Property”). The Botswana Licensed Property is contiguous to the Namibia Licensed Property.

In October 2024, the Company was granted approval for the First Renewal Exploration Period (Botswana) which covers the period from October 1, 2024, to September 30, 2028. Under the terms of the First Renewal Exploration Period (Botswana) the Company is required to undertake various geotechnical evaluations, vegetation mapping, a water study report, methane seep detection activities, an environmental impact study and provide funding for Botswana Petroleum Exploration and Training. Minimum expenditures during this period total BWP5,000,000 (approximately \$521,500 as at December 31, 2025).

During the year ended December 31, 2025, the Company recognized an impairment on the full balance of this property.

Notes to the Financial Statements (continued)

Gabon Property

On September 8, 2025, the Company entered into a production sharing contract (the “PSC”) with Record Resources Inc. (“Record”), the Republic of Gabon and its national oil and gas company, Gabon Oil Company (“GOC”). The PSC is for the exploration, appraisal, development and production of oil and gas on Gabon offshore Block C-7, renamed Ngulu (“Ngulu”). Under the terms of the PSC, ReconAfrica has been designated as operator, with a 55% working interest, Record with a 20% working interest, the GOC with a 15% working interest and the Republic of Gabon with a 10% working interest (carried).

Pursuant to the terms of the PSC, the Company was required to pay US\$5.0 million (\$7.0 million) to the State of Gabon upon closing of the transaction, which occurred after presidential signature and official publication in the national gazette. Following this payment, the Company received access to historical seismic data and other data related to Ngulu. In connection with this transaction, the Company paid advisory fees of \$120,000 to Research Capital Corporation, plus the issuance of 166,667 units pursuant to the September 29, 2025, public offering (see Note 9), and paid a sunk-cost recovery fee of US\$180,000 (\$251,000) to Record Resources Inc.

The Gabon PSC contemplates an eight-year exploration period separated into two four-year exploration phases with corresponding work commitments, including: (1) to complete an initial work program over a four-year period (the execution of detailed geological and geophysical studies, advancement of 3D seismic reprocessing on an existing database and the drilling of one well on Ngulu Block, altogether estimated at an aggregate US\$19.0 million), and (2) to complete a second exploration phase work program over a four-year period (advancement of 3D seismic reprocessing on an existing database and the drilling of one well on Ngulu Block, altogether estimated at an aggregate US\$17.0 million).

Angola Property

On April 17, 2025, the Company entered into a Memorandum of Understanding (“MOU”) with the National Oil, Gas and Biofuels Agency of Angola (“ANPG”), for a joint exploration project in the Etosha-Okavango basin, located onshore in southeastern Angola. Under the MOU, the Company will hold an 80% working interest, with Sonangol, Angola's state-owned oil company, holding the remaining 20%. The MOU provides the Company with exclusive rights to the area for a 24-month term. The estimated minimum work commitment is approximately US\$8.5 million, which includes an estimated US\$8.0 million 2D seismic program scheduled for the second year of the 24-month MOU term.

Notes to the Financial Statements (continued)

6. PROPERTY, PLANT AND EQUIPMENT

Equipment is recorded at cost, including costs attributable to bring the asset to intended use, less accumulated depreciation. Depreciation begins when the asset is put into service and is calculated using the straight-line method. The cost of maintenance and repairs is charged to expense as incurred. The cost of significant renewals and improvements is added to the carrying amount of the respective assets. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance, and any resulting gain or loss is reflected in the consolidated statements of loss and comprehensive loss.

	Drilling Rig Equipment	Vehicles	Office Equipment	Total
Cost:				
Balance, March 31, 2024	\$ 7,017,577	\$ 328,120	\$ 79,206	\$ 7,424,903
Addition/Disposal	(69,393)	-	-	(69,393)
Effect of exchange rate changes	430,960	20,317	4,130	455,407
Balance, December 31, 2024	7,379,144	348,437	83,336	7,810,917
Effect of exchange rate changes	(350,264)	(16,539)	(3,362)	(370,165)
Balance, December 31, 2025	\$ 7,028,880	\$ 331,898	\$ 79,974	\$ 7,440,752
Accumulated depreciation:				
Balance, March 31, 2024	\$ (2,057,139)	\$ (188,928)	\$ (31,128)	\$ (2,277,195)
Depreciation	(552,049)	(37,319)	(11,299)	(600,667)
Effect of exchange rate changes	(154,956)	(13,563)	(1,718)	(170,237)
Balance, December 31, 2024	(2,764,144)	(239,810)	(44,145)	(3,048,099)
Depreciation	(757,478)	(33,055)	(11,662)	(802,195)
Effect of exchange rate changes	152,528	12,353	1,863	166,744
Balance, December 31, 2025	\$ (3,369,094)	\$ (260,512)	\$ (53,944)	\$ (3,683,550)
Net book value:				
As of December 31, 2024	\$ 4,615,000	\$ 108,627	\$ 39,191	\$ 4,762,818
As of December 31, 2025	\$ 3,659,786	\$ 71,386	\$ 26,030	\$ 3,757,202

Depreciation of \$802,195 (December 31, 2024 - \$600,667) is recorded in exploration and evaluation assets.

Depreciation is recognized to allocate the cost of capital assets over the useful life of the respective assets. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment (repair and maintenance) are recognized as profit or loss incurred. Property, plant, and equipment are depreciated as follows:

	Expected Life	Salvage Value	Basis of Depreciation
Drilling rig equipment	10 years	10%	straight-line
Vehicles	5 years	20%	straight-line
Computer equipment	3 years	33%	straight-line
Office equipment	3 years	33%	straight-line

At December 31, 2025, no indicators of impairment have been identified for the property, plant and equipment.

Notes to the Financial Statements (continued)

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Transactions with related parties are summarized in the table below:

	Year Ended December 31, 2025	9-Month Period Ended December 31, 2024
Directors' fees	\$ 474,163	\$ 270,622
Management salaries and benefits	2,920,039	2,543,777
Share-based payments	3,989,679	5,700,858
	\$ 7,383,881	\$ 8,515,257

At December 31, 2025, a balance of \$75,111 was payable to related parties (December 31, 2024 - \$48,847). Amounts due to or from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

8. DECOMMISSIONING LIABILITIES

The following table reconciles the changes in the Company's decommissioning liabilities:

Balance at March 31, 2024	\$ 1,182,775
Accretion	43,445
Addition	526,597
Liabilities settled	(461,128)
Change in estimate	(53,492)
Effect of exchange rate changes	75,736
Balance at December 31, 2024	\$ 1,313,933
Accretion	66,956
Addition	1,075,327
Change in estimate	(60,859)
Effect of exchange rate changes	(84,323)
Balance at December 31, 2025	\$ 2,311,034
Less: Current portion	(720,506)
Decommissioning liabilities, non-current	\$ 1,590,528

As at December 31, 2025, the decommissioning liabilities are based on total undiscounted future liabilities, after inflation adjustment, of \$2.5 million (December 31, 2024 - \$1.4 million). The Company calculated the present value of the obligations using a discount rate of 3.55% (December 31, 2024 - 4.22%) to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The inflation rate used in determining the cash flow estimates was 2.40% (December 31, 2024 - 2.00%). The payments relating to the above obligations are expected to be made between 2026 and 2028.

Notes to the Financial Statements (continued)

9. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Common shares

At December 31, 2025, there were 339,217,152 (December 31, 2024 – 265,642,183) common shares issued and outstanding.

On September 29, 2025, the Company completed an underwritten public offering of units of the Company for aggregate gross proceeds of \$20,373,740, consisting of 33,944,000 common shares and 34,044,000 common share purchase warrants of the Company. This public offering consisted of 33,944,000 units at a price of \$0.60 per unit and 100,000 warrants at a price of \$0.0734 per warrant. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of \$0.72 until September 29, 2027. In connection with the public offering, the Company issued 1,779,024 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$0.60 until September 29, 2027. The Company also incurred share issuance costs of \$531,348 in the form of professional fees and paid a cash commission of \$1,088,428 to the underwriters.

On June 17, 2025, the Company completed an underwritten public offering of units of the Company for aggregate gross proceeds of \$18,975,000. Pursuant to the public offering, a total of 37,950,000 units were issued at a price of \$0.50 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of \$0.60 until June 17, 2027. In connection with the public offering, the Company issued 2,245,852 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$0.50 until June 17, 2027. The Company also incurred share issuance costs of \$436,779 in the form of professional fees and paid a cash commission of \$1,124,936 to the underwriters.

On July 31, 2024, the Company completed an underwritten public offering of securities of the Company, for aggregate gross proceeds of \$38,766,277 consisting of 30,944,000 common shares and 31,844,600 common share purchase warrants of the Company. This public offering consisted of 30,944,000 units at a price of \$1.25 per unit and 900,600 warrants at a price of \$0.096 per warrant. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of \$1.75 until July 31, 2026. In connection with the public offering, the Company issued 949,544 broker warrants. Each broker warrant entitles the holder to acquire one common share at a price of \$1.25 until July 31, 2026. The Company also incurred share issuance costs of \$494,744 in the form of professional fees and paid a cash commission of \$1,860,206 to the underwriters.

On April 3, 2024, the Company completed a bought deal public offering of units of the Company for aggregate gross proceeds of \$17,250,035. Pursuant to the bought deal public offering, a total of 19,166,705 units were issued at a price of \$0.90 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of \$1.15 until April 3, 2026. In connection with the bought deal public offering, the Company issued 1,263,878 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$0.90 until April 3, 2026. The Company also incurred share issuance costs of \$634,777 in the form of professional fees and paid a cash commission of \$1,134,791 to the underwriters.

During the year ended December 31, 2025, the Company issued 1,514,302 (9-month period ended December 31, 2024 – 4,065,268) common shares pursuant to the exercise of 1,514,302 (9-month period ended December 31, 2024 – 4,039,965) warrants for cash proceeds of \$765,366 (9-month period ended December 31, 2024 – \$3,895,262) and nil (9-month period ended December 31, 2024 – 25,303) compensation options for cash proceeds of \$Nil (9-month period ended December 31, 2024 – \$27,833).

During the year ended December 31, 2025, the Company issued nil common shares pursuant to the exercise of nil (9-month period ended December 31, 2024 – 550,000) stock options for cash proceeds of \$Nil (9-month period ended December 31, 2024 – \$234,500).

Notes to the Financial Statements (continued)

Compensation options and warrants

A summary of changes in compensation options, share purchase warrants and broker warrants is presented below:

	Number of Compensation options	Number of Warrants & Broker warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2024	323,877	11,623,885	\$ 3.54
Issued	-	53,250,030	1.50
Exercised	(25,303)	(4,039,965)	0.97
Expired	-	(2,257,062)	13.53
Balance, December 31, 2024	298,574	58,576,888	\$ 1.49
Issued	-	76,185,543	0.65
Exercised	-	(1,514,302)	0.51
Expired	(298,574)	(746,177)	1.02
Balance, December 31, 2025	-	132,501,952	\$ 1.02

During the year ended December 31, 2025, the warrants have been valued using relative fair value or actual proceeds received and compensation options and broker warrants issued have been valued using the Black-Scholes pricing model, with a gross amount of \$8,063,329 (December 31, 2024 - \$8,677,636) included in reserves. The following assumptions were used for the Black-Scholes valuation of the warrants granted:

Warrants & Broker warrants	Year Ended December 31, 2025	9-Month Period Ended December 31, 2024
Risk-free interest rate	2.47%-2.70%	3.46%-4.22%
Expected life	2.00	1.06-2.0 years
Annualized volatility	75.00%	75.00%
Dividend rate	nil	nil

Warrants, broker warrants and compensation options outstanding at December 31, 2025 are as follows:

Number of Warrants & Broker warrants	Number of Compensation Options	Exercise Price (\$)	Expiry Date
6,361,157	-	1.35	January 18, 2027
1,071,500	-	1.40	March 1, 2027
16,373,905 (i)	-	1.15	April 3, 2026
1,230,005 (i)	-	0.90	April 3, 2026
31,844,600	-	1.75	July 31, 2026
949,544	-	1.25	July 31, 2026
37,949,000	-	0.60	June 17, 2027
813,700	-	0.50	June 17, 2027
34,210,667	-	0.72	September 29, 2027
1,697,874	-	0.60	September 29, 2027
132,501,952	-		

(i) Subsequent to year end, the remaining outstanding warrants expired on April 3, 2026. Certain warrants were exercised prior to expiry.

Notes to the Financial Statements (continued)

Stock options

The Company amended its existing stock option plan on April 22, 2022. Pursuant to the stock option plan, options are awarded to eligible people at the discretion of the Board of Directors. The Board of Directors also establishes the exercise price at each option grant, which shall not be less than the discounted market price of the common shares on the day preceding the grant date. Options granted must be exercised no later than five years after the grant date. Subject to the stock option plan, the maximum number of common shares which may be reserved for issuance under the plan shall not exceed 10% of the number of common shares issued and outstanding at the time of option grant.

During the year ended December 31, 2025, the Company granted incentive stock options to certain directors, officers, employees, and consultants of the Company to acquire an aggregate of 7,585,000 (9-month period ended December 31, 2024 – 10,430,000) common shares in the capital of the Company at an exercise price of \$0.60 (9-month period ended December 31, 2024 – \$1.04 to \$1.40) per share for a period of up to five years.

During the year ended December 31, 2025, the Company recorded share-based payments of \$4,486,661 (9-month period ended December 31, 2024 – \$7,694,161), all of which were credited to options reserve within equity. The total expense consists of \$4,376,439 (9-month period ended December 31, 2024 – \$7,694,161) recorded in share-based payment expense and \$110,222 (9-month period ended December 31, 2024 – \$Nil) recorded in marketing expense, which forms part of general and administrative expenses. The marketing expense relates to options granted to a vendor in exchange for services. The following table highlights the assumptions used to determine the fair value of stock options granted using the Black-Scholes Option Pricing Model:

	Year Ended December 31, 2025	9-Month Period Ended December 31, 2024
Risk-free interest rate	2.74%-3.01%	3.02%-3.64%
Expected life	5 years	1.25-5 years
Expected volatility	75.00%	75.00%
Expected dividend yield	nil	n/a

Options granted under the stock option plan are subject to a vesting schedule, whereby 25% of each option will vest on the grant date and 25% will vest on each of the nine months anniversaries following the date of grant. The Company may choose to offer a more restrictive and accelerated vesting period upon its discretion.

A summary of changes in stock options is presented below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, March 31, 2024	19,234,500	\$ 2.63
Stock options issued	10,430,000	1.39
Stock options exercised	(550,000)	0.43
Stock options forfeited/cancelled	(3,903,125)	1.38
Balance, December 31, 2024	25,211,375	\$ 2.36
Stock options issued	7,585,000	0.60
Stock options forfeited/cancelled	(1,181,875)	3.16
Stock options expired	(2,995,000)	0.87
Balance, December 31, 2025	28,619,500	\$ 2.02

Notes to the Financial Statements (continued)

Stock options outstanding at December 31, 2025 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
200,000 (ii)	200,000	2.19	January 5, 2026	0.0
1,300,000	1,300,000	6.88	April 25, 2026	0.3
675,000 (ii)	675,000	6.88	January 4, 2026	0.0
200,000	200,000	11.39	July 14, 2026	0.5
1,600,000	1,600,000	6.35	May 13, 2027	1.4
550,000 (ii)	550,000	6.35	January 4, 2026	0.0
3,380,000	3,380,000	1.40	August 3, 2028	2.6
500,000 (ii)	500,000	1.40	January 4, 2026	0.0
2,677,000	2,007,750	1.40	March 6, 2029	3.2
125,000 (i)	125,000	1.40	July 31, 2026	0.6
410,000 (ii)	410,000	1.40	March 6, 2026	0.2
30,000	30,000	1.40	May 15, 2029	3.4
5,350,000	4,012,500	1.40	June 19, 2029	3.5
75,000 (i)	75,000	1.40	July 31, 2026	0.6
4,000,000	2,000,000	1.40	August 9, 2029	3.6
37,500 (i)	37,500	1.40	July 31, 2026	0.6
6,910,000	1,727,500	0.60	July 31, 2030	4.6
600,000	150,000	0.60	September 30, 2030	4.8
28,619,500	18,980,250	\$ 2.57		3.07

(i) Options expiry date extended to July 31, 2026.

(ii) Subsequent to the year ended, these options expired unexercised.

10. GENERAL AND ADMINISTRATION

The following table provides a breakdown of general and administration expenses:

	Year Ended December 31, 2025	9-Month Period Ended December 31, 2024
Staff, consulting, and management (Note 7)	\$ 6,265,692	\$ 4,826,005
Marketing and stakeholder relations	606,848	777,650
Corporate development	88,025	335,169
Office and general	1,141,460	1,039,806
Transportation and accommodation	944,476	1,165,105
Insurance	1,375,481	1,034,656
Professional fees	1,050,620	1,078,971
	\$ 11,472,602	\$ 10,257,362

Notes to the Financial Statements (continued)

11. SEGMENTED INFORMATION

The following tables highlight the Company's operating segments:

Year Ended December 31, 2025	Corporate		Africa		Total
Total non-current assets	\$	19,761,265	\$	187,413,152	\$ 207,174,417
Total assets		22,919,539		189,690,585	212,610,124
Total liabilities		(660,769)		(4,004,541)	(4,665,310)
Loss before taxes	\$	12,464,283	\$	4,236,098	\$ 16,700,381

9-Month Period Ended December 31, 2024	Corporate		Africa		Total
Total non-current assets	\$	10,995,637	\$	169,234,332	\$ 180,229,969
Total assets		22,928,234		172,937,020	195,865,254
Total liabilities		(1,045,271)		(3,791,693)	(4,836,964)
Loss before taxes	\$	14,736,738	\$	3,654,949	\$ 18,391,687

12. COMMITMENTS AND CONTINGENCIES

The Company has certain commitments related to its operations in Namibia, Botswana, Angola and Gabon. For detailed information on these commitments, please refer to Note 5 and 15.

The nature of the Company's petroleum exploration business sometimes results in individuals, groups or regulatory bodies, including parties that are opposed to the Company's business, making allegations that could lead to future legal proceedings that might ultimately be resolved in a way that could materially adversely impact the Company's financial position, stock price, cash flow and results of operations.

Notes to the Financial Statements (continued)

13. INCOME TAXES

Income tax expense differs from the amount that would result from applying the federal and provincial income tax rates to loss before income taxes. These differences result from the following items:

	Year Ended 9-Month Period Ended	
	December 31, 2025	December 31, 2024
Loss before taxes	\$ (16,700,381)	\$ (18,391,687)
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery based on the above rates	(4,509,103)	(4,965,755)
Increase (decrease) due to:		
Non-deductible expenses and other permanent differences	2,200,210	5,217,366
Losses and temporary differences for which no tax benefit has previously been recorded	2,140,179	1,702,089
Foreign exchange	(160,093)	54,586
Difference in foreign tax rates	(560,220)	(864,229)
Income tax expense	\$ (889,027)	\$ 1,144,057
Current tax expense	-	581,085
Deferred tax expense	(889,027)	562,972
Income tax expense	\$ (889,027)	\$ 1,144,057
Deferred tax assets (liabilities)		
Tax losses	11,529,198	1,168,742
Exploration and evaluation assets	-	(376,974)
Decommissioning liabilities	-	376,974
Accruals and other	(9,536,976)	-
Unrealized gains	(2,767,868)	(2,567,900)
Capital losses	2,767,868	2,567,900
Property, plant and equipment	(2,108,664)	(2,206,153)
	\$ (116,442)	\$ (1,037,411)

At December 31, 2025, the significant components of the Company's temporary differences that have not been recognized on the statement of financial position are as follows:

	Year Ended 9-Month Period Ended	
	December 31, 2025	December 31, 2024
Share issue costs	\$ 6,337,442	\$ 6,097,776
Exploration and evaluation assets	15,077,220	-
Decommissioning liabilities	2,311,034	236,864
Accruals	-	3,156,064
	\$ 23,725,696	\$ 9,490,704

At December 31, 2025, the Company had tax losses which are not recognized as deferred tax assets. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income that can be reduced by the tax losses. The gross amount of tax losses expire are as follows:

	December 31, 2025	December 31, 2024	Expiry
Canada - Non Capital losses	\$ 12,655,309	\$ 2,126,476	2043 to 2045
Canada - Capital losses	31,251,035	167,692,105	No expiry
Botswana	839,309	525,635	No expiry
Namibia	14,567,648	18,532,117	2031 to 2035

Notes to the Financial Statements (continued)

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition, exploration and development of exploration and evaluation assets, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity which, at December 31, 2025, totaled \$207,944,814 (December 31, 2024 – \$191,028,290).

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the period ended December 31, 2025.

15. SUBSEQUENT EVENTS

On January 19, 2026, the Company completed an underwritten listed issuer financing exemption offering for aggregate gross proceeds of \$36,800,098. The Company issued a total of 38,736,945 units at a price of \$0.95 per unit. Each unit comprised of one common share of the Company and one-half of one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one common share at an exercise price of \$1.20 until January 19, 2029.

Subsequent to December 31, 2025, the Company received \$1,594,025 from the exercise of 1,947,000 warrants and \$1,428,194 from the exercise of 1,874,600 broker warrants.

On March 12, 2026, the MME granted approval of a one-year extension on the Second Renewal Exploration Period, extending such period to January 29, 2027 on the condition that the following work program commitments are undertaken during such extension period:

- Review production testing results of the KW1X Well;
- Contingent on the production testing results of the KW1X well, drill an additional appraisal well on PEL 073;
- Contingent on the production testing results of the KW1X well and drilling of an additional appraisal well on PEL 073, conduct a Drill Stem Test on such appraisal well; and
- Minimum Exploration Expenditure of US\$17 million.

On April 13, 2026, the Company completed a short form base shelf prospectus relating to the offering for sale of its securities over a 25-month period.