Condensed Consolidated Interim Financial Statements

December 31, 2023

RECONNAISSANCE ENERGY AFRICA LTD.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

		December 31, 2023		March 31, 2023
ASSETS				
Current Assets				
Cash	**$**	**5,184,427**	$	38,814,806
Restricted cash		**-**		17,147,713
Trade receivables		**-**		7,587,176
Other receivables		**6,340,226**		5,172,348
Prepaid expenses		**649,153**		849,622
		12,173,806		69,571,665
Exploration and evaluation assets (Note 6)		**124,094,952**		113,753,023
Property, plant and equipment (Note 7)		**4,934,704**		5,603,719
Total Assets	**$**	**141,203,462**	$	188,928,407
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**2,540,763**	$	7,807,604
Royalties payable (Note 8)		**-**		94,948,453
Decommissioning liabilities (Note 10)		**713,873**		730,443
		3,254,636		103,486,500
Decommissioning liabilities (Note 10)		**785,028**		1,799,329
Deferred tax liability		**308,995**		316,168
Total Liabilities	**$**	**4,348,659**	$	105,601,997
Shareholders' Equity				
Share capital (Note 11)		**360,045,807**		355,031,053
Reserves (Note 11)		**82,889,256**		73,080,671
Deficit		**(303,673,703)**		(347,110,310)
Accumulated other comprehensive income ("AOCI")		**(2,406,557)**		2,324,996
Total Shareholders' Equity		**136,854,803**		83,326,410
Total Liabilities and Shareholders' Equity	**$**	**141,203,462**	$	188,928,407

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 14)
Subsequent events (Note 16)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 29, 2024.
Approved by the Board of Directors:

______*"Craig Steinke"*_________ Executive Chairman ______*"Joseph Davis"*_________ Director

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

RECONNAISSANCE ENERGY AFRICA LTD.

Condensed Consolidated Interim Statements of Loss (Income) and Comprehensive Loss (Income)

(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	**Nine Months Ended December 31, 2023**	Nine Months Ended December 31, 2022
EXPENSES				
Resource property costs	**$ 39,578**	$ 686,088	**$ 313,494**	$ 1,860,222
General and administration (Note 12)	**3,034,563**	4,495,079	**11,404,597**	15,291,788
Accretion (Note 10)	**17,013**	-	**50,545**	-
Share-based payments (Notes 9, 11)	**1,611,902**	3,608,092	**6,626,436**	15,273,336
	4,703,056	8,789,259	**18,395,072**	32,425,346
Other Items				
Other income	**(1,483)**	(235,556)	**(67,304)**	(621,313)
Exchange gain	**108,191**	(166,213)	**20,139**	(6,775,870)
	106,708	(401,769)	**(47,165)**	(7,397,183)
Loss from continued operations	**4,809,764**	8,387,490	**18,347,907**	25,028,163
Loss from discontinued operations (Note 5)	**5,664,099**	6,236,912	**23,492,179**	16,851,528
Gain on sale of Renaissance (Note 5)	**(85,276,693)**	-	**(85,276,693)**	-
Loss (income)	**(74,802,830)**	14,624,402	**(43,436,607)**	41,879,691
Other Comprehensive Loss (Income)				
Items that may be reclassified subsequently to net loss				
Translation adjustment	**4,498,242**	(59,494)	**4,731,553**	2,798,982
Loss (income) and comprehensive loss (income)	**$ (70,304,588)**	$ 14,564,908	**$ (38,705,054)**	$ 44,678,673
Basic & diluted loss (income) per common share - continued operations	**$ (0.38)**	$ 0.04	**$ (0.32)**	$ 0.13
Basic & diluted loss per common share - discontinued operations	**$ 0.03**	$ 0.03	**$ 0.11**	$ 0.08
Weighted average number of common shares outstanding - basic and diluted	**210,803,272**	201,740,861	**207,143,543**	199,656,416

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

RECONNAISSANCE ENERGY AFRICA LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	Share Capital					
	Number	Amount	Reserves	Deficit	AOCI	Equity
Balance at December 31, 2021	189,219,493	$ 311,000,325	$ 48,588,119	$ (274,162,169)	$ (201,554)	$ 85,224,721
Shares issued:						
Public offering	7,475,000	42,946,505	4,519,745	-	-	47,466,250
Issue costs - cash	-	(3,395,277)	-	-	-	(3,395,277)
Issue costs - compensation options	-	(538,850)	538,850	-	-	-
Issue costs - units	19,685	(11,231)	11,231	-	-	-
Warrants exercise	1,542,000	1,021,227	(229,227)	-	-	792,000
Options exercise	1,000,000	706,313	(236,813)	-	-	469,500
Share-based payments	-	-	3,595,045	-	-	3,595,045
Loss	-	-	-	(10,662,302)	-	(10,662,302)
Translation adjustment	-	-	-	-	237,586	237,586
Balance at March 31, 2022	199,256,178	351,729,012	56,786,950	(284,824,471)	36,032	123,727,523
Warrants exercise	550,029	353,350	(41,571)	-	-	311,779
Compensation option exercise	3,375	3,426	(1,064)	-	-	2,362
Options exercise	1,836,871	2,389,359	(1,016,438)	-	-	1,372,921
Share-based payments (Note 11)	-	-	15,273,336	-	-	15,273,336
Loss	-	-	-	(41,879,691)	-	(41,879,691)
Translation adjustment	-	-	-	-	(2,798,982)	(2,798,982)
Balance at December 31, 2022	201,646,453	354,475,147	71,001,213	(326,704,162)	(2,762,950)	96,009,248
Shares issued:						
Public offering	-	254,817	(254,817)	-	-	-
Warrants exercise	382,353	249,564	(49,564)	-	-	200,000
Options exercise	50,000	51,525	(16,525)	-	-	35,000
Share-based payments	-	-	2,400,364	-	-	2,400,364
Loss	-	-	-	(20,406,148)	-	(20,406,148)
Translation adjustment	-	-	-	-	5,087,946	5,087,946
Balance at March 31, 2023	202,078,806	355,031,053	73,080,671	(347,110,310)	2,324,996	83,326,410
Shares issued:						
Private placement (Note 11)	1,071,500	730,470	469,610	-	-	1,200,080
Public offering (Note 11)	6,795,454	4,705,340	2,769,660	-	-	7,475,000
Issue costs - cash (Note 11)	-	(1,250,151)	-	-	-	(1,250,151)
Issue costs - compensation options (Note 11)	-	(143,573)	143,573	-	-	-
Warrants exercise (Note 11)	795,450	926,545	(184,571)	-	-	741,974
Options exercise (Note 11)	96,774	46,123	(16,123)	-	-	30,000
Share-based payments (Note 11)	-	-	6,626,436	-	-	6,626,436
Income (Loss)	-	-	-	43,436,607	-	43,436,607
Translation adjustment	-	-	-	-	(4,731,553)	(4,731,553)
Balance at December 31, 2023	**210,837,984**	**$ 360,045,807**	**$ 82,889,256**	**$ (303,673,703)**	**$ (2,406,557)**	**$ 136,854,803**

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

RECONNAISSANCE ENERGY AFRICA LTD.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

		Nine Months Ended December 31, 2023		Nine Months Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss	**$**	**(18,347,907)**	$	(25,028,163)
Items not involving cash:				
Accretion on decommissioning liabilities		**50,545**		-
Share-based payments		**6,626,436**		15,273,336
Unrealized foreign exchange		**(100,535)**		(2,241,857)
Changes in non-cash working capital items:				
Receivables		**(1,700,705)**		(2,076,863)
Prepaid expenses		**(268,694)**		(91,194)
Accounts payable and accrued liabilities		**930,946**		354,201
Net cash used in operating activities		**(12,809,914)**		(13,810,540)
CASH FLOWS FROM INVESTING ACTIVITIES				
Finder fees for sale of Renaissance Oil		**(276,400)**		-
Investment in property, plant and equipment		-		(447,716)
Investment in exploration and evaluation assets		**(15,013,486)**		(39,603,546)
Net cash used in investing activities		**(15,289,886)**		(40,051,262)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuance of shares		**9,447,054**		1,687,063
Share issue costs		**(1,250,151)**		(141,779)
Net cash provided by financing activities		**8,196,903**		1,545,284
Impact of exchange rate changes on cash		**(101,226)**		88,477
Net change in cash - continuing operations		**(20,004,123)**		(52,228,041)
Net change in cash - discontinued operations (Note 5)		**(9,010,613)**		(3,287,088)
Cash - discontinued operations		**(4,615,643)**		(21,671,447)
Cash, beginning of period		**38,814,806**		102,531,646
Cash, end of period	**$**	**5,184,427**	$	25,345,070

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

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 and Botswana. The address of the Company's corporate office and principal place of business is PO Box 48326 Bentall, Vancouver, BC, V7X 1A1, Canada. On December 28, 2022, the Company changed its year-end from December 31 to March 31. Therefore, the Company's prior financial year consists of a 15-month period ending March 31, 2023.

These unaudited condensed consolidated interim 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's revenues are not sufficient 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

These Financial Statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" following acceptable accounting policies under IFRS as issued by the International Accounting Standards Board ("IASB"). As a result, these Financial Statements should be read in conjunction with the Company's audited financial statements for the 15-month period ended March 31, 2023.

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 and include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated upon consolidation.

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. In preparing the Financial Statements, the judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the 15-month period ended March 31, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Financial Statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited consolidated financial statements for the 15-month period ended March 31, 2023, with the addition of the following:

Asset held for sale and discontinued operations

Assets held for sale

The Company classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts primarily through sale rather than through continuing use. To meet criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in the present condition. The Company must be committed to a plan to sell the assets or disposal group and the sale should be expected to qualify for recognition as a complete sale within one year from the date of classification. The Company measures assets or disposal groups at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventory or financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss; however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying asset or disposal groups as held for sale, the Company presents the assets and the associated liabilities separately as a single amount on the Consolidated Statements of Financial Position. Comparative period balances are not restated. Assets held for sale are not depreciated, depleted or amortized.

Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or classified as held for sale. The operations and cash flows can be clearly distinguished from the rest of the Company, both operationally and for financial reporting purposes. When the Company classifies an operation as a discontinued operation, it presents the comparative Consolidated Statements of Loss as if the operation had been discontinued from the start of the comparative year. In doing this, the Company excludes the results for the discontinued operation and any gain or loss from disposal from the Consolidated Statements of Loss from continuing operations and presents them on a separate line as profit or loss (net of tax) from the discontinued operations.

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, restricted cash, trade receivables, other receivables, accounts payable and royalties payable. The carrying value of cash, restricted cash, trade receivables, other receivables, accounts payable and royalties payable are a reasonable approximation of their fair value due to the short-term nature of these instruments. 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 trade receivables and cash and restricted cash deposits in financial institutions. The Company manages cash deposit risk by using major banks that are high credit quality financial institutions as determined by rating agencies. Risks related to trade receivables are considered minimal as the sale of production in Mexico is to the state-owned oil and gas corporation.

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, including future drilling activities. This may include debt or equity financing in addition to funds raised from potential joint venture partners. 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, trade receivables, other receivables, accounts payable and accrued liabilities and royalties payable measured in foreign currencies, principally the US dollar, Mexican Peso, Namibian Dollar and Botswana Pula. 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's main exposure to interest rate risk relates to the interest charged on the royalties payable balance. Increases to the prevailing interest rates in Mexico will result in higher interest payable.

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 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. DISCONTINUED OPERATIONS

On October 25, 2023, the Company entered into a share purchase agreement with a third-party for the sale of all issued and outstanding shares of Renaissance Oil Corp. ("Renaissance"), a wholly-owned subsidiary of the Company, for a deemed price of $10.3 million (US$7.5 million). In addition, under the agreement, the third-party assumed all debts and all present and future liabilities of Renaissance and its subsidiaries. Renaissance through its subsidiaries, owns all of the Company's operations in Mexico. The Company received acceptance on the sale of Renaissance by the TSX Venture Exchange on November 16, 2023. Gross proceeds of approximately $10.3 million were added to the Company's treasury before the transaction closed.

As a result of the sale, the Company has derecognized the assets and liabilities of Renaissance:

		December 31, 2023
Cash		4,615,643
Restricted cash		21,747,216
Trade receivables		13,183,557
Other receivables		1,343,908
Prepaid expenses		443,379
Property, plant and equipment		17,385
Accounts payable & accrued liabilities		(3,496,806)
Royalties payable		(122,273,284)
Decommissioning liabilities		(1,134,091)
Net liabilities of Renaissance		(85,553,093)
Add: Finder fees paid		276,400
Gain on sale of Renaissance	**$**	**(85,276,693)**

Under the terms of a finder's fee agreement, the Company was obligated to pay to two arms-length third parties the aggregate amount of $276,400 upon closing of the above transaction.

The revenues and expenses relating to the reclassification of Renaissance as discontinued operations were shown as a single line item in the Statement of Loss and Comprehensive Loss are as follows:

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	**Nine Months Ended December 31, 2023**	Nine Months Ended December 31, 2022
INCOME				
Revenue	**$ 1,744,507**	$ 5,515,527	**$ 9,602,356**	$ 21,281,818
Royalties	**(1,529,723)**	(4,731,727)	**(8,046,240)**	(17,298,266)
	214,784	783,800	**1,556,116**	3,983,552
EXPENSES				
Production costs	**297,297**	438,136	**969,123**	1,132,979
Resource property costs	**159,333**	(350,990)	**384,941**	517,675
General and administration	**871,228**	986,245	**3,827,251**	5,019,107
Depreciation	**670**	1,105	**2,960**	16,652
Accretion	**25,463**	53,936	**63,563**	79,438
	1,353,991	1,128,432	**5,247,838**	6,765,851
Other Items				
Other income	**(188,980)**	(324,708)	**(1,188,683)**	(398,020)
Finance expense	**4,685,621**	6,234,648	**21,097,403**	14,035,072
Exchange (gain) loss	**28,251**	(17,660)	**(108,263)**	432,177
	4,524,892	5,892,280	**19,800,457**	14,069,229
Loss from discontinued operations	**$ 5,664,099**	$ 6,236,912	**$ 23,492,179**	$ 16,851,528

The breakdown of cash flows from discontinued operations is as follows:

	Nine Months Ended December 31, 2023	Nine months Ended December 31, 2022
Net cash used in operating activities	**(5,398,716)**	13,826,497
Net cash used in investing activities	**(3,611,897)**	(17,113,585)
Change in cash during the period	**(9,010,613)**	(3,287,088)

6. EXPLORATION AND EVALUATION ASSETS

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

	Botswana Property	Namibia Property	Total
Balance at December 31, 2021	**76,291**	**54,311,910**	**54,388,201**
Additions	84,749	54,400,701	54,485,450
Effect of exchange rate changes	4,245	4,875,127	4,879,372
Balance at March 31, 2023	**165,285**	**113,587,738**	**113,753,023**
Additions	12,049	13,035,227	13,047,276
Effect of exchange rate changes	378	(2,705,725)	(2,705,347)
Balance at December 31, 2023	**177,712**	**123,917,240**	**124,094,952**

The Company's exploration and evaluation assets relate entirely to properties located in Namibia and Botswana. At December 31, 2023, no indicators of impairment have been identified for the exploration and evaluation assets.

Namibia Property

On January 26, 2019, the Company, through Reconnaissance Energy Namibia Pty Ltd. ("ReconNamibia"), a wholly-owned subsidiary of ReconAfrica, entered into a petroleum agreement among the Government of the Republic of Namibia, the National Petroleum Corporation of Namibia ("NAMCOR"). Under this agreement, on January 29, 2015, the Company was issued and holds a 90% interest in the petroleum exploration licence no. 0073 ("PEL 73"). The PEL 73 is comprised of blocks 1719, 1720, 1721, 1819, 1820 and 1821 situated in the Kavango Basin of northeast Namibia (the "Namibia Licensed Property").

During the 15-month 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 shall pay to NAMCOR US$2,000,000 in cash and issue 5,000,000 common shares of the Company. The transaction has not yet closed and the parties are in ongoing discussions.

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 ("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.

Botswana Property

On June 9, 2020, the Company, through its wholly-owned subsidiary, Reconnaissance Energy Botswana (Pty) Ltd. ("ReconBotswana"), was granted a petroleum licence in northwestern Botswana (the "Botswana Licence"). The lands subject to the Botswana Licence are contiguous to the Namibia Licensed Property.

Pursuant to the terms of the Botswana Licence, ReconAfrica is committed to a minimum work program of BWP5,000,000 (approximately $500,000) over the first 4-year exploration period from June 1, 2020.

7. 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 asset. 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	Computer Equipment	Lease Assets	Office Equipment	Total
Cost:						
Balance, December 31, 2021	**6,357,771**	**232,833**	**88,630**	**352,114**	**40,230**	**7,071,578**
Addition	225,505	82,758	-	-	67,229	375,492
Effect of exchange rate changes	141,168	12,117	7,586	23,746	16,726	201,343
Balance, March 31, 2023	**6,724,444**	**327,708**	**96,216**	**375,860**	**124,185**	**7,648,413**
Effect of exchange rate changes	(152,546)	(7,434)	1,785	-	(559)	(158,754)
Less: assets associated with sale of Renaissance	-	-	(95,712)	-	(46,015)	(141,727)
Balance, December 31, 2023	**$ 6,571,898**	**$ 320,274**	**$ 2,289**	**$ 375,860**	**$ 77,611**	**$ 7,347,932**
Accumulated depreciation:						
Balance, December 31, 2021	**(607,772)**	**(93,427)**	**(87,561)**	**(320,780)**	**(18,577)**	**(1,128,117)**
Depreciation	(653,798)	(37,975)	(2,441)	(32,417)	(3,698)	(730,329)
Effect of exchange rate changes	(126,835)	(11,518)	(6,088)	(22,663)	(19,144)	(186,248)
Balance, March 31, 2023	**(1,388,405)**	**(142,920)**	**(96,090)**	**(375,860)**	**(41,419)**	**(2,044,694)**
Depreciation	(383,547)	(33,029)	(164)	-	(13,398)	(430,138)
Effect of exchange rate changes	(63,675)	3,544	(1,734)	-	(873)	(62,738)
Less: assets associated with sale of Renaissance	-	-	95,699	-	28,643	124,342
Balance, December 31, 2023	**$ (1,835,627)**	**$ (172,405)**	**$ (2,289)**	**$ (375,860)**	**$ (27,047)**	**$ (2,413,228)**
Net book value:						
As of March 31, 2023	**$ 5,336,039**	**$ 184,788**	**$ 126**	**$ -**	**$ 82,766**	**$ 5,603,719**
As of December 31, 2023	**$ 4,736,271**	**$ 147,869**	**$ -**	**$ -**	**$ 50,564**	**$ 4,934,704**

Depreciation of $427,837 (December 31, 2022 - $494,490) are 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 in profit or loss as 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
Lease assets	2 years	0%	straight-line
Computer equipment	3 years	33%	straight-line
Office equipment	3 years	33%	straight-line

At December 31, 2023, no indicators of impairment have been identified for the property, plant and equipment.

8. ROYALTIES PAYABLE

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

Balance at December 31, 2021	**$**	**41,013,348**
Addition		26,429,369
Repayments		(262,340)
Finance expense		23,405,096
Effect of exchange rate changes		4,362,980
Balance at March 31, 2023	**$**	**94,948,453**
Addition		8,046,240
Repayments		(4,339,725)
Finance expense		21,097,403
Effect of exchange rate changes		2,520,913
Less: liabilities associated with sale of Renaissance		(122,273,284)
Balance at December 31, 2023	**$**	**-**

As a result of the sale of Renaissance, the Company has derecognized the royalties payable balance (see Note 5). Of the $122.3 million (March 31, 2023 - $94.9 million) balance, the principal royalties payable balance is $66.0 million (March 31, 2023 - $60.9 million), while the remaining balance of $56.3 million (March 31, 2023 - $34.0 million) is associated with estimated interest fees that have not yet been charged to Renaissance.

9. 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:

	Nine Months Ended			
		December 31, 2023		**December 31, 2022**
Directors' fees [(1)]	$	174,196	$	953,630
Management salaries and benefits [(1)]		1,993,440		1,054,433
Share-based payments		4,502,268		8,345,648
	$	**6,669,904**	**$**	**10,353,711**

[(1)] Included in staff, consulting, and management

At December 31, 2023, a balance of $191,216 was payable to related parties (March 31, 2023 - $120,055). Amounts due to or from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

10. DECOMMISSIONING LIABILITIES

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

Balance at December 31, 2021	**$ 758,184**
Accretion	84,586
Additions - African assets	1,293,673
Change in estimate - African assets	129,291
Change in estimate - Mexican assets	156,417
Effect of exchange rate changes	107,621
Balance at March 31, 2023	**$ 2,529,772**
Accretion	114,108
Effect of exchange rate changes	(10,888)
Balance at December 31, 2023	**$ 2,632,992**
Less: liabilities associated with sale of Renaissance	**$ (1,134,091)**
Less: Current portion	**(713,873)**
Decommissioning liabilities, Non-Current	**$ 785,028**

As a result of the sale of Renaissance, the Company has derecognized the decommissioning liabilities balance (see Note 5). Therefore, the remaining liability only relates to its African assets. The decommissioning liabilities are based on total undiscounted future liability, after inflation adjustment, of $3.6 million. There were no changes in discount rates and inflation rates assumptions since the Company's financial period end of March 31, 2023. The Company calculated the present value of the obligations using discount rates between 4.56% - 8.89% 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 rates used in determining the cash flow estimates were between 4.50% - 6.85%. The payments relating to African assets are expected to be made between 2024 and 2025.

11. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Common shares

At December 31, 2023, there were 210,837,984 (March 31, 2023 – 202,078,806) common shares issued and outstanding.

On July 18, 2023, the Company completed an overnight marketed offering of units of the Company. Pursuant to the offering, 6,795,454 units were sold at $1.10 per unit for gross proceeds of $7,475,000. 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 $1.35 until July 18, 2025. The underwriters received a cash commission of totaling $403,500 and 295,227 compensation options entitling the holder to acquire one unit for $1.10 until July 18, 2025. The compensation options were valued at $143,573 using the Black-Scholes pricing model. The Company also paid a corporate finance fee of $67,250.

On September 1, 2023, the Company completed a non-brokered private placement with officers and directors of the Company. Pursuant to the non-brokered private placement, 1,071,500 units were sold at a price of $1.12 per unit for gross proceeds of $1,200,080. 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 $1.40 for a period of 24 months from the closing of the offering.

During the nine months ended December 31, 2023, the Company issued 795,450 (2022 – 550,029) common shares pursuant to the exercise of 795,450 (2022 – 550,029) warrants for cash proceeds of $741,974 (2022 - $311,779) and nil (2022 – 3,375) compensation options for cash proceeds $Nil (2022 – $2,362).

During the nine months ended December 31, 2023, the Company issued 96,774 common shares pursuant to the exercise of 96,774 (2022 – 1,836,871) stock options for cash proceeds of $30,000 (2022 - $1,372,921).

On March 1, 2022, the Company completed a bought deal financing (the "Offering") of 7,475,000 units (the "Units") for aggregate gross proceeds of $47,466,250. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $9.00 until October 31, 2022, subject to acceleration of the expiry date to a date 30 calendar days following notice to be provided to the holders of the warrants by the Company in the event that the moving daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange (the "Exchange") over any period of 20 consecutive trading days equals or exceeds $14.00. The Company incurred share issuance costs of $3,395,277 in the form of finders' fees and professional fees and 19,685 Units associated with the Offering.

During the 15 month period ended March 31, 2023, the Company issued 2,477,757 common shares pursuant to the exercise of 2,474,382 warrants for cash proceeds of $1,303,779 and 3,375 compensation options for cash proceeds of $2,362. Further, the Company issued common shares pursuant to the exercise of 2,886,871 stock options for cash proceeds of $1,877,421.

Compensation options and warrants

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

	Number of Compensation options	Number of Warrants		Weighted Average Exercise Price ($)
Balance, December 31, 2021	159,104	10,482,496	$	6.78
Issued	446,610	7,494,685		8.85
Exercised	(3,375)	(2,474,382)		0.53
Expired	(446,610)	(8,518,685)		9.08
Balance, March 31, 2023	155,729	6,984,114	$	8.36
Issued	295,227	7,866,954		1.35
Exercised	-	(795,450)		0.93
Expired	(127,079)	(2,431,733)		10.79
Balance, December 31, 2023	**323,877**	**11,623,885**	**$**	**3.54**

The warrants have been valued using relative fair value and compensation options issued have been valued using the Black-Scholes pricing model, with a gross amount of $3,382,843 (2022 - $Nil) included in reserves. The following assumptions were used for the Black-Scholes valuation of the warrants granted:

	Nine Months Ended	
Warrants	**December 31, 2023**	**December 31, 2022**
Risk-free interest rate	4.64%	1.25%
Expected life	2.0 years	0.67 years
Annualized volatility	110.00%	70.00%
Dividend rate	nil	n/a

	Nine Months Ended	
Compensation Options	**December 31, 2023**	**December 31, 2022**
Risk-free interest rate	4.64%	1.25%
Expected life	2 years	0.67 years
Annualized volatility	110.00%	70.00%
Dividend rate	nil	n/a

Warrants and compensation options outstanding at December 31, 2023 are as follows:

Number of Warrants	Number of Compensation Options	Exercise Price ($)	Expiry Date
2,179,122	-	14.00	May 27, 2024
1,129,280	-	0.50	August 30, 2024
29,412	-	0.50	December 6, 2024
77,940	-	0.50	December 18, 2024
746,177	-	1.00	February 4, 2025
6,390,454	-	1.35	July 18, 2025
1,071,500	-	1.40	September 1, 2025
-	295,227	1.10	July 18, 2025
-	28,650	0.70	August 25, 2025
11,623,885	**323,877**		

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 as determined by the Board of Directors' discretion. The Board of Directors also establishes 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.

On August 3, 2023, the Company granted incentive stock options to certain directors, officers, employees, and consultants of the Company to acquire an aggregate of 4,905,000 common shares in the capital of the Company at an exercise price of $1.40 per share for a period of up to five years.

On May 13, 2022, the Company granted 5,715,000 stock options to directors, officers and consultants of the Company, exercisable at price of $6.35 per share for a period of up to five years.

During the nine months ended December 31, 2023, the Company recorded share-based payments of $6,626,436 (2022 - $15,273,336) respectively. The following table highlights the assumptions to determine the fair value of stock options granted using the Black-Scholes Option Pricing Model:

	Nine Months Ended	
	December 31, 2023	**December 31, 2022**
Risk-free interest rate	4.04%	2.75%
Expected life	5 years	5 years
Expected volatility	109.44%	70.00%
Expected dividend yield	n/a	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.

The following table summarizes information about the stock options transactions for the nine months ended December 31, 2023.

	Number of Options		**Weighted Average Exercise Price ($)**
Balance, December 31, 2021	15,235,312	$	4.69
Stock options issued	5,715,000		6.35
Stock options exercised	(2,886,871)		0.65
Stock options forfeited	(150,000)		0.95
Stock options expired	(918,441)		6.01
Balance, March 31, 2023	16,995,000	$	5.89
Stock options issued	4,905,000		1.40
Stock options exercised	(96,774)		0.31
Stock options forfeited/cancelled	(1,095,000)		6.25
Stock options expired	(1,200,000)		12.00
Balance, December 31, 2023	**19,508,226**	**$**	**4.40**

Stock options outstanding at December 31, 2023 are as follows:

Number of Options Outstanding	Number of Options Exercisable		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (in years)
250,000	250,000		0.25	October 7, 2024	0.8
200,000	200,000		0.51	December 9, 2024	0.9
320,000	320,000		0.76	February 18, 2025	1.1
78,226	78,226		0.31	April 29, 2025	1.3
2,287,500	2,287,500		0.70	August 26, 2025	1.7
100,000	100,000		0.76	August 26, 2025	1.7
368,750	368,750		2.19	January 5, 2026	2.0
4,518,750	4,518,750		6.88	April 25, 2026	2.3
750,000	750,000		11.39	July 14, 2026	2.5
260,000	260,000		6.23	September 8, 2026	2.7
5,470,000	4,041,250		6.35	May 13, 2027	3.4
4,905,000	1,226,250		1.40	August 3, 2028	4.6
19,508,226	**14,400,726**	**$**	**4.40**		**3.0**

12. GENERAL AND ADMINISTRATION

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

	Three Months Ended				Nine Months Ended			
		December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022
Staff, consulting, and management	$	1,748,020	$	1,619,921	$	5,676,417	$	5,712,856
Marketing and stakeholder relations		160,458		402,118		644,399		1,400,547
Corporate development		29,955		596,526		143,575		2,020,385
Office and general		250,242		277,642		1,079,745		1,027,416
Transportation and accommodation		223,062		160,298		513,329		842,530
Insurance		358,023		464,679		1,292,601		1,269,098
Professional fees		264,803		973,896		2,054,531		3,018,957
	$	**3,034,563**	**$**	**4,495,079**	**$**	**11,404,597**	**$**	**15,291,788**

13. SEGMENTED INFORMATION

The following tables highlight the Company's operating segments:

Nine Months Ended December 31, 2023		Corporate		Mexico		Africa		Total
Total non-current assets	$	10,725,812	$	-	$	118,303,844	$	129,029,656
Total assets		17,699,756		-		123,503,706		141,203,462
Total liabilities		(2,330,274)		-		(2,018,385)		(4,348,659)
Crude oil revenue		-		4,723,958		-		4,723,958
Natural gas revenue		-		4,888,253		-		4,888,253
Prior period adjustments		-		(9,855)		-		(9,855)
Total revenue		-		9,602,356		-		9,602,356
Loss (income) before taxes		(70,700,260)		23,492,179		3,771,474		(43,436,607)

Nine Months Ended December 31, 2022	Corporate	Mexico	Africa	Total
Total non-current assets	$ 11,211,778	$ 28,929	$ 97,000,346	$ 108,241,053
Total assets	36,712,829	52,808,431	101,806,235	191,327,495
Total liabilities	(2,242,210)	(90,411,148)	(2,664,889)	(95,318,247)
Crude oil revenue	-	9,388,547	-	9,388,547
Natural gas revenue	-	11,893,271	-	11,893,271
Total revenue	-	21,281,818	-	21,281,818
Loss before taxes	18,992,476	16,851,528	6,035,687	41,879,691

Three Months Ended December 31, 2023	Corporate	Mexico	Africa	Total
Crude oil revenue	-	746,871	-	746,871
Natural gas revenue	-	1,024,431	-	1,024,431
Prior period adjustments	-	(26,795)	-	(26,795)
Total revenue	-	1,744,507	-	1,744,507
Loss (income) before taxes	(81,537,125)	5,664,099	1,070,196	(74,802,830)

Three Months Ended December 31, 2022	Corporate	Mexico	Africa	Total
Crude oil revenue	-	2,440,366	-	2,440,366
Natural gas revenue	-	3,075,161	-	3,075,161
Total revenue	-	5,515,527	-	5,515,527
Loss before taxes	6,604,611	6,236,912	1,782,879	14,624,402

14. COMMITMENTS AND CONTINGENCIES

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.

The Company and certain of its current and former officers and directors have been named as defendants in three substantially identical purported class action lawsuits filed by shareholders of the Company in the United States District Court in Brooklyn, New York. The Company identified the first of these lawsuits in an October 28, 2021 news release. The first lawsuit was voluntarily dismissed by that plaintiff on November 9, 2021, and the other two were consolidated by the court, which appointed a lead plaintiff and lead counsel to represent the purported class members. On April 11, 2022, the lead plaintiff filed a consolidated amended complaint that alleges that the Company and the individual defendants made untrue statements of material fact or omitted to state material facts or engaged in acts that operated as a fraud upon the purchasers of the Company's stock in violation of Section 10(b) and Section 20(a) of the U.S. Securities Exchange Act of 1934, as amended, and Rule 10b-5, thereunder. The claims are alleged on behalf of a class of shareholders, except certain excluded shareholders, who purchased or otherwise acquired shares of the Company in the U.S. between February 28, 2019 and September 7, 2021. The lead plaintiff generally alleges that the defendants made misleading statements about the Company's oil exploration projects in Namibia and Botswana that rely in part on allegations by a short-seller of the Company's stock and free-lance writers for National Geographic magazine. The lead plaintiff seeks unspecified monetary damages. No trial date has been set by the court. The Company disputes the allegations and intends to vigorously defend the action, although no assurance can be given with respect to the ultimate outcome of this action.

The Company has also been named in a proposed class action filed by a shareholder of the Company in the Supreme Court of British Columbia under the Class Proceedings Act, RSBC 1996, c. 50. The claim is a proposed shareholder class action on behalf of all investors, except certain excluded investors, that purchased the Company's securities outside the U.S. between May 30, 2020 and September 7, 2021, and held all or some of those purchased securities after September 7, 2021. The claim generally alleges that ReconAfrica published core and non-core documents containing misrepresentations that were publicly corrected between June 24 and September 7, 2021. The plaintiff seeks damages against the Company in connection with the alleged misrepresentations and public corrections. The Company disputes the allegations and intends to vigorously defend the claim, although no assurance can be given with respect to the ultimate outcome of this action.

Subsequent to the quarter ended December 31, 2023, following a mediation with the plaintiffs in both the U.S. Action and the Canadian Action, the parties entered into a global settlement agreement to resolve both cases (see Note 16).

During the period ended December 31, 2023, upon closing of the Renaissance sale, the associated commitments and contingencies relating to the operations of Renaissance are no longer applicable to the Company.

15. 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, 2023, totaled $136,854,803 (March 31, 2023 – $83,326,410).

The Company manages the capital structure and makes adjustments to 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, 2023.

16. SUBSEQUENT EVENTS

On February 28, 2024, the Company disclosed that following a mediation with the plaintiffs in both the U.S. Action and the Canadian Action, the parties entered into a global settlement agreement to resolve both cases (the "Settlement"). The parties have filed a motion seeking preliminary court approval of the Settlement of the U.S. Action and expect a similar motion to be filed as to the Canadian Action shortly. If preliminary approval orders are granted by both courts, the Plaintiffs will send notice of the Settlement to potential class members. Subject to certain conditions set forth in the Settlement, the parties expect to seek final approval of the Settlement from both courts after the applicable notice periods. The Settlement will not be final unless both courts grant final approval. The Company cannot provide any assurance that the Settlement will obtain the necessary approvals and satisfy the conditions and requirements necessary for it to become final. None of the Defendants are admitting any liability, wrongdoing, or fault as part of the Settlement.