ReconAFRICA

Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2025 and 2024

RECONNAISSANCE ENERGY AFRICA LTD.

Condensed Consolidated Interim Statements of Financial Position

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

		March 31, 2025		December 31, 2024
ASSETS				
Current Assets				
Cash	**$**	**5,898,883**	$	11,413,181
Other receivables		**86,016**		263,079
Prepaid expenses and deposits		**601,740**		839,817
Current portion of value-added tax receivable		**1,858,959**		3,119,208
		8,445,598		15,635,285
Value-added tax receivable		**4,150,330**		4,154,083
Exploration and evaluation assets (Note 5)		**174,766,153**		171,313,068
Property, plant and equipment (Note 6)		**4,548,481**		4,762,818
Total Assets	**$**	**191,910,562**	$	195,865,254
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**1,791,705**	$	2,485,620
Decommissioning liabilities (Note 8)		**762,894**		763,584
		2,554,599		3,249,204
Decommissioning liabilities (Note 8)		**563,701**		550,349
Deferred tax liability		**1,036,474**		1,037,411
Total Liabilities		**4,154,774**		4,836,964
Shareholders' Equity				
Share capital (Note 9)		**408,795,731**		408,795,731
Reserves (Note 9)		**98,420,860**		97,027,192
Deficit		**(330,055,637)**		(325,534,263)
Accumulated other comprehensive income ("AOCI")		**10,594,834**		10,739,630
Total Shareholders' Equity		**187,755,788**		191,028,290
Total Liabilities and Shareholders' Equity	**$**	**191,910,562**	$	195,865,254

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 12)
Subsequent events (Note 14)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 29, 2025.

Approved by the Board of Directors:

______*"D. Jeffrey Harder"*_________ Director ______*"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 and Comprehensive (Income) Loss

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

		Three Months Ended March 31, 2025		Three Months Ended March 31, 2024
EXPENSES				
Resource property costs	$	73,394	$	59,041
General and administration (Note 10)		3,053,417		3,562,281
Accretion (Note 8)		13,826		16,849
Share-based payments (Notes 7, 9)		1,393,668		(760,290)
		4,534,305		2,877,881
Other Items				
Other income		(35,871)		(587,562)
Exchange loss (gain)		22,940		(89,421)
		(12,931)		(676,983)
Loss before taxes		4,521,374		2,200,898
Deferred tax expense		-		123,918
Loss		4,521,374		2,324,816
Other Comprehensive (Income) Loss				
Items that may be reclassified subsequently to net loss				
Translation adjustment		144,796		(3,180,587)
Loss and comprehensive (income) loss	$	4,666,170	$	(855,771)
Basic & diluted loss per common share	$	0.02	$	0.01
Weighted average number of common shares outstanding - basic and diluted		265,642,183		210,859,475

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, 2023	210,837,984	360,045,807	82,889,256	(303,673,703)	(2,406,557)	136,854,803
Shares issued:						
Private offering	-	92,907	(92,907)	-	-	-
Public offering	-	491,364	(491,364)	-	-	-
Issue costs - cash	-	(119,650)	-	-	-	(119,650)
Issue costs - compensation options	-	18,438	(18,438)	-	-	-
Warrants exercise	-	(29,285)	29,285	-	-	-
Options exercise	78,226	37,283	(13,033)	-	-	24,250
Share-based payments	-	-	(760,290)	-	-	(760,290)
Loss	-	-	-	(2,324,816)	-	(2,324,816)
Translation adjustment	-	-	-	-	3,180,587	3,180,587
Balance at March 31, 2024	**210,916,210**	**$ 360,536,864**	**$ 81,542,509**	**$ (305,998,519)**	**$ 774,030**	**$ 136,854,884**
Balance at December 31, 2024	265,642,183	408,795,731	97,027,192	(325,534,263)	10,739,630	191,028,290
Share-based payments	-	-	1,393,668	-	-	1,393,668
Loss	-	-	-	(4,521,374)	-	(4,521,374)
Translation adjustment	-	-	-	-	(144,796)	(144,796)
Balance at March 31, 2025	**265,642,183**	**$ 408,795,731**	**$ 98,420,860**	**$ (330,055,637)**	**$ 10,594,834**	**$ 187,755,788**

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)

		Three Months Ended March 31, 2025		Three Months Ended March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss	$	**(4,521,374)**	$	(2,324,816)
Items not involving cash:				
Deferred tax expense		-		123,918
Accretion on decommissioning liabilities (Note 8)		**13,826**		16,849
Share-based payments		**1,393,668**		(760,290)
Unrealized foreign exchange		**(8,505)**		233,162
Changes in non-cash working capital items:				
Receivables		**1,441,065**		851,308
Prepaid expenses and deposits		**238,077**		98,094
Accounts payable and accrued liabilities		**(322,387)**		288,078
Net cash used in operating activities		**(1,765,630)**		(1,473,697)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in property, plant and equipment		-		(284,686)
Investment in exploration and evaluation assets		**(3,757,723)**		(1,810,191)
Net cash used in investing activities		**(3,757,723)**		(2,094,877)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuance of shares		-		24,250
Share issue costs		-		(119,650)
Subscription received in advance		-		472,190
Net cash provided by financing activities		-		376,790
Impact of exchange rate changes on cash		**9,055**		84,106
Net change in cash		**(5,514,298)**		(3,107,678)
Cash, beginning of period		**11,413,181**		5,184,427
Cash, end of period	**$**	**5,898,883**	$	2,076,749

For the three months ended March 31, 2025 and 2024, all non-cash financing or investing transactions are disclosed in the relevant note disclosures.

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 635 – 8th Avenue SW, Calgary, AB, T2P 3M3, Canada.

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 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

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 Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These Financial Statements should be read in conjunction with the Company's audited financial statements for the nine-month period ended December 31, 2024.

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 for the nine-month period ended December 31, 2024.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 financial statements for the nine-month period ended December 31, 2024.

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, accounts payable and accrued liabilities. The carrying value of cash, other receivables, accounts payable and accrued liabilities 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. The Company manages cash deposit risk by using major banks that are high credit quality financial institutions as determined by rating agencies.

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 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, other receivables and accounts payable and accrued liabilities measured in foreign currencies, principally the US dollar, 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 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		Total
Balance at March 31, 2024	**$**	**202,671**	**$**	**128,833,968**	**$**	**129,036,639**
Additions		31,425		33,036,611		33,068,036
Effect of exchange rate changes		5,846		9,202,547		9,208,393
Balance at December 31, 2024		**239,942**		**171,073,126**		**171,313,068**
Additions		-		3,595,877		3,595,877
Effect of exchange rate changes		2,770		(145,562)		(142,792)
Balance at March 31, 2025	**$**	**242,712**	**$**	**174,523,441**	**$**	**174,766,153**

The Company's exploration and evaluation assets relate entirely to exploration properties located in Namibia and Botswana. At March 31, 2025, no indicators of impairment have been identified for the exploration and evaluation assets.

Namibia Property

Pursuant to the terms of a petroleum agreement among the Government of the Republic of Namibia, NAMCOR, and Reconnaissance Energy Namibia (Pty) Ltd. ("ReconNamibia"), a wholly owned subsidiary of ReconAfrica, dated January 26, 2015 and as adjusted 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 Agreement") with BW Energy Limited (OSE:BWE) ("BW Energy"), for a strategic farm down (the "BW Energy Farm Down")) in Petroleum Exploration Licence 073, which licence is in respect of approximately 6.3 million acres (25,341.33 km2) of oil and/or gas exploration properties 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 ReconNamibia 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 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 ($203 million), including a $22 million (US$16 million) equity investment pursuant to the July 2024 Offering (completed). An additional US$45 million ($65 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 production. 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 ($115 million). Three separate production bonus payments of US$25 million ($36 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 March 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.

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.

Botswana Property

On June 9, 2020, the Company, through its wholly-owned subsidiary, Reconnaissance Energy Botswana (Pty) Ltd. ("ReconBotswana"), was granted Petroleum Exploration Licence 001("PEL 001" or the "Botswana Licence") in respect of approximately 2.45 million acres (9,921 km2) (later reduced to approximately 2.22 million acres or 8,900 km2 by amendment dated December 24, 2020 and further reduced to approximately 1.88 million acres (7,592 km2) by amendment dated April 13, 2023) (the "Botswana Licensed 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 $524,000 as at March 31, 2025).

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 (income) loss and comprehensive (income) loss.

	Drilling Rig Equipment	Vehicles	Computer Equipment	Office Equipment	Total
Cost:					
Balance, March 31, 2024	**$ 7,017,577**	**$ 328,120**	**$ 2,289**	**$ 79,206**	**$ 7,427,192**
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**	**2,289**	**83,336**	**7,813,206**
Effect of exchange rate changes	(6,666)	(315)	-	(64)	(7,045)
Balance, March 31, 2025	**$ 7,372,478**	**$ 348,122**	**$ 2,289**	**$ 83,272**	**$ 7,806,161**
Accumulated depreciation:					
Balance, March 31, 2024	**$ (2,057,139)**	**$ (188,928)**	**$ (2,289)**	**$ (31,128)**	**$ (2,279,484)**
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)**	**(2,289)**	**(44,145)**	**(3,050,388)**
Depreciation	(192,713)	(13,028)	-	(3,944)	(209,685)
Effect of exchange rate changes	2,175	195	-	23	2,393
Balance, March 31, 2025	**$ (2,954,682)**	**$ (252,643)**	**$ (2,289)**	**$ (48,066)**	**$ (3,257,680)**
Net book value:					
As of December 31, 2024	**$ 4,615,000**	**$ 108,627**	**$ -**	**$ 39,191**	**$ 4,762,818**
As of March 31, 2025	**$ 4,417,796**	**$ 95,479**	**$ -**	**$ 35,206**	**$ 4,548,481**

Depreciation of $209,685 (March 31, 2024 - $338,854) 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 March 31, 2025, no indicators of impairment have been identified for the property, plant and equipment.

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:

	Three Months Ended	
	March 31, 2025	**March 31, 2024**
Directors' fees	$ 128,144	$ 105,573
Management salaries and benefits	770,879	754,672
Share-based payments	1,262,525	420,884
	$ 2,161,548	**$ 1,281,129**

At March 31, 2025, a balance of $29,754 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	13,826
Effect of exchange rate changes	(1,164)
Balance at March 31, 2025	**$ 1,326,595**
Less: Current portion	**(762,894)**
Decommissioning liabilities, non-current	**$ 563,701**

As at March 31, 2025, the decommissioning liabilities are based on total undiscounted future liabilities, after inflation adjustment, of $1.4 million (December 31, 2024 - $1.4 million). The Company calculated the present value of the obligations using a discount rate of 4.22% (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 2.00% (December 31, 2024 – 2.00%). The payments relating to the above obligations are expected to be made between 2025 and 2027.

9. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Common shares

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

During the three months ended March 31, 2025, the Company issued nil common shares pursuant to the exercise of nil (March 31, 2024 – 78,226) stock options for cash proceeds of $Nil (March 31, 2024 - $24,250).

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
Expired	-	(746,177)		1.00
Balance, March 31, 2025	**298,574**	**57,830,711**	**$**	**1.50**

During the three months ended March 31, 2025, the Company issued nil warrants and compensation options (March 31, 2024 – nil).

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

Number of Warrants & Broker warrants	Number of Compensation Options	Exercise Price ($)	Expiry Date
6,361,157	-	1.35	July 18, 2025
1,071,500	-	1.40	September 1, 2025
16,373,905	-	1.15	April 3, 2026
1,230,005	-	0.90	April 3, 2026
31,844,600	-	1.75	July 31, 2026
949,544	-	1.25	July 31, 2026
-	269,924	1.10	July 18, 2025
-	28,650	0.70	August 25, 2025
57,830,711	**298,574**		

(i) See note 14

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 three months ended March 31, 2025, the Company recorded share-based payments of $1,393,668 (March 31, 2024 – ($760,290)). The following table highlights the assumptions used to determine the fair value of stock options granted using the Black-Scholes Option Pricing Model:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Risk-free interest rate	nil	3.43%-4.29%
Expected life	nil	1-5 years
Expected volatility	nil	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 forfeited/cancelled	(69,375)		1.40
Stock options expired	(320,000)		0.76
Balance, March 31, 2025	**24,822,000**	**$**	**2.38**

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

Number of Options Outstanding		Number of Options Exercisable		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (in years)
1,575,000		1,575,000		0.70	August 26, 2025	0.4
100,000		100,000		0.76	August 26, 2025	0.4
200,000		200,000		2.19	January 5, 2026	0.8
1,600,000		1,600,000		6.88	April 25, 2026	1.1
675,000		675,000		6.88	January 4, 2026	0.8
200,000		200,000		11.39	July 14, 2026	1.3
1,700,000		1,700,000		6.35	May 13, 2027	2.1
550,000		550,000		6.35	January 4, 2026	0.8
3,430,000		2,572,500		1.40	August 3, 2028	3.3
500,000		375,000		1.40	January 4, 2026	0.8
250,000	(i)	250,000		1.40	May 21, 2025	0.1
2,927,000		1,463,500		1.40	March 6, 2029	3.9
410,000		410,000		1.40	March 6, 2026	0.9
375,000		375,000		1.15	June 6, 2025	0.2
30,000		22,500		1.40	May 15, 2029	4.1
5,750,000		2,875,000		1.40	June 19, 2029	4.2
4,175,000		1,043,750		1.40	August 9, 2029	4.4
375,000		187,500		1.04	November 9, 2025	0.6
24,822,000		**16,174,750**	**$**	**2.38**		**2.98**

(i) Subsequent to the quarter end, all 250,000 stock options expired unexercised.

(ii) Subsequent to the quarter end, 187,500 stock options priced at $1.40 were forfeited.

10. GENERAL AND ADMINISTRATION

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

	Three Months Ended			
		March 31, 2025		March 31, 2024
Staff, consulting, and management (Note 7)	$	1,707,317	$	1,914,304
Marketing and stakeholder relations		191,080		550,145
Corporate development		86,282		25,048
Office and general		264,910		273,507
Transportation and accommodation		205,723		225,080
Insurance		313,091		354,318
Professional fees		285,014		219,879
	$	**3,053,417**	**$**	**3,562,281**

11. SEGMENTED INFORMATION

The following tables highlight the Company's operating segments:

Three Months Ended March 31, 2025	**Corporate**	**Africa**	**Total**
Total non-current assets	$ 11,523,610	$ 171,941,354	$ 183,464,964
Total assets	17,681,834	174,228,728	191,910,562
Total liabilities	(654,534)	(3,500,240)	(4,154,774)
Loss before taxes	$ 3,396,140	$ 1,125,234	$ 4,521,374

Three Months Ended March 31, 2024	**Corporate**	**Africa**	**Total**
Total non-current assets	$ 9,828,372	$ 129,424,024	$ 139,252,396
Total assets	12,389,550	129,911,523	142,301,073
Total liabilities	(2,824,063)	(2,622,126)	(5,446,189)
Loss before taxes	$ 1,431,324	$ 769,574	$ 2,200,898

12. COMMITMENTS AND CONTINGENCIES

The Company has certain commitments related to its exploration licences in Namibia and Botswana. For detailed information on these commitments, please refer to Note 5 above.

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 were 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 were 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 alleged 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 sought unspecified monetary damages.

The Company was 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 was a proposed shareholder class action on behalf of all investors, except certain excluded investors, that purchased the Company's securities outside the US between May 30, 2020 and September 7, 2021, and held all or some of those purchased securities after September 7, 2021. The claim generally alleged that ReconAfrica published core and non-core documents containing misrepresentations that were publicly corrected between June 24 and September 7, 2021. The plaintiff sought damages against the Company in connection with the alleged misrepresentations and public corrections. The Company disputed the allegations and vigorously defended the claim.

On February 28, 2024, following a mediation with the plaintiffs in both the U.S. Action and the Canadian Action, the Company announced that the parties entered into a global settlement agreement to resolve both cases. The Canadian Action received final court approval on June 20, 2024. The U.S. Action received final court approval on December 30, 2024.

13. 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 March 31, 2025, totaled $187,755,788 (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 March 31, 2025.

14. SUBSEQUENT EVENTS

i. 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.

ii. On May 21, 2025, the Company announced its intention to extend the expiry date of an aggregate 6,795,454 outstanding common share purchase warrants of the Company (the " July Warrants ") to January 18, 2027 and an aggregate 1,071,500 outstanding common share purchase warrants of the Company (the "September Warrants") to February 1, 2027.

    The July Warrants were issued pursuant to a public offering which closed on July 18, 2023, and are set to expire on July 18, 2025. The July Warrants were issued pursuant to a warrant indenture dated July 18, 2023, between the Company and Odyssey Trust Company. Each July Warrant entitles the holder thereof to acquire one common share of the Company at a price of $1.35 and all other terms of the July Warrants, including exercise price, will remain the same.

    The September Warrants were issued pursuant to a non-brokered private placement which closed on September 1, 2023, and are set to expire on September 1, 2025. Each September Warrant entitles the holder thereof to acquire one common share of the Company at a price of $1.40 and all other terms of the September Warrants, including exercise price, will remain the same.