



Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025

RECONNAISSANCE ENERGY AFRICA LTD.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	June 30, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash	\$ 24,243,571	\$ 3,293,122
Other receivables	26,569	89,321
Prepaid expenses and deposits	355,304	382,180
Current portion of value-added tax receivable	1,531,035	1,671,084
	26,156,479	5,435,707
Value-added tax receivable	4,102,406	3,956,902
Exploration and evaluation assets (Note 5)	220,559,184	199,460,313
Property, plant and equipment (Note 6)	3,504,846	3,757,202
Total Assets	\$ 254,322,915	\$ 212,610,124
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,778,022	\$ 2,237,834
Decommissioning liabilities (Note 8)	747,000	720,506
	4,525,022	2,958,340
Decommissioning liabilities (Note 8)	1,691,545	1,590,528
Deferred tax liability	120,724	116,442
Total Liabilities	6,337,291	4,665,310
Shareholders' Equity		
Share capital (Note 9)	472,371,410	438,020,152
Reserves (Note 9)	115,378,388	109,322,047
Deficit	(349,190,545)	(341,345,617)
Accumulated other comprehensive income ("AOCI")	9,426,371	1,948,232
Total Shareholders' Equity	247,985,624	207,944,814
Total Liabilities and Shareholders' Equity	\$ 254,322,915	\$ 212,610,124

Nature of operations (Note 1)**Commitments and contingencies (Note 12)****Subsequent event (Note 14)**

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 17, 2026.

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

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
EXPENSES				
Resource property costs	\$ 858,088	\$ 45,429	\$ 1,095,305	\$ 118,823
General and administration (Note 10)	2,920,949	2,966,383	5,860,524	6,019,800
Accretion (Note 8)	20,718	13,330	41,245	27,156
Share-based payments (Notes 7, 9)	429,934	788,098	1,010,142	2,181,766
	4,229,689	3,813,240	8,007,216	8,347,545
Other Items				
Other income	(185,513)	(30,986)	(357,556)	(66,857)
Exchange loss	136,095	33,133	195,268	56,073
	(49,418)	2,147	(162,288)	(10,784)
Loss	4,180,271	3,815,387	7,844,928	8,336,761
Other Comprehensive (Income) Loss				
Items that may be reclassified subsequently to net loss:				
Translation adjustment	(4,106,979)	9,337,607	(7,478,139)	9,482,403
Loss and comprehensive loss	\$ 73,292	\$ 13,152,994	\$ 366,789	\$ 17,819,164
Basic & diluted loss per common share	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03
Weighted average number of common shares outstanding - basic and diluted	383,871,242	271,480,645	377,865,734	268,577,542

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		Reserves	Deficit	AOCI	Equity
	Number	Amount				
Balance at December 31, 2024	265,642,183	\$ 408,795,731	\$ 97,027,192	\$ (325,534,263)	\$ 10,739,630	\$ 191,028,290
Public offering	37,950,000	14,275,794	4,699,206	-	-	18,975,000
Issue costs - cash	-	(1,561,715)	-	-	-	(1,561,715)
Issue costs - broker warrants	-	(377,585)	377,585	-	-	-
Share-based payments	-	-	2,181,766	-	-	2,181,766
Loss	-	-	-	(8,336,761)	-	(8,336,761)
Translation adjustment	-	-	-	-	(9,482,403)	(9,482,403)
Balance at June 30, 2025	303,592,183	\$ 421,132,225	\$ 104,285,749	\$ (333,871,024)	\$ 1,257,227	\$ 192,804,177
Balance at December 31, 2025	339,217,152	438,020,152	109,322,047	(341,345,617)	1,948,232	207,944,814
Shares issued:						
Public offering	38,736,945	31,325,898	5,474,200	-	-	36,800,098
Issue costs - cash	-	(2,409,526)	-	-	-	(2,409,526)
Issue costs - broker warrants	-	(920,889)	920,889	-	-	-
Warrants exercise	7,062,703	6,328,519	(1,362,812)	-	-	4,965,707
Options exercise	31,250	27,256	(8,506)	-	-	18,750
Share-based payments	-	-	1,032,570	-	-	1,032,570
Loss	-	-	-	(7,844,928)	-	(7,844,928)
Translation adjustment	-	-	-	-	7,478,139	7,478,139
Balance at June 30, 2026	385,048,050	\$ 472,371,410	\$ 115,378,388	\$ (349,190,545)	\$ 9,426,371	\$ 247,985,624

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)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	\$ (7,844,928)	\$ (8,336,761)
Items not involving cash:		
Accretion on decommissioning liabilities	41,245	27,156
Share-based payments	1,032,570	2,181,766
Unrealized foreign exchange	260,656	(391,627)
Changes in non-cash working capital items:		
Receivables	57,297	2,490,019
Prepaid expenses and deposits	26,876	563,285
Accounts payable and accrued liabilities	288,577	(214,204)
Net cash used in operating activities	(6,137,707)	(3,680,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	(12,321,300)	(7,820,092)
Net cash used in investing activities	(12,321,300)	(7,820,092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares	41,784,555	18,975,000
Share issue costs	(2,409,526)	(1,561,715)
Net cash provided by financing activities	39,375,029	17,413,285
Impact of exchange rate changes on cash	34,427	(60,624)
Net change in cash	20,950,449	5,852,203
Cash, beginning of period	3,293,122	11,413,181
Cash, end of period	\$ 24,243,571	\$ 17,265,384

For the six months ended June 30, 2026 and 2025, 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.

RECONNAISSANCE ENERGY AFRICA LTD.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2026 and 2025

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

1. NATURE OF OPERATIONS

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 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 year ended December 31, 2025.

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. In January 2026, the Company incorporated Reconnaissance Energie Gabon SAS. 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 year ended December 31, 2025.

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 year ended December 31, 2025.

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.

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.

Notes to the Financial Statements (continued)

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 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
Additions		-		13,021,404		929,439	13,950,843
Effect of exchange rate changes		-		7,148,028		-	7,148,028
Balance at June 30, 2026	\$	-	\$	212,161,439	\$	8,397,745	\$ 220,559,184

The Company's exploration and evaluation assets relate entirely to properties located in Namibia and Gabon. During the six months ended June 30, 2026, exploration and evaluation expenditures of \$2,836,177 (June 30, 2025 - \$1,986,646) were incurred but remained unpaid at period end and are included in accounts payable and accrued liabilities. As at June 30, 2026, no indicators of impairment were 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, 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 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\$141.0 million (\$200.4 million), including a \$22.0 million (US\$16.0 million) equity investment pursuant to the July 2024 Offering (completed). An additional US\$45.0 million (\$63.9 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\$80.0 million (\$113.7 million). Three separate production bonus payments of US\$25.0 million (\$35.5 million), are made after BW Energy reaches certain free cash flow milestones. An additional first production payment of US\$5.0 million (\$7.1 million), is paid sixty days after the start of commercial production. All values converted using the USD exchange rate as at June 30, 2026.

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 ended 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\$2.0 million 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

Notes to the Financial Statements (continued)

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.

On March 12, 2026, the MME granted approval for a one-year extension of the Second Renewal Exploration Period, extending such period to January 29, 2027. The extension is subject to the Company undertaking certain work program commitments during the extension period, including the review of production testing results from the KW1X well. Subject to the results of such production testing, the Company is also required to drill an additional appraisal well on PEL 073 and, contingent upon both the production testing results of the KW1X well and the drilling of the additional appraisal well, conduct a Drill Stem Test on such appraisal well. The extension also requires a minimum expenditure commitment of US\$17.0 million.

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 \$524,000 as at June 30, 2026).

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

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, 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,

Notes to the Financial Statements (continued)

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.

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, 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
Effect of exchange rate changes	258,468	12,204	2,481	273,153
Balance, June 30, 2026	\$ 7,287,348	\$ 344,102	\$ 82,455	\$ 7,713,905
Accumulated depreciation:				
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)
Depreciation	(369,232)	(4,931)	(3,770)	(377,933)
Effect of exchange rate changes	(136,270)	(9,648)	(1,658)	(147,576)
Balance, June 30, 2026	\$ (3,874,596)	\$ (275,091)	\$ (59,372)	\$ (4,209,059)
Net book value:				
As of December 31, 2025	\$ 3,659,786	\$ 71,386	\$ 26,030	\$ 3,757,202
As of June 30, 2026	\$ 3,412,752	\$ 69,011	\$ 23,083	\$ 3,504,846

Depreciation of \$377,933 (June 30, 2025 - \$412,740) 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 June 30, 2026, 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. Related parties include both executive and non-executive directors, and entities which key management controls or has significant influence. The Company considers all directors and officers of the Company to be key management. 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:

	Six Months Ended	
	June 30, 2026	June 30, 2025
Directors' fees	\$ 211,417	\$ 255,559
Management salaries and benefits	1,486,387	1,487,808
Share-based payments	897,566	2,018,364
	\$ 2,595,370	\$ 3,761,731

At June 30, 2026, a balance of \$29,048 was payable to related parties (December 31, 2025 - \$75,111). 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 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
Accretion	41,245
Effect of exchange rate changes	86,266
Balance at June 30, 2026	\$ 2,438,545
Less: Current portion	(747,000)
Decommissioning liabilities, non-current	\$ 1,691,545

As at June 30, 2026, the decommissioning liabilities are based on total undiscounted future liabilities, after an inflation adjustment, of \$2.6 million (December 31, 2025 - \$2.5 million). The Company calculated the present value of the obligations using a discount rate of 3.55% (December 31, 2025 – 3.55%) 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, 2025 – 2.40%). 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 June 30, 2026, there were 385,048,050 (December 31, 2025 – 339,217,152) common shares issued and outstanding.

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. In connection with the public offering, the Company issued 2,163,165 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$0.95 until January 19, 2029. The Company also incurred share issuance costs of \$299,816 in the form of professional fees and paid a cash commission of \$2,109,710 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.

During the period ended June 30, 2026, the Company issued 7,093,953 (June 30, 2025 – nil) common shares upon the exercise of 7,062,703 (June 30, 2025 – nil) warrants and 31,250 (June 30, 2025 – nil) stock options for aggregate proceeds of \$4,984,457 (June 30, 2025 – \$nil).

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, 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
Issued	-	21,531,638	1.17
Exercised	-	(7,062,703)	0.70
Expired	-	(15,614,050)	1.15
Balance, June 30, 2026	-	131,356,837	\$ 1.05

During the period ended June 30, 2026, the warrants have been valued using relative fair value and broker warrants issued have been valued using the Black-Scholes pricing model, with a gross amount of \$6,395,089 (December 31, 2025 - \$8,063,329) included in reserves. The following assumptions were used for the Black-Scholes valuation of the warrants granted:

Notes to the Financial Statements (continued)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Warrants & Broker warrants		
Risk-free interest rate	2.51%	2.70%
Expected life	3.00	2.00
Annualized volatility	75.00%	75.00%
Dividend rate	nil	nil

Warrants, broker warrants and compensation options outstanding at June 30, 2026 are as follows:

Number of Warrants & Broker warrants	Exercise Price (\$)	Expiry Date
6,361,157	1.35	January 18, 2027
1,071,500	1.40	March 1, 2027
31,844,600 ⁽ⁱ⁾	1.75	July 31, 2026
949,544 ⁽ⁱ⁾	1.25	July 31, 2026
34,604,000	0.60	June 17, 2027
163,231	0.50	June 17, 2027
34,170,667	0.72	September 29, 2027
660,500	0.60	September 29, 2027
19,368,473	1.20	January 19, 2029
2,163,165	0.95	January 19, 2029
131,356,837		

(i) Subsequent to the period ended June 30, 2026, these outstanding warrants expired unexercised.

Stock options

The Company amended and restated its existing stock option plan, which was approved by shareholders on February 19, 2026. Pursuant to the stock option plan, options are awarded to eligible persons at the discretion of the Board of Directors. The Board of Directors also establishes the exercise price at each option grant in accordance with applicable regulatory requirements. Options generally have a maximum term of five years from the grant date, subject to the terms of the stock option plan. 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 the option grant.

Options granted under the stock option plan are generally 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-month anniversaries following the date of grant. The Company may choose to offer a more restrictive and accelerated vesting period at its discretion. Options granted to eligible persons whose roles and duties primarily consist of investor relations activities are subject to the vesting requirements of the TSX Venture Exchange.

During the six months ended June 30, 2026, the Company recorded share-based payments of \$1,032,570 (June 30, 2025 – \$2,181,766), all of which were credited to options reserve within equity. The total expense consists of \$1,010,142 (June 30, 2025 – \$2,181,766) recorded in share-based payment expense and \$22,428 (June 30, 2025 – \$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.

No options were granted during the six months ended June 30, 2026 or June 30, 2025.

Notes to the Financial Statements (continued)

A summary of changes in stock options is presented below:

	Number of Options	Weighted Average Exercise Price (\$)
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
Stock options exercised	(31,250)	0.60
Stock options expired	(3,635,000)	5.17
Balance, June 30, 2026	24,953,250	\$ 1.56

Stock options outstanding at June 30, 2026 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (in years)
200,000 (i)	200,000	11.39	July 14, 2026	0.0
1,600,000	1,600,000	6.35	May 13, 2027	0.9
3,380,000	3,380,000	1.40	August 3, 2028	2.1
2,677,000	2,677,000	1.40	March 6, 2029	2.7
125,000 (i)	125,000	1.40	July 31, 2026	0.1
30,000	30,000	1.40	May 15, 2029	2.9
5,350,000 (ii)	4,012,500	1.40	June 19, 2029	3.0
75,000 (i)	75,000	1.40	July 31, 2026	0.1
4,000,000	3,000,000	1.40	August 9, 2029	3.1
37,500 (i)	37,500	1.40	July 31, 2026	0.1
6,878,750 (ii)	3,423,750	0.60	July 31, 2030	4.1
600,000 (ii)	300,000	0.60	September 30, 2030	4.3
24,953,250	18,860,750	\$ 1.77		3.00

(i) Subsequent to the period ended June 30, 2026, these options expired unexercised.

(ii) Subsequent to the period ended June 30, 2026, a total of 377,500 options were forfeited.

10. GENERAL AND ADMINISTRATION

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

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Staff, consulting, and management (Note 7)	\$ 1,523,240	\$ 1,631,641	\$ 2,991,072	\$ 3,338,958
Marketing and stakeholder relations	122,961	76,332	346,500	267,412
Corporate development	87,502	(69,930)	186,973	16,352
Office and general	383,864	354,246	771,492	619,156
Transportation and accommodation	284,455	260,850	561,713	466,573
Insurance	75,502	327,246	345,467	640,337
Professional fees	443,425	385,998	657,307	671,012
	\$ 2,920,949	\$ 2,966,383	\$ 5,860,524	\$ 6,019,800

Notes to the Financial Statements (continued)

11. SEGMENTED INFORMATION

The following tables highlight the Company's operating segments:

	Corporate		Africa		Total
<u>As at June 30, 2026</u>					
Total non-current assets	\$	21,876,183	\$	206,290,253	\$ 228,166,436
Total assets		46,050,545		208,272,370	254,322,915
Total liabilities		(776,730)		(5,560,561)	(6,337,291)
<u>As at December 31, 2025</u>					
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)
	Corporate		Africa		Total
<u>Six Months Ended June 30, 2026</u>					
Loss before taxes	\$	6,045,522	\$	1,799,406	\$ 7,844,928
<u>Six Months Ended June 30, 2025</u>					
Loss before taxes	\$	6,105,418	\$	2,231,343	\$ 8,336,761
	Corporate		Africa		Total
<u>Three Months Ended June 30, 2026</u>					
Loss before taxes	\$	3,281,601	\$	898,670	\$ 4,180,271
<u>Three Months Ended June 30, 2025</u>					
Loss before taxes	\$	2,709,278	\$	1,106,109	\$ 3,815,387

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.

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.

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 June 30, 2026, totaled \$247,985,624 (December 31, 2025 – \$207,944,814).

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 June 30, 2026.

Notes to the Financial Statements (continued)

14. SUBSEQUENT EVENT

Subsequent to June 30, 2026, the Company issued 982,400 common shares pursuant to the exercise of warrants and received aggregate proceeds of \$594,480.