



Condensed Consolidated Interim Financial Statements

September 30, 2025 and 2024

**RECONNAISSANCE ENERGY AFRICA LTD.**

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

	September 30, 2025	December 31, 2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 20,650,216	\$ 11,413,181
Other receivables	437,030	263,079
Prepaid expenses and deposits	256,719	839,817
Current portion of value-added tax receivable	2,108,303	3,119,208
	<b>23,452,268</b>	15,635,285
Value-added tax receivable	4,018,972	4,154,083
Exploration and evaluation assets (Note 5)	186,758,881	171,313,068
Property, plant and equipment (Note 6)	4,003,398	4,762,818
<b>Total Assets</b>	<b>\$ 218,233,519</b>	\$ 195,865,254
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,043,238	\$ 2,485,620
Decommissioning liabilities (Note 8)	738,749	763,584
	<b>3,781,987</b>	3,249,204
Decommissioning liabilities (Note 8)	1,110,748	550,349
Deferred tax liability	1,003,670	1,037,411
<b>Total Liabilities</b>	<b>5,896,405</b>	4,836,964
<b>Shareholders' Equity</b>		
Share capital (Note 9)	437,204,551	408,795,731
Reserves (Note 9)	108,654,355	97,027,192
Deficit	(338,476,974)	(325,534,263)
Accumulated other comprehensive income ("AOCI")	4,955,182	10,739,630
<b>Total Shareholders' Equity</b>	<b>212,337,114</b>	191,028,290
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 218,233,519</b>	\$ 195,865,254

**Nature of operations and going concern (Note 1)**

**Commitments and contingencies (Note 12)**

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on December 1, 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 Loss  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	<b>Three Months Ended September 30, 2025</b>	<b>Three Months Ended September 30, 2024</b>	<b>Nine Months Ended September 30, 2025</b>	<b>Nine Months Ended September 30, 2024</b>
<b>EXPENSES</b>				
Resource property costs	\$ 81,543	\$ 22,702	\$ 200,366	\$ 96,956
General and administration (Note 10)	3,007,659	3,190,003	9,027,459	9,908,633
Repairs and maintenance	-	(36)	-	23,378
Accretion (Note 8)	18,915	14,349	46,071	45,590
Share-based payments (Notes 7, 9)	1,382,957	2,373,141	3,564,723	5,134,826
	<b>4,491,074</b>	<b>5,600,159</b>	<b>12,838,619</b>	<b>15,209,383</b>
<b>Other Items</b>				
Other income	(72,488)	(270,952)	(139,345)	(974,923)
Exchange loss (gain)	187,364	92,677	243,437	82,634
	<b>114,876</b>	<b>(178,275)</b>	<b>104,092</b>	<b>(892,289)</b>
<b>Loss before taxes</b>	<b>4,605,950</b>	<b>5,421,884</b>	<b>12,942,711</b>	<b>14,317,094</b>
Deferred tax expense	-	-	-	123,918
<b>Loss</b>	<b>4,605,950</b>	<b>5,421,884</b>	<b>12,942,711</b>	<b>14,441,012</b>
<b>Other Comprehensive (Income) Loss</b>				
Items that may be reclassified subsequently to net loss				
Translation adjustment	(3,697,955)	2,115,190	5,784,448	(2,445,282)
<b>Loss and comprehensive loss</b>	<b>\$ 907,995</b>	<b>\$ 7,537,074</b>	<b>\$ 18,727,159</b>	<b>\$ 11,995,730</b>
<b>Basic &amp; diluted loss per common share</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>	<b>\$ 0.05</b>	<b>\$ 0.06</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>310,109,640</b>	<b>254,777,904</b>	<b>280,627,553</b>	<b>231,941,703</b>

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 (L)	Equity
	Number	Amount				
<b>Balance at December 31, 2023</b>	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	50,110,705	48,709,582	7,306,730	-	-	56,016,312
Issue costs - cash	-	(4,242,018)	-	-	-	(4,242,018)
Issue costs - broker warrants	-	(872,499)	872,499	-	-	-
Issue costs - compensation options	-	18,438	(18,438)	-	-	-
Warrants exercise	4,039,965	4,618,864	(723,600)	-	-	3,895,264
Compensation option exercise	25,303	31,515	(3,682)	-	-	27,833
Options exercise	553,226	317,999	(111,749)	-	-	206,250
Share-based payments	-	-	5,134,826	-	-	5,134,826
Loss	-	-	-	(14,441,012)	-	(14,441,012)
Translation adjustment	-	-	-	-	2,445,282	2,445,282
<b>Balance at September 30, 2024</b>	<b>265,567,183</b>	<b>\$ 408,720,595</b>	<b>\$ 95,252,935</b>	<b>\$ (318,114,715)</b>	<b>\$ 38,725</b>	<b>\$ 185,897,540</b>
<b>Balance at December 31, 2024</b>	<b>265,642,183</b>	<b>408,795,731</b>	<b>97,027,192</b>	<b>(325,534,263)</b>	<b>10,739,630</b>	<b>191,028,290</b>
Shares issued:						
Public offering	71,894,000	31,988,850	7,359,890	-	-	39,348,740
Issue costs - cash	-	(2,980,355)	-	-	-	(2,980,355)
Issue costs - broker warrants	-	(690,411)	690,411	-	-	-
Advisory units	166,667	86,972	13,028	-	-	100,000
Warrants exercise	5,550	3,764	(889)	-	-	2,875
Share-based payments	-	-	3,564,723	-	-	3,564,723
Loss	-	-	-	(12,942,711)	-	(12,942,711)
Translation adjustment	-	-	-	-	(5,784,448)	(5,784,448)
<b>Balance at September 30, 2025</b>	<b>337,708,400</b>	<b>\$ 437,204,551</b>	<b>\$ 108,654,355</b>	<b>\$ (338,476,974)</b>	<b>\$ 4,955,182</b>	<b>\$ 212,337,114</b>

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)

	<b>Nine Months Ended September 30, 2025</b>	Nine Months Ended September 30, 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss	\$ (12,942,711)	\$ (14,441,012)
Items not involving cash:		
Deferred tax expense	-	123,918
Accretion on decommissioning liabilities	46,071	45,590
Share-based payments	3,564,723	5,134,826
Unrealized foreign exchange	(182,463)	229,002
Changes in non-cash working capital items:		
Receivables	972,065	(176,356)
Prepaid expenses and deposits	583,098	(402,024)
Accounts payable and accrued liabilities	(326,487)	(1,672,981)
Net cash used in operating activities	<b>(8,285,704)</b>	<b>(11,159,037)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of equipment	-	69,393
Investment in property, plant and equipment	-	(284,686)
Investment in exploration and evaluation assets	(18,923,306)	(18,802,559)
Settlement of decommissioning liabilities	-	(184,905)
Net cash used in investing activities	<b>(18,923,306)</b>	<b>(19,202,757)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issuance of shares	39,351,615	59,673,468
Share issue costs	(2,902,656)	(4,242,018)
Subscription received in advance	-	472,190
Net cash provided by financing activities	<b>36,448,959</b>	<b>55,903,640</b>
Impact of exchange rate changes on cash	(2,914)	78,980
Net change in cash	9,237,035	25,620,826
Cash, beginning of period	11,413,181	5,184,427
<b>Cash, end of period</b>	<b>\$ 20,650,216</b>	<b>\$ 30,805,253</b>

For the nine months ended September 30, 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.

## **RECONNAISSANCE ENERGY AFRICA LTD.**

Notes to Condensed Consolidated Interim Financial Statements  
For the three and nine months ended September 30, 2025 and 2024  
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

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### **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 – 8<sup>th</sup> 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, and accounts payable and accrued liabilities. The carrying value of cash, other receivables, and 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.

## Notes to the Financial Statements (continued)

- 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 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 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	Gabon Property	Total
<b>Balance at March 31, 2024</b>	\$ 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
<b>Balance at December 31, 2024</b>	<b>239,942</b>	<b>171,073,126</b>	<b>-</b>	<b>171,313,068</b>
Additions	2,811	20,756,175	220,000	20,978,986
Effect of exchange rate changes	(7,353)	(5,525,820)	-	(5,533,173)
<b>Balance at September 30, 2025</b>	<b>\$ 235,400</b>	<b>\$ 186,303,481</b>	<b>\$ 220,000</b>	<b>\$ 186,758,881</b>

The Company's exploration and evaluation assets relate entirely to exploration properties located in Namibia and Botswana. At September 30, 2025, no indicators of impairment have been identified for the exploration and evaluation assets.

## **Notes to the Financial Statements (continued)**

### **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 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, which licence is in respect of approximately 6.3 million acres (25,341.33 km<sup>2</sup>) 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 the BW Energy Farm Down Agreement for the BW Energy Farm Down. Pursuant to the BW Energy Farm Down Agreement, BW Energy agreed to participate in two Damara Fold Belt exploration wells and a 3D seismic program, with an option to participate in two Rift Basin exploration wells over a two-year period. The Company’s total potential consideration under the BW Energy Farm Down Agreement is US\$141 million (\$196 million), including a \$22 million (US\$16 million) equity investment pursuant to the July 2024 Offering (completed). An additional US\$45 million (\$63 million) bonus will be earned at declaration of commerciality (FID). These commerciality bonus payments will be paid in two installments, one at FID and the second payment one year after first production commences. In the event of development of discoveries, production bonuses based on certain cash flow milestones achieved by BW Energy could total an additional US\$80 million (\$111 million). Three separate production bonus payments of US\$25 million (\$35 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 September 30, 2025.

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

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

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

### **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 km<sup>2</sup>) (later reduced to approximately 2.22 million acres or 8,900 km<sup>2</sup> by amendment dated December 24, 2020 and further reduced to approximately 1.88 million acres (7,592 km<sup>2</sup>) 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 \$491,500 as at September 30, 2025).

## ***Notes to the Financial Statements (continued)***

### **Angola Property**

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

### **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 is required to pay US\$5.0 million (\$7.0 million) to the State of Gabon upon closing of the transaction, which will occur after presidential signature and official publication in the national gazette. With payment, the Company will receive access to historical seismic data and other data related to Ngulu. In connection with this transaction, the Company paid advisory fees of \$120,000 to Research Capital Corporation, plus the issuance of 166,667 units pursuant to the September 29, 2025, public offering (see Note 9), and will pay a sunk-cost recovery fee of US\$180,000 (\$251,000) to Record Resources Inc. Subsequent to the period ended September 30, 2025, upon formal approval, all amounts owing were settled.

**Notes to the Financial Statements (continued)**

**6. PROPERTY, PLANT AND EQUIPMENT**

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

	<b>Drilling Rig Equipment</b>	<b>Vehicles</b>	<b>Office Equipment</b>	<b>Total</b>
<b>Cost:</b>				
<b>Balance, March 31, 2024</b>	\$ 7,017,577	\$ 328,120	\$ 79,206	\$ 7,424,903
Addition/Disposal	(69,393)	-	-	(69,393)
Effect of exchange rate changes	430,960	20,317	4,130	455,407
<b>Balance, December 31, 2024</b>	<b>7,379,144</b>	<b>348,437</b>	<b>83,336</b>	<b>7,810,917</b>
Effect of exchange rate changes	(240,005)	(11,333)	(2,304)	(253,642)
<b>Balance, September 30, 2025</b>	<b>\$ 7,139,139</b>	<b>\$ 337,104</b>	<b>\$ 81,032</b>	<b>\$ 7,557,275</b>
<b>Accumulated depreciation:</b>				
<b>Balance, March 31, 2024</b>	<b>\$ (2,057,139)</b>	<b>\$ (188,928)</b>	<b>\$ (31,128)</b>	<b>\$ (2,277,195)</b>
Depreciation	(552,049)	(37,319)	(11,299)	(600,667)
Effect of exchange rate changes	(154,956)	(13,563)	(1,718)	(170,237)
<b>Balance, December 31, 2024</b>	<b>(2,764,144)</b>	<b>(239,810)</b>	<b>(44,145)</b>	<b>(3,048,099)</b>
Depreciation	(569,787)	(32,817)	(11,662)	(614,266)
Effect of exchange rate changes	98,913	8,361	1,214	108,488
<b>Balance, September 30, 2025</b>	<b>\$ (3,235,018)</b>	<b>\$ (264,266)</b>	<b>\$ (54,593)</b>	<b>\$ (3,553,877)</b>
<b>Net book value:</b>				
<b>As of December 31, 2024</b>	<b>\$ 4,615,000</b>	<b>\$ 108,627</b>	<b>\$ 39,191</b>	<b>\$ 4,762,818</b>
<b>As of September 30, 2025</b>	<b>\$ 3,904,121</b>	<b>\$ 72,838</b>	<b>\$ 26,439</b>	<b>\$ 4,003,398</b>

Depreciation of \$614,266 (September 30, 2024 - \$738,369) 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:

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

At September 30, 2025, no indicators of impairment have been identified for the property, plant and equipment.

## Notes to the Financial Statements (continued)

### 7. RELATED PARTY TRANSACTIONS

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

Transactions with related parties are summarized in the table below:

	Nine Months Ended	
	September 30, 2025	September 30, 2024
Directors' fees	\$ 368,120	\$ 299,442
Management salaries and benefits	2,207,759	2,468,070
Share-based payments	3,222,040	4,595,449
	<b>\$ 5,797,919</b>	<b>\$ 7,362,961</b>

At September 30, 2025, a balance of \$94,940 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:

<b>Balance at March 31, 2024</b>	<b>\$ 1,182,775</b>
Accretion	43,445
Addition	526,597
Liabilities settled	(461,128)
Change in estimate	(53,492)
Effect of exchange rate changes	75,736
<b>Balance at December 31, 2024</b>	<b>\$ 1,313,933</b>
Accretion	46,071
Addition	535,011
Effect of exchange rate changes	(45,518)
<b>Balance at June 30, 2025</b>	<b>\$ 1,849,497</b>
<b>Less: Current portion</b>	<b>(738,749)</b>
<b>Decommissioning liabilities, non-current</b>	<b>\$ 1,110,748</b>

As at September 30, 2025, the decommissioning liabilities are based on total undiscounted future liabilities, after inflation adjustment, of \$2.0 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 AND RESERVES

**Authorized:** Unlimited common shares without par value

#### Common shares

At September 30, 2025, there were 337,708,400 (December 31, 2024 – 265,642,183) common shares issued and outstanding.

On September 29, 2025, the Company completed an underwritten public offering of units of the Company for aggregate gross proceeds of \$20,373,740, consisting of 33,944,000 common shares and 34,044,000 common share purchase warrants of the Company. This public offering consisted of 33,944,000 units at a price of \$0.60 per unit and 100,000 warrants at a price of \$0.0734 per warrant. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of \$0.72 until September

## **Notes to the Financial Statements (continued)**

29, 2027. In connection with the public offering, the Company issued 1,779,024 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$0.60 until September 29, 2027. The Company also incurred share issuance costs of \$330,212 in the form of professional fees and paid a cash commission of \$1,088,428 to the underwriters.

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

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

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

During the nine months ended September 30, 2025, the Company issued 5,550 (September 30, 2024 – 4,065,268) common shares pursuant to the exercise of 5,550 (September 30, 2024 – 4,039,965) warrants for cash proceeds of \$2,875 (September 30, 2024 – \$3,895,264) and nil (September 30, 2024 – 25,303) compensation options for cash proceeds of \$Nil (September 30, 2024 – \$27,833).

During the nine months ended September 30, 2025, the Company issued nil common shares pursuant to the exercise of nil (September 30, 2024 – 553,226) stock options for cash proceeds of \$Nil (September 30, 2024 - \$206,250).

**Notes to the Financial Statements (continued)**

**Compensation options and warrants**

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

	<b>Number of Compensation options</b>	<b>Number of Warrants &amp; Broker warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, March 31, 2024	323,877	11,623,885	\$ 3.54
Issued	-	53,250,030	1.50
Exercised	(25,303)	(4,039,965)	0.97
Expired	-	(2,257,062)	13.53
Balance, December 31, 2024	298,574	58,576,888	\$ 1.49
Issued	-	76,185,543	0.65
Exercised	-	(5,550)	0.52
Expired	(298,574)	(746,177)	1.02
<b>Balance, September 30, 2025</b>	<b>-</b>	<b>134,010,704</b>	<b>\$ 1.02</b>

During the nine months ended September 30, 2025, the warrants have been valued using relative fair value or actual proceeds and compensation options and broker warrants issued have been valued using the Black-Scholes pricing model, with a gross amount of \$8,063,329 (2024 - \$8,067,884) included in reserves. The following assumptions were used for the Black-Scholes valuation of the warrants granted:

<b>Warrants &amp; Broker warrants</b>	<b>Nine Months Ended September 30, 2025</b>	<b>Nine Months Ended September 30, 2024</b>
Risk-free interest rate	2.47%-2.7%	3.46%-4.22%
Expected life	2.00	1.06-2.0 years
Annualized volatility	75.00%	75.00%
Dividend rate	nil	nil

Warrants, broker warrants and compensation options outstanding at September 30, 2025 are as follows:

<b>Number of Warrants &amp; Broker warrants</b>	<b>Number of Compensation Options</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
6,361,157 (i)	-	1.35	January 18, 2027
1,071,500 (i)	-	1.40	March 1, 2027
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
37,949,000	-	0.60	June 17, 2027
2,241,302	-	0.50	June 17, 2027
34,210,667	-	0.72	September 29, 2027
1,779,024	-	0.60	September 29, 2027
<b>134,010,704</b>	<b>-</b>		

(i) Warrants expiry date extended to January 18, 2027, and March 1, 2027.

**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

**Notes to the Financial Statements (continued)**

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 nine months ended September 30, 2025, the Company granted incentive stock options to certain directors, officers, employees, and consultants of the Company to acquire an aggregate of 7,585,000 common shares in the capital of the Company at an exercise price of \$0.60 per share for a period of up to five years.

During the three and nine months ended September 30, 2025, the Company recorded share-based payments of \$1,382,957 and \$3,564,723 (2024 – \$2,373,141 and \$5,134,826) respectively. The following table highlights the assumptions used to determine the fair value of stock options granted using the Black-Scholes Option Pricing Model:

	<b>Nine Months Ended September 30, 2025</b>	<b>Nine Months Ended September 30, 2024</b>
Risk-free interest rate	2.74%-3.01%	3.02%-4.29%
Expected life	5 years	1-5 years
Expected volatility	75.00%	75.00%
Expected dividend yield	nil	n/a

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

A summary of changes in stock options is presented below:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, March 31, 2024	19,234,500	\$ 2.63
Stock options issued	10,430,000	1.39
Stock options exercised	(550,000)	0.43
Stock options forfeited/cancelled	(3,903,125)	1.38
Balance, December 31, 2024	25,211,375	\$ 2.36
Stock options issued	7,585,000	0.60
Stock options forfeited/cancelled	(1,106,875)	3.33
Stock options expired	(2,620,000)	0.84
<b>Balance, September 30, 2025</b>	<b>29,069,500</b>	<b>\$ 2.00</b>

**Notes to the Financial Statements (continued)**

Stock options outstanding at September 30, 2025 are as follows:

<b>Number of Options Outstanding</b>	<b>Number of Options Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Contractual Life (in years)</b>
200,000	200,000	2.19	January 5, 2026	0.3
1,300,000	1,300,000	6.88	April 25, 2026	0.6
675,000	675,000	6.88	January 4, 2026	0.3
200,000	200,000	11.39	July 14, 2026	0.8
1,600,000	1,600,000	6.35	May 13, 2027	1.6
550,000	550,000	6.35	January 4, 2026	0.3
3,380,000	2,535,000	1.40	August 3, 2028	2.8
500,000	375,000	1.40	January 4, 2026	0.3
2,677,000	2,007,750	1.40	March 6, 2029	3.4
125,000 (i)	125,000	1.40	July 31, 2026	0.8
410,000	410,000	1.40	March 6, 2026	0.4
30,000	30,000	1.40	May 15, 2029	3.6
5,350,000	2,675,000	1.40	June 19, 2029	3.7
75,000 (i)	75,000	1.40	July 31, 2026	0.8
4,000,000	2,000,000	1.40	August 9, 2029	3.9
37,500 (i)	37,500	1.40	July 31, 2026	0.8
375,000 (ii)	375,000	1.04	November 9, 2025	0.1
6,960,000	1,740,000	0.60	July 31, 2030	4.8
625,000	156,250	0.60	September 30, 2030	5.0
<b>29,069,500</b>	<b>17,066,500</b>	<b>\$ 2.69</b>		<b>3.28</b>

(i) Options expiry date extended to July 31, 2026.  
(ii) Subsequent to the period ended, these options expired unexercised.

## 10. GENERAL AND ADMINISTRATION

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2025</b>	<b>September 30, 2024</b>	<b>September 30, 2025</b>	<b>September 30, 2024</b>
Staff, consulting, and management (Note 7)	\$ 1,573,375	\$ 1,481,303	\$ 4,912,333	\$ 4,969,895
Marketing and stakeholder relations	148,839	198,388	416,251	885,265
Corporate development	71,673	-	88,025	43,509
Office and general	252,957	357,521	872,113	1,024,458
Transportation and accommodation	322,762	421,433	789,335	993,314
Insurance	461,871	294,992	1,102,208	1,080,381
Professional fees	176,182	436,366	847,194	911,811
	<b>\$ 3,007,659</b>	<b>\$ 3,190,003</b>	<b>\$ 9,027,459</b>	<b>\$ 9,908,633</b>

**Notes to the Financial Statements (continued)**

**11. SEGMENTED INFORMATION**

The following tables highlight the Company's operating segments:

<b>Nine Months Ended September 30, 2025</b>	<b>Corporate</b>	<b>Africa</b>	<b>Total</b>
Total non-current assets	\$ 13,595,288	\$ 181,185,963	\$ 194,781,251
Total assets	34,426,133	183,807,386	218,233,519
Total liabilities	(1,010,351)	(4,886,054)	(5,896,405)
Loss before taxes	\$ 9,724,579	\$ 3,218,132	\$ 12,942,711

  

<b>Nine Months Ended September 30, 2024</b>	<b>Corporate</b>	<b>Africa</b>	<b>Total</b>
Total non-current assets	\$ 11,909,820	\$ 148,092,233	\$ 160,002,053
Total assets	42,765,181	149,342,750	192,107,931
Total liabilities	(1,304,448)	(4,905,943)	(6,210,391)
Loss before taxes	\$ 11,607,217	\$ 2,709,877	\$ 14,317,094

  

<b>Three Months Ended September 30, 2025</b>	<b>Corporate</b>	<b>Africa</b>	<b>Total</b>
Loss before taxes	\$ 3,619,161	\$ 986,789	\$ 4,605,950

  

<b>Three Months Ended September 30, 2024</b>	<b>Corporate</b>	<b>Africa</b>	<b>Total</b>
Loss before taxes	\$ 4,365,277	\$ 1,056,607	\$ 5,421,884

**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 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

## ***Notes to the Financial Statements (continued)***

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 September 30, 2025, totaled \$212,337,114 (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 September 30, 2025.