

## MANAGEMENT'S DISCUSSION AND ANALYSIS: DECEMBER 31, 2024

The following is management's discussion and analysis ("MD&A"), dated April 29, 2025, of Reconnaissance Energy Africa Ltd.'s ("we", "our", "us", "ReconAfrica" or the "Company") operating and financial results for the nine months ended December 31, 2024, as well as information and expectations concerning the Company's outlook based on currently available information.

This MD&A should be read in conjunction with the audited consolidated financial statements for the nine months ended December 31, 2024 and year ended March 31, 2024 (the "Audited Financial Statements"), which are prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board. Additional information about ReconAfrica, including the Annual Information Form for the nine months ended December 31, 2024 ("AIF"), is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Unless otherwise noted, references to dollar amounts are in Canadian dollars. This MD&A contains forward-looking statements and readers are cautioned that this MD&A should be read in conjunction with the Company's disclosure under "Cautionary Note Regarding Forward-Looking Statements".

### HIGHLIGHTS

For the nine months ended December 31, 2024, and subsequent period:

- Completion of drilling operations of the Naingopo exploration well on Petroleum Exploration Licence 073 onshore Namibia ("PEL 73" or the "Namibia Licence") in November 2024. The well results demonstrated a working petroleum system within the Damara Fold Belt.
- Entered into 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") of a 20% working interest in PEL 73, including a \$22 million (US\$16 million) equity investment to support a multi-well exploration program, and additional contingent payments of US\$125 million (\$180 million), based on meeting certain development, production and cash flow milestones.
- Raised gross proceeds of \$38.8 million via an underwritten public offering on July 31, 2024 (the "July 2024 Offering").
- Completion of the Company's first Sustainability Report.
- Granted approval for the First Renewal Exploration Period (Botswana) by the Department of Mines of the Republic of Botswana for Petroleum Exploration Licence 001 onshore Botswana ("PEL 001" or the "Botswana Licence"). The First Renewal Exploration Period (Botswana) covers the period from October 1, 2024, to September 30, 2028.
- Listed on the Namibian Stock Exchange under the symbol "REC".
- Raised gross proceeds of \$17.5 million via bought deal public offering in April 2024 (the "April 2024 Offering").
- Increased governance structure at the Board of Directors level, adding the Honourable Diana McQueen ECA, ICD.D as Chair of the Board of Directors, appointed D. Jeffrey Harder, FCPA, FCA, FCBV, ICD.D as a new independent director and Chair of the Audit Committee and elected W. Derek Aylesworth, independent director, and Brian Reinsborough, President and CEO, to the Board of Directors.
- Appointment of Gitane De Silva to our team as the new Senior Vice President ESG, Communications & Stakeholder Relations on October 21, 2024.
- Entered into a Memorandum of Understanding with the National Oil, Gas and Biofuels Agency of Angola, for a joint exploration project in the Etosha-Okavango basin, located onshore in southeastern Angola.

## *Management's Discussion and Analysis (continued)*

### **OVERVIEW**

ReconAfrica is a Canadian-based oil and gas company working collaboratively with national governments to explore the potential for oil and gas resources in Northeast Namibia on PEL 73 and Northwest Botswana on PEL 001.

ReconAfrica holds a 70% working interest in PEL 73 (with BW Energy holding a 20% working interest and the National Petroleum Corporation of Namibia (“NAMCOR”) holding the remaining 10% carried participating interest). PEL 73 covers two major play types in the Kavango Basin, the Damara Fold and Thrust Belt play area and the Karoo Rift play area. ReconAfrica holds a 100% interest in PEL 001. The exploration licences cover a contiguous area of 25,341 km<sup>2</sup> (6.3 million acres) in Namibia and 7,592 km<sup>2</sup> (1.9 million acres) in Botswana.

The Company completed drilling of the Damara Fold Belt Prospect L (Naingopo) exploration well on PEL 73 in November 2024, which demonstrated a working petroleum system within the Damara Fold Belt. Prior thereto, the Company had drilled three stratigraphic test wells, proving a working petroleum system in the Kavango Rift Basin. The Company plans to continue drilling of the Damara Fold Belt with the Prospect I exploration well on PEL 73 in Q2 of 2025.

In all aspects of its operations, ReconAfrica is committed to minimal disturbances in line with international best standards and implementing environmental and social best practices in all of its project areas. The Company's common shares are listed and posted for trading on the TSX Venture Exchange (the “Exchange”) under the symbol “RECO”, on the OTCQX under the symbol “RECAF”, on the Namibia Stock Exchange under the symbol “REC”, and on the Frankfurt Stock Exchange under the symbol “OXD”.

#### NAMIBIA AND BOTSWANA

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 the BW Energy Farm Down Agreement) in PEL 73, which license 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. The Namibia Licence, which entitles ReconAfrica to apply for and receive, subject to Namibian government approval, a 25-year production licence upon successful discovery of an economically viable resource at the Namibia Licensed Property, and the Petroleum Agreement are ReconAfrica's main assets.

On June 9, 2020, the Company, through its wholly-owned subsidiary, Reconnaissance Energy Botswana (Pty) Ltd. (“ReconBotswana”), was granted PEL 001 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.

#### SALE OF RENAISSANCE OIL CORP (“RENAISSANCE”)

On October 25, 2023, the Company entered into a share purchase agreement with a third-party for the sale of all issued and outstanding shares of Renaissance, a wholly owned subsidiary of the Company, for a deemed price of \$10.3 million (US\$7.5 million). Renaissance through its subsidiaries, owned all the Company's operations in Mexico, which were acquired in connection with the acquisition of Renaissance in July 2021 and which the Company did not consider to be material in the context of its business strategy. Pursuant to the terms of the sale, Renaissance's right to acquire a 50% working interest in the Botswana Licence pursuant to a farmout option agreement was terminated effective November 11, 2023. All inter-company loans, and any other inter-company loans between the Company and Renaissance and any of its subsidiaries, were deemed to be satisfied in full and terminate upon closing without further recourse. In addition, under the agreement, the third-party assumed all debts and all present and future liabilities of Renaissance and its subsidiaries. The sale was completed on November 16, 2023, upon receiving approval from the Exchange. Under the terms of a finder's fee agreement between the Company and two arms-length parties (collectively the “Finders”), the Company paid the Finders the aggregate amount of \$276,400 (US\$200,000) upon closing of the transaction. Through the sale of Renaissance, the Company recognized a gain on sale of approximately \$85.5 million. Further details are available in Note 5 of the Audited Financial Statements. See “*Summary of Quarterly Results — Discontinued Operations*”.

## **OVERALL PERFORMANCE AND OPERATIONS**

### NAMIBIA

Effective July 4, 2023, the Corporation received its Environmental Clearance Certificate (the "ECC") no. 2300571 from the Namibian Environmental Commissioner, Ministry of Environment, Forestry and Tourism, covering PEL 73. The ECC authorized the Corporation to commence the drilling of 12 exploration and appraisal wells, to unrestricted depths, in the PEL 73 area, for a period of three years, expiring on July 4, 2026, and is subject to standard conditions for the phase of the project. The Company has applied for an amendment to ECC no. 2300571 to move the location of three of the original drill locations and to add a further five drill locations with three in the Damara Fold Belt and two in the Rift Basin.

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 kilometres ("km") of 2D seismic data, (ii) 1,200 square kilometres ("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 was 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. ReconAfrica has satisfied the drilling obligation through the drilling of the Naingopo well, with the 3D seismic program estimated to begin in the second half of 2025

As part of the approval for the Second Renewal Exploration Period by the MME, the Company requested and has been granted a relinquishment exemption based on the provisions of Section 37 (5) of the Namibian Petroleum Act. The request was based on the Company's belief following the evaluation of acquired subsurface data over the past three years that a significant portion of the PEL 73 will be prospective for the exploration of oil and gas. As a result, the Company does not have to relinquish any of the acreage and retains access to the entire licence covering approximately 6.3 million acres in northeast Namibia. The Second Renewal Exploration Period extends through January 29, 2026, with options for extensions and an additional exploration period available under the Petroleum Act of 1991.

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. 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 December 31, 2024.

On January 29, 2025, the Company announced that the BW Energy Farm Down had closed upon receipt of the approvals of MME and NAMCOR. Upon closing, the working interests in PEL 073 became: ReconAfrica, operator, 70% working interest; BW Energy 20% working interest; and NAMCOR 10% carried participating interest.

### SEISMIC OPERATIONS AND TECHNICAL STUDIES

The Company previously conducted 2D seismic operations using low impact methods: small footprint sources, state of the art wireless receiver technologies, cloud computing, and sensitivity and awareness in all operational activities. A total of 2,767 km of 2D seismic have been acquired between 2021 and 2023. The seismic data acquisition program has been completed and processed, providing a good regional 2D seismic data set over prospective areas of PEL 73.

The 2D seismic program identified a number of leads and considerably expanded the Company's portfolio of opportunities. The program was also designed to confirm the lateral extension of the Kavango Rift Basin to the south-east, potentially to the edge of PEL 73, and to delineate a new play fairway, the Damara Fold Belt.

The Company has further progressed its technical assessment of the Damara Fold Belt with the integration of new studies, basin modelling and available geochemical data. The Company now anticipates potentially having oil in the shallower Mulden reservoir intervals, while the deeper Otavi target is expected to have natural gas with liquid/oil potential. Due to the coarse seismic grid over the Kavango Rift Basin, the Company is evaluating options to acquire a

## *Management's Discussion and Analysis (continued)*

3D program to further delineate the identified leads prior to any drilling in the Rift. 3D Seismic acquisition is anticipated to occur in the second half of 2025.

The Company conducted a Vibroseis seismic parameter test utilizing a seismic crew in Namibia, that was demobilizing from another company concession west of PEL 73. The tests were to establish the best Vibrator sweep parameters and number of Vibrators in a fleet, and to investigate field data processed results for future seismic projects on block PEL 73. The project commenced on July 30, 2024, and was completed on August 6, 2024. Six runs of a 6 km line with different Vibrator and sweep configurations were completed first, to reshoot a 23 km line previously shot with an Accelerated Weight Drop (“AWD”) source. The initial field data processing results from the 6 km line identified the best Vibrator and sweep configuration to use on the 23 km test line. After shooting the 23 km test line, the results were processed to a brute stack and compared to the previous AWD processed data which showed a marked improvement in data quality. Individual shot records from the Vibroseis and AWD were also analyzed and showed similar improvements.

### ENHANCED FULL TENSOR GRAVITY (“eFTG”) SURVEY

ReconAfrica engaged an airborne geophysical survey provider, Metatek Group Limited, to conduct an eFTG survey over an area of 2,184 km<sup>2</sup> (540,000 acres) over the Company’s exploration licence in Northeastern Namibia. This program was subsequently extended by 2,814 km<sup>2</sup> (695,000 acres) in two contiguous areas, and the complete program is nearly 5,000 km<sup>2</sup>. The data was acquired in April and May 2023.

The eFTG is an advanced three-component high resolution airborne gravity survey which specifically allows earth scientists to identify changes in sub-surface rock density with the goal of delineating hydrocarbon traps. Unlike traditional gravity instruments, which measures vertical responses, the eFTG (gravimetry) measures changes in the gravity response using multi-component airborne instruments. Simultaneously, high resolution magnetic and light detection and ranging (“LiDAR”) data is also acquired, to correct and supplement the gravimetric data. When calibrated with existing 2D seismic data, the eFTG imaging can greatly enhance the geoscientists’ ability to identify structures and extrapolate their geometries in three dimensions.

The processing and inversion of this data was completed and integrated with the seismic data to evaluate the Company’s exploration inventory. This information, combined with the 2D seismic and well data, has enhanced the Company’s ability to image and understand the sub-surface, significantly contributing to building a risk weighted prospect portfolio and defining the Company’s future drilling program.

### DRILLING PROGRAM

The Company’s initial drilling program, which commenced in January 2021, was designed to test organic rich source rocks, evidence of migrated hydrocarbons and conventional traps. ReconAfrica completed two wells in 2021 which achieved the stated purpose of the initial drilling program, the establishment of a working conventional petroleum system in the Kavango Rift Basin. In June 2022, the Company drilled a third well, 1819/8-2, located in the Kavango East region. The well encountered hydrocarbon shows with gas (Methane) and gas liquids and while a geologically successful well, economic accumulations of hydrocarbons were not encountered. The apparent lack of structural closure and potential oil source-maturation issues highlighted the need for a 2D seismic program and eFTG program to support all future drilling decisions. The data gathered from the well program, seismic operations and eFTG has led to the identification of a new play, the Damara Fold Belt.

The Naingopo (Prospect L) well spud on July 7, 2024, and reached a total depth of 4,184 metres or 13,724 feet in November 2024. The well encountered 52 metres of net reservoir in the Otavi Group, with the Mulden reservoirs being tighter than expected. The acquisition and processing of the vertical seismic profile of the well has allowed us to correlate the well results to the Otavi seismic event, derisking the Otavi presence in future Damara Fold Belt prospects. Additionally, the indication of oil via rock fluorescence was pervasive within the Otavi Group. This interval of fluorescence was associated with oil being recovered at surface in the drilling mud system. Side wall cores, isotubes, cuttings and fluid samples are currently with third party service providers for further analysis. Delays in drilling were encountered due to slower drilling rates in the Mulden formation, tight hole conditions while setting casing and drilling past planned total depth. The well was temporarily abandoned in December and in January 2025 the rig was rigged down after conducting rig maintenance.

After analysis of the logs at Naingopo and re-interpretation of the seismic in the area around Naingopo and Prospect P (“Kambundu”), it was determined the best location to drill the next Damara Fold Belt well is Prospect I. Permits for the land access/use and water have been submitted and construction activities for the road and drill site are underway. The spud of Prospect I is anticipated for June 2025.

## *Management's Discussion and Analysis (continued)*

### BOTSWANA

The Botswana Licence includes a 100% working interest in all petroleum rights from surface to basement.

The terms of the Botswana Licence also include: an initial four-year exploration period, with renewals up to an additional 10 years, in accordance with the *Botswana Petroleum (Exploration and Production) Act*. Pursuant to the terms of the Botswana Licence, ReconAfrica was committed to a minimum work program of 5,000,000 Botswana Pula (BWP) over the first four-year exploration period from June 1, 2020.

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 \$515,000 as at December 31, 2024).

### EXPLORATION AND EVALUATION ASSETS

|                                     | <b>Botswana Property</b> | <b>Namibia Property</b> | <b>Total</b>          |
|-------------------------------------|--------------------------|-------------------------|-----------------------|
| <b>Balance at March 31, 2023</b>    | \$ <b>165,285</b>        | \$ <b>113,587,738</b>   | \$ <b>113,753,023</b> |
| Additions                           | 37,514                   | 15,047,106              | 15,084,620            |
| Effect of exchange rate changes     | (128)                    | 199,124                 | 198,996               |
| <b>Balance at March 31, 2024</b>    | <b>202,671</b>           | <b>128,833,968</b>      | <b>129,036,639</b>    |
| 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>171,313,068</b> |

Additions of \$33.1 million to PEL 73 in Namibia consist primarily of drilling of the Naingopo well and seismic activities previously discussed. For further details on these and other planned operations, please refer to the Use of Proceeds sections in this MD&A.

### ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG")

ReconAfrica is committed to building a successful exploration company with strong Environmental, Social and Governance ("ESG") standards in collaboration with local communities, governments, Traditional Authorities, and other key stakeholders. The goal of our ESG program is to not only meet, but exceed regulatory compliance as we continue to implement measures to protect the environment and deliver on social responsibility initiatives. As of December 31, 2024, ReconAfrica has spent approximately \$3.3 million of its \$10 million target for discretionary ESG related expenditures in Namibia. These expenditures include the construction of 36 community water wells, donations of Covid-19 vaccines and health care equipment, wildlife surveys and animal collaring, as well as education funds and student scholarships.

In 2025, ReconAfrica will provide education funding, including scholarships with support for living expenses for 10 students in Namibia, supplies, as well as support for wildlife studies, altogether totaling N\$976,500 (~\$75,100). While there are no legal or contractual obligations, the Company aims to meet its \$10 million ESG target in the coming years. However, there is no assurance that the Company will be able to do so. Achieving this target depends on several factors, including the Company securing additional funding and/or reaching commercial operations.

Details on ReconAfrica's ESG's initiatives and achievements to date are as follow:

- **Health and Wellness:** The Company has drilled and installed 36 solar powered community water wells in communities within Kavango East and Kavango West Regions to allow community members safer access to potable water. ReconAfrica contributed to Namibia's COVID-19 vaccine rollout campaign, supporting various initiatives tied to the COVID-19 virus and its associated health risks in Namibia. The Ministry of Health and Social Services authorities implemented our vaccine roll-out program in both Kavango East and Kavango West Regions, focused on hard-to-reach communities, including the provisioning of oxygen and breathing-related equipment for medical facilities for the populations of Kavango East and Kavango West Regions.
- **Education Sponsorship and Assistance:** Nine science, technology, engineering, art, and mathematics ("STEAM") scholarships for new graduates from Kavango East and Kavango West Regions have been awarded by the Company. The Company continues this commitment. The Company, in cooperation with the Ministry of Gender Equality, Poverty Eradication and Social Welfare, is funding seven nursing students from the SAN

## *Management's Discussion and Analysis (continued)*

communities (Indigenous) in Kavango East and Kavango West Regions. The Ministry of Health and Social Services has taken steps to employ nursing students as they graduate from their training.

- Other Community Initiatives: ReconAfrica is involved in Trade Fairs in both Rundu, Kavango East and NKurenkuru, Kavango West.
- Regulatory Consultation, Stakeholder Engagement and Indigenous Engagement: The company has held over 2,300 engagements with regional leadership, Traditional Authorities, regional government offices, headwomen/men and community representatives and stakeholders, national government representatives and with stakeholders interested in our project activities.
- Biodiversity – Wildlife Monitoring: The Company again supported the Ministry of Environment, Forestry and Tourism (“MEFT”) with its wildlife monitoring, and including involvement in game counts for wildlife outside of our lease area as part of mutual data gathering exercises.
- Governance: ReconAfrica rolled out ongoing corporate governance training programs for in-country employees and contractors. The Company is committed to local content and continues to work with local, regional, and national business suppliers and service providers in a broad range of sectors, including water well drilling; construction; logistics and transport; telecom; camp management; training; medical services and supplies; human resources and contracting; engineering and project management; and environmental services. Emphasis is placed on regional, local and national hiring in addition to providing training in key technical areas associated with the Company’s operations. To date, ReconAfrica has hired and/or contracted over 2,500 short and long-term positions for Namibians and Namibian residents.

### USE OF PROCEEDS RECONCILIATION – APRIL 2024 OFFERING

On April 3, 2024, the Company completed the April 2024 Offering for aggregate gross proceeds of \$17,250,035 consisting of 19,166,705 units sold at \$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.

The following table provides a comparison of the Company’s use of proceeds disclosure as set out in the Company’s final short form prospectus dated March 25, 2024, for the April 2024 Offering, to the actual use of proceeds as at December 31, 2024:

| <b>April 2024 Offering - Use of Proceeds</b> | <b>Approximate Amount (\$)</b> | <b>Actual (\$)</b> |
|--|--------------------------------|--------------------|
| Drilling activities                          | 7,000,000                      | 6,558,560          |
| Long lead items for drilling well            | 1,000,000                      | 1,425,480          |
| Road and location construction               | 1,500,000                      | 1,515,960          |
| Working Capital                              | 4,050,028                      | 4,050,028          |
| <b>Total:</b>                                | <b>13,550,028</b>              | <b>13,550,028</b>  |

During the period ended December 31, 2024, the Company continued activities to commence drilling operations in the Damara Fold Belt. This included the construction of required access roads and the well pad, in addition to the purchase of equipment and materials. These costs are included in the table above and are largely in line with estimates. With the spud of the Naingopo well in July 2024, the Company incurred drilling costs and other working capital which have utilized the full funds available from the April 2024 Offering as indicated in the table above. Further funding to complete drilling operations on the Naingopo well was provided through the July 2024 financing, described below.

## Management's Discussion and Analysis (continued)

### USE OF PROCEEDS RECONCILIATION – JULY 2024 OFFERING

On July 31, 2024, the Company completed the July 2024 Offering 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 warrant entitles the holder to acquire one common share at a price of \$1.75 until July 31, 2026.

The following table provides a comparison of the Company's use of proceeds disclosure as set out in the Company's final short form prospectus dated July 18, 2024, for the July 2024 Offering, to the actual use of proceeds as at December 31, 2024:

| July 2024 Offering - Use of Proceeds       | Approximate Amount (\$) | Actual (\$)       |
|--|-------------------------|-------------------|
| Drilling activities                        | 23,400,000              | 13,682,303        |
| Mobilization/demobilization and site costs | 2,000,000               | 2,380,263         |
| Geology and geophysics                     | 1,400,000               | 1,196,591         |
| 3D Seismic planning and acquisition        | 2,000,000               | 956,506           |
| Working Capital                            | 4,140,000               | 4,140,000         |
| <b>Total:</b>                              | <b>32,940,000</b>       | <b>22,355,663</b> |

During the nine months ended December 31, 2024, the Company's primary operations included the drilling of the Naingopo well, which spud on July 7, 2024. This included mobilization and preparation costs for the Naingopo and Kambundu well locations of \$2.4 million and \$13.7 million in drilling the Naingopo well to a total depth of 4,184 metres. Further, the Company conducted a Vibroseis seismic parameter test to establish the best Vibrator sweep parameters and number of Vibrators in a fleet, and to investigate field data processed results for future seismic projects on block PEL 73. The balance of funds from the July 2024 Offering are expected to cover road and site preparation costs for Prospect I, initiate drilling of the Prospect I well, rig and site maintenance, and general working capital. Additional funding will be required to complete drilling operations for the Prospect I well.

The Company anticipates that negative operating cash flows will continue as long as it remains in an exploration and development stage. In addition to uses of net proceeds as described herein, to the extent that the Company has negative operating cash flow in future periods, the Company may need to use some of the net proceeds from future offerings to fund such negative operating cash flow.

However, given the Company is in the exploration phase, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above and will depend on a number of factors. Until applied, the net proceeds will be held as cash balances in the Company's bank accounts or invested in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of Canada or any province thereof.

### SUMMARY OF QUARTERLY RESULTS

|  | Three Months Ended |             |             |             |            |              |              |              |
|--|--------------------|-------------|-------------|-------------|------------|--------------|--------------|--------------|
|  | Dec-24             | Sep-24      | Jun-24      | Mar-24      | Dec-23     | Sep-23       | Jun-23       | Mar-23       |
|  | \$                 | \$          | \$          | \$          | \$         | \$           | \$           | \$           |
| Revenue - discontinued operations              | -                  | -           | -           | -           | 1,744,507  | 3,652,021    | 4,205,828    | 4,890,275    |
| Income (loss) from continued operations        | (7,419,548)        | (5,421,884) | (6,694,312) | (2,648,288) | 80,466,929 | (7,679,832)  | (5,858,311)  | (11,701,930) |
| Income (loss) per share - continued operations | (0.03)             | (0.02)      | (0.03)      | (0.01)      | 0.38       | (0.04)       | (0.02)       | (0.06)       |
| Income (loss) for the period                   | (7,419,548)        | (5,421,884) | (6,694,312) | (2,324,816) | 74,802,830 | (17,519,658) | (13,846,565) | (20,406,148) |
| Income (loss) per share                        | (0.03)             | (0.02)      | (0.03)      | (0.01)      | 0.35       | (0.08)       | (0.06)       | (0.10)       |

Loss from continuing operations was \$7,419,548 for the three months ended December 31, 2024, compared with a gain of \$80,466,929 for the three months ended December 31, 2023. This was mainly due to a gain recognized on the sale of Renaissance assets, which closed on November 10, 2023. Further changes in loss from continuing operations are highlighted in following sections.

### DISCONTINUED OPERATIONS

On October 25, 2023, the Company entered into a share purchase agreement with a third-party for the sale of all issued and outstanding shares of Renaissance, a wholly owned subsidiary of the Company, for a deemed price of \$10.3 million (US\$7.5 million). Renaissance through its subsidiaries, owns all of the Company's operations in Mexico. The Company received acceptance on the sale of Renaissance by the TSX Venture Exchange on November 16, 2023. Gross proceeds



*Management's Discussion and Analysis (continued)*

of approximately \$10.3 million were added to the Company's treasury on closing of the transaction. In addition, under the agreement, the third-party assumed all debts and all present and future liabilities of Renaissance and its subsidiaries. Under the terms of a finder's fee agreement between the Company and two third parties (collectively the "Finders"), the Company paid the Finders an aggregate amount of \$276,400 (US\$200,000) upon closing of the transaction.

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

|  | <b>March 31, 2024</b>  |
|--|------------------------|
| Cash                                   | \$ 4,615,643           |
| Restricted cash                        | 21,747,216             |
| Trade receivables                      | 13,183,557             |
| Other receivables                      | 801,398                |
| Prepaid expenses                       | 443,379                |
| Property, plant and equipment (Note 7) | 17,385                 |
| Accounts payable & accrued liabilities | (3,496,806)            |
| Royalties payable                      | (121,941,628)          |
| Decommissioning liabilities (Note 9)   | (1,134,091)            |
| Net liabilities of Renaissance         | (85,763,947)           |
| Add: Finder fees paid                  | 276,400                |
| <b>Gain on sale of Renaissance</b>     | <b>\$ (85,487,547)</b> |

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

|  | <b>9-Month Period Ended<br/>December 31, 2024</b> | <b>Year Ended<br/>March 31, 2024</b> |
|--|---|--------------------------------------|
| <b>INCOME</b>                            |   |                                      |
| Revenue                                  | \$ -  | \$ 9,602,356                         |
| Royalties                                | -   | (8,046,240)                          |
|  | -   | 1,556,116                            |
| <b>EXPENSES</b>                          |   |                                      |
| Production costs                         | -   | 969,123                              |
| Resource property costs                  | -   | 419,400                              |
| General and administration               | -   | 3,792,792                            |
| Depreciation                             | -   | 2,960                                |
| Accretion                                | -   | 63,563                               |
|  | -   | 5,247,838                            |
| <b>Other Items</b>                       |   |                                      |
| Other income                             | -   | (1,188,683)                          |
| Finance expense                          | -   | 20,773,931                           |
| Exchange (gain) loss                     | -   | (108,263)                            |
|  | -   | 19,476,985                           |
| <b>Loss from discontinued operations</b> | <b>\$ -</b>                                       | <b>\$ 23,168,707</b>                 |

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

|   | <b>9-Month Period Ended<br/>December 31, 2024</b> | <b>Year Ended<br/>March 31, 2024</b> |
|---|---|--------------------------------------|
| Net cash used in operating activities   | \$ -  | \$ (5,143,830)                       |
| Net cash used in investing activities   | -   | (3,611,897)                          |
| <b>Change in cash during the period</b> | <b>\$ -</b>                                       | <b>\$ (8,755,727)</b>                |



*Management's Discussion and Analysis (continued)*

PRODUCTION FROM THE CHIAPAS BLOCKS

The Company produced crude oil and natural gas from one well at each of the Mundo Nuevo and Malva blocks. Below is a summary of the Company's production and net revenue figures for the three and nine months ended December 31, 2024:

| Average Production by Product      | Three Months Ended<br>December 31, 2024 | Three Months Ended<br>December 31, 2023 | 9-Month Period Ended<br>December 31, 2024 | Year Ended<br>March 31, 2024 |
|------------------------------------|---|---|---|------------------------------|
| Light and medium crude oil (Bbl/d) | -                                       | 170                                     | -   | 223                          |
| Conventional natural gas (Mcf/d)   | -                                       | 3,703                                   | -   | 4,067                        |
| Total (Boe/d)                      | -                                       | 787                                     | -   | 901                          |

| Revenue From Product Sales | Three Months Ended<br>December 31, 2024 | Three Months Ended<br>December 31, 2023 | 9-Month Period Ended<br>December 31, 2024 | Year Ended<br>March 31, 2024 |
|----------------------------|---|---|---|------------------------------|
| Light and medium crude oil | \$ -                                    | \$ 746,871                              | \$ -                                      | \$ 4,723,958                 |
| Conventional natural gas   | -                                       | 1,024,431                               | -   | 4,888,253                    |
| Prior period adjustments   | -                                       | (26,795)                                | -   | (9,855)                      |
| Total                      | \$ -                                    | \$ 1,744,507                            | \$ -                                      | \$ 9,602,356                 |

| Average Prices                      | Three Months Ended<br>December 31, 2024 | Three Months Ended<br>December 31, 2023 | 9-Month Period Ended<br>December 31, 2024 | Year Ended<br>March 31, 2024 |
|-------------------------------------|---|---|---|------------------------------|
| Light and medium crude oil (\$/bbl) | -                                       | 107.03                                  | -   | 94.52                        |
| Conventional natural gas (\$/mcf)   | -                                       | 6.75                                    | -   | 5.37                         |

| Royalties             | Three Months Ended<br>December 31, 2024 | Three Months Ended<br>December 31, 2023 | 9-Month Period Ended<br>December 31, 2024 | Year Ended<br>March 31, 2024 |
|-----------------------|---|---|---|------------------------------|
| Charge for the period | \$ -                                    | \$ 1,529,723                            | \$ -                                      | \$ 8,046,240                 |
| Percentage of revenue | -                                       | 87.7%                                   | -   | 83.8%                        |
| Per Boe               | \$ -                                    | \$ 47.38                                | \$ -                                      | \$ 39.87                     |

| Production Costs      | Three Months Ended<br>December 31, 2024 | Three Months Ended<br>December 31, 2023 | 9-Month Period Ended<br>December 31, 2024 | Year Ended<br>March 31, 2024 |
|-----------------------|---|---|---|------------------------------|
| Charge for the period | \$ -                                    | \$ 297,297                              | \$ -                                      | \$ 969,123                   |
| Percentage of revenue | -                                       | 17.0%                                   | -   | 10.1%                        |
| Per Boe               | \$ -                                    | \$ 9.21                                 | \$ -                                      | \$ 4.80                      |

The following discussion provides a review of the continuing operations of ReconAfrica, not inclusive of Renaissance as detailed in the preceding section.

|                            | 9-Month Period Ended<br>December 31, 2024 | Year Ended<br>March 31, 2024 |
|----------------------------|---|------------------------------|
| Resource property costs    | \$ 292,472                                | \$ 372,535                   |
| General and administration | 10,257,362                                | 14,966,878                   |
| Share-based payments       | 7,694,161                                 | 5,866,146                    |
|                            | <b>\$ 18,243,995</b>                      | <b>\$ 21,205,559</b>         |

Resource property costs primarily consist of exploration, import taxes and community services expenses that are not being capitalized in exploration and evaluation assets. They are lower in the current period mainly due to a reduction in community initiatives as the Company shifted its focus to its multi-well drilling program. General and administrative costs are detailed below. Share-based payments are non-cash costs in nature, and they are driven by grant date, vesting schedules, offset against forfeitures.

## Management's Discussion and Analysis (continued)

### GENERAL AND ADMINISTRATION ("G&A")

|                                     | 9-Month Period Ended<br>December 31, 2024 | Year Ended<br>March 31, 2024 |
|-------------------------------------|---|------------------------------|
| Staff, consulting, and management   | \$ 4,826,005                              | \$ 7,590,721                 |
| Marketing and stakeholder relations | 777,650                                   | 1,194,544                    |
| Corporate development               | 335,169                                   | 168,623                      |
| Office and general                  | 1,039,806                                 | 1,353,252                    |
| Transportation and accommodation    | 1,165,105                                 | 738,409                      |
| Insurance                           | 1,034,656                                 | 1,646,918                    |
| Professional fees                   | 1,078,971                                 | 2,274,410                    |
|                                     | <b>\$ 10,257,362</b>                      | <b>\$ 14,966,878</b>         |

G&A figures in the current period decreased from prior year, mainly due to current fiscal year representing nine months of activity. In addition, the Company did take steps to streamline corporate operations and enact other cost-saving measures to maintain funding for drilling activities. This resulted in reduced professional fees, marketing, staff and consulting costs offset by an increase in transportation and accommodation charges resulting from increased travel to the site to meet with partners and stakeholders for drilling activities.

### SELECTED ANNUAL INFORMATION

The following table provides a summary of the Company's financial results for each of the three most recently completed financial years.

|  | December 31<br>2024 | March 31<br>2024 | March 31<br>2023 |
|--|---------------------|------------------|------------------|
| Total assets                                   | \$ 195,865,254      | \$ 142,301,073   | \$ 188,928,407   |
| Total non-current liabilities                  | 1,587,760           | 1,037,439        | 2,115,497        |
| Total revenue - discontinued operations        | -                   | 9,602,356        | 32,637,218       |
| Net (income) loss                              | 19,535,744          | (41,111,791)     | 72,948,141       |
| Net (income) loss per share, basic and diluted | \$ 0.08             | \$ (0.20)        | \$ 0.37          |

Net loss was \$19,535,744 for the nine months ended December 31, 2024, compared to a net income of \$41,111,791 for the year ended March 31, 2024. The change in net loss/income was mainly due to the gain on sale of Renaissance recognized in the prior year and the current year reflecting nine months of activity, as a result of Company's decision to change its year end from March 31 to December 31.

### LIQUIDITY

The Company's working capital consists of the following:

|  | December 31, 2024    | March 31, 2024        |
|--|----------------------|-----------------------|
| Cash   | \$ 11,413,181        | \$ 2,076,749          |
| Other receivables and prepaids                 | 1,102,896            | 971,928               |
| Current portion of value-added tax receivable  | 3,119,208            | -                     |
| Accounts payable                               | (2,485,620)          | (3,350,163)           |
| Subscription received in advance               | -                    | (472,190)             |
| Current portion of decommissioning liabilities | (763,584)            | (586,397)             |
|  | <b>\$ 12,386,081</b> | <b>\$ (1,360,073)</b> |

As at December 31, 2024, the Company had a working capital surplus of \$12,386,081 compared to a deficit of \$1,360,073 as at March 31, 2024. The increase in the Company's working capital is due primarily to the closing of the April 2024 and July 2024 Offerings.

On April 3, 2024, the Company completed the April 2024 Offering for aggregate gross proceeds of \$17,250,035 consisting of 19,166,705 units sold at \$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.

## *Management's Discussion and Analysis (continued)*

On July 31, 2024, the Company completed the July 2024 Offering 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.

Together, the April 2024 Offering and the July 2024 Offering provided ReconAfrica with sufficient funds to drill the Naingopo well, however, total costs were higher than originally anticipated due to delays caused by slower drilling rates in the deeper section of the Mulden formation, tight hole conditions while setting casing, and delays procuring replacement parts for the drilling rig. The Company will require additional financing over and above the April 2024 Offering and July 2024 Offering in order to meet its longer-term business objectives, including drilling operations for Prospect I and all planned seismic activities. This may include debt or equity financing and there can be no assurances that such financing sources will be available as and when needed. If the Company is successful in achieving commerciality it may receive additional funds from BW Energy as outlined in the "Funding of Capital Commitments" section of this MD&A.

Historically, capital requirements have been primarily funded through the sale of equity securities. Factors that could affect the availability of financing include the state of international debt and equity markets, and investor perceptions and expectations of the global oil and gas market. 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. Based on the amount of funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary. See "Risk Management and Risk Factors" in this MD&A.

### DECOMMISSIONING LIABILITIES

The Company has estimated the present value of decommissioning liabilities at \$1.3 million on its assets in Namibia. Of this amount approximately \$0.8 million is expected to be spent over the next 12 months in Namibia. A further \$0.5 million is estimated to be incurred within 2–3 years with the balance thereafter.

## **CAPITAL RESOURCES**

### NAMIBIA AND BOTSWANA

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 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 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.

Minimum expenditures for the Second Renewal Exploration Period, as prescribed by the Petroleum Agreement, total US\$10,000,000 plus an additional US\$50,000 per year (benchmarked to inflation) for the purposes of funding the education and training of Namibians, of which US\$35,000 is to be paid to the Namibian Petroleum Training and Educational Fund and US\$15,000 is to be paid in connection with the in-house training of Namibian citizens in the field of oil and/or gas exploration. However, as the Company's exploration expenditures in the First Renewal Exploration Period exceeded the minimum US\$10,000,000, this excess of over US\$60,000,000 may be applied to reduce the minimum exploration expenditure commitment in the Second Renewal Exploration Period. This treatment has been confirmed by the MME and accordingly there is no minimum exploration expenditure for the Second Renewal Exploration Period. This does not alter the Company's obligation to conduct the seismic and drilling exploration work described above. ReconAfrica has satisfied the drilling obligation through the drilling of the Naingopo well, with the 3D seismic program estimated to begin in the second half of 2025.

The Company has been granted approval for the First Renewal Exploration Period for its Botswana licence; this period covers from October 1, 2024, to September 30, 2028. Pursuant to the terms of the extension, the Company will be 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. Total minimum required expenditures under the Licence over the term represent BWP5.0 million (approximately C\$515,000).

## *Management's Discussion and Analysis (continued)*

### FUNDING OF CAPITAL COMMITMENTS

As previously discussed, the Company successfully raised funds through the April 2024 Offering and the July 2024 Offering. A significant portion of these funds were utilized to drill the Naingopo well, with remaining funds allocated to the drilling of the Prospect I well. The Company will require additional financing over and above available capital in order to complete drilling operations for the Prospect I well and to meet its longer-term business objectives, including completing planned seismic activities and future drilling. There can be no assurances that such financing sources will be available as and when needed. This may include funds raised through debt or equity financing, in addition to potential funding associated with the strategic farm down agreement with BW Energy as detailed below.

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. 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 December 31, 2024.

On January 29, 2025, the Company announced that the BW Energy Farm Down had closed upon receipt of the approvals of MME and NAMCOR. Upon closing, the working interests in PEL 073 became: ReconAfrica, operator, 70% WI; BW Energy 20% WI; and NAMCOR 10% WI.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not currently have any off-balance sheet arrangements except the commitments and contingencies previously discussed in this MD&A.

### **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 where there is a transfer of resources or obligations between related parties.

Transactions with related parties are summarized in the table below:

|                                  | <b>9-Month Period Ended<br/>December 31, 2024</b> | <b>Year Ended<br/>March 31, 2024</b> |
|----------------------------------|---|--------------------------------------|
| Directors' fees                  | \$ 270,622  | \$ 279,769                           |
| Management salaries and benefits | 2,543,777   | 2,748,112                            |
| Share-based payments             | 5,700,858   | 4,923,152                            |
|                                  | <b>\$ 8,515,257</b>                               | <b>\$ 7,951,033</b>                  |

At December 31, 2024, a balance of \$48,847 was payable to related parties (March 31, 2024 - \$500,204).

The Company's related party transactions consisted of compensation payable to its directors and officers. Other than compensation in the form of salaries or directors' fees and share-based payments, there were no other material transactions with related parties.

### **PROPOSED TRANSACTIONS**

On September 22, 2022, the Company announced that it had entered into a definitive purchase and sale agreement with its partner, NAMCOR, to acquire half of its 10% carried participating interest in PEL 73. The consideration for the 5% interest comprises of (a) 5,000,000 common shares of the Company having an aggregate value of \$31,750,000 with a deemed price per share of \$6.35 and (b) US\$2,000,000 in cash. As of the date of this MD&A, the transaction with NAMCOR has not yet been completed and discussions are ongoing.

## ***Management's Discussion and Analysis (continued)***

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.

As is typical of the energy industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires management to make estimates. Critical accounting estimates are those estimates, which requires assumptions to be made about matters that are highly uncertain at the time the estimate is made, and a different estimate could have been made in the current period, or the estimate could change period-to-period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are described in Note 2 of the audited consolidated financial statements for the nine months ended December 31, 2024.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

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 and subscriptions received in advance. The carrying value of cash, other receivables, accounts payable and accrued liabilities and subscriptions received in advance 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:

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.

## *Management's Discussion and Analysis (continued)*

### 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.

## **OUTSTANDING SHARE DATA**

The following table outlines the maximum potential impact of share dilution upon full exercise of outstanding stock options, compensation options and common share purchase warrants as at the date of this MD&A:

|   | <b>Shares and<br/>Potential Shares</b> |
|---|--|
| Common shares outstanding                             | 265,642,183                            |
| Warrants (average exercise price \$1.50)              | 57,830,711                             |
| Compensation options (average exercise price \$1.06)* | 298,574                                |
| Stock options (average exercise price \$2.38)         | 24,822,000                             |
|   | <b>348,892,042</b>                     |

\*Compensation options are exercisable into one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at an average exercise price of \$1.32. This results in total potential shares of 597,148 which is included in the 348,892,042 balance in the table above.

During the nine-month period ended December 31, 2024, the Company issued 4,065,268 (year ended March 31, 2024 – 795,450) common shares pursuant to the exercise of 4,039,965 (year ended March 31, 2024 – 795,450) warrants for cash proceeds of \$3,895,264 (year ended March 31, 2024 - \$741,974) and 25,303 (year ended March 31, 2024 – nil) compensation options for cash proceeds \$27,833 (year ended March 31, 2024 – \$Nil).

In addition, the Company issued 550,000 common shares pursuant to the exercise of 550,000 (year ended March 31, 2024 – 175,000) stock options for cash proceeds of \$234,500 (year ended March 31, 2024 - \$54,250).

On April 3, 2024 and July 31, 2024, the Company completed the April 2024 and July 2024 Offerings respectively. See "Liquidity" section for further details.

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

## **CONTINGENCIES**

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

The Company and certain of its current and former officers and directors 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,

## ***Management's Discussion and Analysis (continued)***

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, the Company announced that, subject to court approval, it had reached a global settlement of the class action lawsuits pending against the Company in the United States and Canada. The Canadian action received final court approval on June 20, 2024. The U.S. action received final court approval on December 30, 2024.

On March 20, 2025, the Company announced the receipt of the requisite court approval for its global settlement (announced February 28, 2024) of the following class action lawsuits that were pending against the Company in the United States and Canada. None of the defendants admitted any liability, wrongdoing, or fault as part of the settlement. The matters were fully resolved within the Company's insured coverage limits and did not have any direct financial impact on the Company.

During the year ended March 31, 2024, upon closing of the ROC sale, the associated commitments and contingencies relating to the operations of its Mexican assets are no longer applicable to the Company.

### **CHANGE IN YEAR-END**

The Company has changed its year-end from March 31 to December 31. As a result, the Company's current year consists of a nine month period ending December 31, 2024.

### **CHANGE IN MANAGEMENT AND DIRECTORS**

On June 6, 2024, Craig Steinke retired as a director and Chair of the Board. The Honourable Diana McQueen ECA, ICD.D was appointed as Chair of the Board of Directors and D. Jeffrey Harder, FCPA, FCA, FCBV, ICD.D was appointed as a new independent director and Chair of the Audit Committee.

Effective October 21, 2024, the Company appointed Gitane De Silva as Senior Vice President, ESG, Communications & Stakeholder Relations. On November 20, 2024, W. Derek Aylesworth and Brian Reinsborough were elected to the Board of Directors of the Company.

### **RISK MANAGEMENT AND RISK FACTORS**

The Company is a junior oil and gas company engaged in the identification, exploration and development of oil and gas assets via drilling and/or acquisition with a focus on the Kavango Basin. The Company is exposed to a number of risks, both financial and operational, through the pursuit of its strategic objectives. Actively managing these risks improves the ability to effectively execute its business strategy. The risk factors set out below are not an exhaustive list and the reader is strongly encouraged to refer to the 'Risk Factors' section of the AIF available on the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

- risks related to the nature of the business of the Company;
- exploration and production risks inherent in the oil and natural gas industry;
- risks related to permits, licences, approvals and authorizations;
- ongoing substantial capital requirements;
- weaknesses and volatility in the oil and gas industry;
- adverse economic conditions;
- geopolitical instability and the escalation and expansion of conflict globally;



## *Management's Discussion and Analysis (continued)*

- inflation, cost management and rising interest rates;
- political uncertainty in Namibia, Botswana and Canada;
- access restrictions and tariff risks;
- negative operating cash flow;
- possible failure to realize anticipated benefits of acquisitions;
- commitments and contingencies;
- economic dependence;
- reliance on key individuals;
- marketability of crude oil and natural gas;
- project-related risks;
- climate change;
- risks of foreign operations;
- risks of operating through foreign subsidiaries;
- risks related to fraud, bribery and corruption in Namibia and Botswana;
- changes in government policy;
- royalty regimes;
- “resources” vs “reserves”;
- estimates of resources;
- reserves estimates and reserve replacement risk;
- status and stage of development;
- availability of equipment and access restrictions;
- nature of reserves and additional funding requirements;
- third party credit risk;
- operating hazards and other uncertainties;
- competition;
- alternatives to and changing demand for petroleum products;
- global financial conditions;
- macro-economic risk;
- international conflicts;
- geo-political change;
- ongoing or future pandemics;
- sufficiency of insurance coverage;
- joint property ownership;
- joint venture risks;
- cyber attacks or terrorism;
- non-governmental organizations and eco-terrorism risks;
- infrastructure, energy and water supplies;
- disclosure controls and procedures;
- environmental regulations;
- market access constraints and oil and gas transportation risks;
- conflicts of interest;
- risks related to operating in African countries;
- tax regimes;
- foreign currency exchange risk;
- risks related to changes to national and local governmental laws and regulations;
- regulatory risks;
- management of growth;
- claims and legal proceedings;
- risks related to disclosure around Canada's *Extractive Sector Transparency Measures Act*;
- failure to comply with anti-bribery and anti-corruption laws;
- reputation risk;
- environmental, pollution, occupational health and safety risks;
- discretion regarding potential use of proceeds;
- volatility in the trading price of the Common Shares (as defined herein);
- liquidity of Common Shares and realization of investment in Common Shares;

## *Management's Discussion and Analysis (continued)*

- dilution and further sales of Common Shares; and
- dividends.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains “forward-looking statements” or “forward-looking information” within the meaning of applicable securities legislation in Canada, the United States and any other applicable jurisdiction (collectively, “forward-looking statements”). Forward-looking statements are provided as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws.

Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “predict”, “project”, “should”, “target”, “will”, or similar words suggesting future outcomes or language suggesting an outlook. These statements represent management’s expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of the Company, future production and grades, the economic limit or viability of assets, projections for sales growth, estimated revenues, resources, targets for cost savings, general economic conditions, the construction cost of new projects, the timing and outcome of exploration projects and drilling programs, projected capital expenditures, transportation costs, the timing of new projects, the outcome of legal proceedings, general public perception of the Company, the integration of acquisitions, future debt levels, fiscal regimes, the outlook for the prices of hydrocarbons, the outlook for economic recovery and trends in the trading environment, statements about strategies, cost synergies, revenue benefits or integration costs and production capacity of the Company and the industry and countries in which the Company operates. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties that may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Operating conditions can have a significant effect on the timing of events. Accordingly, investors are cautioned that events or circumstances could cause results to differ materially from those predicted. Management of the Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon.

In particular, this MD&A contains forward-looking statements pertaining to, among others, the following:

- the Company’s business strategy, strength and focus;
- expectations to add reserves through acquisitions and development of the Company’s existing assets;
- the Company’s aim to prove a potential reserve that could lead to economic stimulus, funding local and regional jobs and other socio-economic benefits such as increased infrastructure, potable water access and investments in environmental and wildlife conservation;
- expectations regarding the ongoing exploration process for the newly identified Kavango Basin;
- expectations related to the work program at PEL 73 following the Company’s receipt of the Second Renewal Exploration Period covering the period January 30, 2024 to January 29, 2026;
- proven working conventional petroleum system with oil in stratigraphic wells and gas seeps in the Kavango Basin;
- expectations regarding the strategic joint venture transaction with BW Energy pursuant to the BW Energy Farm Down Agreement, including the timing and amount of cash payments relating to the joint venture transaction, the timing and amount of any bonus payments, and the timing and amount of production milestone payments;
- expectations regarding the ANPG MOU for a joint exploration project in the Etosha-Okavango basin, located onshore in southeastern Angola, including estimated minimum work commitments and entering into a definitive agreement;
- expectations regarding future expenditures to be incurred or spent on the Company’s assets;
- expectations regarding the Company’s interpretation of data and models relating to its assets;
- operating results and future performance of the Company;
- information in respect of, or relating to, risked and un-risked prospective resources, including third party assessments and the Statement of Reserves Data and Other Oil and Gas Information of ReconAfrica in Form 51-101F1 dated April 29, 2025 (“Form 51-101F1”);
- the size, characteristics and features of the Company’s oil and/or gas opportunities, future potential oil, natural gas and natural gas liquids, resources and the ability to commercially exploit them;
- the Company’s proposed exploration, drilling and exploitation activities and timelines;

## *Management's Discussion and Analysis (continued)*

- expectations, given exploration success, regarding the future development of the Company's assets and the byproducts of such development;
- the potential returns for undiscovered oil and/or gas deposits in the Kavango Basin;
- ongoing activities by major industry competitors in Namibia and Botswana;
- the continuing competitiveness of the fiscal regimes in the jurisdictions in which the Company operates;
- the NAMCOR transaction, being the Company's acquisition of half of the 10% carried participating interest in the Namibia Licence held by NAMCOR;
- projections of market prices, including market prices for oil and natural gas, and costs;
- supply and demand for oil and natural gas;
- expectations regarding the infrastructure and transportation facilities that will be available to the Company for the storage and shipment of any products it may produce;
- the Company's intention in respect of maintaining sufficient insurance;
- updates of the Company's ongoing relationships with the Namibian and Botswanan governments and key ministries therein;
- expectations regarding the development of environmental laws and regulations, including as a result of the implementation of the Paris Agreement on climate change by various countries, the future costs to the Company associated with compliance with such laws and regulations and any potential changes to public perception following ongoing changes to climate laws; and
- the Company's dividend policy.

Statements relating to "reserves" and "resources" (including prospective resources, as such terms are defined in the Form 51-101F1) are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future. See "*Oil and Gas Information*".

Forward-looking statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company concerning future oil and natural gas production levels, future commodity prices, the ability to add oil and natural gas reserves through farm-in, acquisition and/or drilling at competitive prices, future exchange rates, the cost and availability of equipment and services in the field, the impact of increasing competition and the ability to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and discussed more extensively in the AIF under "*Risk Factors*":

- risks related to the nature of the business of the Company;
- exploration and production risks inherent in the oil and natural gas industry;
- risks related to permits, licences, approvals and authorizations;
- ongoing substantial capital requirements;
- weaknesses and volatility in the oil and gas industry;
- inflation;
- interest rates;
- negative operating cash flow;
- possible failure to realize anticipated benefits of acquisitions;
- commitments and contingencies;
- economic dependence;
- reliance on key individuals;
- marketability of crude oil and natural gas;
- project-related risks;
- climate change;
- risks of foreign operations;
- risks of operating through foreign subsidiaries;
- risks related to fraud, bribery and corruption in Namibia and Botswana;
- changes in government policy;
- royalty regimes;
- "resources" vs "reserves";
- estimates of resources;
- reserves estimates and reserve replacement risk;
- status and stage of development;

## *Management's Discussion and Analysis (continued)*

- availability of equipment and access restrictions;
- nature of reserves and additional funding requirements;
- third party credit risk;
- operating hazards and other uncertainties;
- competition;
- alternatives to and changing demand for petroleum products;
- global financial conditions;
- macro-economic risk;
- international conflicts;
- geo-political change;
- ongoing or future pandemics;
- sufficiency of insurance coverage;
- joint property ownership;
- joint venture risks;
- cyber attacks or terrorism;
- non-governmental organizations and eco-terrorism risks;
- infrastructure, energy and water supplies;
- disclosure controls and procedures;
- environmental regulations;
- market access constraints and oil and gas transportation risks;
- conflicts of interest;
- risks related to operating in African countries;
- tax regimes;
- foreign currency exchange risk;
- risks related to changes to national and local governmental laws and regulations;
- regulatory risks;
- management of growth;
- claims and legal proceedings;
- risks related to disclosure around Canada's *Extractive Sector Transparency Measures Act*;
- failure to comply with anti-bribery and anti-corruption laws;
- reputation risk;
- environmental, pollution, occupational health and safety risks;
- discretion regarding potential use of proceeds;
- volatility in the trading price of the Common Shares (as defined herein);
- liquidity of Common Shares and realization of investment in Common Shares;
- dilution and further sales of Common Shares; and
- dividends.

With respect to forward-looking statements contained in this MD&A, ReconAfrica has also made assumptions regarding, among other things, the willingness of operators to conduct operations on certain properties in foreign jurisdictions; the future oil and/or gas prices or cost of products sold; the ability to obtain required capital to finance exploration, development and operations; the ability to maintain sufficient funds to continue the operations of the Company; the timely receipt of any required regulatory approvals; the ability to obtain drilling success consistent with expectations; the ability of the Company to secure adequate product transportation; no material variations in the current tax and regulatory environments; and the ability to obtain equipment, services, supplies and personnel in a timely manner to carry out its activities. Forward-looking statements and other information contained herein concerning the oil and/or gas industry and ReconAfrica's general expectations concerning this industry are based on estimates prepared by management of ReconAfrica with help from its independent qualified reserves evaluators and other third-party contractors using data from publicly available industry sources, as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of the industry. Although this data is generally indicative of relative market positions, market shares and performance characteristics, it is inherently imprecise. While ReconAfrica is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

The above summary of major risks and assumptions related to forward-looking statements included or incorporated by reference in this MD&A has been provided for readers to gain a more complete perspective on the Company's future operations. However, readers should be cautioned that the above list of factors is not exhaustive and that this information

*Management's Discussion and Analysis (continued)*

may not be appropriate for other purposes. Forward-looking statements included or incorporated by reference in this MD&A are valid only as at the date of this MD&A, and the Company does not intend to update or revise these forward-looking statements except as required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.