AFRICA ENERGY CORP.

Report to Shareholders

December 31, 2025

AFRICA ENERGY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in United States dollars unless otherwise indicated)
For the years ended December 31, 2025 and 2024

Management's discussion and analysis ("MD&A") focuses on significant factors that have affected Africa Energy Corp. and its subsidiaries (collectively the "Company" or "Africa Energy") and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024 and related notes thereto.

The financial information in this MD&A is derived from the Company's audited consolidated financial statements that have been prepared in United States ("US") dollars, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The effective date of this MD&A is March 25, 2026.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com.

PROFILE AND STRATEGY

Africa Energy is a Canadian oil and gas company focused on advancing the development of two gas condensate discoveries offshore, the Republic of South Africa ("South Africa").

The Company owns 49% of the common shares and 100% of the Class B shares of Main Street 1549 Proprietary Limited ("Main Street 1549"). Main Street 1549 has a 10% participating interest in the Exploration Right for Block 11B/12B offshore South Africa ("Block 11B/12B"). See further updates and disclosures in the Operations Update section.

The Company's common shares are traded on the TSX Venture Exchange ("TSXV") in Toronto under the ticker symbol "AFE" and the Nasdaq First North Growth Market in Stockholm under ticker symbol "AEC". Deepkloof Limited ("Deepkloof"), Impact Oil and Gas Limited ("Impact") and Meren Energy Inc. ("Meren"), formerly Africa Oil Corp., are currently the Company's largest shareholders with 36.9%, 21.2% and 11.6%, respectively, of the issued and outstanding common shares of Africa Energy. In addition, Deepkloof owns approximately 51% of Impact.

FINANCING UPDATE

On November 7, 2023, the Company amended its existing credit facility, increasing the amount available under the promissory note ("Promissory Note") from $5.0 million to $8.3 million and extending the maturity date to March 31, 2025 with Lorito Doraline S.à.r.l., Lorito Floreal S.à.r.l., Lorito Arole S.à.r.l. and Lorito Orizons S.à.r.l (together, the "Lorito Group"), Meren and Deepkloof (together, the "Lenders"). On December 29, 2023, the Lenders advanced the Company $1.0 million, and during the year ended December 31, 2024, the Lenders advanced the Company the remaining $2.3 million of the additional $3.3 million available. The

$8.3 million amended credit facility ("Amended Promissory Note") was unsecured and the principal and accrued interest were due in full at maturity. The loan carried an annual interest rate of 15% from inception of the original facility.

On March 31, 2025, the Company closed a non-brokered private placement of common shares and settled in full the Amended Promissory Note. The transaction consisted of a shares for debt transaction whereby the Company settled $5.4 million of existing indebtedness due under the Amended Promissory Note through the issuance of 389,847,000 common shares (post-consolidation basis, 77,969,400 common shares) of the Company to existing debtholders (the "Shares for Debt Transaction"), and a non- brokered private placement of 598,153,000 common shares (post-consolidation basis, 119,630,600 common shares) of the Company for aggregate gross proceeds of $8.4 million (the "Private Placement"). There were no finder's fees paid in connection with the Private Placement. Common shares issued under the Private Placement and Shares for Debt Transaction were at a deemed issue price of Canadian $0.02 per share (post-consolidation basis, Canadian $0.10 per share). On March 31, 2025, the value of the shares issued to settle debt was $9.5 million, based on a share price of Canadian $0.035 per share (post-consolidation, $0.175 per share). The Lenders that accepted the receipt of shares in order to settle the promissory note debt were determined to be acting in their capacity as shareholders, and therefore the difference between the value of the shares issued and the value of debt settled by issuing shares was recorded as an adjustment to contributed surplus.

Shares issued pursuant to the Private Placement and Shares for Debt Transaction were subject to resale restrictions under Canadian securities laws that expired August 1, 2025. The proceeds from the Private Placement were used to repay existing debt under the Promissory Note held by Meren (approximately $4.5 million), to repay the remaining debt held by the Lorito Group following the Shares for Debt Transaction ($0.8 million), and the balance is being used for general working capital purposes and to advance the development of the Company's interest in Block 11B/12B offshore South Africa.

The common shares of the Company received by Deepkloof pursuant to the Private Placement and Shares for Debt Transaction resulted in Deepkloof owning 36.9% of the Company and becoming a "control person" of the Company, for which the Company obtained disinterested shareholder approval. In addition, the company obtained ordinary shareholder approval for a consolidation of the Company's shares on a 5:1 basis (the "Consolidation") at a special meeting of the Company's shareholders held on March 27, 2025. On completion of the Private Placement and the Shares for Debt Transaction, the Company had 2,395,812,249 common shares issued and outstanding. After giving effect to the Consolidation, which occurred on May 30, 2025, the Company had 479,162,450 common shares issued and outstanding.

OPERATIONS UPDATE

Block 11B/12B, Republic of South Africa

The Company owns 49% of the common shares and 100% of the Class B shares of Main Street 1549, which holds a 10% participating interest in Block 11B/12B offshore South Africa ("Block 11B/12B Participating Interest"). The remaining 51% of the common shares of Main Street 1549 are held by Arostyle Investments (RF) (Proprietary) Limited ("Arostyle"). TotalEnergies EP South Africa S.A.S ("Total") holds a 45% participating interest with partners QatarEnergy International E&P LLC ("QatarEnergy") and CNR

International (South Africa) Limited ("CNRI"), holding 25% and 20%, respectively. Africa Energy holds all of the Class B shares of Africa Energy UK Limited ("AEUK") and thereby 99.9% voting control. AEUK's sole asset is a loan to Arostyle that provides for an indirect financial interest in Main Street 1549.

In July 2024, Total provided a notification that it was resigning as operator of Block 11B/12B. In addition, Total, QatarEnergy and CNRI (together the "Withdrawing Parties") provided notice to the joint venture partners that they will withdraw from their 45%, 25% and 20% interest, respectively, in accordance with the joint operating agreement in respect of Block 11B/12B ("JOA"). Under the JOA, the Withdrawing Parties assign their interest free of charge to each of the non-withdrawing partners in proportion to the interest of non-withdrawing partners. The withdrawal of the joint venture partners from Block 11B/12B and the reassignment of participating interests is subject to all relevant regulatory approvals by South African authorities. Main Street 1549 took over as operator of Block 11B/12B on November 25, 2024 and has finalized the handover of all important information from previous operator, Total.

On May 28, 2025, the Company signed definitive agreements with Arostyle to restructure their joint investment in Main Street 1549, which holds the 10% participating interest in Block 11B/12B. The restructuring will result in the Company owning 100% of the common shares and 100% of the Class B shares of Main Street 1549. In addition, all loan claims between the Company and Arostyle will be settled in full. Finally, the remaining 90% participating interest in Block 11B/12B is to be assigned by the Withdrawing Parties 65% to Main Street 1549 and 25% to Arostyle, resulting in the Company (through Main Street 1549) holding a 75% participating interest in Block 11B/12B with Arostyle holding the remaining 25%. The definitive agreements are subject to all relevant regulatory approvals being obtained and remain subject to the fulfilment of certain conditions, including the finalization of the assignment agreements between the Company, Arostyle and the Withdrawing Parties, which will require regulatory transfer approval under section 11 of the Mineral Petroleum Development Resources Act, 2002. Satisfaction of the conditions of the agreements is subject to a long stop date of September 30, 2026.

In the fourth quarter of 2020, the Company announced a significant gas condensate discovery and successful open flow test on the Luiperd Prospect on Block 11B/12B. The discovery reconfirmed the world-class exploration play with substantial follow-on potential and follows the adjacent play-opening Brulpadda discovery in 2019 that proved a significant new petroleum province in the region. The Luiperd and Brulpadda discoveries are located on Block 11B/12B in the Outeniqua Basin approximately 175 kilometers off the southern coast of South Africa. The block covers an area of approximately 19,000 square kilometers with water depths ranging from approximately 200 to 1,800 meters. The success at both the Luiperd-1X well and the Brulpadda-1AX well significantly de-risks the remaining Paddavissie Fairway prospects on Block 11B/12B.

The Upstream Petroleum Resources Development Bill (now the Upstream Petroleum Resources Development Act, No. 23 of 2024) (the "Act") was signed by the President of South Africa on October 25, 2024 and published in the Government Gazette October 29, 2024. The Act will, however, only come into effect on a date fixed by the President by further proclamation in the Government Gazette. We anticipate that the proclamation on the effective date of the Act will likely be made after the new regulations ("Petroleum Regulations") are published by the Honorable Minister of Mineral and Petroleum Resources, which occurred on April 14, 2025, and a customary thirty-day public consultation period allowing the industry to make comments and propose amendments to the Petroleum Regulations. The Petroleum Regulations aim to provide clarity and certainty as to the practical implementation of the Act by the Honorable Minister of Mineral and Petroleum Resources and the Petroleum Agency of South Africa.

The Government of the Republic of South Africa has formed a new petroleum company, South Africa National Petroleum Company ("SANPC") by merging three subsidiaries of the Central Energy Fund; iGas, the Strategic Fuel Fund and PetroSA. SANPC's primary objective is to hold the government's participating interests in upstream production rights provided for under the Act, with a secondary goal of improving local refining capacity by reviving the gas-to-liquids plant in Mossel Bay and the SAPREF refineries.

As part of South Africa's commitment to the Paris Climate Agreement, it must diversify energy mix, reducing its reliance on ageing coal fired power plants. In an effort to fulfill this commitment, the Department of Mineral Resources and Energy announced the draft Gas Master Plan ("GMP") in April 2024, the Integrated Resource Plan 2023 ("IRP 2023") in January 2024, and the Integrated Resource Plan 2025 ("IRP 2025") in October 2025, designed to balance demand and supply of energy, including the use of natural gas, until 2050 as the country transitions its energy mix accordingly and provides the country with reliable base load generation capacity while ensuring compliance with emission reduction plans. IRP 2025 specifies that South Africa plans to increase its installed electricity generation capacity from the current approximately 54 GW to approximately 160 GW in 2050 to meet the anticipated growing electricity demand that is driven by population growth, economic recovery and new electricity use nodes (e.g. transport, data centers). IRP 2025 identifies gas as critical for the country's electricity system as 8,000MW of coal power plants are set to be decommissioned in 2029 and 2030, and therefore the new build program includes 16,000MW of gas generated electricity in two phases – 6,000MW by 2030 and 1,250MW annually from 2032 to 2042.

IRP 2025 provides for a minimum 50% load factor (for at least the first 10 years) for the first 6,000MW to be built in order to enable the financing of new gas importation infrastructure or indigenous gas development. The first request for proposals for independent power producers to develop, finance, build and operate 2,000MW of gas-to-power plants was issued on October 20, 2025 by the Department of Electricity and Energy. The maximum electricity generation capacity for each project is 1,000MW at an average monthly minimum load factor of 50% and a minimum daily load factor of 25%. The development of Block 11B/12B requires continuous production; therefore, a baseload >1,400MW gas electricity generation plant is the ideal anchor off-taker for Block 11B/12B. IRP 2025 recognizes the need for affordable gas for the 16,000MW gas generated electricity and concludes that the Gas Master Plan (expected in 2026 / 2027) will provide the enabling policy for indigenous or regional gas supply.

Prior to the expiry of the Block 11B/12B Exploration Right on September 7, 2022, the joint venture partnership submitted an application for a Production Right. The partnership elected to enter a Gas Market Development Period, which defers the field development work program for up to a maximum of five years, allowing the joint venture time to find a suitable gas offtaker and confirm the economic viability of the project. As part of the Production Right application process, Total, as the former operator of the Block 11B/12B joint venture, submitted an Environmental Authorization ("EA") application and prepared a draft Environmental and Social Impact Assessment ("ESIA"). Main Street 1549, appointed operator in November of 2024, submitted a new EA application with a revised project scope on February 28, 2025 and is currently required to submit a new ESIA in advance of the revised deadline on May 6, 2026. The extension to the ESIA has been granted in light of the recent decision by the Western Cape High Court in South Africa ("High Court") to set aside an environmental authorization for offshore exploration operations in Block 5/6/7 (held by an unrelated party) so that additional, new and amended environmental assessments can be conducted and placed before the Honorable Minister of Mineral and Petroleum Resources for reconsideration. An application for leave to appeal this decision to the Supreme Court of Appeal has been launched by the unrelated party. Following the decision of the High Court, the Honorable Minister of the Department of

Forestry, Fisheries and the Environment ("DFFE") made a decision to defer appeals lodged to his department following the granting of environmental authorizations pending the outcome of court proceedings in respect of the Block 5/6/7 judgement. On March 11, 2026, the Honorable Minister of the DFFE, Mr. Willie Aucamp, announced that his department was reversing their decision and proceeding with determination of appeals lodged against environmental authorizations granted for offshore oil and gas projects.

The Company took the prudent step of pausing its EA application submitted in February 2025 for Block 11B/12B, offshore South Africa. This allowed the Company to fully assess the implications of the new legal and regulatory landscape and ensure its EA application and development plans were optimally aligned. The Company has been engaging with its advisors, including legal counsel, to determine the amendments and additions which may be required to its EA application as a result of the High Court decision. The grant of the EA is a pre-requisite to the grant of the production right in relation to Block 11B/12B.

OUTLOOK

On March 5, 2026, the Honorable Minister of Mineral and Petroleum Resources, Mr. Gwede Mantashe, highlighted the role natural gas must play in closing the energy deficit in South Africa and that natural gas will be the most effective transition fuel. Further Mr. Gwede Mantashe identified Africa Energy Corp.'s discovered resources in Block 11B/12B, offshore South Africa, as resources whereby the government of South Africa is seeking to accelerate development to ensure security of supply. This statement along with the recent decision by the DFFE to proceed with determination of appeals lodged against environmental authorizations granted for offshore oil and gas projects demonstrates the South African government's commitment to attract investment to the industry and advance the development of its domestic resources to ensure energy security, which has been emphasized by recent conflict in the middle east.

The Company is focused on obtaining EA for development of discovered resources in Block 11B/12B so that it can obtain the Production Right approval. Early engagements with relevant stakeholders on gas supply has commenced in an effort to secure offtake customers for future development.

Subject to all relevant regulatory approvals by South African authorities with respect to the withdrawal of the joint venture partners in Block 11B/12B and completion of the restructuring of Main Street 1549, the Company expects to hold 75% direct interest in Block 11B/12B. Despite the challenges and delays encountered so far, the Company remains confident that the Block 11B/12B resources can be commercially developed. The Brulpadda and Luiperd discoveries are the largest discoveries of natural gas resources in South Africa and if developed could supply a significant portion of the country's energy needs required to achieve both sustainable economic growth and the transition to lower carbon energy sources.

SELECTED QUARTERLY INFORMATION

Three months ended (thousands, except per share amounts)	**31-Dec 2025**	**30-Sep 2025**	**30-Jun 2025**	**31-Mar 2025**	**31-Dec 2024**	**30-Sep 2024**	**30-Jun 2024**	**31-Mar 2024**
Operating expense ($)	(3,293)	(327)	(477)	(675)	(484)	(27,549)	(47,590)	(23,832)
Interest expense ($)	-	-	-	(388)	(360)	(323)	(291)	(258)
Foreign exchange (loss)/gain ($)	6	(97)	72	84	(24)	13	15	(12)
Interest and other income ($)	36	43	38	21	23	23	19	15
Net loss ($)	(3,251)	(381)	(367)	(958)	(845)	(27,836)	(47,847)	(24,087)
Weighted average shares - Basic	479,162	479,162	479,162	283,758	281,562	281,562	281,562	281,562
Weighted average shares - Diluted	479,162	479,162	479,162	283,758	281,562	281,562	281,562	281,562
Basic loss per share ($)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.10)	(0.17)	(0.09)
Diluted loss per share ($)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.10)	(0.17)	(0.09)
Exploration and evaluation expenditures ($)	-	-	-	-	-	-	-	-

As the Company is in the exploration stage, no oil and gas revenue has been generated to date.

Operating expenses were high during the first quarter, second quarter and third quarter of 2024 due to non-cash losses on revaluation of the financial asset of $23.1 million, $47.2 million and $27.2 million, respectively. An additional $1.0 million non-cash loss on revaluation of the financial asset was recorded in the fourth quarter of 2025. The non-cash losses on the revaluation of the financial asset relate to the Company's investment in Block 11B/12B and are due to changes in the base assumptions in the discounted cash flow model for development, with the most significant being discount rate, development costs and operating expenditures. The Company also recognized a non-cash loss of $1.5 million as its share of losses relating to its investment in Main Street 1549 during the fourth quarter of 2025.

Interest expense relates to interest accrued on the promissory note entered into late in the fourth quarter of 2022 and fully repaid on March 31, 2025.

Foreign exchange gains and losses incurred by the Company are the result of holding Canadian dollars and South African Rand used to fund a portion of the Company's operating expenses. The Company does not currently hedge its foreign currency exchange exposure.

Interest income fluctuates in accordance with cash balances, the currency of the cash and prevailing market interest rates. The Company holds the vast majority of its cash in US dollars, the Company's functional currency.

RESULTS OF OPERATIONS

(thousands)	Three months ended December 31, 2025	Three months ended December 31, 2024	Year ended December 31, 2025	Year ended December 31, 2024
Salaries and benefits	$ 223	$ 42	$ 823	$ 286
Stock-based compensation	419	108	624	691
Travel	1	13	29	24
Consulting fees	17	43	94	191
Office and general	55	20	122	99
Depreciation	-	-	-	1
Professional fees	104	244	368	557
Stock exchange and filing fees	32	18	209	175
Loss on revaluation of financial asset	955	-	955	97,402
Share of loss from investment in associate	1,487	(4)	1,548	29
Operating expenses	$ 3,293	$ 484	$ 4,772	$ 99,455

THREE MONTHS ENDED DECEMBER 31, 2025

Operating expenses increased by $2.8 million for the three months ended December 31, 2025, compared to the same period in 2024. During the three months ended December 31, 2025, the Company incurred $1.0 million non-cash loss on revaluation of the financial asset related to the Company's investment in Block 11B/12B and was due mainly to changes in the base assumption for development costs. The Company also recorded $1.5 million non-cash loss relating to its equity investment in Main Street 1549. The increase in salary and benefits expense is a result of the termination of the General Technical and Administrative Service Agreement, whereby Africa Energy recovered a portion of salaries and was reimbursed by Africa Oil SA Corp., a wholly-owned subsidiary of Meren, for technical and administrative services provided by the Company related to Meren's interest in Block 3B/4B offshore South Africa (see Related Party Transactions below). The increase in stock-based compensation relates to a $0.4 million cash payment to Hosken Consolidated Investments Limited ("HCI") as consideration for share-based compensation issued to an executive of the Company (see Related Party Transactions below).

TWELVE MONTHS ENDED DECEMBER 31, 2025

Operating expenses decreased by $94.7 million for the twelve months ended December 31, 2025, compared to the same period in 2024. During the twelve months ended December 31, 2025, the Company incurred $1.0 million non-cash loss on revaluation of the financial asset compared to $97.4 million for the same period in 2024. The non-cash losses on revaluation of the financial asset related to the Company's investment in Block 11B/12B and were due mainly to changes in base assumptions for discount rate, development costs and operating expenditures. The increase in salary and benefits expense is a result of the termination of the General Technical and Administrative Service Agreement, whereby Africa Energy recovered a portion of salaries and was reimbursed by Africa Oil SA Corp., a wholly-owned subsidiary of Meren, for technical and administrative services provided by the Company related to Meren's interest in Block 3B/4B offshore South Africa (see Related Party Transactions below).

SELECTED ANNUAL INFORMATION

For the years ended December 31, (thousands, except per share amounts)		2025	2024	2023
Statement of Operations Data				
Net (loss) / income		(4,957)	(100,615)	(119,776)
Data per Common Share				
Basic and diluted (loss) / income per share	$	(0.01)	(0.36)	(0.45)
Balance Sheet Data				
Working capital		2,954	(8,229)	1,671
Total assets		41,134	42,577	138,833
Total long term liabilities		-	-	6,826

As the Company is in the exploration stage, no oil and gas revenue has been generated to date.

The Company recorded a net loss of $4.9 million in 2025 compared to a net loss in 2024 of $100.6 million and a loss in 2023 of $119.7 million. The net losses for 2024 and 2025 are explained above in "Results of Operations". The net loss in 2023 is mainly the result of a $114.2 million non-cash loss on revaluation of the financial asset. The non-cash losses on revaluation of the financial asset relates to the Company's investment in Block 11B/12B.

The Company's working capital increased in 2025 compared to 2024 due mainly to the completion of the Shares for Debt Transaction and Private Placement. The Company's working capital decreased in 2024 compared to 2023 due mainly to amounts due under the promissory note becoming current in 2024.

The decrease in total assets from 2024 to 2025 is primarily due to $1.0 million non-cash loss on revaluation of the financial asset and $1.5 million share of non-cash loss on the Company's investment in Main Street 1549. The decrease in total assets from 2023 to 2024 is primarily due to $97.4 million non-cash loss on revaluation of the financial asset. The non-cash losses on revaluation of the financial asset relate to the Company's investment in Block 11B/12B.

The decrease in long term liabilities from 2023 to 2024 is due mainly to amounts due under the promissory note becoming current in 2024.

INVESTMENT IN MAIN STREET 1549

At December 31, 2025, Africa Energy holds 49% of the common shares and 100% of the Class B Shares of Main Street 1549, a private South African entity. The remaining 51% of the common shares of Main Street 1549 are held by Arostyle Investments (RF) (Proprietary) Limited ("Arostyle"). Main Street 1549 holds a 10% participating interest in the Exploration Right for Block 11B/12B offshore the Republic of South Africa ("Block 11B/12B Participating Interest"). Africa Energy holds all of the Class B shares of Africa Energy UK Limited ("AEUK") and thereby 99.9% voting control, whose sole asset is a loan to Arostyle that provides for an indirect financial interest in Main Street 1549.

At December 31, 2025, the Company accounted for its investment in Main Street 1549 as follows: $37.9 million as a financial asset and $ nil as an equity investment.

In accordance with a definitive agreement entered into with Arostyle on August 20, 2020, amendments to the Main Street 1549 shareholders agreement ("Main Street 1549 SHA") provide that Africa Energy fund 100% of the funding requirements related to the Block 11B/12B Participating Interest by way of Class B share subscriptions, which provide a risk-adjusted return linked to the proceeds on any future sale of Main Street 1549 or the Block 11B/12B Participating Interest. In addition, the amendments to the Main Street 1549 SHA provide that either Africa Energy or Arostyle has the right to trigger the sale of the Block 11B/12B Participating Interest to a wholly-owned subsidiary of Africa Energy (the "Arostyle Option"). The Arostyle Option is exercisable by either party for an unlimited period of time and will be subject to receiving all

required regulatory approvals and joint venture partner consents and waivers. Exercise of the Arostyle Option would result in Arostyle being issued 12,891,183 Africa Energy shares. The Arostyle Option remains unexercised.

On May 28, 2025, the Company signed definitive agreements with Arostyle to restructure their joint investment in Main Street 1549, which holds the 10% participating interest in Block 11B/12B. The restructuring will result in the Company owning 100% of the common shares and 100% of the Class B shares of Main Street 1549. In addition, all loan claims between the Company and Arostyle will be settled in full. Finally, the remaining 90% participating interest in Block 11B/12B is to be assigned by the Withdrawing Parties 65% to Main Street 1549 and 25% to Arostyle, resulting in the Company (through Main Street 1549) holding a 75% participating interest in Block 11B/12B with Arostyle holding the remaining 25%. The definitive agreements are subject to all relevant regulatory approvals being obtained and remain subject to the fulfilment of certain conditions, including the finalization of the assignment agreements between the Company, Arostyle and the Withdrawing Parties, which will require regulatory transfer approval under section 11 of the Mineral Petroleum Development Resources Act, 2002.

During the year ended December 31, 2025, the Company invested $0.2 million in Main Street 1549 (for the year ended December 31, 2024, $0.6 million).

The Main Street 1549 SHA provides priority dividend distribution entitlement by class of share. For accounting purposes, shares that have priority distribution entitlements do not meet the definition of Solely Payments of Principal and Interest ("SPPI"), and therefore the majority of the investment in Main Street 1549 was derecognized from the equity investment and recorded as a financial instrument at fair value through profit or loss ("FVTPL").

In order to value the financial asset recognized at FVTPL, the Company estimated the priority dividend distributions to be received by the Company as this represents fair value of future cash flows to be received by Africa Energy in accordance with the amended Main Street 1549 SHA. The total proceeds estimated to be received by Main Street 1549 to be distributed to its shareholders were based on a discounted future cash flow model of the Company's Block 11B/12B Participating Interest. At December 31, 2025, for accounting purposes, the Company used a discount rate of 22.9% (December 31, 2024, 22.9%), a base gas price of $8.45/mmbtu (December 31, 2024, $8.45/mmbtu) and a base Brent oil price of $70.30/bbl (December 31, 2024, $70.00/bbl) to determine the fair value of the financial asset, which was estimated to be $37.9 million at December 31, 2025 (December 31, 2024, $38.6 million). The Company's estimate of the fair value of the investment in Main Street 1549 is measured as set out in the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024 and related noes thereto.

For the year ended December 31, 2025, the Company recorded a $1.0 million non-cash loss on revaluation of the financial asset (for the year ended December 31, 2024, $97.4 million due to changes in the base assumptions, with the most significant being increases in discount rate, development costs and operating expenditures). Note, there is no guarantee that the estimated assumptions will be realized in the event the development proceeds.

As at December 31, 2025, a one percent increase in the effective discount rate would have resulted in a reduction in disposal proceeds of $10.6 million. A one percent decrease in the effective discount rate would have resulted in an increase in disposal proceeds of $12.5 million. An increase in the gas price of $1/mmbtu would result in an increase in disposal proceeds of $15.0 million and a decrease of $1/mmbtu would result in a decrease in disposal proceeds of $15.6 million. An increase in the Brent oil price of $5/bbl would result

in a increase in disposal proceeds of $4.5 million and a decrease of $5/bbl would result in a decrease in disposal proceeds of $4.6 million. In terms of the actual disposal proceeds used in the model, a $10.0 million increase/decrease in the disposal proceeds would create an after-tax impact of $10.0 million to net loss, and an increase/decrease in the value of the financial asset of $10.0 million.

In accordance with the Block 11B/12B farmin agreements entered into by Main Street 1549 with each of TotalEnergies EP South Africa S.A.S ("Total"), a wholly-owned subsidiary of TotalEnergies, and CNR International (South Africa) Limited ("CNRI"), a wholly-owned subsidiary of Canadian Natural Resources Limited, in the event of a commercial discovery and granting of a Production Right, Main Street 1549 will be obligated to fund a discovery bonus. If the proposed development is for exploitation of predominantly oil, Main Street 1549 will be obligated to pay Total and CNRI up to $90.0 million depending on the amount of reserves at that time. If the proposed development is for exploitation of gas, Main Street 1549 will be obligated to pay Total and CNRI up to $24.0 million depending on the amount of reserves at that time. On September 5, 2022, the joint venture partnership on Block 11B/12B applied for a Production Right. As at December 31, 2025, no guarantees have been required and the Company has not provided a guarantee to support its discovery bonus obligation. At December 31, 2025, Main Street 1549 has not accrued any obligations related to the commercial discovery bonus. The Company believes that it is not obligated to pay the discovery bonus to either of Total or CNRI.

The Company recognized a loss of $1.5 million and $0.3 million relating to its share of the loss from its equity investment in Main Street 1549 for the year ended December 31, 2025 and 2024, respectively.

For the year ended December 31, 2025, the Company's proportionate share of Main Street 1549's net loss was $34.1 million; however, the Company recorded $1.5 million as its share of loss from the investment being the amount to reduce its investment in associate to nil. Main Street 1549 incurred operating expenses of $69.4 million for the year ended December 31, 2025, which primarily related to a non-cash impairment of intangible exploration assets in Block 11B/12B offshore South Africa.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company's financial statements for the year ended December 31, 2025 have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business as they become due. At December 31, 2025, the Company had cash of $3.2 million and working capital of $3.0 million compared to cash of $2.3 million and working capital deficiency of $8.2 million at December 31, 2024. The increase in cash and working capital since December 31, 2024, can be mainly attributed to the completion of the Shares for Debt Transaction and the Private Placement. See Financing Update section for further details on these transactions which completed March 31, 2025.

The Company is in the exploration stage and has no proved reserves. The Company's ability to continue as a going concern is dependent upon its ability to secure financing from external sources, potentially including the issuance of new shares, issuance of debt or executing working interest farmout or disposition arrangements to finance its future acquisition, exploration, development and operating costs. To date, the Company has funded its operations through debt and equity financing. While the Company has been successful in raising capital in the past, there is no assurance that it will be successful in closing further financings or that such financings will be on terms acceptable to the Company. As such, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize assets and discharge liabilities in the normal course of business.

STOCK-BASED COMPENSATION

The Company uses the fair value method of accounting for stock options granted to directors, officers, employees and consultants whereby the fair value of all stock options granted is recorded as a charge to operations. Stock-based compensation for the year ended December 31, 2025, was $0.6 million compared to $0.7 million for the year ended December 31, 2024. Included in stock-based compensation for the year ended December 31, 2025 was $a 0.4 million cash payment to HCI as consideration for share-based compensation issued to an executive of the Company and $0.3 million related to Africa Energy Corp's stock option plan, which was non-cash. The Company granted 2.8 million stock options to directors, officers and employees of the Company in the year ended December 31, 2025 compared to 7.6 million stock options granted in the year ended December 31, 2024.

RELATED PARTY TRANSACTIONS

FINANCING:

On December 23, 2022, the Company entered into the Promissory Note with Meren for $2.0 million, Deepkloof for $2.0 million and Lorito Holdings S.à.r.l. for $1.0 million. Deepkloof is a shareholder of Impact, which at that time, owned 36.2% of the common shares of Africa Energy. Meren, Deepkloof and Impact are related parties of the Company.

On November 7, 2023, the Company amended its existing credit facility, increasing the amount available under the promissory note from $5.0 million to $8.3 million under the Amended Promissory Note and extending the maturity date to March 31, 2025 with the Lorito Group, Meren and Deepkloof (together, the "Lenders"). On December 29, 2023, the Lenders advanced the Company $1.0 million, and during the year ended December 31, 2024, the Lenders advanced the Company $2.3 million of the additional $3.3 million available. The Lorito Group are companies owned by a trust whose settlor was the late Adolf H. Lundin and not related parties of the Company.

On March 31, 2025, the Company closed the Shares for Debt Transaction and Private Placement. The Company settled $4.5 million and $0.9 million of existing indebtedness due under the Amended Promissory Note through the issuance of 323,345,000 common shares (post consolidation, 64,669,000) and 66,502,000 common shares (post consolidation, 13,300,400 common shares) of the Company to Deepkloof and the Lorito Group, respectively. The Company issued 598,153,000 common shares (post consolidation, 119,630,600 common shares) of the Company for aggregate gross proceeds of $8.3 million, of which Deepkloof subscribed for 560,915,000 common shares (post consolidation, 112,183,000 common shares) of the Company. Shares issued under the Private Placement and Shares for Debt Transaction were at a deemed issue price of Canadian $0.02 per share (post consolidation, Canadian $0.10 per share). The proceeds from the Private Placement were used to repay existing debt under the Amended Promissory Note held by Meren (approximately $4.5 million) and the remaining debt held by the Lorito Group following the Shares for Debt Transaction ($0.8 million). Remaining proceeds will be used for general working capital purposes and to advance the development of the Company's interest in Block 11B/12B offshore South Africa. The common shares of the Company received by Deepkloof pursuant to the Private Placement and Shares for Debt Transaction resulted in Deepkloof owning 36.9% of the Company and becoming a "control person" of the Company, for which the Company obtained disinterested shareholder approval.

SERVICES AGREEMENTS WITH MEREN:

At December 31, 2025, Meren, formerly Africa Oil Corp., owned 11.6% of the common shares of Africa Energy.

Under the terms of the General Technical and Administrative Service Agreement, which was terminated effective January 31, 2025, with Africa Oil SA Corp. ("AOSAC"), a wholly-owned subsidiary of Meren, the Company invoiced AOSAC $0.02 million during the year ended December, 2025 ($0.5 million for the year ended December 31, 2024). At December 31, 2025, the outstanding balance receivable from AOSAC was $ nil (at December 31, 2024, $ nil). The fee charged to AOSAC by the Company was intended to cover the costs of the Company's employees that were providing AOSAC with technical and administrative services related to Meren's interest in Block 3B/4B offshore South Africa. The fee was recognized as a reduction in salaries and benefits expense, consulting fees and office and general costs.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT:

Remuneration of Directors and Senior Management includes all amounts earned and awarded to the Company's Board of Directors and Senior Management. Senior Management includes the Company's President and Chief Executive Officer, Chief Financial Officer and the Vice President of Exploration.

Directors' fees include Board and Committee Chair retainers. Management's short-term wages and benefits include salary, benefits, bonuses and any other compensation earned or awarded during the year. Share-based compensation includes expenses related to the Company's stock option plan as well as a $0.4 million cash payment to HCI as consideration for share-based compensation issued to an executive of the Company. HCI wholly owns Deepkloof, which owns 36.9% of the Company.

For the years ended		**December 31, 2025**		**December 31, 2024**
Directors' fees	$	70	$	55
Directors' share-based compensation		61		283
Management's short-term wages, bonuses and benefits		792		514
Management's share-based compensation		491		186
	$	1,414	$	1,038

COMMITMENTS AND CONTINGENCIES

For details on the Company's commitments and contingencies, see discussion under 'Investment in Main Street 1549'.

OUTSTANDING SHARE DATA

The following table outlines the maximum potential impact of share dilution upon full execution of outstanding share purchase options as at the effective date of this MD&A:

Common shares outstanding	479,162,450
Outstanding share purchase options	17,282,666
Full dilution impact on common shares outstanding	496,445,116

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no accounting policies changed or adopted during the year ended December 31, 2025. The following accounting policies will be adopted subsequent to December 31, 2025.

Presentation and Disclosure in Financial Statements

IFRS 18 'Presentation and Disclosure in Financial Statements' was issued in April 2024 by the International Accounting Standards Board and replaces IAS 1 'Presentation of Financial Statements'. The standard introduces defined structure to the Statement of Comprehensive Income with related specific disclosure requirements. IFRS 18 is effective for annual period beginning January 1, 2027 and is required to be adopted retrospectively. Early adoption is permitted. The Company is assessing the impact of IFRS 18 on the Company's consolidated financial statements.

Financial Instruments and Financial Instruments: Disclosures

IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' were amended in May 2024 to clarify the date of recognition and derecognition of financial assets and liabilities. These amendments are effective for annual periods beginning January 1, 2026 and are required to be adopted retrospectively by adjusting opening balances and retained earnings at the date of adoption. Early adoption is permitted. The Company is assessing the impact of the amendments on the Company's consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements not previously discussed.

RISK FACTORS

The Company is subject to various risks and uncertainties, including, but not limited to, those listed below. Refer to the Company's Annual Information Form dated March 25, 2026 on Sedar (www.sedar.com) for further risk factor disclosures.

FINANCIAL STATEMENTS PREPARED ON A GOING CONCERN BASIS

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Africa Energy's operations to date have been primarily financed by equity financing. Africa Energy's future operations are dependent upon the identification and successful completion of equity or debt financing, the achievement of profitable operations or partial divestiture and farmout agreements. There can be no assurances that the Company will be successful in completing an equity or debt financing, or a partial divestiture or farmout arrangement, or in achieving profitability. The consolidated financial statements of the Company do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

INTERNATIONAL OPERATIONS

Oil and gas exploration, development and production activities in emerging markets are subject to significant political and economic uncertainties which may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, civil unrest, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change to laws and

regulations, a change in taxation policies, and the imposition of currency controls. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on the Company's business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by the Company, the Company could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which the Company acquires an interest. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits when required.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry, during the exploration phase, require sufficient cash in order to fulfill their work commitments in accordance with contractual obligations and to be able to potentially acquire strategic oil and gas assets.

The Company will potentially issue debt or equity and enter into farmout agreements with joint venture partners to ensure the Company has sufficient available funds to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support these financial obligations and the Company's capital programs. The Company will also adjust the pace of its exploration activities to manage its liquidity position.

INFLATION RISK

A failure to secure the services and equipment necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and cash flows. The Company's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

CONFLICT IN UKRAINE AND THE MIDDLE EAST

The conflicts in Ukraine and the Middle East have impacted global markets and may continue to result in increased volatility in financial markets and commodity prices and disruption in supply chains. The Company does not have a direct exposure to operations in Ukraine, Middle East or Russia and does not have any business relationships with any sanctioned entities or people. The Company will continue to review all its engagements with new stakeholders to ensure this remains the case.

CLIMATE CHANGE LEGISLATION

Climate change continues to be a global challenge. Cities and countries are increasingly seeking to hold companies financially responsible for changes in climate and the global effects of climate change. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place in order to promote the reduction of greenhouse gas emissions. The petroleum

industry faces scrutiny from individuals and governments, worldwide, that the use of fossil fuels to meet the world's energy demands contributes to the rise of greenhouse gas emissions in the world's atmosphere.

Implementation of strategies by any level of government within the countries in which the Company operates, and whether to meet international agreed limits, or as otherwise determined, for reducing greenhouse gases and to address climate change could have a material impact on the operations and financial condition of the Company. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Company and its operations and financial condition.

ENVIRONMENTAL REGULATION

The oil and natural gas industry is subject to environmental regulation pursuant to the local, provincial (or state) and federal legislation, as applicable, within each of the Company's countries of operation. A breach of such legislation may result in the imposition of fines or issuance of clean up orders in respect of the Company or the oil and gas assets, some of which may be material. Furthermore, management of the Company believes the political climate appears to favor new programs for environmental laws and regulation, particularly in relation to the reduction of emissions or emissions intensity, and there is a risk that any such programs, laws or regulations, if proposed and enacted, will contain emission reduction targets which the Company cannot meet, and financial penalties or charges could be incurred as a result of the failure to meet such targets.

Drilling for and production, handling, transporting and disposing of oil and gas and petroleum by- products are subject to extensive regulation under national and local environmental laws. Environmental regulations may impose, among other things, restrictions, liabilities and obligations in connection with water and air pollution control, waste management, permitting requirements and restrictions on operations in environmentally sensitive areas. Environmental protection requirements have not, to date, had a significant effect on the capital expenditures, results of operations and competitive position of the Company. However, environmental regulations are expected to become more stringent in the future and costs associated with compliance are expected to increase. Any penalties or other sanctions imposed on the Company for non-compliance with environmental regulations could have a material adverse effect on the Company's business, prospects and results of operations.

GLOBAL HEALTH EMERGENCY

The demand for oil and natural gas could be affected by global health emergencies, as was the case with COVID-19. Travel restrictions and business closures as a result of containment efforts have had a significantly negative impact on the demand for oil and oil-based products, oil prices, jet fuel consumption, and global economic growth, as well as a significant impact on logistics and operations.

PRICES, MARKETS AND MARKETING OF CRUDE OIL AND NATURAL GAS

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could have an adverse effect on the Company's business and prospects.

RISKS INHERENT IN OIL AND GAS EXPLORATION AND DEVELOPMENT

Oil and gas operations involve many inherent risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that expenditures made on future exploration by the Company will result in discoveries of oil or natural gas in commercial quantities or that commercial quantities of oil and natural gas will be discovered or acquired by the Company. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

The Company's business is subject to all of the risks and hazards inherent in businesses involved in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas, many of which cannot be overcome even with a combination of experience, knowledge and careful evaluation. The risks and hazards typically associated with oil and gas operations include fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment or personal injury.

DIFFERENT LEGAL SYSTEM AND LITIGATION

The legal system within the countries in which the Company operates differs in various degrees from that of Canada. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of such matters as court procedure and enforcement. Almost all material production and exploration rights and related contracts of the Company will be subject to the national or local laws of South Africa and Namibia. This means that the Company's ability to exercise or enforce its rights and obligations will differ from what would have been the case if such rights and obligations were subject to Canadian law and jurisdiction.

The Company's operations are, to a large extent, subject to various complex laws and regulations as well as detailed provisions in concessions, licenses and agreements that often involve several parties. If the Company were to become involved in legal disputes in order to defend or enforce any of its rights or obligations under such concessions, licenses, agreements or otherwise, such disputes or related litigation

may be costly and time consuming and the outcome may be highly uncertain. Even if the Company would ultimately prevail, such disputes and litigation may still have a substantially negative effect on the Company's business, assets, financial conditions and its operations.

RISKS RELATING TO SOUTH AFRICAN REGULATIONS

Many of the Company's holdings are in South Africa and are subject to South African laws and regulations, such as the Liquid Fuels Charter made November 2, 2000 and the Mineral and Petroleum Resources Development Act, 2002, the primary legislation governing the upstream hydrocarbons sector in South Africa (the "MPRDA"). The Liquid Fuels Charter requires the holder of certain exploration rights and licenses to make sincere attempts to find a suitable partner who is a Historically Disadvantaged South African and to make available to such partner not more than a 1/10th undivided interest share in the right or license at fair market value. The terms of, and application of, these black empowerment policies and other laws and regulations in South Africa may be subject to change and interpretation, which may impact the Company's holdings in South Africa. In addition, the Upstream Petroleum Resources Development Act, No. 23 of 2024 (the "Upstream Act") was signed by the President of South Africa on 25 October 2024 and published in South Africa's Government Gazette on 29 October 2024. The Upstream Act, which only comes into effect on a date fixed by the President by further proclamation in the Government Gazette, will replace the MPRDA and will govern the extraction and production of hydrocarbon resources in South Africa. The Upstream Act proposes, among other things, to increase the State back-in right from 10% to 20%. The Upstream Act also proposes a number of amendments to the general administration right/concessions in the current MPRDA, which may impact the Company's holdings in South Africa once it becomes effective. In this regard, the Upstream Act introduces the concept of a petroleum right which will govern both exploration and production phases. The Upstream Act provides that pending applications submitted under the MPRDA, and prior to the Upstream Act coming into effect, must be finalized in terms of the MPRDA. Therefore, the Block 11B/12B Production Right application which is presently under consideration will be finalized under the MPRDA notwithstanding the coming into effect of the Upstream Act, and if the Production Right is granted prior to the coming into effect of the Upstream Act, the holders will then be issued with a Production Right under the MPRDA and have a five year period within which to convert such Production Right to a petroleum right.

Main Street 1549 was certified as a Black Empowered Entity at the date it closed its farmin agreements with each of Total and CNRI to acquire an aggregate 10% participating interest in the Block 11B/12B Exploration Right.

SHARED OWNERSHIP AND DEPENDENCY ON PARTNERS

The Company's operations may, to varying degrees, be conducted together with one or more partners through contractual arrangements. In such instances, the Company may be dependent on, or affected by, the due performance of its partners. If a partner fails to perform, the Company may, among other things, risk losing rights or revenues or incur additional obligations or costs in order to itself perform in place of its partners. The Company and its partners may also, from time to time, have different opinions on how to conduct certain operations or on what their respective rights and obligations are under a certain agreement. If a dispute were to arise with one or more partners relating to a project, such dispute may have significant negative effects on the Company's operations relating to such project.

In respect to the Company's participating interest in Block 11B/12B, the Company is reliant on third parties, including its joint venture partners, to fund their obliged proportion of expenditures. In the event that the joint venture partners cannot fund obligations in the future, as required by the applicable joint operating

agreements and farmout agreements, the Company may, among other things, risk losing its participating interest.

UNCERTAINTY OF TITLE

Although the Company conducts title reviews prior to acquiring an interest in a concession, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into question the Company's interest in the concession. Any uncertainty with respect to one or more of the Company's concession interests could have a material adverse effect on the Company's business, prospects and results of operations.

RISKS RELATING TO CONCESSIONS, LICENSES AND CONTRACTS

The Company's operations are based on a relatively small number of concession agreements, licenses and contracts. The rights and obligations under such concessions, licenses and contracts may be subject to interpretation and could also be affected by, among other things, matters outside the control of the Company. In case of a dispute, it cannot be certain that the view of the Company would prevail or that the Company otherwise could effectively enforce its rights which, in turn, could have significantly negative effects on the Company. In addition, if the Company or any of its partners were deemed not to have complied with their duties or obligations under a concession, license or contract, the Company's rights under such concessions, licenses or contracts may be relinquished in whole or in part.

CAPITAL REQUIREMENTS

To finance its future acquisition, exploration, development and operating costs, the Company may require financing from external sources, including from the issuance of new shares, issuance of debt or execution of working interest farm-out agreements. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to the Company. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of the Company may be diluted. If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities which may ultimately lead to the Company's inability to fulfil the minimum work obligations under the terms of its various exploration agreements.

Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities. Concerns around climate change have resulted in some lenders and investors moving away from financing oil and gas activities, and the Company may find access to capital limited, or made contingent upon environmental performance standards.

FOREIGN CURRENCY EXCHANGE RATE RISK

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The Company's exposure is partially offset by sourcing capital projects and expenditures in US dollars. Africa Energy had no forward exchange contracts in place as at December 31, 2025.

CREDIT RISK

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of the

Company's credit exposure relates to amounts due from its joint venture partners. The risk of the Company's joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default joint venture partners who are non-performing and reacquire any previous farmed out working interests.

GEOPOLITICAL RISK

The marketability and price of oil and natural gas is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising outside of Canada, including changes in political regimes or parties in power, may have a significant impact on the price of crude oil and natural gas. The level of geo-political risk escalates at certain points in time. While the specific impact on the global economy would depend on the nature of the event, in general, any major event could result in instability and volatility. Current areas of concern include the global uncertainty and market repercussions due to Russia's military invasion of Ukraine, the Middle East conflicts (including the attacks by the U.S. and Israel on Iran and Iranian retaliation), U.S. intervention in Venezuela and rising civil unrest and activism globally. The long-term impacts of the tension between these nations remains uncertain.

INSURANCE RISK

The Company's involvement in oil and gas operations may result in the Company becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. While the Company obtains insurance in accordance with industry standards to address such risks, the nature of the risks facing the oil and gas industry is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of an insurer, could have a material adverse effect on the Company's business, financial condition, and results of operations. There can be no assurance that insurance will be available in the future.

NEXT EARNINGS REPORT RELEASE

The Company plans to report its results for the three months ended March 31, 2026, on May 14, 2026.

FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute forward-looking information or forward-looking statements under applicable securities law (collectively, "forward-looking statements"). Forward-looking statements are statements that relate to future events, including the Company's future performance, opportunities or business prospects. Any statements that express or involve discussions with respect to expectations, beliefs, projections, plans, future events or performance (often but not always identified by words such as "believes", "seeks", "anticipates", "expects", "estimates", "pending", "intends", "plans", "will", "would have" or similar words suggesting future outcomes), are not statements of historical fact and may be forward-looking statements.

By their nature, forward-looking statements involve assumptions, inherent risks and uncertainties, many of which are difficult to predict and are usually beyond the control of management that could cause actual results to be materially different from those expressed by these forward-looking statements. Risks and

uncertainties include, but are not limited to, risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

Forward-looking statements include, but are not limited to, statements concerning:

- Expected closing dates for the completion of proposed transactions;
- Planned exploration, appraisal and development activity including both expected drilling and geological and geophysical related activities;
- Availability of materials and equipment;
- Proposed development plans and associated regulatory applications;
- Outcome of commercial negotiations with government and other regulatory authorities;
- Future development costs and the funding thereof;
- Expected funding and development costs;
- Anticipated future financing requirements;
- Future sources of funding for the Company's capital program;
- Future capital expenditures and their allocation to exploration and development activities;
- Expected operating costs;
- Future sources of liquidity, cash flows and their uses;
- Availability of potential farmout partners;
- Government or other regulatory consent for exploration, development, farmout, or acquisition activities;
- Future production levels;
- Future crude oil, natural gas or chemical prices;
- Future earnings;
- Future asset acquisitions or dispositions;
- Future debt levels;
- Availability of committed credit facilities;
- Possible commerciality;
- Development plans or capacity expansions;
- Future ability to execute dispositions of assets or businesses;
- Future drilling of new wells;
- Interpretation of drill results and other technical data;
- Timing of completion of drilling programs;
- Ultimate recoverability of current and long-term assets;
- Ultimate recoverability of reserves or resources;
- The tax and royalty regime in the countries where the Company operates;
- Estimates on a per share basis;
- Future foreign currency exchange rates;
- Future market interest rates;
- Future expenditures and future allowances relating to environmental matters;
- Dates by which certain areas will be explored or developed or will come on stream or reach expected operating capacity;
- The Company's ability to comply with future legislation or regulations;
- Relations with local communities;

- Future staffing levels or requirements; and
- Changes in any of the foregoing.

Statements relating to "reserves" or "resources" are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future.

These forward-looking statements are subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, among others:

- Market prices for oil and gas and chemical products;
- Changes in oil prices, results of exploration, appraisal and development activities, uninsured risks, regulatory changes, defects in title, availability of material and equipment and timelines of government or other regulatory approvals;
- Changes in the social climate in the regions in which the Company operates;
- Health, safety and environmental risks;
- Climate change legislation and regulation changes;
- The Company's ability to explore, develop, produce and transport crude oil and natural gas to markets;
- Ultimate effectiveness of design or design modification to facilities;
- The results of exploration and development drilling and related activities;
- Short term well test results on exploration and appraisal wells do not necessarily indicate the long-term performance or ultimate recovery that may be expected from a well;
- Pipeline or delivery constraints;
- Volatility in energy trading markets;
- Incorrect assessments of value when making acquisitions;
- Foreign-currency exchange rates;
- Economic conditions in the countries and regions in which the Company carries on business;
- Governmental actions, including changes to taxes or royalties, and changes in environmental and other laws and regulations;
- Renegotiations of contracts;
- Results of litigation, arbitration or regulatory proceedings;
- Political uncertainty, including actions by terrorists, insurgent or other groups, or other armed conflict; and
- Internal conflicts within states or regions.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on its assessment of all information at that time. Although management believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to it on the date such forward-looking statements were made, no assurances can be given that such expectations will prove to be correct, and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon.

The forward-looking statements are made as of the date hereof or as of the date specified in the documents incorporated by reference into this MD&A, as the case may be, and except as required by law, the Company undertakes no obligation to update publicly, re-issue, or revise any forward-looking statements, whether

as a result of new information, future events or otherwise. This cautionary statement expressly qualifies the forward-looking statements contained herein.

To the Shareholders of Africa Energy Corp.:

Opinion

We have audited the consolidated financial statements of Africa Energy Corp. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as at December 31, 2025 and December 31, 2024, and the consolidated statements of net loss and comprehensive loss, equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as at December 31, 2025, the Company is still in the exploration stage with no proven reserves. As of that date, the Company has an accumulated deficit and no revenues. The Company's ability to continue as a going concern is dependent on securing external financing with there being no assurance that it will secure such financing in the future. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

MNP LLP
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Evaluation of the fair value of the Main Street 1549 Proprietary Limited ("Main Street 1549") financial asset

Key Audit Matter Description

We refer to notes 2(d)(iii), 3(i)(i), 4 and 15. The Main Street 1549 financial asset, a level 3 investment, is measured at fair value based on the value of the expected distributions as determined based on preferential dividend distributions the Company would receive from Main Street 1549. Events and conditions affecting the investment and Block 11B/12B are reviewed by management each period to determine the impact on the fair value.

The fair value of the Main Street 1549 financial asset at December 31, 2025 is $37.9 million and is based on unobservable inputs which are significant to the fair value measurement. The Company estimated the preferential dividend distributions to be received by the Company as this represents the fair value of future cash flows to be received by the Company in accordance with the amended Main Street 1549 shareholders agreement. The total proceeds to be distributed to the shareholders of Main Street 1549 were based on a discounted future cash flow model of Main Street 1549's Block 11B/12B Participating interest. For the year ended December 31, 2025, the Company recorded a $1.0 million non-cash loss on revaluation of the Main Street 1549 financial asset.

The discounted cash flow model involves significant estimates including the discount rate and the estimate of cash flows from condensate and natural gas resources. As a result, the evaluation of the fair value of the Main Street 1549 financial asset was considered to be a key audit matter. This resulted in an increased extent of audit effort, including the involvement of internal valuation specialists.

Audit Response

We responded to this matter by performing audit procedures relating to the fair value of the Main Street 1549 financial asset. Our audit work in relation to this included, but was not restricted to, the following:

- We evaluated the reasonableness of the future cash flow projections used to calculate the fair value of the Main Street 1549 financial asset by comparing certain assumptions to market data.
- We verified the mathematical accuracy of managements discounted future cash flow model.
- We involved our internal valuations specialists to evaluate the appropriateness of the discount rate used and to compare to market-based indications of value including market capitalization and reserve multiples.
- We assessed the appropriateness of the disclosures relating to the Main Street 1549 financial asset in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Bonnell.

Calgary, Alberta

March 25, 2026

MNP LLP

Chartered Professional Accountants

AFRICA ENERGY CORP.

Consolidated Balance Sheets
(Expressed in thousands of United States dollars)

As at	Note	December 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		$ 3,160	$ 2,305
Accounts receivable		69	66
Prepaid expenses		41	55
		3,270	2,426
Long-term assets			
Investment in associate	4	-	1,548
Financial asset	4	37,864	38,603
		37,864	40,151
Total assets		$ 41,134	$ 42,577
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 316	$ 296
Promissory notes	5	-	10,359
		316	10,655
Total liabilities		316	10,655
Equity			
Share capital	6	378,284	360,613
Contributed surplus	7	9,577	13,395
Deficit		(347,043)	(342,086)
Total equity		40,818	31,922
Total liabilities and equity		$ 41,134	$ 42,577
Incorporation, nature of business and going concern	1		
Commitments and contingencies	16		

The notes are an integral part of the consolidated financial statements.

Approved on behalf of the Board:

"LARRY TADDEI"

LARRY TADDEI,
DIRECTOR

"ROBERT NICOLELLA"

ROBERT NICOLELLA,
CHIEF EXECUTIVE OFFICER & DIRECTOR

AFRICA ENERGY CORP.

Consolidated Statements of Net Loss and Comprehensive Loss
(Expressed in thousands of United States dollars)

For the years ended	Note		December 31, 2025		December 31, 2024
Operating expenses					
Salaries and benefits	11	$	823	$	286
Stock-based compensation	7		624		691
Travel			29		24
Consulting fees	11		94		191
Office and general	11		122		99
Depreciation			-		1
Professional fees			368		557
Stock exchange and filing fees			209		175
Loss on revaluation of financial asset	4		955		97,402
Share of loss from investment in associate	4		1,548		29
			4,772		99,455
Finance expense	10		388		1,240
Finance income	10		(203)		(80)
Net loss and comprehensive loss			(4,957)		(100,615)
Net loss per share	13				
Basic		$	(0.01)	$	(0.36)
Diluted		$	(0.01)	$	(0.36)
Weighted average number of shares outstanding for the purpose of calculating earnings per share	13				
Basic			430,980,532		281,562,450
Diluted			430,980,532		281,562,450

The notes are an integral part of the consolidated financial statements.

AFRICA ENERGY CORP.

Consolidated Statements of Equity
(Expressed in thousands of United States dollars)

	Note	December 31, 2025	December 31, 2024
Share capital:			
Balance, beginning of the year		$ 360,613	$ 360,613
Private placement, net of issue costs	5,6(b)	8,179	-
Shares issued to repay promissory note	5,6(b)	9,492	-
Balance, end of the year		378,284	360,613
Contributed surplus:			
Balance, beginning of the year		$ 13,395	$ 12,704
Settlement of promissory note debt	5,6(b)	(4,068)	-
Stock-based compensation	7	250	691
Balance, end of the year		9,577	13,395
Deficit:			
Balance, beginning of the year		$ (342,086)	$ (241,471)
Net loss for the year		(4,957)	(100,615)
Balance, end of the year		(347,043)	(342,086)
Total Equity		$ 40,818	$ 31,922

The notes are an integral part of the consolidated financial statements.

AFRICA ENERGY CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of United States dollars)

For the years ended	Note		December 31, 2025		December 31, 2024
Cash flows used in:					
Operations:					
Net loss for the year		$	(4,957)	$	(100,615)
Items not affecting cash:					
Stock-based compensation	7		250		691
Depreciation			-		1
Share of loss from investment in associate	4		1,548		29
Unrealized foreign exchange loss/(gain)	10		(65)		8
Loss on revaluation of financial asset	4		955		97,402
Non-cash finance expense	10		388		1,233
Changes in non-cash operating working capital	17		31		138
Net cash used in operating activities			(1,850)		(1,113)
Investing:					
Net investment in Main Street 1549	4		(216)		(582)
Net cash used in investing activities			(216)		(582)
Financing:					
Proceeds (repayment) of promissory notes	5		(5,321)		2,300
Common shares issued on private placement	6(b)		8,321		
Share issuance costs	6(b)		(142)		-
Net cash provided by financing activities			2,858		2,300
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency			63		(8)
Increase in cash and cash equivalents			855		597
Cash and cash equivalents, beginning of the year		$	2,305	$	1,708
Cash and cash equivalents, end of the year		$	3,160	$	2,305
Supplementary information:					
Interest paid	5		1,211		Nil
Taxes paid			Nil		Nil

The notes are an integral part of the consolidated financial statements.

1) Incorporation, nature of business and going concern:

Africa Energy Corp. (collectively with its subsidiaries, "Africa Energy" or the "Company") was incorporated under the Business Corporations Act (Alberta) on April 27, 2010, and is an international oil and gas exploration company based in Canada. The Company was continued into the Province of British Columbia under the Business Corporations Act (British Columbia) in 2011 following the acquisition from Meren Energy Inc. ("Meren"), formerly Africa Oil Corp., of all the issued and outstanding shares of the subsidiaries holding Meren's interests in certain oil and gas projects. The Company's registered address is 2500 Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8.

Africa Energy, an exploration-stage enterprise that currently has no proved reserves and owns 49% of the common shares and 100% of the Class B shares in Main Street 1549 Proprietary Limited ("Main Street 1549"), which has a 10% participating interest in the Exploration Right for Block 11B/12B offshore the Republic of South Africa ("Block 11B/12B").

Oil and gas exploration, development and production activities in emerging markets are subject to significant uncertainties that may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, civil unrest, expropriation, nationalization or other title dispute challenges, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change to laws and regulations, a change in taxation policies, the imposition of currency controls, and health pandemics, in addition to the risks associated with exploration activities and dependence on partners and shared ownership. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on Africa Energy's business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by the Company, Africa Energy could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which Africa Energy has or may acquire an interest in. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that Africa Energy will be able to obtain all necessary licenses and permits when required.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business as they become due. The Company's working capital was $3.0 million at December 31, 2025 (December 31, 2024: working capital deficiency of $8.2 million) and the Company used cash in operating activities of $1.9 million for the year ended December 31, 2025 (December 31, 2024: $1.1 million).

The Company is in the exploration stage and has no proved reserves. The Company's ability to continue as a going concern is dependent upon its ability to secure financing from external sources, potentially including the issuance of new shares, issuance of debt or executing working interest farmout or disposition arrangements to finance its future acquisition, exploration, development and operating costs. To date, the Company has funded its operations through debt and equity financing. While the Company has been successful in raising capital in the past, there is no assurance that it will be successful in closing further financings or that such financings will be on terms acceptable to the Company. As such, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize assets and discharge liabilities in the normal course of business.

These financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, reported amounts of revenue and expenses, and balance sheet classifications used that would be necessary were the going concern assumption deemed to be inappropriate. Such adjustments could be material.

2) Basis of preparation:

a) Statement of compliance:

The Company prepares these consolidated financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board, effective as of December 31, 2025. These consolidated financial statements were authorized for issue by the Board of Directors on March 25, 2026.

b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy. Those accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

c) Functional and presentation currency:

These consolidated financial statements are presented in United States (US) dollars. The functional currency of all the Company's individual entities is US dollars, the currency of the primary economic environment in which the entities operate.

d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are noted below with further details of the assumptions contained in the relevant note.

i) Stock-based payments:

Charges for share-based payments are based on the fair value at the date of award. The options are valued using the Black-Scholes model, and inputs to the model include assumptions on share price volatility, discount rates and excepted life outstanding (see Note 7).

ii) Valuation of investments:

Investments in associates are initially recorded at cost. The Company assesses investments in associates for impairment whenever changes in circumstances or events indicate that the carrying value may not be recoverable (see Note 4).

iii) Valuation of financial asset:

The investment in Main Street 1549 common shares and Class B Shares is initially recorded at fair value based on the value of the expected distributions as determined based on preferential dividend distributions the Company would receive from Main Street 1549. The recoverable amount of the participating interest in Block 11B/12B was determined by calculating the fair value less costs of disposal ("FVLCD") of Main Street 1549's interest in Block 11B/12B through the use of a discounted cash flow model. The discounted future cash flow model involves significant estimates including the discount rate and the estimate of cash flows from condensate and natural gas resources. The estimate of cash flows from condensate and natural gas resources includes significant assumptions related to forecasted condensate and natural gas resource volumes, condensate and natural gas commodity prices, operating costs and future development costs. The Company engages independent third-party specialists to estimate the forecasted natural gas commodity price, forecasted resource volumes and certain forecasted operating costs and future development costs. Management takes into account changes in conditions and events affecting the Company's Block 11B/12B Participating Interest in determining the assumptions each period (see Note 4). The financial asset is revalued at each period end.

iv) Consolidation of entities:

When assessing control over a subsidiary, judgment is required to consider the nature of the Company's relationship with the subsidiary and whether strategic and operating decisions made by the subsidiary are made independently without the control of the Company. Factors considered when assessing control include share ownership, board composition, decision making related to the relevant activities of the investee, being those activities that significantly affect the Company's returns and management involvement in the business (see Notes 4 and 14).

v) Deferred tax asset:

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized (see Note 12).

3) Material accounting policy information:

The material accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

a) Basis of consolidation:

i) Subsidiaries:

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The consideration of an acquisition is measured as the fair value of the assets given,

equity instruments issued and liabilities incurred at the date control passes. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The fair value of property, plant and equipment and intangible exploration assets recognized in a business combination is based on market values. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in the statement of net loss and comprehensive loss.

ii) Jointly controlled operations and jointly controlled assets:

The Company's oil and natural gas activities involve jointly controlled assets. The consolidated financial statements include the Company's share of these jointly controlled assets and a proportionate share of the relevant revenue and related costs.

iii) Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

b) Investment in associates:

Investments in associates are accounted for using the equity method where there is significant influence or joint control through a joint venture. Significant influence occurs when an entity holds, directly or indirectly, 20 per cent or more of the voting power of the investee. A joint venture is where the parties to the joint arrangement have rights to the net assets of the arrangement. Investments of this nature are recorded at their original cost. The investment is adjusted periodically for the Company's share of the profit or loss of the investment after the date of acquisition. Distributions received reduce the carrying amount of the investment. The Company assesses investments in associates for impairment whenever changes in circumstances or events indicate that the carrying value may not be recoverable. If such impairment indicators exist, the carrying amount of the investment is compared to its recoverable amount. The recoverable amount is the higher of the investment's fair value less costs to sell and its value in use. The investment is written down to its recoverable amount when its carrying amount exceeds the recoverable amount.

c) Foreign currency:

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at exchange rates prevailing at the balance sheet date and non-monetary assets and liabilities are translated at rates in effect on the date of the transaction. Revenues and expenses are translated at exchange rates at the date of transaction. Exchange gains or losses arising from translation are included in the statement of net loss and comprehensive loss.

d) Impairment:

i) Financial assets carried at amortized cost:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of net loss and comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of net loss and comprehensive loss.

ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. In the absence of such transactions, an appropriate valuation model is used.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of net loss and comprehensive loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

e) Stock-based compensation:

The Company has a stock option plan as described in Note 7. The Company uses the fair value method, utilizing the Black-Scholes option pricing model, for valuing stock options granted to directors, officers, consultants and employees. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. When the stock options are exercised, the proceeds received and the applicable amounts recorded in contributed surplus are credited to share capital.

f) Finance income and expenses:

Borrowing costs incurred for the purpose of funding oil and gas exploration and development expenditures are capitalized. All other borrowing costs are recognized in the statement of net loss and comprehensive loss using the effective interest method.

Interest income is recognized as it accrues in the statement of net loss and comprehensive loss, using the effective interest method.

Gains and losses related to foreign currency translation are reported under each of finance income and finance expenses on a net basis.

g) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of net loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Earnings per share:

Basic earnings per share is calculated by dividing the statement of net loss and comprehensive loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price.

i) Financial instruments:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of

ownership. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"):

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term or when the financial asset or liability does not meet the requirements to be classified as amortized cost. Additionally, investments in common shares and Class B shares that contain priority distribution entitlements are also included in this category.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of net loss and comprehensive loss. Gains and losses arising from changes in fair value are presented in the statement of net loss and comprehensive loss within financing income or expense in the period in which they arise. Financial assets and liabilities at FVTPL are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

The Company's financial asset has been recognized in this category as it does not meet the definition of Solely Payments of Principal and Interest ("SPPI").

ii) Financial assets at amortized cost:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The Company's financial assets measured at amortized cost comprise of cash and cash equivalents and accounts receivable. Financial assets at amortized cost are initially measured at fair value and thereafter using the effective interest method less a provision for impairment.

iii) Financial liabilities at amortized cost:

Financial liabilities at amortized cost include accounts payables and the promissory note and are initially recognized at fair value. Subsequently, accounts payables and the promissory note are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

j) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax

rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

k) Standards Issued but not yet Effective

i) Presentation and Disclosure in Financial Statements:

IFRS 18 'Presentation and Disclosure in Financial Statements' was issued in April 2024 by the International Accounting Standards Board and replaces IAS 1 'Presentation of Financial Statements'. The standard introduces defined structure to the Statement of Comprehensive Income with related specific disclosure requirements. IFRS 18 is effective for annual period beginning January 1, 2027 and is required to be adopted retrospectively. Early adoption is permitted. The Company is assessing the impact of IFRS 18 on the Company's consolidated financial statements.

ii) Financial Instruments and Financial Instruments: Disclosures:

IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' were amended in May 2024 to clarify the date of recognition and derecognition of financial assets and liabilities. These amendments are effective for annual periods beginning January 1, 2026 and are required to be adopted retrospectively by adjusting opening balances and retained earnings at the date of adoption. Early adoption is permitted. The Company is assessing the impact of the amendments on the Company's consolidated financial statements.

4) Investment in Associate (Main Street 1549):

Financial Asset:

	December 31, 2025	December 31, 2024
Balance, beginning of the year	$ 38,603	$ 135,423
Funds contributed to Main Street 1549 through subscription of Class B Shares	-	243
Funds contributed to Main Street 1549 through advances	216	339
Loss on revaluation of financial asset	(955)	(97,402)
Balance, end of the year	$ 37,864	$ 38,603

Investment in associate:

	December 31, 2025	December 31, 2024
Balance, beginning of the year	$ 1,548	$ 1,577
Share of loss from investment in associates	(1,548)	(29)
Balance, end of the year	$ -	$ 1,548

At December 31, 2025, Africa Energy holds 49% of the common shares and 100% of the Class B Shares of Main Street 1549, a private South African entity. The remaining 51% of the common shares of Main Street 1549 are held by Arostyle Investments (RF) (Proprietary) Limited ("Arostyle"). Main Street 1549 holds a 10% participating interest in the Exploration Right for Block 11B/12B offshore the Republic of South Africa ("Block 11B/12B Participating Interest"). Africa Energy holds all of the Class B shares of Africa Energy UK Limited ("AEUK") and

thereby 99.9% voting control, whose sole asset is a loan to Arostyle that provides for an indirect financial interest in Main Street 1549.

At December 31, 2025, the Company accounted for its investment in Main Street 1549 as follows: $37.9 million as a financial asset and $ nil as an equity investment.

In accordance with a definitive agreement entered into with Arostyle on August 20, 2020, amendments to the Main Street 1549 shareholders agreement ("Main Street 1549 SHA") provide that Africa Energy fund 100% of the funding requirements related to the Block 11B/12B Participating Interest by way of Class B share subscriptions, which provide a risk-adjusted return linked to the proceeds on any future sale of Main Street 1549 or the Block 11B/12B Participating Interest. In addition, the amendments to the Main Street 1549 SHA provide that either Africa Energy or Arostyle has the right to trigger the sale of the Block 11B/12B Participating Interest to a wholly-owned subsidiary of Africa Energy (the "Arostyle Option"). The Arostyle Option is exercisable by either party for an unlimited period of time and will be subject to receiving all required regulatory approvals and joint venture partner consents and waivers. Exercise of the Arostyle Option would result in Arostyle being issued 12,891,183 Africa Energy shares. The Arostyle Option remains unexercised.

On May 28, 2025, the Company signed definitive agreements with Arostyle to restructure their joint investment in Main Street 1549, which holds the 10% participating interest in Block 11B/12B. The restructuring will result in the Company owning 100% of the common shares and 100% of the Class B shares of Main Street 1549. In addition, all loan claims between the Company and Arostyle will be settled in full. Finally, with the other Block 11B/12B joint venture partners having provided notice of withdrawal (the "Withdrawing Parties"), the remaining 90% participating interest in Block 11B/12B is to be assigned by the Withdrawing Parties 65% to Main Street 1549 and 25% to Arostyle, resulting in the Company (through Main Street 1549) holding a 75% participating interest in Block 11B/12B with Arostyle holding the remaining 25%. The definitive agreements are subject to all relevant regulatory approvals being obtained and remain subject to the fulfilment of certain conditions, including the finalization of the assignment agreements between the Company, Arostyle and the Withdrawing Parties, which will require regulatory transfer approval under section 11 of the Mineral Petroleum Development Resources Act, 2002. Satisfaction of the conditions of the agreements is subject to a long stop date of September 30, 2026.

For the year ended December 31, 2025, the Company invested $0.2 million in Main Street 1549 (for the year ended December 31, 2024, $0.6 million).

The Main Street 1549 SHA provides priority dividend distribution entitlement by class of share. For accounting purposes, shares that have priority distribution entitlements do not meet the definition of Solely Payments of Principal and Interest ("SPPI"), and therefore the majority of the investment in Main Street 1549 was derecognized from the equity investment and recorded as a financial instrument at fair value through profit or loss ("FVTPL").

In order to value the financial asset recognized at FVTPL, the Company estimated the priority dividend distributions to be received by the Company as this represents fair value of future cash flows to be received by Africa Energy in accordance with the amended Main Street 1549 SHA. The total proceeds estimated to be received by Main Street 1549 to be distributed to its shareholders were based on a discounted future cash flow model of the Company's Block 11B/12B Participating Interest. At December 31, 2025, for accounting purposes, the Company used a discount rate of 22.9% (December 31, 2024, 22.9%), a base gas price of $8.45/mmbtu (December 31, 2024, $8.45/mmbtu) and a base Brent oil price of $70.30/bbl (December 31, 2024, $70.00/bbl) to determine the fair value of the financial asset, which was estimated to be $37.9 million at December 31, 2025 (December 31, 2024, $38.6 million).

For the year ended December 31, 2025, the Company recorded a $1.0 million non-cash loss on revaluation of the financial asset (for the year ended December 31, 2024, $97.4 million) due to changes in base assumption for development costs. Note, there is no guarantee that the estimated assumptions will be realized in the event the development proceeds.

As at December 31, 2025, a one percent increase in the effective discount rate would have resulted in a reduction in disposal proceeds of $10.6 million. A one percent decrease in the effective discount rate would have resulted in an increase in disposal proceeds of $12.5 million. An increase in the gas price of $1/mmbtu would result in an increase in disposal proceeds of $15.0 million and a decrease of $1/mmbtu would result in a decrease in disposal proceeds of $15.6 million. An increase in the Brent oil price of $5/bbl would result in an increase in disposal proceeds of $4.5 million and a decrease of $5/bbl would result in a decrease in disposal proceeds of $4.6 million. In terms of the actual disposal proceeds used in the model, a $10.0 million increase/decrease in the disposal proceeds would create an after-tax impact of $10.0 million to net loss, and an increase/decrease in the value of the financial asset of $10.0 million.

In accordance with the Block 11B/12B farmin agreements entered into by Main Street 1549 with each of TotalEnergies EP South Africa S.A.S ("Total"), a wholly-owned subsidiary of TotalEnergies, and CNR International (South Africa) Limited ("CNRI"), a wholly-owned subsidiary of Canadian Natural Resources Limited, in the event of a commercial discovery and granting of a Production Right, Main Street 1549 will be obligated to fund a discovery bonus. If the proposed development is for exploitation of predominantly oil, Main Street 1549 will be obligated to pay Total and CNRI up to $90.0 million depending on the amount of reserves at that time. If the proposed development is for exploitation of gas, Main Street 1549 will be obligated to pay Total and CNRI up to $24.0 million depending on the amount of reserves at that time. On September 5, 2022, the joint venture partnership on Block 11B/12B applied for a Production Right. As at December 31, 2025, no guarantees have been required and the Company has not provided a guarantee to support its discovery bonus obligation. As at December 31, 2025, Main Street 1549 has not accrued any obligations related to the commercial discovery bonus. The Company believes that it is not obligated to pay the discovery bonus to either of Total or CNRI.

The Company recognized a loss of $1.5 million and $0.03 million relating to its equity investment in Main Street 1549 for the year ended December 31, 2025 and 2024, respectively.

The following is a financial summary of Main Street 1549:

		December 31, 2025		**December 31, 2024**
Cash and cash equivalents included in current assets	$	1,561	$	7
Other current assets		26		2,778
Non-current assets		38,374		106,671
Other Financial Interests [(1)]		(38,812)		(105,083)
Current liabilities		(1,149)		(1,214)
Net assets of Main Street 1549	$	-	$	3,159
Percentage of ownership		49%		49%
Proportionate share of Main Street 1549's net assets	$	-	$	1,548

(1) Included in the financial summary is an adjustment for preferential interest on dividend distributions.

At December 31, 2025, 2025, Main Street 1549 had cash of $1.6 million (gross) with working capital of $0.4 million (gross). Of Main Street 1549's $1.1 million of current liabilities at December 31, 2025, $0.8 million are due to Africa Energy.

For the years ended		December 31, 2025		December 31, 2024
Operating expense	$	(69,429)	$	(85)
Finance income/(expense)		(91)		26
Net loss and comprehensive loss	$	(69,520)	$	(59)
Percentage of ownership		49%		49%
Proportionate share of Main Street 1549's net loss	$	(34,065)	$	(29)

For the year ended December 31, 2025, the Company's proportionate share of Main Street 1549's net loss was $34.1 million; however, the Company recorded $1.5 million as its share of loss from the investment, being the amount to reduce its investment in associate to nil. Main Street 1549 incurred operating expenses of $69.4 million for the year ended December 31, 2025, which primarily related to a non-cash impairment of intangible exploration assets in Block 11B/12B offshore South Africa.

5) Promissory notes:

On December 23, 2022, the Company entered into a promissory note agreement with Meren for $2.0 million, Deepkloof Limited for $2.0 million and Lorito Holdings S.à.r.l. for $1.0 million. Deepkloof Limited is a shareholder of Impact Oil & Gas Limited ("Impact"). At March 31, 2025, Impact owned 36.2% of the common shares of Africa Energy. Meren, Deepkloof Limited and Impact are related parties of the Company. Lorito Holdings S.à.r.l. is a company owned by a trust whose settlor was the late Adolf H. Lundin.

On November 7, 2023, the Company amended its existing credit facility (the "Amended Promissory Note"), increasing the principal amount available under the promissory note from $5.0 million to $8.3 million and extending the maturity date to March 31, 2025 with Lorito Doraline S.à.r.l. (formerly Lorito Holdings S.à.r.l.), Lorito Floreal S.à.r.l., Lorito Arole S.à.r.l. and Lorito Orizons S.à.r.l. (together, the "Lundin Group"), Meren and Deepkloof Limited ("Deepkoof"), (together, the "Lenders"). At December 31, 2024, the Lenders had advanced the Company the full $8.3 million available under the Amended Promissory Note. The Amended Promissory Note was unsecured and the principal and accrued interest were due in full at maturity. The loan carried an annual interest rate of 15% from inception of the original facility.

The modification of the promissory note on November 7, 2023, constituted a substantial modification, resulting in changes to the contractual terms that were significant enough to be accounted for as an extinguishment of the original financial liability and recognition of a new financial liability.

On March 31, 2025, the Company fully settled the $10.7 million due under the Amended Promissory Note, including $2.4 million of interest, with $5.3 million being repaid in cash and the remaining $5.4 million being settled by issuing 389,847,000 common shares of the Company (post-consolidation basis (see Note 6), 77,969,400 common shares) to certain Lenders. The Company has no further obligations under the Amended Promissory Note.

6) Share capital:

a) The Company is authorized to issue an unlimited number of common shares with no par value.

b) Issued:

	December 31, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
Balance, beginning of the year	281,562,450	$ 360,613	281,562,450	$ 360,613
Private placement, net of issue costs	119,630,600	8,179	-	-
Shares issued to repay promissory note	77,969,400	9,492	-	-
Balance, end of the year	479,162,450	$ 378,284	281,562,450	$ 360,613

On March 31, 2025, the Company closed a non-brokered private placement of common shares. The transaction consisted of a shares for debt transaction whereby the Company settled $5.4 million of existing indebtedness due under the Amended Promissory Note (Note 5) through the issuance of 389,847,000 common shares (post-consolidation basis, 77,969,400 common shares) of the Company to existing debtholders (the "Shares for Debt Transaction"), and a non- brokered private placement of 598,153,000 common shares (post-consolidation basis, 119,630,600 common shares) of the Company for aggregate gross proceeds of $8.4 million (Canadian $12.0 million) (the "Private Placement"). There were no finder's fees paid in connection with the Private Placement and share issue costs were $0.2 million. Common shares issued under the Private Placement were at a deemed issue price of Canadian $0.02 per share (post-consolidation basis, Canadian $0.10 per share). On March 31, 2025, the value of the shares issued to settle debt was $9.5 million, based on a share price of Canadian $0.035 per share (post-consolidation, $0.175 per share). The Lenders that accepted the receipt of shares in order to settle the promissory note debt were determined to be acting in their capacity as shareholders, and therefore the difference between the value of the shares issued and the value of debt settled by issuing shares was recorded as an adjustment to contributed surplus.

Shares issued pursuant to the Private Placement and Shares for Debt Transaction were subject to resale restrictions under Canadian securities laws that expired August 1, 2025. The proceeds from the Private Placement were used to repay existing debt under the Promissory Note held by Meren (approximately $4.5 million), to repay the remaining debt held by the Lorito Group following the Shares for Debt Transaction ($0.8 million), and the balance is being used for general working capital purposes and to advance the development of the Company's interest in Block 11B/12B offshore South Africa.

On May 30, 2025, the Company consolidated its issued and outstanding common shares on a 5:1 basis, resulting in the number of common shares being 479,162,450 on that day. Prior period share information has been adjusted on a 5:1 basis for comparative reasons.

7) Share purchase options:

At the Annual General and Special Meeting ("AGSM") held on June 20, 2025, the Company's shareholders ratified and approved the Company's stock option plan (the "Plan"). The Plan provides that the aggregate number of incentive stock options issued shall not exceed 10% of the total common shares outstanding, and that the option exercise price will not be below the market trading value of the Company's shares at the time of grant. The term of any option granted under the Plan will be fixed by the Board of Directors and may not exceed five years from

the date of grant. Vesting periods are determined by the Board of Directors and no optionee shall receive a grant of more than 5% of the Company's total common shares outstanding.

Share purchase options outstanding are as follows and have been adjusted to reflect the 5:1 share consolidation (Note 6):

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price (CAD$)	Number of options	Weighted average exercise price (CAD$)
Outstanding, beginning of the year	22,006,666	0.81	17,283,666	1.10
Granted	2,820,000	0.24	7,620,000	0.25
Expired	(5,544,000)	0.96	(2,897,000)	1.20
Balance, end of the year	19,282,666	0.68	22,006,666	0.81

The fair value of each option granted is estimated on the date of grant using the Black-Scholes options pricing model. The fair value of each option granted during the year ended December 31, 2025 and the year ended December 31, 2024 were estimated on the date of grant using the following assumptions:

	2025	2024
Number of options granted during the year	2,820,000	7,620,000
Fair value of options granted (CAD$)	0.12	0.05
Risk-free interest rate (%)	2.60	3.10
Expected life (years)	3.25	3.25
Expected volatility (%)	117	111
Expected dividend yield	-	-

The following table summarizes information regarding stock options outstanding at December 31, 2025:

Weighted average exercise price (CAD$/share)	Options outstanding	Weighted average remaining contractual life in years
1.375	2,968,333	0.86
1.250	2,704,333	1.23
0.850	3,380,000	2.24
0.575	520,000	2.47
0.250	6,890,000	2.38
0.250	2,000,000	2.84
0.250	700,000	2.88
0.130	120,000	3.37
0.677	19,282,666	2.04

All options except those with a CAD $0.25 and CAD $0.13 weighted average exercise price vest over a two-year period, with one-third vesting immediately, and expire five years after the grant date. One-third of the options with a CAD $0.25 and CAD $0.13 weighted average exercise vest in two years, one-third vest in three years and the final one-third vests in four years; all of these expire six months after they vest.

The following table summarizes information regarding stock options exercisable at December 31, 2025:

Weighted average exercise price (CAD$/share)	Options exercisable	Weighted average remaining contractual life in years
1.375	2,968,333	0.86
1.250	2,704,333	1.23
0.850	3,380,000	2.24
0.575	520,000	2.47
1.111	9,572,666	1.54

The Company recognized $0.6 million in stock-based compensation expense for the year ended December 31, 2025 ($0.7 million for the year ended December 31, 2024). Included in stock-based compensation expense for the year ended December 31, 2025 was a $0.4 million cash payment to Hosken Consolidated Investments Limited "HCI" as consideration for share-based compensation issued to an executive of the Company (see Note 11) and $0.3 million related to Africa Energy Corp's stock option plan, which was non-cash.

8) Financial risk management:

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

a) Credit risk:

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of our credit exposure relates to amounts due from the Company's joint venture partners. The risk of the Company's joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default joint venture partners that are non performing and to reacquire any previous farmed out working interests. The maximum exposure for the Company is equal to the sum of its cash and accounts receivable. As at December 31, 2025, the Company held $0.1 million of cash in financial institutions outside of Canada where there could be increased exposure to credit risk.

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry during the exploration phase require sufficient cash in order to fulfill their work commitments in accordance with contractual obligations and to be able to potentially acquire strategic oil and gas assets.

The Company actively monitors its liquidity to ensure that its working capital are adequate to support these financial obligations and the Company's capital programs. The Company will also adjust the pace of its exploration activities to manage its liquidity position.

To finance its future acquisition, exploration, development and operating costs, Africa Energy will require financing from external sources, potentially including the issuance of new shares, issuance of debt or executing working interest farmout or disposition arrangements. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to Africa Energy. See further discussion in Note 1.

c) Market risk:

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of financial instruments.

i) Foreign currency exchange rate risk:

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The Company's exposure to foreign currency exchange risk is mitigated by the fact that the Company sources the majority of its capital projects and expenditures in US dollars. The Company has not entered into any derivative instruments in an effort to mitigate exposure to fluctuations in foreign exchange rates.

ii) Interest rate risk:

As at December 31, 2025, the Company has not entered into any borrowing arrangements or derivative instruments in which exposure to fluctuations in interest rates exists. The Company's promissory notes (see Note 5) carried a fixed annual interest rate of 15%.

The impact of interest rate risk on the valuation of the financial asset has been considered and disclosed in Note 4.

iii) Commodity price risk:

The Company is not directly exposed to fluctuations in commodity prices as Africa Energy is currently in the exploration phase and has no production.

The impact of commodity price risk on the valuation of the financial asset has been considered and disclosed in Note 4.

9) Capital management:

The Company's objective when managing its capital structure is to maintain balance sheet strength in order to ensure the Company's strategic exploration and business development objectives are met while providing an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, which currently consists exclusively of equity instruments, the Company may issue additional shares, issue debt, execute working interest farmout arrangements and revise its capital and operating expenditures program. In addition, the Company manages its cash and cash equivalents balances based on forecasted capital outlays and foreign exchange risks in order to ensure that the risk of negative foreign exchange effects is minimized while ensuring that interest yields on account balances are appropriate. The Company considers its capital structure to include shareholder's equity and working capital. The Company does not have externally imposed capital requirements.

10) Finance income and expense:

Finance income and expense is comprised of the following:

For the years ended		December 31, 2025		December 31, 2024
Interest and other income	$	(138)	$	(80)
Interest expense		388		1,232
Foreign exchange (gain)/loss		(65)		8
Finance expense	$	388	$	1,240
Finance income		(203)		(80)

11) Related party transactions:

a) Transactions with Meren:

At December 31, 2025, Meren owned 11.6% of the common shares of Africa Energy.

Under the terms of the General Technical and Administrative Service Agreement, which was terminated effective January 31, 2025, with Africa Oil SA Corp. ("AOSAC"), a wholly-owned subsidiary of Meren, the Company invoiced AOSAC $0.02 million during the year ended December 31, 2025 ($0.5 million during the year ended December 31, 2024). At December 31, 2025, the outstanding balance receivable from AOSAC was $ nil (at December 31, 2024, $ nil). The fee charged to AOSAC by the Company was intended to cover the costs of the Company's employees that were providing AOSAC with technical and administrative services related to Meren's interest in Block 3B/4B offshore South Africa. The fee was recognized as a reduction in salaries and benefits expense, consulting fees and office and general costs.

b) Remuneration of Directors and Senior Management:

Remuneration of Directors and Senior Management includes all amounts earned and awarded to the Company's Board of Directors and Senior Management. Senior Management includes the Company's President and Chief Executive Officer, Chief Financial Officer and the Vice President of Exploration.

Directors' fees include Board and Committee Chair retainers. Management's short-term wages and benefits include salary, benefits, bonuses and any other compensation earned or awarded during the year. Share-based compensation includes expenses related to the Company's stock option plan as well as a $0.4 million cash payment to HCI as consideration for share-based compensation issued to an executive of the Company. HCI wholly owns Deepkloof, which owns 36.9% of the Company. Refer to Note 7 for details on stock based compensation.

For the years ended		December 31, 2025		December 31, 2024
Directors' fees	$	70	$	55
Directors' share-based compensation		61		283
Management's short-term wages, bonuses and benefits		792		514
Management's share-based compensation		491		186
	$	1,414	$	1,038

c) Promissory Notes:

Refer to Note 5 for details on promissory notes.

12) Income Taxes:

Substantially all of the differences between actual income tax expense (recovery) of $ nil and the expected federal, Alberta and British Columbia statutory corporate income tax recovery related to losses not recognized and share issue costs.

The following table reconciles the expected tax recovery calculated at the Canadian statutory rate with the actual tax recovery:

For the years ended		December 31, 2025		December 31, 2024
Net loss and comprehensive loss	$	(4,957)	$	(100,615)
Combined federal and provincial statutory income tax rate		27.0%		27.0%
Expected tax recovery		(1,338)		(27,166)
Stock-based compensation		67		187
Revaluation of financial asset		258		26,299
Unrecognized tax losses		1,013		681
Tax recovery	$	-	$	-

The Company has the following unrecognized deductible temporary differences at December 31, 2025 and 2024:

		2025		2024
Unrecognized deductible temporary differences				
Share issue costs	$	474	$	864
Unrealized loss on equity investments		42,435		40,887
Non-capital losses carried forward		45,210		54,972
Capital losses carried forward		72,007		72,007
Undepreciated Capital Cost Pool		403		495
	$	160,529	$	169,225

The Company has non-capital losses carry forward of $35.0 million in Canada that begin expiring in 2027 and non-capital losses carry forward of $10.2 million in South Africa that relate to the acquisition of Africa Energy South Africa (Pty) Limited. The non-capital losses in South Africa do not expire. The Company has capital losses carry forward of $71.0 million in Canada and $1.0 million in South Africa. The capital losses do not expire.

During the year ended December 31, 2020, as result of the Company's investment in Africa Energy UK Limited, the Company acquired a taxable temporary difference in the amount of $0.04 million for which no deferred tax asset has been recognized as a result of the Initial Recognition Exemption. As at December 31, 2025, the Company had a total of $0.04 million (2024 - $0.04 million) of taxable temporary differences for which no deferred tax asset has been recognized.

13) Net loss per share:

For the years ended	December 31, 2025			December 31, 2024		
		Weighted Average			Weighted Average	
	Net loss	Number of shares	Per share amounts	Net loss	Number of shares	Per share amounts
Basic loss per share						
Net loss attributable to common shareholders	$ (4,957)	430,980,532	$ (0.01)	$ (100,615)	281,562,450	$ (0.36)
Effect of dilutive securities	-	-	-	-	-	-
Dilutive loss per share	$ (4,957)	430,980,532	$ (0.01)	$ (100,615)	281,562,450	$ (0.36)

For the year ended December 31, 2025, 19,282,666 options were anti-dilutive and were not included in the calculation of dilutive loss per share (year ended December 31, 2024, 22,006,666).

14) Subsidiaries:

The Company has the following wholly-owned subsidiaries, unless otherwise stated: Africa Energy UK Limited (United Kingdom), formerly Impact Oil and Gas SA Blocks 11B-12B Limited, Africa Energy SA Corp. (Canada), Thombo Petroleum Ltd. (United Kingdom), Africa Energy South Africa (Pty) Limited (South Africa), Africa Energy Namibia Corp. (Canada), 1153123 B.C. Ltd. (Canada), Pancontinental Namibia Pty Ltd. (Australia, 33.3% owned), and Main Street 1549 (Pty) Ltd. (South Africa, 49% owned). All of the Company's subsidiaries are engaged in oil and gas exploration activities.

15) Financial instruments:

Assets and liabilities at December 31, 2025 that are measured at fair value are classified into levels reflecting the method used to make the measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The carrying value of the Company's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their value due to the short-term nature of these instruments. The Company's promissory notes are classified as Level 2. The Company's investments in associates and joint ventures, and financial assets are classified as Level 3. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The fair value approximates the carrying value due to the short maturity. There were no transfers between levels in the fair value hierarchy in the period.

16) Commitments and contingencies:

Refer to Note 4 for details on commitments in respect to Main Street 1549.

17) Supplementary information:

The following table reconciles the changes in non-cash working capital as disclosed in the consolidated statements of cash flows:

		December 31, 2025		December 31, 2024
Changes in non-cash working capital				
Accounts receivable	$	(3)	$	(10)
Prepaid expenses		14		13
Accounts payable and accrued liabilities		20		135
	$	31	$	138
Relating to:				
Operating activities	$	31	$	138
Changes in non-cash working capital	$	31	$	138