



AFRICA ENERGY CORP.

Report to Shareholders

September 30, 2025

AFRICA ENERGY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in United States dollars unless otherwise indicated)
For the three and nine months ended September 30, 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 unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 and 2024, as well as the audited consolidated financial statements for the years ended December 31, 2024 and 2023 and related notes thereto.

The financial information in this MD&A is derived from the Company's unaudited condensed interim consolidated financial statements that have been prepared in United States ("US") dollars, in accordance with International Accounting Standard 34 Interim Financial Reporting.

The effective date of this MD&A is November 12, 2025.

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 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. 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 expiring 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 B.V. ("TotalEnergies") holds a 45% participating interest with partners QatarEnergy International E&P LLC ("QatarEnergy") and CNR International (South Africa) Limited ("CNR"), 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, TotalEnergies provided a notification that it was resigning as operator of Block 11B/12B. In addition, TotalEnergies, QatarEnergy and CNR have 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 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 is currently finalizing the handover of all important information from previous operator, TotalEnergies.

On May 28, 2025, the Company signed definitive agreements with Arostyle to restructure their joint investment in Main Street 1549, which holds the 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 90% participating interest in Block 11B/12B to be assigned by the withdrawing parties will be assigned 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 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 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, TotalEnergies, 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 required to submit a new ESIA in advance of the revised deadline in May of 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 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. The Company is therefore engaging with its advisors, including legal counsel, to determine the amendments

and additions which may be required to its ESIA as a result of the High Court decision. Due to the High Court decision, which is pending appeal to the Supreme Court of Appeal, there is no certainty on the timing of the grant of the environmental authorization after the submission of the amended ESIA. The grant of the environmental authorization is a pre-requisite to the grant of the production right in relation to Block 11B/12B.

OUTLOOK

The Company is focused on obtaining environmental authorization 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)	30-Sep 2025	30-Jun 2025	31-Mar 2025	31-Dec 2024	30-Sep 2024	30-Jun 2024	31-Mar 2024	31-Dec 2023
Operating expense (\$)	(327)	(477)	(675)	(484)	(27,549)	(47,590)	(23,832)	(114,943)
Interest expense (\$)	-	-	(388)	(360)	(323)	(291)	(258)	(427)
Foreign exchange (loss)/gain (\$)	(97)	72	84	(24)	13	15	(12)	10
Interest and other income (\$)	43	38	21	23	23	19	15	9
Net loss (\$)	(381)	(367)	(958)	(845)	(27,836)	(47,847)	(24,087)	(115,351)
Weighted average shares - Basic	479,162	479,162	283,758	281,562	281,562	281,562	281,562	281,562
Weighted average shares - Diluted	479,162	479,162	283,758	281,562	281,562	281,562	281,562	281,562
Basic loss per share (\$)	(0.00)	(0.00)	(0.00)	(0.00)	(0.10)	(0.17)	(0.09)	(0.41)
Diluted loss per share (\$)	(0.00)	(0.00)	(0.00)	(0.00)	(0.10)	(0.17)	(0.09)	(0.41)
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 fourth quarter of 2023 due to a \$114.2 million non-cash loss on revaluation of the financial asset. An additional \$23.1 million, \$47.2 million and \$27.2 million non-cash loss on the revaluation of the financial asset was recorded during the first quarter, second quarter and third quarter of 2024, respectively. 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.

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 September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Salaries and benefits	\$ 190	\$ 35	\$ 600	\$ 244
Stock-based compensation	47	97	205	583
Travel	8	9	28	11
Consulting fees	21	46	77	148
Office and general	16	25	67	79
Depreciation	-	-	-	1
Professional fees	4	138	264	313
Stock exchange and filing fees	30	21	177	157
Loss on revaluation of financial asset	-	27,162	-	97,402
Share of loss from investment in associate	11	16	61	33
Operating expenses	\$ 327	\$ 27,549	\$ 1,479	\$ 98,971

THREE MONTHS ENDED SEPTEMBER 30, 2025

Operating expenses decreased by \$27.2 million for the three months ended September 30, 2025, compared to the same period in 2024. During the three months ended September 30, 2024, the Company incurred \$27.2 million non-cash loss on revaluation of the financial asset. The non-cash loss on revaluation of the financial asset for the three months ended September 30, 2024 related to the Company's investment in Block 11B/12B and was due mainly to changes in base assumptions for discount rate. 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).

NINE MONTHS ENDED SEPTEMBER 30, 2025

Operating expenses decreased by \$97.5 million for the nine months ended September 30, 2025, compared to the same period in 2024. During the nine months ended September 30, 2024, the Company incurred \$97.4 million non-cash loss on revaluation of the financial asset. The non-cash loss on revaluation of the financial asset for the nine months ended September 30, 2024 related to the Company's investment in Block 11B/12B and was due mainly to changes in base assumptions for discount rate. 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 reduction in stock-based compensation is a direct result of a decrease in the fair value of

options granted compared to the same period in the previous year, as well as a deferral of expense recognition due to a revision in vesting provisions for stock options granted in November 2024 and May of 2025.

INVESTMENT IN MAIN STREET 1549

At September 30, 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 September 30, 2025, the Company accounted for its investment in Main Street 1549 as follows: \$38.8 million as a financial asset and \$1.5 million 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 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 90% participating interest in Block 11B/12B to be assigned by the withdrawing parties will be assigned 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%.

During the nine months ended September 30, 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 September 30, 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 \$70.00/bbl (December 31, 2024, \$70.00/bbl) to determine the fair value of the financial asset, which was estimated to be \$38.8 million at September 30, 2025 (December 31, 2024, \$38.6 million).

For the nine months ended September 30, 2025, the Company recorded a nil non-cash loss on revaluation of the financial asset (for the nine months ended September, 2024, \$97.4 million due to changes in the base assumptions, with the most significant being increases in discount rate and 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 September 30, 2025, a one percent increase in the effective discount rate would have resulted in a reduction in disposal proceeds of \$10.5 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 \$14.8 million and a decrease of \$1/mmbtu would result in a decrease in disposal proceeds of \$15.3 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 \$4.5 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 Total E&P South Africa BV ("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. The Company may be required to provide suitable guarantees to support its discovery bonus obligation. As at September 30, 2025, no guarantees have been required and the Company has not provided a guarantee to support its discovery bonus obligation. At September 30, 2025, Main Street 1549 has not accrued any obligations related to the commercial discovery bonus.

The Company recognized a loss of \$0.01 million and \$0.06 million for the three and nine months ended September 30, 2025, respectively, relating to its share of the loss from its equity investment in Main Street 1549 (the Company recognized a loss of \$0.02 and \$0.03 million for the three and nine months ended September 30, 2024, respectively).

The Company has determined there is no objective evidence that the equity investment in Main Street 1549 is impaired at September 30, 2025.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

At September 30, 2025, the Company had cash of \$3.8 million and working capital of \$3.7 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 three and nine months ended September 30, 2025, was \$0.05 million and \$0.2 million, respectively, compared to \$0.1 million and \$0.6 million for the three and nine months ended September 30, 2024. The Company granted 2.7 million stock options to directors, officers and employees of the Company in the nine months ended September 30, 2025 compared to no stock options granted in the nine months ended September 30, 2024. The decrease in stock-based compensation expense can be attributed to a significant reduction in the fair value of the options granted as the grant price of the stock options decreased and was higher than the market price at the time of grant, as well as a deferral of expense recognition due to a revision in vesting provisions for stock options granted in November 2024 and May 2025.

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 September 30, 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 nil and \$0.02 million during the three and nine months ended September 30, 2025 (\$0.1 million and \$0.4 million for the three and nine months ended September 30, 2024). At September 30, 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, and office and general costs.

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	20,078,666
Full dilution impact on common shares outstanding	499,241,116

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 27, 2025 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 September 30, 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 Israel-Hamas war and rising civil unrest and activism globally. Beginning in November 2021, Russia began to amass troops along the Ukrainian border, heightening military tensions in Eastern Europe. In February 2022, Russia sent troops into pro-Russian separatist regions in Ukraine. Ongoing military tensions between Russia and Ukraine have the potential to threaten the supply of oil and gas from the region. 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 year ended December 31, 2025, on March 25, 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.

AFRICA ENERGY CORP.

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

		September 30, 2025	December 31, 2024
ASSETS	Note		
Current assets			
Cash and cash equivalents		\$ 3,799	\$ 2,305
Accounts receivable		83	66
Prepaid expenses		61	55
		3,943	2,426
Long-term assets			
Investment in associate	3	1,487	1,548
Financial asset	3	38,831	38,603
		40,318	40,151
Total assets		\$ 44,261	\$ 42,577
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 237	\$ 296
Promissory notes	4	-	10,359
		237	10,655
Total liabilities		237	10,655
Equity			
Share capital	5	378,284	360,613
Contributed surplus		9,532	13,395
Deficit		(343,792)	(342,086)
Total equity		44,024	31,922
Total liabilities and equity		\$ 44,261	\$ 42,577
Commitments and contingencies	11		

The notes are an integral part of the condensed interim 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.

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

		Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
	Note				
Operating expenses					
Salaries and benefits	8	\$ 190	\$ 35	\$ 600	\$ 244
Stock-based compensation	6	47	97	205	583
Travel		8	9	28	11
Consulting fees		21	46	77	148
Office and general	8	16	25	67	79
Depreciation		-	-	-	1
Professional fees		4	138	264	313
Stock exchange and filing fees		30	21	177	157
Loss on revaluation of financial asset	3	-	27,162	-	97,402
Share of loss from investment in associate	3	11	16	61	33
		327	27,549	1,479	98,971
Finance expense	7	97	323	388	872
Finance income	7	(43)	(36)	(161)	(73)
Net loss and comprehensive loss		(381)	(27,836)	(1,706)	(99,770)
Net loss per share	9				
Basic		\$ (0.00)	\$ (0.10)	\$ (0.00)	\$ (0.35)
Diluted		\$ (0.00)	\$ (0.10)	\$ (0.00)	\$ (0.35)
Weighted average number of shares outstanding for the purpose of calculating earnings per share	9				
Basic		479,162,450	281,562,450	414,743,402	281,562,450
Diluted		479,162,450	281,562,450	414,743,402	281,562,450

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

AFRICA ENERGY CORP.

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

		September 30, 2025	September 30, 2024
	Note		
Share capital:			
Balance, beginning of the period		\$ 360,613	\$ 360,613
Private placement, net of issue costs	4,5	8,179	-
Shares issued to repay promissory note	4,5	9,492	-
Balance, end of the period		378,284	360,613
Contributed surplus:			
Balance, beginning of the period		\$ 13,395	\$ 12,704
Settlement of promissory note debt	4,5	(4,068)	-
Stock-based compensation	6	205	583
Balance, end of the period		9,532	13,287
Deficit:			
Balance, beginning of the period		\$ (342,086)	\$ (241,471)
Net loss for the period		(1,706)	(99,770)
Balance, end of the period		(343,792)	(341,241)
Total Equity		\$ 44,024	\$ 32,659

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

AFRICA ENERGY CORP.

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

		Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Cash flows used in:	Note				
Operations:					
Net loss for the period		\$ (381)	\$ (27,836)	\$ (1,706)	\$ (99,770)
Items not affecting cash:					
Stock-based compensation	6	47	97	205	583
Depreciation		-	-	-	1
Share of loss from investment in associate	3	11	16	61	33
Unrealized foreign exchange loss/(gain)	7	97	(13)	(59)	(16)
Loss on revaluation of financial asset	3	-	27,162	-	97,402
Non-cash finance expense	7	-	323	388	872
Changes in non-cash operating working capital	12	(153)	(205)	(82)	150
Net cash used in operating activities		(379)	(456)	(1,193)	(745)
Investing:					
Net investment in Main Street 1549	3	219	(75)	(228)	(333)
Changes in non-cash investing working capital	12	-	-	-	-
Net cash used in investing activities		219	(75)	(228)	(333)
Financing:					
Repayment promissory notes	4	-	783	(5,321)	1,672
Common shares issued on private placement	5	-	-	8,321	-
Share issuance costs	5	-	-	(142)	-
Net cash provided by financing activities		-	783	2,858	1,672
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency		(97)	13	57	16
Increase / (decrease) in cash and cash equivalents		(257)	265	1,494	610
Cash and cash equivalents, beginning of the period		\$ 4,056	\$ 2,053	\$ 2,305	\$ 1,708
Cash and cash equivalents, end of the period		\$ 3,799	\$ 2,318	\$ 3,799	\$ 2,318
Supplementary information:					
Interest paid	4	Nil	Nil	1,211	Nil
Taxes paid		Nil	Nil	Nil	Nil

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

AFRICA ENERGY CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2025 and 2024
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1) Incorporation and nature of business:

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.

2) Basis of preparation:

a) Statement of compliance:

The Company prepares these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting. They are condensed as they do not include all the information required for full annual financial statements, and they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024. These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 12, 2025.

b) Basis of measurement:

The condensed interim 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 Company's consolidated financial statements for the year ended December 31, 2024. Those accounting policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

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c) Functional and presentation currency:

These condensed interim 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 condensed interim 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 condensed interim consolidated financial statements are noted in the consolidated financial statements for the year ended December 31, 2024, with further details of the assumptions contained in the relevant note.

All other significant estimates and judgment used in the preparation of these condensed interim consolidated financial statements are described in the Company's consolidated financial statements for the year ended December 31, 2024.

3) Investment in Associate (Main Street 1549):

Financial Asset:

	September 30, 2025	December 31, 2024
Balance, beginning of the period	\$ 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	228	339
Revaluation of financial asset	-	(97,402)
Balance, end of the period	\$ 38,831	\$ 38,603

Investment in associate:

	September 30, 2025	December 31, 2024
Balance, beginning of the period	\$ 1,548	\$ 1,577
Share of loss from investment in associates	(61)	(29)
Balance, end of the period	\$ 1,487	\$ 1,548

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At September 30, 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 September 30, 2025, the Company accounted for its investment in Main Street 1549 as follows: \$38.8 million as a financial asset and \$1.5 million 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 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 90% participating interest in Block 11B/12B to be assigned by the withdrawing parties will be assigned 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.

During the nine months ended September 30, 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 September 30, 2025, for accounting purposes, the Company used a discount

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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 \$70.00/bbl (December 31, 2024, \$70.00/bbl) to determine the fair value of the financial asset, which was estimated to be \$38.8 million at September 30, 2025 (December 31, 2024, \$38.6 million).

For the nine months ended September 30, 2025, the Company recorded a nil non-cash loss on revaluation of the financial asset (for the nine months ended September 30, 2024, \$97.4 million due to changes in the base assumptions, with the most significant being increases in discount rate and 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 September 30, 2025, a one percent increase in the effective discount rate would have resulted in a reduction in disposal proceeds of \$10.5 million. A one percent decrease in the effective discount rate would have resulted in an increase in disposal proceeds of \$12.4 million. An increase in the gas price of \$1/mmbtu would result in an increase in disposal proceeds of \$14.8 million and a decrease of \$1/mmbtu would result in a decrease in disposal proceeds of \$15.3 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 \$4.5 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 Total E&P South Africa BV ("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. The Company may be required to provide suitable guarantees to support its discovery bonus obligation. As at September 30, 2025, no guarantees have been required and the Company has not provided a guarantee to support its discovery bonus obligation. As a September 30, 2025, Main Street 1549 has not accrued any obligations related to the commercial discovery bonus.

The Company recognized a loss of \$0.01 million and \$0.06 million for the three and nine months ended September 30, 2025, respectively, relating to its share of the loss from its equity investment in Main Street 1549 (the Company recognized a loss of \$0.02 and \$0.03 million for the three and nine months ended September 30, 2024, respectively).

The Company has determined there is no objective evidence that the equity investment in Main Street 1549 is impaired at September 30, 2025.

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The following is a financial summary of Main Street 1549:

	September 30, 2025	December 31, 2024
Cash and cash equivalents included in current assets	\$ 2,174	\$ 7
Other current assets	31	2,778
Non-current assets	107,032	106,671
Other Financial Interests ⁽¹⁾	(105,172)	(105,083)
Current liabilities	(1,030)	(1,214)
Net assets of Main Street 1549	\$ 3,035	\$ 3,159
Percentage of ownership	49%	49%
Proportionate share of Main Street 1549's net assets	\$ 1,487	\$ 1,548
For the nine months ended	September 30, 2025	September 30, 2024
Operating expense	\$ (65)	\$ (51)
Finance expense	(59)	(17)
Net loss and comprehensive loss	\$ (124)	\$ (68)
Percentage of ownership	49%	49%
Proportionate share of Main Street 1549's net loss	\$ (61)	\$ (33)

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

At September 30, 2025, Main Street 1549 had cash of \$2.2 million (gross) with working capital of \$1.2 million (gross). Of the Main Street 1549's \$1.0 million of current liabilities at September 30, 2025, \$0.8 million are due to Africa Energy.

4) 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 ("Deepkloof"), (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.

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On March 31, 2025, the Company fully repaid the \$10.7 million due under the Amended Promissory Note, including \$2.4 million of interest, with \$5.3 million being settled 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 5), 77,969,400 common shares) to certain Lenders. In respect to the settlement of interest, \$1.2 million was settled with cash while the remaining \$1.2 million was settled by issuing 88,768,861 common shares (post-consolidation basis 17,753,772 common shares). The Company has no further obligations under the Amended Promissory Note.

5) Share capital:

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

	September 30, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
Balance, beginning of the period	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 period	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 4) 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 expiring 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.

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6) 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 5):

	September 30, 2025		December 31, 2024	
	Weighted average		Weighted average	
	Number of options	exercise price (CAD\$)	Number of options	exercise price (CAD\$)
Outstanding, beginning of the period	22,006,666	0.81	17,283,666	1.10
Granted	2,700,000	0.25	7,620,000	0.25
Expired	(4,628,000)	1.08	(2,897,000)	1.20
Balance, end of the period	20,078,666	0.67	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 nine months ended September 30, 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 period	2,700,000	7,620,000
Fair value of options granted (CAD\$)	0.13	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 September 30, 2025:

Weighted average exercise price (CAD\$/share)	Options outstanding	Weighted average remaining contractual life in years
1.375	2,968,333	1.11
1.250	2,704,333	1.48
0.850	3,596,000	2.50
0.575	520,000	2.73
0.250	7,590,000	2.63
0.250	2,000,000	3.09
0.250	700,000	3.13
0.667	20,078,666	2.29

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All options except those with a CAD \$0.25 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 weighted average exercise price 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 September 30, 2025:

Weighted average exercise price (CAD\$/share)	Options exercisable	Weighted average remaining contractual life in years
1.375	2,968,333	1.11
1.250	2,704,333	1.48
0.850	3,596,000	2.50
0.575	520,000	2.73
1.105	9,788,666	1.81

The Company recognized \$0.05 million and \$0.2 million in stock-based compensation expense for the three and nine months ended September 30, 2025 (\$0.1 and \$0.6 million for the three and nine months ended September 30, 2024).

7) Finance income and expense:

Finance income and expense is comprised of the following:

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Interest and other income	\$ (43)	\$ (23)	\$ (102)	\$ (57)
Interest expense	-	323	388	872
Foreign exchange loss/(gain)	97	(13)	(59)	(16)
Finance expense	\$ 97	\$ 323	\$ 388	\$ 872
Finance income	(43)	(36)	(161)	(73)

8) Related party transactions:

a) Transactions with Meren:

At September 30, 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 nil and \$0.02 million during the three and nine months ended September 30, 2025 (\$0.1 million and \$0.4 million during the three and nine months ended September 30, 2024). At September 30, 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, and office and general costs.

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b) Promissory Notes:

Refer to Note 4 for details on promissory notes.

9) Net loss per share:

For the three months ended	September 30, 2025			September 30, 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	\$ (381)	479,162,450	\$ (0.00)	\$ (27,836)	281,562,450	\$ (0.10)
Effect of dilutive securities	-	-	-	-	-	-
Dilutive loss per share	\$ (381)	479,162,450	\$ (0.00)	\$ (27,836)	281,562,450	\$ (0.10)

For the nine months ended	September 30, 2025			September 30, 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	\$ (1,706)	414,743,402	\$ (0.00)	\$ (99,770)	281,562,450	\$ (0.35)
Effect of dilutive securities	-	-	-	-	-	-
Dilutive loss per share	\$ (1,706)	414,743,402	\$ (0.00)	\$ (99,770)	281,562,450	\$ (0.35)

For the nine months ended September 30, 2025, 20,078,666 options were anti-dilutive and were not included in the calculation of dilutive loss per share (nine months ended September 30, 2024, 14,386,667).

10) Financial instruments:

Assets and liabilities at September 30, 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.

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11) Commitments and contingencies:

Refer to Note 3 for details on commitments in respect to Main Street 1549.

12) Supplementary information:

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

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Changes in non-cash working capital				
Accounts receivable	\$ (42)	\$ (9)	\$ (17)	\$ 21
Prepaid expenses	(49)	(49)	(6)	5
Accounts payable and accrued liabilities	(62)	(147)	(59)	124
	\$ (153)	\$ (205)	\$ (82)	\$ 150
Relating to:				
Operating activities	\$ (153)	\$ (205)	\$ (82)	\$ 150
Investing activities	-	-	-	-
Changes in non-cash working capital	\$ (153)	\$ (205)	\$ (82)	\$ 150