



Meren Energy Inc. (previously called Africa Oil Corp.)

Interim Condensed Consolidated Financial Statements

For the Period Ended September 30, 2025

Q3 25

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INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(Expressed in millions of United States dollars)

As at	Note	September 30, 2025	December 31, 2024
ASSETS			
Non-current assets			
Oil and gas properties	5	1,558.0	-
Intangible exploration assets	6	41.1	29.3
Other tangible fixed assets		4.2	3.2
Equity investment in joint venture	7	-	328.4
Equity investments in associates	8	142.7	177.6
		1,746.0	538.5
Current assets			
Inventories	9	94.8	-
Investment held for sale	10	-	7.0
Loan to associated company	25	-	4.3
Trade and other receivables	11	111.0	4.0
Cash and cash equivalents	12	176.7	61.4
		382.5	76.7
Total assets		2,128.5	615.2
LIABILITIES AND EQUITY			
Equity attributable to common shareholders			
Share capital	13(B)	1,535.8	1,195.8
Contributed surplus		95.5	87.4
Treasury share account		-	(0.4)
Deficit		(750.0)	(734.0)
		881.3	548.8
Non-current liabilities			
Financial liabilities	15	299.8	2.6
Provisions	14	270.3	49.2
Deferred tax liabilities		342.1	-
		912.2	51.8
Current liabilities			
Financial liabilities	15	64.3	0.7
Trade and other payables	16	124.2	9.7
Current tax liabilities		48.4	-
Provisions	14	98.1	4.2
		335.0	14.6
Total liabilities		1,247.2	66.4
Total liabilities and equity attributable to common shareholders		2,128.5	615.2

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

Approved on behalf of the Board:

"MICHAEL EBSARY"

MICHAEL EBSARY, DIRECTOR

"ROGER TUCKER"

ROGER TUCKER, DIRECTOR

INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET INCOME/ (LOSS) AND COMPREHENSIVE INCOME/ (LOSS)

(Expressed in millions of United States dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue	19	216.7	-	362.4	-
Cost of Sales					
Production costs	20	(88.0)	-	(93.2)	-
Depletion costs	5	(73.0)	-	(155.0)	-
		(161.0)	-	(248.2)	-
Gross profit		55.7	-	114.2	-
General and administrative expenses		(9.2)	(3.6)	(31.4)	(19.1)
Operating profit/ (loss)		46.5	(3.6)	82.8	(19.1)
Finance income	21	1.2	2.4	3.6	7.5
Finance expense	22	(15.0)	(1.3)	(35.3)	(3.9)
Net financial items		(13.8)	1.1	(31.7)	3.6
Share of profit from investment in joint venture	7	-	27.8	2.9	66.7
Share of loss from investments in associates	8	(0.4)	(9.5)	(2.4)	(31.5)
Reversal of impairment/ (impairment) of investment in joint venture	7	-	(305.0)	55.9	(305.0)
Profit/ (loss) before tax		32.3	(289.2)	107.5	(285.3)
Income tax	23	(27.1)	-	(48.3)	-
Net income/ (loss) attributable to common shareholders		5.2	(289.2)	59.2	(285.3)
Total comprehensive income/ (loss)		5.2	(289.2)	59.2	(285.3)
Net income/ (loss) attributable to common shareholders per share					
Basic	24	0.01	(0.65)	0.10	(0.63)
Diluted	24	0.01	(0.65)	0.10	(0.63)
Weighted average number of shares outstanding for the purpose of calculating earnings per share					
Basic	24	675,512,565	442,960,408	607,202,542	451,651,004
Diluted	24	682,769,598	442,960,408	614,475,355	451,651,004

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF EQUITY

(Expressed in millions of United States dollars)

For the nine months ended	Note	September 30, 2025	September 30, 2024
Share capital:			
Balance, beginning of the period	13(B)	1,195.8	1,265.3
Share issuance to BTG Oil & Gas under Amalgamation Agreement	13	353.2	-
Exercise of Share Options	13	-	0.2
Settlement of Restricted Share Units	13	1.1	0.5
Settlement of Performance Share Units	13	2.5	1.1
Weighted average value of shares cancelled	13	(16.8)	(59.8)
Balance, end of the period		1,535.8	1,207.3
Contributed surplus:			
Balance, beginning of the period		87.4	61.6
Excess of weighted value of shares cancelled	13	8.1	20.0
Balance, end of the period		95.5	81.6
Treasury account:			
Balance, beginning of the period		(0.4)	-
Shares purchased	13	(8.3)	39.8
Shares cancelled	13	8.7	(39.8)
Balance, end of the period		-	-
Deficit:			
Balance, beginning of the period		(734.0)	(432.3)
Dividends	13	(75.2)	(22.6)
Net income attributable to common shareholders		59.2	(285.3)
Balance, end of the period		(750.0)	(740.2)
Total equity attributable to common shareholders			
Balance, end of the period		881.3	548.7

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in millions of United States dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Cash flows generated by/ (used in):					
Operations:					
Profit/ (loss) before tax		32.3	(289.2)	107.5	(285.3)
Adjustments for:					
(Reversal of) impairment of investment in joint venture	7	-	305.0	(55.9)	305.0
Share of loss from investments in associates	8	0.4	9.5	2.4	31.5
Share of profit from investment in joint venture	7	-	(27.8)	(2.9)	(66.7)
Net financial items	21/22	13.8	(1.1)	31.7	(3.6)
Depletion, depreciation and amortisation	5	73.3	-	155.7	-
Taxes		(56.1)	-	(80.5)	-
Other		1.9	(1.0)	1.9	(1.7)
Net cash generated/ (used) in operating activities before working capital		65.6	(4.6)	159.9	(20.8)
Changes in working capital		81.1	(7.4)	33.6	(10.8)
Net cash generated / (used) in operating activities		146.7	(12.0)	193.5	(31.6)
Investing:					
Investments in oil and gas properties and intangible exploration assets	5/6	(21.8)	(1.1)	(55.8)	(6.8)
Investments in other fixed assets		-	-	(0.4)	-
Distribution received from joint venture	7	-	-	60.0	25.0
Distribution received from associates	8	-	-	31.6	-
Equity investment in associates	8	-	(27.5)	-	(27.5)
Loan repaid by / (provided to) associated company	25	-	(0.3)	4.5	(0.8)
Interest income received		1.1	1.7	3.6	6.8
Cash acquired from Meren Coop consolidation	4	-	-	380.4	-
Net cash (used)/ generated in investing activities		(20.7)	(27.2)	423.9	(3.3)
Financing:					
Repayment RBL Facility		(180.0)	-	(390.0)	-
Repayment of principal portion of lease commitments	14	(0.2)	(0.1)	(0.5)	(0.3)
Dividends paid to shareholders		(25.1)	(11.1)	(75.2)	(22.6)
Repurchase of share capital	13	-	-	(8.3)	(39.1)
Interest expense paid		(10.6)	-	(28.1)	-
Net cash used in financing activities		(215.9)	(11.2)	(502.1)	(62.0)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency		-	0.9	-	1.0
(Decrease)/ increase in cash and cash equivalents		(89.9)	(49.5)	115.3	(95.9)
Cash and cash equivalents, beginning of the period	12	266.6	185.6	61.4	232.0
Cash and cash equivalents, end of the period	12	176.7	136.1	176.7	136.1

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2025, and September 30, 2024
(Expressed in millions of United States dollars unless otherwise indicated)

1. Incorporation and nature of business:

Meren Energy Inc. (collectively with its subsidiaries, "MER" or "Meren" or the "Company" or the "Group") was incorporated on March 29, 1993, under the laws of British Columbia and is an international oil and gas exploration and production company based in Canada with oil and gas interests in Africa. The Company's registered address is 25th Floor, 666 Burrard Street, Vancouver, B.C., Canada V6C 2X8. The Company changed its name to Meren Energy Inc on May 14, 2025, and was previously called Africa Oil Corp.

2. Basis of preparation:

A. Statement of compliance:

The Company prepares its interim condensed consolidated financial statements in accordance with Canadian generally accepted accounting principles for interim periods, specifically International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board. They are condensed as they do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

The policies applied in these interim condensed consolidated financial statements are based on IFRS Accounting Standards and IAS 34.

These interim condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on November 13, 2025.

B. Basis of measurement:

The interim condensed 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 material accounting policy. Identifiable assets acquired and liabilities assumed in the transaction with BTG Oil & Gas were measured at its acquisition date fair value based on guidance in IFRS 13 as per Note 4. Certain comparative figures have been reclassified to conform with the financial statements presentation in the current year following completion of the transaction with BTG. The Company has changed the presentation of its share of profit from investment in joint venture and associated companies in the interim condensed consolidated statement of net income/(loss) and comprehensive income/(loss). The Company has also changed the presentation of interest income received in the interim condensed consolidated statement of cash flows.

C. Functional and presentation currency:

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

The interim condensed consolidated financial statements are expressed in millions of US dollars unless otherwise indicated.

D. Use of estimates and judgements:

The preparation of financial statements in conformity with IFRS requires management to make judgements, 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. Items subject to estimates and judgement have been described in the Company's audited consolidated financial statements for the year ended December 31, 2024. The following additional items are subject to estimates and judgement following completion of the transaction with BTG Oil & Gas to consolidate the interest in Meren Coöperatief U.A (previously known as Prime Oil and Gas Coöperatief U.A) ("Meren Coop").

Classification of joint arrangements

These interim condensed consolidated financial statements include transactions of non-operated Production Sharing Agreements ('PSAs'). The PSA transactions include the Group's proportionate share of the PSAs assets, liabilities and expenses, with items of a similar nature on a line-by-line basis, from the date that participation in the PSA arrangements commenced.

The Group has applied judgment in determining that it has joint control over the PSAs. This determination recognizes that all major decisions outside the original scope of the operations require unanimous approval by at least the Group and one or more of the PSAs partners.

The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure program for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle.
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
- The legal form of the separate vehicle;
- The terms of the contractual arrangement; and
- Other facts and circumstances (when relevant).

As the Group has a proportionate share of the rights to the PSAs' assets and the obligations for the PSAs' liabilities, it classifies these interests as a Joint Operation under IFRS 11, and presents its proportionate share of the assets, liabilities, revenues and expenses on a line-by-line basis in the interim condensed consolidated financial statements.

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

If the Group did not have both joint control and a proportionate share of the rights to the PSAs' assets and obligations for the PSAs' liabilities, it would present only its net investment in the PSAs and its proportionate share of the PSAs' net income in the consolidated financial statements.

Accounting for leases and joint operations

Where the Group participates in a joint operation, either as a lease operator or non-operator party, determining whether to recognize and whether to measure a lease obligation involves judgement and requires identification of which entity has primary responsibility for the lease obligations entered into in relation to the joint operation's activities.

Where the joint operation (including all parties to that arrangement) has the right to control the use of the identified asset and all parties have a legal obligation to make payments to the third-party supplier, each joint operation participant would recognize its proportionate share of the lease related balances. This may arise where all parties to an unincorporated joint operation sign the lease agreement, or the joint operation is some sort of entity or arrangement that can sign in its own name.

However, where the Group is the lead operator and the sole signatory such that it is the one with the legal obligation to pay the third-party supplier, it would recognize 100% of the lease-related balances on its balance sheet. The Group would then need to assess whether the arrangement with the non-operator parties contains a sublease. This assessment would be based on the terms and conditions of each arrangement and may be impacted by the legal jurisdiction in which the joint arrangement operates.

Regardless of whether there is a sublease or not, the Group, in case it acts as the lead operator, would continue to recognize the lease liability for as long as it remains a party to the arrangement with the third-party supplier and has primary obligation to the lease payments.

Revenue recognition

Judgement is required in determining when and how much revenue to recognize from contracts with customers. While the Group has determined that all revenue from contracts with customers is earned at a point in time, there is judgement involved in this consideration. Contractual arrangements for the sale of different products or with different terms may result in revenue being recognized over time.

There is also judgement involved in assessing whether the Group is the principal or agent in revenue transactions. In determining that the Group is acting as principal, the terms of the agreements were carefully considered and it was concluded that the Group controls the product before it is transferred to the customer. In alternate arrangements, the Group could be determined to be acting as agent.

Under the terms of existing contracts, the Group has determined that shipping or transportation services are not being provided to the customer, and that the only performance obligations are for the sale of crude oil and natural gas. Judgement is required in determining whether shipping is being provided as a service, and this impacts on the identification of performance obligations, whether all performance obligations are recognized at a point in time or over time, and the overall timing of revenue recognition.

Finally, judgement is required to determine whether the contractual arrangements contain only variable consideration, or also embedded derivatives, and if variable consideration, whether to exercise the constraint.

Taxes

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to production costs. Judgement is also required to determine whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from tax losses carried forward, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and gas prices, reserves, production costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**Units-of-production depreciation of oil and gas properties**

Oil and gas properties are depreciated using the UoP-method over total estimated proved and probable hydrocarbon reserves. This results in a depletion charge that is proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves.

The calculation of the UoP-rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total estimated proved and probable reserves, or future capital expenditure estimates change.

Changes to proven and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including the effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions or unforeseen operational issues.

Going concern

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2025, have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they become due.

3. Material accounting policies:

Material accounting policies used in the preparation of these interim condensed consolidated financial statements are described in the Company's consolidated financial statements for the year ended December 31, 2024. The following additional material accounting policies have been used in the preparation of these interim condensed consolidated financial statements following completion of the transaction with BTG Oil & Gas to consolidate the interest in Meren Coop.

Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any previously held interest in the acquiree.

Acquisition related costs are expensed as incurred and included in general and administrative expenses, except if related to the issue of debt or equity securities.

When the Group acquires a business, it assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Those petroleum reserves and resources that are able to be reliably measured are recognized in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognized.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit and loss immediately. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation in that unit or location is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Revenue recognition

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. As such, revenue is recognized when control of the goods or service transfers to the customer, it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The measurement of revenue, when a performance obligation is satisfied, is based on the amount of the transaction price (excluding estimates of variable consideration that are constrained) that is allocated to that performance obligation, excluding discounts, sales taxes, excise duties and similar levies.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount of commission made by the Group. The Group has concluded that it is acting as a principal in all of its revenue arrangements, as described below:

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Sales of crude oil and natural gas

Revenue from the sale of crude oil and natural gas is recognized when control of the goods transfers to the customer. The transfer of control of the crude oil and natural gas sold usually coincides with title passing to the customer and the customer taking physical possession. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Crude oil transaction prices under forward contracts are based on a contract price for the Dated Brent component plus or minus a differential.

In most of the Group's oil offtake contracts, the Dated Brent component of the forward price at the time of entering the contract is not fixed but determined on or around the date of the lifting for spot cargos either on an average monthly basis, 5-days after bill of lading date or similar pricing mechanism. If the Group wants to utilize the oil offtake contract for commodity risk management, it can either fix the Dated Brent component or utilize a trigger pricing mechanism. For the trigger pricing mechanism, when the forward price curve falls below a certain trigger price for a certain month, this mechanism provides an irrevocable instruction to an offtaker to fix the Dated Brent price component of a cargo. The trigger price is based on a percentage of the Brent forward curve at the time the instruction was given for the month of the expected lifting. If the forward price curve does not fall below that threshold, the respective cargo is sold at spot.

The performance obligation is satisfied and payment is due upon delivery, FOB, to the buyer. At this point in time, at the bill of lading date, a trade receivable is recognized and there are generally 30 days between revenue recognition and payment. There are no obligations for returns, refunds, warranties nor other obligations when control has been transferred. The Group principally satisfies its performance obligations at a point in time.

Revenue from crude oil transactions not covered under oil offtake contracts, arises from the production and lifting of crude oil on an entitlements basis. Under the entitlements method, revenue reflects the Group's share of production under the terms of the relevant production sharing contracts, regardless of which participant has actually made the sale and invoiced the production. This is achieved by applying the following approach in dealing with imbalances between actual sales and entitlements.

- Crude oil entitlement underlifts are recognized at the market price of oil at the balance sheet date. The excess of product sold during the period over the participant's ownership share of production is recognized by the Group (acting as underlifter) as an asset in trade and other receivables with a corresponding credit to production costs. The Group's underlift receivable is the right to receive additional oil from future production without the obligation to fund the production of that additional oil.
- Crude oil entitlement overlifts are treated as a purchase of crude oil by the overlifter from the underlifter and are also recognized at the market price of oil at the balance sheet date. The excess of product purchased during the period over the participant's ownership share of production is recognized by the Group (acting as overlifter) as a liability in trade and other payables with a corresponding charge to production costs. An overlift liability is the obligation to deliver oil out of the Group's equity share of future production.

Revenues resulting from the production of oil under PSAs is recognized for those amounts relating to the Group's cost recoveries and the Group's share of the remaining production.

Royalties

Obligations arising from royalty arrangements and other types of taxes that do not satisfy the criteria of IAS 12 'Income Taxes' are accrued or paid and included in production costs. This is considered to be the case when the royalties are imposed under government authority and the amount payable is based on physical quantities produced or as a percentage of revenue, rather than taxable income. In some cases, the equivalent amount of royalties is also presented in revenues to differentiate between the portion of revenue lifted by the operator on behalf of the Group to settle the Group's royalty liabilities and the associated royalties as part of production costs. In cases where the Group itself pays for the royalties in cash, these are included in production costs as a single line item.

Production costs

The costs of producing oil are charged to the income statement in the period in which they are incurred. Production costs include movements in underlift and overlift balances.

Depletion costs

Oil and gas properties are depreciated from the commencement of production, on a UoP basis, which is the ratio of oil and gas production in the period to the estimated quantities of the 2P reserves at the end of the period plus the production in the period, on a field-by-field basis. Facilities included in oil and gas production assets are depreciated on a UoP basis over the economic useful life of the field concerned. Costs used in the UoP calculation comprise the net carrying amount of capitalized costs plus the estimated future field development costs. Changes in the estimates of reserves or future field development costs are dealt with prospectively. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank. Rights and concessions are depleted on the UoP basis over the total proved and probable reserves of the relevant area.

Derivative financial instruments and hedge accounting

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is commodity price risk.

The Group uses forward commodity contracts to hedge its commodity price risk. On the forward commodity contracts hedge accounting is not considered applicable as the own-use exception applies: the Group does not enter into physical oil contracts other than to meet the Group's expected sales requirements. These arrangements therefore fall outside the scope of IFRS 9 and are classified as normal sales contracts that are accounted for on an accrual basis.

The Group's derivative financial instruments are initially recognized at fair value on the date on which the derivative contracts are entered into and are subsequently remeasured at fair value, with subsequent changes in fair value recognized in other comprehensive income. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Inventories

Inventories mainly comprise materials. These are stated at the lower of cost and net realizable value. Purchase cost includes costs of bringing material inventory to their present location and condition, including freight and handling charges. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

If carrying value exceeds the net realizable amount, a write down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Trade receivables

Trade receivables are amounts due from customers for crude oil and gas sold or services performed in the ordinary course of business and represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Dividends

Dividend liabilities are recognized when the Company's shareholders have the right to receive the payment when the dividend is approved by the Board of Directors of the Company.

New accounting standards

On January 1, 2025, the Company adopted the amendments to IAS 21 - Lack of Exchangeability. The amendments help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. There was no material impact to the Company's financial statements.

On April 9, 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements, which aims to improve how companies communicate their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is effective January 1, 2027. The Company is in the process of assessing the impact that the standard will have on its financial statements.

Other new accounting standards and amendments to accounting standards have been published that are not mandatory for September 30, 2025, reporting periods and have not been early adopted by the Company. These are as follows:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026);
- Annual improvements to IFRSs: Volume 11 (effective for annual periods beginning on or after 1 January 2026);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027); and

These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. Business combination:

On March 19, 2025, the Company completed the transaction with BTG Oil & Gas to consolidate its interest in Meren Coop. The transaction was originally announced on June 24, 2024. The acquisition increased the Company's ownership in core cash generating assets and brought in a new, strategically aligned cornerstone investor, BTG Pactual. It is also expected to enable enhanced shareholder returns and the creation of a materially stronger growth proposition. The acquisition was completed by way of amalgamation whereby BTG Oil & Gas exchanged its 50 percent interest in Meren Coop, held through its fully owned subsidiary BTG Pactual Holding S.à.r.l., in exchange for 239,828,655 newly issued shares in the Company. The primary assets acquired are an indirect 8% interest in Petroleum Mining License ("PML") 52 and an indirect 16% interest in PMLs 2, 3 and 4 as well as Petroleum Prospecting License ("PPL") 261. PML 52 is operated by affiliates of Chevron and covers part of the producing Agbami field. PMLs 2, 3 and 4 and PPL 261 are operated by affiliates of TotalEnergies and contain the producing Akpo and Egina fields.

The acquisition date for accounting purposes corresponds to the completion of the transaction on March 19, 2025. The acquisition is regarded as a business combination and has been accounted for using the acquisition method of accounting in accordance with IFRS 3. A purchase price allocation ("PPA") has been performed to allocate the consideration to fair value of assets acquired and liabilities assumed. The PPA is performed as of the acquisition date. The closing share price of CAD 2.09 and closing USD/CAD currency exchange rate of 1.4193 on March 19, 2025, were used as a basis for measuring the value of the consideration, as set forth below, and includes the Company's previously held 50% interest in Meren Coop prior to March 19, 2025.

Expressed in millions of United States dollars

Value of share consideration to BTG Oil & Gas	353.2
Value of previous interest held in Meren Coop	327.8
Total value of consideration	681.0

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Each identifiable asset and liability is measured at its acquisition date fair value based on guidance in IFRS 13. Trade receivables are recognized at gross contractual amounts due, as they relate to large and credit-worthy customers. Historically, there has been no significant uncollectible trade receivables in Meren Coop.

The recognized amounts of assets and liabilities assumed as at the date of acquisition were as follows:

Preliminary purchase price allocation

	March 19, 2025
Assets acquired	
Oil and gas properties	1,538.1
Inventories	95.4
Indemnity asset (note 14)	21.6
Trade and other receivables	233.5
Cash and cash equivalents ⁽¹⁾	380.4
Total assets acquired	2,269.0
Liabilities assumed	
Non-current financial liabilities	451.5
Non-current provisions	132.2
Deferred tax liabilities	374.3
Current financial liabilities	298.5
Trade and other payables	164.6
Current tax liabilities	112.3
Current provisions (note 14)	54.6
Total liabilities assumed	1,588.0
Net assets and liabilities recognized	681.0
Value of share consideration to BTG Oil & Gas	353.2
Value of previously held interest in Meren Coop (note 7)	327.8
Total value of consideration	681.0

(1) Cash and cash equivalents includes \$59.1 million of cash held in the amalgamated company.

In the period from the acquisition date to September 30, 2025, the revenue and profit included in the interim condensed consolidated statement of net income/(loss) and comprehensive income/(loss) relating to the acquired entities was \$362.4 million and \$31.8 million respectively. Acquisition-related costs for the year ended December 31, 2024, and the nine months ended September 30, 2025, were included in general and administrative expenses and amounted to \$6.9 million and \$9.0 million, respectively.

If the acquisition had taken place on January 1, 2025, the estimated revenue and income of the combined Group for the nine months ended September 30, 2025, would have been approximately \$685.9 million and \$8.1 million respectively. These figures may not be indicative of the results that would have been achieved if the acquisition had actually taken place on January 1, 2025.

The purchase price allocation above is preliminary and based on current available information about fair values as of the acquisition date. If new information becomes available within 12 months from the acquisition date, the Group may change the fair value assessment in the PPA, in accordance with guidance in IFRS 3.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

5. Oil and gas properties:

	Nigeria
At January 1, 2025	-
Acquired under amalgamation	1,538.1
Remeasurement of site restoration provisions	122.9
Additions	52.0
Depletion	(155.0)
At September 30, 2025	1,558.0

As at September 30, 2025, oil and gas properties amounted to \$1,558.0 million and related to the licenses PML 52 (covering part of the Agbami field), PML 2 (Akpo field), PML 3 (Egina field) and PML 4 (Preowei Field) in Nigeria.

The Company recognized a change in estimate of \$122.9 million in oil and gas properties relating to the remeasurement of the site restoration provisions acquired under the amalgamation in accordance with IAS 37 (see note 14).

6. Intangible exploration assets:

	Intangible exploration assets		Total
	Equatorial Guinea	South Africa	
At January 1, 2024	13.4	5.7	19.1
Additions	4.5	5.7	10.2
At December 31, 2024	17.9	11.4	29.3
Additions	3.8	8.0	11.8
At September 30, 2025	21.7	19.4	41.1

As at September 30, 2025, the carrying amount of the Company's intangible exploration assets in Equatorial Guinea was \$21.7 million and related to its 80% interest in Blocks EG-18 and EG-31 (as at December 31, 2024 - \$17.9 million).

As at September 30, 2025, the carrying amount of the Company's intangible exploration assets in South Africa was \$19.4 million for its 18.0% (as at December 31, 2024 - 17.0%) participating interest in the Block 3B/4B Exploration Right (as at December 31, 2024 - \$11.4 million).

On July 26, 2024, the Company signed an agreement with Eco to acquire an additional 1.0% interest in Block 3B/4B from Azinam Limited, Eco's wholly owned subsidiary, in exchange for all common shares and warrants over common shares held by the Company in Eco. On January 13, 2025, the Company announced that it had completed this transaction. The Company's interest in Block 3B/4B increased by 1.0% to 18.0% and the Company ceased to be a shareholder in Eco. The fair value of the Company's investment in Eco on the day of the transaction was \$8.0 million, which has been recorded as an addition to intangible exploration assets.

7. Equity investment in joint venture:

Meren Coöperatief U.A (previously known as Prime Oil and Gas Coöperatief U.A.) ("Meren Coop"):

On March 19, 2025, the Company announced the completion of the amalgamation with BTG Oil & Gas ("the amalgamation") to consolidate the remaining 50% interest in Meren Coop in exchange for 239,828,655 common shares issued in Meren. Following completion of the amalgamation, Meren Coop is fully consolidated by the Company as from March 19, 2025 (see Note 4).

The following table shows the Company's carrying value of the non-controlling 50% interest in Meren Coop as at September 30, 2025, and December 31, 2024. The carrying value as per March 19, 2025, of \$327.8 million has been assigned to the fair value of assets acquired and liabilities assumed as per Note 4.

	September 30, 2025	December 31, 2024
Balance, beginning of the period	328.4	572.5
Share of joint venture profit	2.9	226.0
Distributions received from Meren Coop	(60.0)	(36.0)
Revaluation of contingent consideration	0.6	2.6
Reversal of impairment / (Impairment)	55.9	(436.7)
Impact of amalgamation	(327.8)	-
Balance, end of the period	-	328.4

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

In the period up to and including March 19, 2025, the Company recognized an income of \$2.9 million, relating to its investment in Meren Coop (three and nine months ended September 30, 2024 - \$27.8 million and \$66.7 million respectively).

In the period up to and including March 19, 2025, Meren Coop made one distribution of \$120.0 million gross, with a net payment to the Company of \$60.0 million. In the three and nine months ended September 30, 2024, Meren Coop made one distribution of \$50.0 million gross, with a net payment to the Company of \$25.0 million.

As at December 31, 2024, management determined there was an objective evidence of impairment in relation to the Company's shareholding in Meren Coop as a result of the significant decrease in the Meren share price between June 24, 2024, when the Company announced the Proposed Reorganization and December 31, 2024. The fair value of the 50% shareholding in Meren Coop decreased as the fair value considers the number of Meren shares that were agreed in relation to the purchase of the additional interest in Meren Coop and the trading value of Meren shares, as this is an observable fair value input under IFRS Accounting Standards. As at December 31, 2024, the fair value of the Company's existing shareholding in Meren Coop was calculated to be \$328.4 million based on the implied value of the Proposed Reorganization, resulting in a non-cash impairment loss on the investment in Meren Coop of \$436.7 million for the year ended December 31, 2024. As at March 19, 2025, management determined there was an objective evidence of impairment reversal based on the Meren share price when the Company announced the completion of the amalgamation. The fair value of the 50% shareholding in Meren Coop was calculated to be \$327.8 million, resulting in a non-cash impairment reversal on the investment in Meren Coop of \$55.9 million for the three months ended March 31, 2025.

The following tables summarizes Meren Coop's financial information for the period up to and including March 19, 2025, and the three and nine months ended September 30, 2024. Following completion of the amalgamation on March 19, 2025, Meren Coop is fully consolidated by the Company.

Meren Coop's Statement of Net Income and Comprehensive Income

	Period ended March 19, 2025	Three months ended September 30, 2024 ⁽¹⁾	Nine months ended September 30, 2024 ⁽¹⁾
Revenue	323.5	333.0	778.3
Cost of Sales			
Production costs ⁽²⁾	(187.4)	(144.4)	(210.6)
Depletion costs	(71.3)	(94.0)	(285.0)
	(258.7)	(238.4)	(495.6)
Gross profit	64.8	94.6	282.7
General and administrative expenses	(6.2)	(5.0)	(12.5)
Operating profit	58.6	89.6	270.2
Finance income	2.4	11.4	14.5
Finance expense ⁽³⁾	(21.3)	(22.2)	(75.1)
Net financial items	(18.9)	(10.8)	(60.6)
Profit before tax	39.7	78.8	209.6
Income tax	(34.0)	(23.2)	(76.3)
Net income and comprehensive income for the period	5.7	55.6	133.3
Proportionate share of Meren Coop's profit and comprehensive income for the period	2.9	27.8	66.7
Proportionate share of Meren Coop's net income	2.9	27.8	66.7

(1) Certain comparative figures have been reclassified to conform with the presentation of the Company's Interim Condensed Consolidated Statement of Net Income and Comprehensive Income following completion of the amalgamation.

(2) As at March 19, 2025, Meren Coop was in a lower net underlift position compared to December 31, 2024. This resulted in a loss of \$133.1 million in the Statement of Net Income and Comprehensive Income for the period ended March 19, 2025 (three and nine months ended September 30, 2024 - loss of \$86.0 million and \$33.6 million respectively) included in production costs.

(3) Finance expense is primarily made up of interest expenses incurred on external facilities and accretion expenses incurred on the decommissioning liability. Finance costs for the period ended March 19, 2025, also included a \$3.7 million accounting loss on a purchased Asian put option and a zero-premium Asian Dated Brent Collar (three and nine months ended September 30, 2024 - nil and \$6.4 million accounting loss on a purchased Asian put option, respectively).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Supplementary information: Meren Coop's Statement of Cash Flows

	Period ended	Three months ended	Nine months ended
	March 19, 2025	September 30, 2024 ⁽¹⁾	September 30, 2024 ⁽¹⁾
Cash flows generated by/ (used in)	39.7	78.8	209.6
<i>Profit before tax</i>			
Adjustments for:	71.3	94.0	285.0
Depletion costs	18.9	10.8	60.6
Net financial items	(47.7)	(50.1)	(130.3)
Taxes	(1.0)	1.3	0.2
Other	81.2	134.8	425.1
Cash generated from operating activities before working capital	(8.2)	33.0	58.8
Changes in working capital	73.0	167.8	483.9
Expenditures on oil and gas properties	(22.6)	(32.1)	(111.8)
Interest income received	2.2	1.6	4.7
Net cash used in investing activities	(20.4)	(30.5)	(107.1)
Distributions paid to shareholders	(120.0)	-	(50.0)
Interest expense paid	(10.8)	(18.9)	(55.1)
Derivatives	-	(3.2)	(3.2)
Net cash used in financing activities	(130.8)	(22.1)	(108.3)
Foreign exchange variation on cash and cash equivalents	-	-	-
Total cash flow	(78.2)	115.2	268.5
Cash and cash equivalents, beginning of the period	399.5	305.5	152.2
Cash and cash equivalents, end of the period	321.3	420.7	420.7

(1) Certain comparative figures have been reclassified to conform with the presentation of the Company's Interim Condensed Consolidated Statement of Cash Flows following completion of the amalgamation.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
8. Equity investments in associates:

The Company holds the following equity investments in associates:

	Africa Energy Corp.	Eco (Atlantic) Oil and Gas Ltd	Impact Oil and Gas Ltd	Total
Shares held at September 30, 2025	55,396,483	-	449,464,396	
Ownership at September 30, 2025	11.6%	-	39.5%	
At January 1, 2024	24.8	7.6	102.3	134.7
Share of loss from equity investments	(42.1)	(0.6)	(16.1)	(58.8)
Reversal of impairment of equity investments	20.1	-	-	20.1
Additional investments	-	-	88.6	88.6
Reclassification to Investment held for sale	-	(7.0)	-	(7.0)
At December 31, 2024	2.8	-	174.8	177.6
Share of loss from equity investments	(0.4)	-	(2.0)	(2.4)
Loss on dilution of equity investments	(0.9)	-	-	(0.9)
Distribution received	-	-	(31.6)	(31.6)
At September 30, 2025	1.5	-	141.2	142.7

In the nine months ended September 30, 2025, the Company recognized a loss of \$3.3 million (nine months ended September 30, 2024 - loss of \$31.5 million). The Company also recognized a gain of \$0.9 million in the nine months ended September 30, 2025, on the shares in Eco (Atlantic) Oil and Gas Ltd classified as Investment held for sale, resulting in a total loss from investments in associates of \$2.4 million in the nine months ended September 30, 2025.

As at September 30, 2025, the Company determined that there were no indicators of impairment for its investments in Africa Energy Corp. or Impact Oil and Gas Ltd.

A. Africa Energy Corp. ("Africa Energy"):

Africa Energy is an oil and gas exploration company with an interest in South Africa.

As at September 30, 2025, the market value of the Company's investment in Africa Energy was \$6.6 million based on the share price of CAD 0.165 (as at December 31, 2024 - \$5.8 million). The carrying value is less than the market value from significant impairments recognized by Africa Energy.

On March 31, 2025, Africa Energy announced the closing of a private placement of common shares, including the issue of common shares for debt. Meren did not participate in this private placement and as a result its shareholding in Africa Energy has been reduced from 19.67% as at December 31, 2024, to 11.6% as at September 30, 2025.

B. Eco (Atlantic) Oil and Gas Ltd. ("Eco"):

On July 26, 2024, the Company signed an agreement with Eco to acquire an additional 1.0% interest in Block 3B/4B from Azinam Limited, Eco's wholly owned subsidiary, in exchange for all common shares and warrants over common shares held by the Company in Eco. Following the announcement of this transaction, the investment in Eco was reclassified to an investment held for sale (see note 10). On January 13, 2025, the Company announced the completion of this transaction.

C. Impact Oil and Gas Ltd ("Impact"):

Impact is an oil and gas exploration company with interests in Namibia and South Africa.

On January 10, 2024, the Company announced a strategic farmout agreement between its investee company Impact, and TotalEnergies, that allows the Company to continue its participation in the Venus oil development project and the follow-on exploration and appraisal campaign on Blocks 2913B and 2912 with no upfront costs. At the date hereof, Impact has a 9.5% interest in Blocks 2912 and 2913B that is fully carried for all joint venture costs, with no cap, through to first commercial production. This agreement provides Impact with a full interest-free carry loan over all of Impact's remaining development, appraisal and exploration costs on the Blocks from January 1, 2024 ("Effective Date"), until the date on which Impact receives the first sales proceeds from oil production on the Blocks ("First Oil Date"). On and from the First Oil Date, the carry is repayable to TotalEnergies in kind from 60% of Impact's after-tax cash flow, net of all joint venture costs, including capital expenditures. During the repayment of the carry, Impact will pool its entitlement barrels with those of TotalEnergies for more regular off-takes and a more stable cashflow profile and will also benefit from TotalEnergies' marketing and sales capabilities.

On January 29, 2025, Impact distributed \$31.6 million net to the Company's shareholding.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

9. Inventories:

Inventories relate to well supplies and operational spare parts to be used in the oil production process in Nigeria.

10. Investment held for sale:

On July 26, 2024, the Company signed an agreement with Eco to acquire an additional 1.0% interest in Block 3B/4B from Azinam Limited, Eco's wholly owned subsidiary, in exchange for all common shares and warrants over common shares held by the Company in Eco. Following the announcement of this transaction, the investment in Eco was reclassified to an investment held for sale. On January 13, 2025, the Company announced the completion of this transaction with the result that the Company is no longer a shareholder in Eco.

11. Trade and other receivables:

	September 30, 2025	December 31, 2024
Trade receivables	6.1	-
Underlift position	60.7	-
Short-term receivables with partners	14.1	-
Prepaid expenses and accrued income	2.2	2.4
Other receivables	27.9	1.6
Total accounts receivable and prepaid expenses	111.0	4.0

Other receivables include an indemnity asset of \$21.6 million recognized under the deed of indemnity entered into between the Company and BTG Oil & Gas (see note 14).

12. Cash and cash equivalents:

Cash and cash equivalents include short-term deposits made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at varying rates.

13. 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	439,078,170	1,195.8	463,831,871	1,265.3
Share issuance to BTG Oil & Gas under amalgamation Agreement	239,828,655	353.2	-	-
Exercise of Share Options	-	-	647,000	0.5
Settlement of Restricted Share Units	836,323	1.1	271,063	0.5
Settlement of Performance Share Units	1,945,470	2.5	577,968	1.1
Cancellation of shares repurchased	(6,176,053)	(16.8)	(26,249,732)	(71.6)
Balance, end of the period	675,512,565	1,535.8	439,078,170	1,195.8

The Company launched a share buyback program on December 6, 2023, that ended on December 5, 2024. During the year ended December 31, 2024, a total of 24.0 million Meren common shares were repurchased and cancelled under this share buyback program. The Company launched a new share buyback program on December 6, 2024, under which 2.5 million Meren common shares were repurchased during the year ended December 31, 2024, of which 2.2 million Meren common shares were cancelled during the year ended December 31, 2024. In the three months ended March 31, 2025, a total of 5.9 million Meren common shares were repurchased and 6.2 million Meren common shares were cancelled during the three months ended March 31, 2025.

The balance of share capital has been reduced by determining the average per-share amounts in the share capital account, before cancellation of shares repurchased, and applying this to the numbers of shares cancelled. The difference between the reduction in share capital and the amount paid for shares repurchased has been added to the balance of contributed surplus.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

In the three months ended March 31, 2025, the Board of Directors approved a dividend of \$0.0371 per share which was declared in March 2025 and paid in April 2025 for a total amount of approximately \$25.0 million.

In the three months ended June 30, 2025, the Board of Directors approved a dividend of \$0.0371 per share which was declared in May 2025 and paid in June 2025 for a total amount of approximately \$25.1 million.

In the three months ended September 30, 2025, the Board of Directors approved a dividend of \$0.0371 per share which was declared in August 2025 and paid in September 2025 for a total amount of approximately \$25.1 million.

14. Provisions:

	Site restoration	Contingent consideration	Share-based compensation	Others	Total
At 1 January 2024	5.5	37.8	14.1	-	57.4
Charges	-	-	1.5	-	1.5
Unwinding of discount	0.2	2.6	-	-	2.8
Settlements	-	-	(8.3)	-	(8.3)
At December 31, 2024	5.7	40.4	7.3	-	53.4
Acquired under amalgamation	129.4	54.6	-	2.8	186.8
Changes in estimates	122.9	-	-	-	122.9
Charges	6.3	-	4.8	0.3	11.4
Unwinding of discount	-	2.1	-	-	2.1
Settlements	-	-	(8.2)	-	(8.2)
At September 30, 2025	264.3	97.1	3.9	3.1	368.4
Non-current	5.7	40.4	3.1	-	49.2
Current	-	-	4.2	-	4.2
At December 31, 2024	5.7	40.4	7.3	-	53.4
Non-current	264.3	-	2.9	3.1	270.3
Current	-	97.1	1.0	-	98.1
At September 30, 2025	264.3	97.1	3.9	3.1	368.4

A. Site restoration

The provision for site restoration amounted to \$264.3 million as per September 30, 2025 (as at December 31, 2024 - \$5.7 million). The fair value of the provision for site restoration mainly relates to Nigeria and was based on the estimated future cash flows to decommission the oil and gas properties at the end of their useful life. The discount rate used to determine the net present value of the decommissioning obligation was between 4.2% and 4.6% (as at December 31, 2024 - 3.5%) based on a risk-free rate with a similar maturity to that of the timing of the expected cash flows and a long-term inflation rate of 2.2% (as at December 31, 2024 - 2%).

The site restoration provisions acquired under the amalgamation represents the present value of decommissioning costs relating to the acquired oil and gas properties, which are expected to be incurred up to the economic cut-off dates of the Agbami, Akpo and Egina fields. These provisions have been calculated based on the cash flow estimates as provided by the operators of the fields. The fair value of the site restoration provisions acquired on amalgamation totalling \$129.4 million have been calculated using a credit-adjusted discount rate in accordance with IFRS 3, which has subsequently been re-measured using a risk-free rate in accordance with IAS 37 resulting in a change in estimate of \$122.9 million.

B. Contingent consideration

Under the Meren Coop Sale and Purchase Agreement completed on January 14, 2020, a deferred payment of \$118.0 million, subject to adjustment, may be due to the seller contingent upon the timing of the final PML 52 tract participation in the Agbami field. The signing of the Securitization Agreement by Meren Coop in 2021 led to the Company reassessing its view of the likelihood of making a contingent consideration payment to the seller. The signing of the Securitization Agreement by Meren Coop does not constitute a redetermination of the tract participation and therefore does not trigger the payment of a contingent consideration under the Sale and Purchase Agreement but, at the Company's discretion, could trigger discussions with the seller. The outcome of this process is uncertain. In 2021, the Company recorded \$32.0 million as contingent consideration and increased this to \$40.4 million as at December 31, 2024, and to \$42.5 million in the nine months ended September 30, 2025. The deferred payment is expected to be due in the three months ended March 31, 2026, and has therefore been presented as a short term provision as per September 30, 2025.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

On June 25, 2021, Meren Nigeria 52 Limited (previously named Prime 127 Nigeria Limited) ("Meren 52"), a subsidiary of Meren Coop, signed a securitization agreement with two of the unit parties, Equinor and Chevron (the "Securitization Agreement"), whereby Equinor agreed to pay a security deposit to the two other JV parties to secure future payments due under that Securitization Agreement, pending a comprehensive resolution being reached among all unit parties in respect of the tract participation in the Agbami field by December 27, 2024. In accordance with the Securitization Agreement, on June 29, 2021, Meren 52 received from Equinor its portion of the security deposit in the form of a cash payment of \$305.3 million. Meren 52 received an additional payment of \$24.4 million on January 31, 2025, pursuant to the Securitization Agreement. Given no comprehensive resolution was reached by December 27, 2024, Meren 52 has recognized its portion of the security deposit and the additional receivable under the Securitization Agreement as other operating income on December 27, 2024. The parties will continue discussions to seek final resolution of the formal redetermination of the Agbami tract participation in respect of the period after December 27, 2024, however there is no certainty that such ongoing discussions will result in a final resolution.

Under the amended joint sale agreement between (among others) BTG Holding and the seller dated October 31, 2018, the seller could potentially claim that, given an additional payment has been received under the securitization agreement, this triggers a payment obligation of \$54.6 million, exclusive of interest, capital taxes and certain deductions, contingent upon various criteria, with the outcome of this potential claim uncertain. Management considers the likelihood of any interest being payable to be unlikely. The Company has recorded an indemnity asset of \$21.6 million under the deed of indemnity entered into between a subsidiary of the Company and BTG Oil & Gas for any costs suffered or incurred above \$33.0 million post completion of the amalgamation, with the deed of indemnity backed by a \$22.0 million letter of credit granted in favour a subsidiary of the Company. The letter of credit will remain in place for an initial period of two years and if a claim is not resolved in two years or is made after the two year period BTG Oil & Gas has undertaken to extend or reinstate the letter of credit.

15. Financial liabilities:

	Reserves Based Lending Facility	Lease Liability	Total
At 1 January 2024	-	-	-
Initial recognition of IFRS 16 lease liability	-	3.7	3.7
Repayments	-	(0.4)	(0.4)
At December 31, 2024	-	3.3	3.3
Acquired under amalgamation	750.0	-	750.0
Initial recognition of IFRS 16 lease liability	-	1.1	1.1
Repayments	(390.0)	(0.3)	(390.3)
At September 30, 2025	360.0	4.1	364.1
Non-current	-	2.6	2.6
Current	-	0.7	0.7
At December 31, 2024	-	3.3	3.3
Non-current	296.6	3.2	299.8
Current	63.4	0.9	64.3
At September 30, 2025	360.0	4.1	364.1

A. Reserves Based Lending Facility

On amalgamation the Company acquired a Reserves Based Lending Facility ("RBL") of \$750.0 million. The total amount that can be drawn under the RBL is limited to the Borrowing Base Amount ("BBA"), which is subject to redeterminations on March 31 and September 30 of each year, limited by aggregate commitments. As of September 30, 2025, the BBA was \$552.3 million, which will amortize as the RBL moves towards final maturity.

The principal bore interest at Term SOFR + 4.00% until June 2025 and bears interest of Term SOFR + 4.25% until June 2027, then Term SOFR + 4.50% until final maturity on June 20, 2029. In addition, commitment fees of 40% of the margin are payable on the undrawn but available portion of the RBL, and commitment fees of 20% of the margin are payable on the unavailable portion of the RBL.

The RBL perimeter remains at the Meren Coop level - Meren Coop is the borrower, and Meren 52 Nigeria Limited and Meren 234 Nigeria Limited (previously named Prime 130 Nigeria Limited) ("Meren 234") are the guarantors. The main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities - Meren 52 and Meren 234. In addition, RBL lenders have security over cash and cash equivalents held in project accounts, receivables against cargos sold and all relevant insurance policies of the three entities.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

All financial and liquidity covenants covered by the RBL are restricted to these three entities. The Meren Coop entities shall ensure that total net debt to adjusted EBITDAX on each quarter is no greater than 3.0:1, that the historic debt service cover ratio for the preceding year is greater than 1.20:1, and that on each quarter of each year during each of the four successive quarters there are or will be sufficient funds available to the group to meet all relevant expenditure to be incurred in each of these four successive quarters as they fall due. The Company has been in compliance with the covenants in the three and nine months ended September 30, 2025.

In case the BBA would reduce to an amount below the outstanding RBL balance, the Company would be required to repay the difference immediately.

B. Corporate Facility

On May 22, 2025, the Company cancelled its \$65.0 million Corporate Facility.

16. Trade and other payables:

	September 30, 2025	December 31, 2024
Short-term payables with partners	91.8	-
Crude oil overlift payable	11.2	-
Accruals	18.7	7.7
Other payables	2.5	2.0
Total trade and other payables	124.2	9.7

17. Commitments and contingencies:

A. Investment in Meren Coop:

Under the Meren Coop Sale and Purchase Agreement completed on January 14, 2020, a deferred payment of \$118.0 million, subject to adjustment, may be due to the seller contingent upon the timing of the final PML 52 tract participation in the Agbami field. The signing of the Securitization Agreement by Meren Coop in 2021 led to the Company reassessing its view of the likelihood of making a contingent consideration payment to the seller. The signing of the Securitization Agreement by Meren Coop does not constitute a redetermination of the tract participation and therefore does not trigger the payment of a contingent consideration under the Sale and Purchase Agreement but, at the Company's discretion, could trigger discussions with the seller. The outcome of this process is uncertain. In 2021, the Company recorded \$32.0 million as contingent consideration and increased this to \$40.4 million as at December 31, 2024, and to \$42.5 million in the nine months ended September 30, 2025.

B. Withdrawal from Kenya:

On May 23, 2023, the Kenya entities along with TotalEnergies submitted withdrawal notices to the remaining joint venture party on Blocks 10BB, 13T and 10BA in Kenya, to unconditionally and irrevocably, withdraw from the entirety of the JOAs and PSCs for these concessions. The Company concurrently submitted notices to Ministry of Energy and Petroleum, requesting the government's consent to transfer all of its rights and future obligations under the PSCs to its remaining joint venture party. Government consent to the transfer was received on September 18, 2025, and the Company subsequently transferred all of its rights and future obligation of Blocks 10BB, 13T and 10BA to its remaining joint venture party with effect on and from June 30, 2023. In accordance with the JOA and PSC the Company retains economic participation for activities prior to June 30, 2023, which might result in additional costs for the Company. The Company continues to monitor the claim made against the operator by local communities in relation to past operations which may relate to the period prior to June 30, 2023. No provision has been recognized for this as at September 30, 2025.

C. Securities and guarantees

Under the conditions of the RBL facility, the main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities Meren 52 and Meren 234, cash and cash equivalents in the amount of \$150.3 million as per September 30, 2025, that are held within the project accounts in Nigeria and The Netherlands, proceeds from the oil cargos sold and proceeds from the intercompany receivables between the Company and the Nigerian entities. Further, any and all claims relating to, and all returns of premium in respect of, all relevant insurance policies have been secured.

D. Commitments from forward sales

The Group uses a mix of financial derivatives and physical forward sales contracts to manage its commodity price risk and ensure stability in cash flows. Its strategy is to hedge between 70-100% of its post-tax net entitlement production for the next 12-months. As at September 30, 2025, two cargos of the Group's expected lifted entitlement production for the remainder of 2025 and two cargos of the Group's expected lifted entitlement production for 2026 are covered by forward contracts. The average cargo lifted is for 1 million barrels of oil. The Group's triggers for these four cargos covered by forward contracts have been triggered at an average of \$63.4 per barrel.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

18. Segment information:

The Group operates within several geographical areas. All revenue and therefore gross profit as reported by the Company is currently derived from operations in Nigeria.

For segment information about oil and gas properties and intangible exploration assets, see Note 5 and 6.

19. Revenue:

Revenue for the three and nine months ended September 30, 2025, and September 30, 2024, is comprised of the following:

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Oil revenue	212.2	-	352.3	-
Gas revenue	4.5	-	10.1	-
Total revenue	216.7	-	362.4	-

Prior to March 19, 2025, the Company equity accounted for its investment in Meren Coop and therefore no revenue has been reported before this date. See note 7 for further details.

20. Production costs:

Production costs for the three and nine months ended September 30, 2025, and September 30, 2024, is comprised of the following:

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Cost of operations	35.3	-	79.6	-
Movements on overlift/underlift balances	37.3	-	(17.1)	-
Royalties	10.6	-	22.1	-
Others	4.8	-	8.6	-
Total production costs	88.0	-	93.2	-

21. Finance income:

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest income on cash and cash equivalents	1.2	2.3	3.4	7.2
Interest income from associated companies	-	0.1	0.2	0.3
Total finance income	1.2	2.4	3.6	7.5

22. Finance expense:

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest expense on RBL	9.8	-	23.2	-
Commitment fees	1.2	0.6	3.0	2.8
Unwinding of site restoration provision	3.0	-	6.3	0.2
Others	1.0	0.7	2.8	0.9
Total finance expense	15.0	1.3	35.3	3.9

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
23. Income tax:

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Current tax expense	56.1	-	80.5	-
Deferred tax income	(29.0)	-	(32.2)	-
Total income tax	27.1	-	48.3	-

24. Net income per share:

For the three months ended	September 30, 2025			September 30, 2024		
	Net income	Weighted Average		Net income	Weighted Average	
		Number of shares	Per share amounts		Number of shares	Per share amounts
Basic income/ (loss) per share						
Net income/ (loss) attributable to common shareholders	5.2	675,512,565	0.01	(289.2)	442,960,408	(0.65)
Effect of dilutive securities	-	7,257,033	-	-	-	-
Dilutive income/ (loss) per share	5.2	682,769,598	0.01	(289.2)	442,960,408	(0.65)

For the nine months ended	September 30, 2025			September 30, 2024		
	Net income	Weighted Average		Net income	Weighted Average	
		Number of shares	Per share amounts		Number of shares	Per share amounts
Basic income/ (loss) per share						
Net income/ (loss) attributable to common shareholders	59.2	607,202,542	0.10	(285.3)	451,651,004	(0.63)
Effect of dilutive securities	-	7,272,812	-	-	-	-
Dilutive income/ (loss) per share	59.2	614,475,354	0.10	(285.3)	451,651,004	(0.63)

In the three and nine months ended September 30, 2025, the Company used an average market price of CAD \$1.76 and CAD \$1.85 per share (three and nine months ended September 30, 2024 - all potential dilutive shares were considered antidilutive as the Company reported a loss) to calculate the dilutive effect of share purchase options. Dilutive securities include share purchase options, RSUs and PSUs as the inclusion of these reduces the net income per share. In the three and nine months ended September 30, 2025, 320,387 options and 304,607 options respectively, were anti-dilutive and were not included in the calculation of dilutive income per share (three and nine months ended September 30, 2024, 475,336 options, 1,174,553 RSUs and 8,034,271 PSUs and 436,653 options, 1,174,553 RSUs and 8,034,271 PSUs, respectively, were anti-dilutive and were not included in the calculation of dilutive income per share). PSU's are awarded a performance multiple ranging from nil to 200% which leads to an increase in the dilutive and anti-dilutive potential of these instruments.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

25. Related party transactions:

A. Transactions with Africa Energy:

On December 19, 2022, Africa Energy announced that it had secured a \$5.0 million promissory note of which \$2.0 million was provided by the Company and the remaining by other parties. On November 7, 2023, the promissory note provided by the Company and other parties to Africa Energy was increased by \$3.3 million with \$1.5 million of the increase provided by the Company by the end of the year ended December 31, 2024. No funds were provided during 2025, and \$0.3 million and \$0.8 million was provided in the three and nine months ended September 30, 2024. The note was unsecured and matured on March 31, 2025, when the principal and accrued interest was repaid by Africa Energy in full. The note carried an annual interest rate of 15%. In the three months ended March 31, 2025, interest on the note amounted to \$0.2 million (three and nine months ended September 30, 2024 - \$0.1 million and \$0.3 million respectively).

B. Transactions with Eco:

On July 26, 2024, the Company signed an agreement with Eco to acquire an additional 1.0% interest in Block 3B/4B from Azinam Limited, Eco's wholly owned subsidiary, in exchange for all common shares and warrants over common shares held by the Company in Eco. On January 13, 2025, the Company announced that it had completed this transaction. The Company's interest in Block 3B/4B increased by 1.0% to 18.0% and the Company ceased to be a shareholder in Eco. Meren will benefit from the carry agreed between Eco, TotalEnergies and QatarEnergy for this incremental interest.

C. Transactions with Impact:

On January 29, 2025, Impact distributed \$31.6 million net to the Company's shareholding.

D. Transactions with BTG Oil & Gas:

The Company has recorded an indemnity asset of \$21.6 million recognized under the deed of indemnity entered into between the Company and BTG Oil & Gas (see note 14).

26. Financial risk management:

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

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

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

A. 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 the Company's joint ventures and amounts receivable from the sale of crude oil. Approximately 90% of the Company's crude oil is sold to customers rated A+/Aa2 by S&P/Moody's. All other oil sales are made to companies that are either investment grade, are a subsidiary of an investment grade entity, or have its payment obligations supported by a letter of credit or guarantee issued by an investment grade entity. The risk of the Company's joint venture parties 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 parties who are non-performing and reacquire any previous farmed out working interests. The maximum exposure for the Company is equal to the sum of its cash and accounts receivable. As at September 30, 2025, the Company held \$3.8 million (as at December 31, 2024 - \$1.1 million) of cash in financial institutions outside of Canada, the Netherlands and the UK. The Company also held \$50.8 million (as at December 31, 2024 - \$20.9 million) in short-term deposits in countries outside of Canada, the Netherlands and the UK with lending banks with stable credit ratings.

B. Liquidity risk:

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

The Company will potentially issue equity and debt and enter into farmout agreements with joint venture parties 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.

At September 30, 2025, the Company had \$176.7 million of cash and cash equivalents and \$192.3 million of the RBL available which provides the liquidity to fund operations and allows for increased liquidity if required for operations and acquisitions. The RBL matures on June 20, 2029, but amortizes each quarter as per the lower of commitments and the BBA.

The Company will also adjust the pace of its exploration and appraisal activities and any M&A activity to manage its liquidity position. The existing cash balance, the undrawn amounts under both facilities and cash flow from operations, are sufficient to fund the Company's obligations as they become due.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

In relation to the amounts drawn under the RBL as at September 30, 2025, the Company has no liabilities that mature on March 31, 2026, based on the currently approved BBA profile, subject to the results of the next redetermination. An amount of \$63.4 million will mature between six months and one year, \$115.0 million will mature between one year and two years with the remaining balance of \$181.6 million due between two and five years (as at December 31, 2024 - no maturities of its material contractual liabilities in excess of six months).

C. Market risk:

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

i. Foreign currency exchange rate risk:

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

ii. Interest rate risk:

The RBL and Corporate Facility have a variable interest rate, that is referenced to SOFR and exposes the Company to interest rate risk when drawn.

iii. Commodity price risk:

The Company has a direct interest in three producing fields within PMLs 2, 3 and 52, all with significant levels of production. Its strategy is to hedge between 70-100% of its post-tax net entitlement production for the next 12-months. Physical sales are with counterparties including oil supermajors. The counterparties are part of groups with investment grade credit ratings.

Of the 3 cargoes expected for the remainder of the year post Q3 2025, 2 cargoes have the trigger price mechanism activated at an average price of \$64.6/bbl. The remaining cargo is currently unhedged with no trigger price mechanism in place. The future fixed prices have de-risked the impact of oil price volatility on the business for the remainder of 2025.

Of the cargoes expected for the year ended December 31, 2026, 2 cargoes have the trigger price mechanism activated at an average price of \$62.1/bbl.

27. Subsequent events:

The Company reduced the RBL debt balance by \$30.0 million in October 2025.

On October 28, 2025, the Company voluntarily cancelled \$100.0 million of its RBL commitments resulting in a remaining total commitment of \$700.0 million, of which \$360.0 million was drawn at September 30, 2025.

In October 2025, Meren entered into a monthly settled swap arrangement at a strike price of \$63.58/bbl for 0.6 MMboe for the three months ended September 30, 2026.

On November 3, 2025, the Company announced that its common shares had qualified to trade on the OTCQX Best Market ("OTCQX") in the U.S. under the ticker 'MRNFF'. The Company's shares continue to trade on the TSX and Nasdaq Stockholm and no new shares were issued as part of the commencement of trading on OTCQX.

On November 13, 2025, the Company's Board has declared the fourth quarterly dividend in 2025 of approximately \$25.1 million (\$0.0371 per share) payable in December 2025 to shareholders of record at the close of business on November 21, 2025.

MI Meren