



**AFRICA OIL CORP.**

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2025

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# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(Expressed in millions of United States dollars)

As at	Note	March 31, 2025	December 31, 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Oil and gas properties	5	1,588.8	-
Intangible exploration assets	6	39.0	29.3
Other tangible fixed assets		3.2	3.2
Equity investment in joint venture	7	-	328.4
Equity investments in associates	8	143.1	177.6
		1,774.1	538.5
<b>Current assets</b>			
Inventories	9	94.8	-
Investment held for sale	10	-	7.0
Loan to associated company	26	-	4.3
Trade and other receivables	11	211.9	4.0
Cash and cash equivalents	12	428.4	61.4
		735.1	76.7
<b>Total assets</b>		2,509.2	615.2
<b>LIABILITIES AND EQUITY</b>			
<b>Equity attributable to common shareholders</b>			
Share capital	13(B)	1,534.8	1,195.8
Contributed surplus		95.5	87.4
Treasury share account		-	(0.4)
Deficit		(708.1)	(734.0)
<b>Total equity attributable to common shareholders</b>		922.2	548.8
<b>Non-current liabilities</b>			
Financial liabilities	15	408.8	2.6
Provisions	14	295.5	49.2
Deferred tax liabilities		331.1	-
		1,035.4	51.8
<b>Current liabilities</b>			
Financial liabilities	15	214.4	0.7
Trade and other payables	16	162.4	9.7
Current tax liabilities		49.9	-
Dividends	17	25.0	-
Provisions	14	99.9	4.2
		551.6	14.6
<b>Total liabilities</b>		1,587.0	66.4
<b>Total liabilities and equity attributable to common shareholders</b>		2,509.2	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 STATEMENTS OF NET INCOME AND OTHER COMPREHENSIVE INCOME

(Expressed in millions of United States dollars)

For the three months ended	Note	March 31, 2025	March 31, 2024
<b>Revenue</b>	20	76.4	-
<b>Cost of Sales</b>			
Production costs	21	(51.2)	-
Depletion costs	5	(12.1)	-
		(63.3)	
<b>Gross profit</b>		13.1	-
General and administrative expenses		(13.5)	(5.1)
<b>Operating loss</b>		(0.4)	(5.1)
Finance income	22	1.1	2.7
Finance expense	23	(2.8)	(1.3)
<b>Net financial items</b>		(1.7)	1.4
Share of profit from investment in joint venture	7	15.9	21.5
Share of loss from investments in associates	8	(2.0)	(14.3)
Reversal of impairment of investment in joint venture	7	42.9	-
<b>Profit before tax</b>		54.7	3.5
Income tax	24	(3.8)	-
<b>Net income attributable to common shareholders</b>		50.9	3.5
<b>Total comprehensive income</b>		50.9	3.5
<b>Net income attributable to common shareholders per share</b>			
Basic	25	0.11	0.01
Diluted	25	0.11	0.01
<b>Weighted average number of shares outstanding for the purpose of calculating earnings per share</b>			
Basic	25	468,472,433	460,990,598
Diluted	25	476,836,682	474,745,624

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

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Expressed in millions of United States dollars)

For the three months ended	Note	March 31, 2025	March 31, 2024
<b>Share capital:</b>			
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	-	0.1
Settlement of Restricted Share Units	13	1.1	-
Settlement of Performance Share Units	13	1.5	-
Weighted average value of shares cancelled	13	(16.8)	(19.3)
<b>Balance, end of the period</b>		<b>1,534.8</b>	<b>1,246.1</b>
<b>Contributed surplus:</b>			
Balance, beginning of the period		87.4	61.6
Excess of weighted value of shares cancelled	13	8.1	6.8
<b>Balance, end of the period</b>		<b>95.5</b>	<b>68.4</b>
<b>Treasury account:</b>			
Balance, beginning of the period		(0.4)	-
Shares purchased	13	(8.3)	(13.9)
Shares cancelled	13	8.7	12.5
<b>Balance, end of the period</b>		<b>-</b>	<b>(1.4)</b>
<b>Deficit:</b>			
Balance, beginning of the period		(734.0)	(432.3)
Dividends	13	(25.0)	(11.5)
Net income attributable to common shareholders		50.9	3.5
<b>Balance, end of the period</b>		<b>(708.1)</b>	<b>(440.3)</b>
<b>Total equity attributable to common shareholders</b>			
<b>Balance, end of the period</b>		<b>922.2</b>	<b>872.8</b>

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)

For the three months ended	Note	March 31, 2025	March 31, 2024
Cash flows generated by/ (used in):			
<b>Operations:</b>			
Profit before tax		54.7	3.5
Adjustments for:			
Reversal of impairment of investment in joint venture	7	(42.9)	-
Share of loss from investments in associates	8	2.0	14.3
Share of profit from investment in joint venture	7	(15.9)	(21.5)
Net financial items	22/23	1.7	(1.4)
Depletion costs	5	12.1	-
Share-based compensation		4.0	0.5
Taxes		(16.0)	-
Other		(0.6)	(1.0)
<b>Net cash used in operating activities before working capital</b>		<b>(0.9)</b>	<b>(5.6)</b>
Changes in working capital		37.3	(3.1)
<b>Net cash generated / (used) in operating activities</b>		<b>36.4</b>	<b>(8.7)</b>
<b>Investing:</b>			
Expenditures on oil and gas properties and intangible exploration assets	5/6	(3.6)	(4.8)
Distribution received from joint venture	7	60.0	-
Distribution received from associates	8	31.6	-
Loan repaid by / (provided to) associated company	26	4.5	(0.3)
Interest income received		0.9	2.4
Cash acquired from Prime consolidation	4	380.4	-
<b>Net cash generated / (used) in investing activities</b>		<b>473.8</b>	<b>(2.7)</b>
<b>Financing:</b>			
Repayment RBL Facility		(130.0)	-
Repayment of principal portion of lease commitments	14	(0.1)	(0.1)
Dividends paid to shareholders		-	(11.5)
Repurchase of share capital	13	(8.3)	(13.9)
Interest expense paid		(4.9)	-
<b>Net cash used in financing activities</b>		<b>(143.3)</b>	<b>(25.5)</b>
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency		0.1	0.4
<b>Increase/ (decrease) in cash and cash equivalents</b>		<b>367.0</b>	<b>(36.5)</b>
<b>Cash and cash equivalents, beginning of the period</b>	12	<b>61.4</b>	<b>232.0</b>
<b>Cash and cash equivalents, end of the period</b>	12	<b>428.4</b>	<b>195.5</b>

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2025, and March 31, 2024  
(Expressed in millions of United States dollars unless otherwise indicated)

## 1. Incorporation and nature of business:

Africa Oil Corp. (collectively with its subsidiaries, "AOC" 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.

## 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 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 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 International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") issued and outstanding as at May 14, 2025, the date the Board of Directors approved the statements.

### 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 and comprehensive income. 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 Prime Oil and Gas Coöperatief U.A. ("Prime").

### 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 reserve.

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 proved 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 months period ended March 31, 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 Prime.

### 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 off-taker 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.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 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.

### 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 March 31, 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.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****4. Business combination:**

On March 19, 2025, the Company completed the transaction with BTG Oil & Gas to consolidate its interest in Prime. 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 Prime, 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 Prime 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 Prime	327.8
<b>Total value of consideration</b>	<b>681.0</b>

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 Prime.

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

**Preliminary purchase price allocation**

	<b>March 19, 2025</b>
<b>Assets acquired</b>	
Oil and gas properties	1,476.2
Inventories	95.4
Indemnity asset (note 14)	21.6
Trade and other receivables	233.5
Cash and cash equivalents <sup>(1)</sup>	380.4
<b>Total assets acquired</b>	<b>2,207.1</b>
<b>Liabilities assumed</b>	
Non-current financial liabilities	451.5
Non-current provisions	165.4
Deferred tax liabilities	343.3
Current financial liabilities	298.5
Trade and other payables	164.6
Current tax liabilities	48.2
Current provisions (note 14)	54.6
<b>Total liabilities assumed</b>	<b>1,526.1</b>
<b>Net assets and liabilities recognized</b>	<b>681.0</b>
Value of share consideration to BTG Oil & Gas	353.2
Value of previously held interest in Prime (note 7)	327.8
<b>Total value of consideration</b>	<b>681.0</b>

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

In the period from the acquisition date to March 31, 2025, the revenue and profit included in the interim condensed consolidated statement of net income and comprehensive income relating to the acquired entities was \$76.4 million and \$7.0 million respectively. Acquisition-related costs for the year ended December 31, 2024, and the three months ended March 31, 2025, were included in general and administrative expenses and amounted to \$6.9 million and \$7.6 million, respectively.

If the acquisition had taken place on January 1, 2025, the estimated revenue and profit of the combined Group for the three months ended March 31, 2025, would have been approximately \$399.9 million and \$25.9 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.

### 5. Oil and gas properties:

	Nigeria
At January 1, 2025	-
Acquired under amalgamation	1,476.2
Remeasurement of site restoration provisions	122.9
Additions	1.8
Depletion	(12.1)
<b>At March 31, 2025</b>	<b>1,588.8</b>

As at March 31, 2025, oil and gas properties amounted to \$1,588.8 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:

	Equatorial Guinea	South Africa	Total
At January 1, 2024	13.4	5.7	19.1
Additions	4.5	5.7	10.2
<b>At December 31, 2024</b>	<b>17.9</b>	<b>11.4</b>	<b>29.3</b>
Additions	1.7	8.0	9.7
<b>At March 31, 2025</b>	<b>19.6</b>	<b>19.4</b>	<b>39.0</b>

As at March 31, 2025, the carrying amount of the Company's intangible exploration assets in Equatorial Guinea was \$19.6 million and related to its 80% interest in Blocks EG-18 and EG-31 (as at December 31, 2024 - \$17.9 million).

As at March 31, 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 oil and gas properties.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****7. Equity investment in joint venture:****Prime Oil and Gas Coöperatief U.A. ("Prime"):**

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 Prime in exchange for 239,828,655 common shares issued in Africa Oil. Following completion of the amalgamation, Prime 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 Prime as at March 31, 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.

	March 31, 2025	December 31, 2024
Balance, beginning of the period	328.4	572.5
Share of joint venture profit	15.9	226.0
Distributions received from Prime	(60.0)	(36.0)
Revaluation of contingent consideration	0.6	2.6
Reversal of impairment / (Impairment)	42.9	(436.7)
Impact of amalgamation	(327.8)	-
<b>Balance, end of the period</b>	<b>-</b>	<b>328.4</b>

In the three months ended March 31, 2025, the Company recognized an income of \$15.9 million, relating to its investment in Prime up to March 19, 2025 (three months ended March 31, 2024 - \$21.5 million).

In the three months ended March 31, 2025, Prime made one distribution of \$120.0 million gross, with a net payment to the Company of \$60.0 million. In the three months ended March 31, 2024, Prime made no distributions.

As at December 31, 2024, management determined there was an objective evidence of impairment in relation to the Company's shareholding in Prime as a result of the significant decrease in the Africa Oil 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 Prime decreased as the fair value considers the number of Africa Oil shares that were agreed in relation to the purchase of the additional interest in Prime and the trading value of Africa Oil 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 Prime 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 Prime 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 Africa Oil share price when the Company announced the completion of the amalgamation. The fair value of the 50% shareholding in Prime was calculated to be \$327.8 million, resulting in a non-cash impairment reversal on the investment in Prime of \$42.9 million for the three months ended March 31, 2025.

The following tables summarizes Prime's financial information for the period up to and including March 19, 2025, and the three months ended March 31, 2024. Following completion of the amalgamation on March 19, 2025, Prime is fully consolidated by the Company.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****Prime's Statement of Net Income and Comprehensive Income**

<b>Period and three months ended</b>	<b>March 19, 2025</b>	<b>March 31, 2024 <sup>(1)</sup></b>
Revenue	323.5	176.6
Cost of Sales		
<i>Production costs <sup>(2)</sup></i>	(187.4)	16.0
<i>Depletion costs</i>	(71.3)	(96.7)
	(258.7)	(80.7)
<b>Gross profit</b>	64.8	95.9
General and administrative expenses	(6.2)	(3.7)
Operating profit	58.6	92.2
Finance income	2.4	2.0
Finance expense <sup>(3)</sup>	(21.3)	(30.0)
Net financial items	(18.9)	(28.0)
<b>Profit before tax</b>	39.7	64.2
Income tax	(7.9)	(21.2)
<b>Net income and comprehensive income for the period</b>	31.8	43.0
<b>Proportionate share of Prime's profit and comprehensive income for the period</b>	31.8	43.0
<b>Proportionate share of Prime's net income</b>	15.9	21.5

(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, Prime 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 months ended March 31, 2024 - income of \$76.2 million) 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 months ended March 31, 2024 - \$6.3m accounting loss on a purchased Asian put option).

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

<b>Period and three months ended</b>	<b>March 19, 2025</b>	<b>March 31, 2024 <sup>(1)</sup></b>
Cash flows generated by/ (used in)		
Profit before tax	39.7	64.2
<i>Adjustments for:</i>		
Depletion costs	71.3	96.7
Net financial items	18.9	28.0
Taxes	(30.2)	(34.8)
Other	(1.0)	(1.9)
<b>Cash generated from operating activities before working capital</b>	<b>98.7</b>	<b>152.2</b>
<i>Changes in working capital</i>	<i>(25.7)</i>	<i>11.2</i>
<b>Net cash generated from operating activities</b>	<b>73.0</b>	<b>163.4</b>
Expenditures on oil and gas properties	(22.6)	(31.1)
Interest income received	2.2	2.0
<b>Net cash used in investing activities</b>	<b>(20.4)</b>	<b>(29.1)</b>
Distributions paid to shareholders	(120.0)	-
Interest expense paid	(10.8)	(17.9)
<b>Net cash used in financing activities</b>	<b>(130.8)</b>	<b>(17.9)</b>
Foreign exchange variation on cash and cash equivalents	-	-
<b>Total cash flow</b>	<b>(78.2)</b>	<b>116.4</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>399.5</b>	<b>152.2</b>
<b>Cash and cash equivalents, end of the period</b>	<b>321.3</b>	<b>268.6</b>

(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 March 31, 2025	276,982,414	-	449,464,396	
Ownership at March 31, 2025	11.6%	-	39.5%	
At January 1, 2024	24.8	7.6	102.3	<b>134.7</b>
Share of loss from equity investments	(42.1)	(0.6)	(16.1)	<b>(58.8)</b>
Reversal of impairment of equity investments	20.1	-	-	<b>20.1</b>
Additional investments	-	-	88.6	<b>88.6</b>
Reclassification to Investment held for sale	-	(7.0)	-	<b>(7.0)</b>
<b>At December 31, 2024</b>	<b>2.8</b>	<b>-</b>	<b>174.8</b>	<b>177.6</b>
Share of loss from equity investments	(0.4)	-	(1.6)	<b>(2.0)</b>
Loss on dilution of equity investments	(0.9)	-	-	<b>(0.9)</b>
Distribution received	-	-	(31.6)	<b>(31.6)</b>
<b>At March 31, 2025</b>	<b>1.5</b>	<b>-</b>	<b>141.6</b>	<b>143.1</b>

In the three months ended March 31, 2025, the Company recognized a loss of \$2.9 million (three months ended March 31, 2024 - loss of \$14.3 million). The Company also recognized a gain of \$0.9 million in the three months ended March 31, 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 \$2.0 million in the three months ended March 31, 2025.

As at March 31, 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 March 31, 2025, the market value of the Company's investment in Africa Energy was \$7.0 million based on the share price of CAD 0.035 (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. Africa Oil 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 11.56% as at the date hereof.

**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:**

	March 31, 2025	December 31, 2024
Trade receivables	156.2	-
Underlift position	10.5	-
Short-term receivables with partners	16.2	-
Prepaid expenses and accrued income	2.5	2.4
Other receivables	26.5	1.6
<b>Total accounts receivable and prepaid expenses</b>	<b>211.9</b>	<b>4.0</b>

Other receivables includes 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:**

	March 31, 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	1,106,332	1.5	577,968	1.1
Cancellation of shares repurchased	(6,176,053)	(16.8)	(26,249,732)	(71.6)
<b>Balance, end of the period</b>	<b>674,673,427</b>	<b>1,534.8</b>	<b>439,078,170</b>	<b>1,195.8</b>

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 Africa Oil 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 Africa Oil common shares were repurchased during the year ended December 31, 2024, of which 2.2 million Africa Oil 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 Africa Oil common shares were repurchased and 6.2 million Africa Oil common shares were cancelled during the three months ended March 31, 2025.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

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.

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.

**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)
<b>At December 31, 2024</b>	5.7	40.4	7.3	-	53.4
Acquired under amalgamation	162.6	54.6	-	2.8	220.0
Changes in estimates	122.9	-	-	-	122.9
Charges	-	-	4.0	-	4.0
Unwinding of discount	0.4	0.7	-	-	1.1
Settlements	-	-	(6.0)	-	(6.0)
<b>At March 31, 2025</b>	291.6	95.7	5.3	2.8	395.4
Non-current	291.6	-	1.1	2.8	295.5
Current	-	95.7	4.2	-	99.9
<b>Total at March 31, 2025</b>	291.6	95.7	5.3	2.8	395.4
Non-current	5.7	40.4	3.1	-	49.2
Current	-	-	4.2	-	4.2
<b>Total at December 31, 2024</b>	5.7	40.4	7.3	-	53.4

**A. Site restoration**

The provision for site restoration amounted to \$291.6 million as per March 31, 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 \$162.6 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 Prime 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 Prime 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 Prime 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 \$41.1 million in the three months ended March 31, 2025. The deferred payment is due in the three months ended March 31, 2026, and has been reclassified to short term provisions in the three months ended March 31, 2025.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

On June 25, 2021, Prime 127 Nigeria Limited ("Prime 127"), a subsidiary of Prime, 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, Prime 127 received from Equinor its portion of the security deposit in the form of a cash payment of \$305.3 million. Prime 127 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, Prime 127 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)
<b>At December 31, 2024</b>	-	3.3	3.3
Acquired under amalgamation	750.0	-	750.0
Repayments	(130.0)	(0.1)	(130.1)
<b>At March 31, 2025</b>	620.0	3.2	623.2
Non-current	406.3	2.5	408.8
Current	213.7	0.7	214.4
<b>Total at March 31, 2025</b>	620.0	3.2	623.2
Non-current	-	2.6	2.6
Current	-	0.7	0.7
<b>Total at December 31, 2024</b>	-	3.3	3.3

**A. Reserves Based Lending Facility**

On amalgamation the Company acquired a Reserves Based Lending Facility ("RBL"). 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 March 31, 2025, the BBA was \$720.0 million, which will amortize as the RBL moves towards final maturity.

The principal bears interest at Term SOFR + 4.00% until June 2025, then Term SOFR + 4.25% until June 2027, then Term SOFR + 4.50% until final maturity on January 1, 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 Prime level - Prime is the borrower, and Prime 127 Nigeria Limited and Prime 130 Nigeria Limited are the guarantors. The main security package is comprised of security over the shares, production assets, contracts and rights of the Nigerian entities - Prime 127 and Prime 130. 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 Prime entities.

All financial and liquidity covenants covered the RBL are restricted to these three entities. The Prime 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 months ended March 31, 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.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****B. Corporate Facility**

On May 21, 2024, the Company amended its existing Corporate Facility. At any point before Prime refinances its debt, the availability under the Corporate Facility will now be \$65.0 million until June 30, 2025, \$43.0 million from July 1, 2025, until June 30, 2026, and \$22.0 million from July 1, 2026, to May 21, 2027, i.e. its new final maturity date. After Prime refinances its debt, the availability under the Corporate Facility will be \$125.0 million until June 30, 2026, and \$63.0 million from July 1, 2026, until May 21, 2027. Commitment fees of 40% of the margin are payable on the undrawn available portion of the Corporate Facility and commitment fees of 15% of the margin are payable on the unavailable portion of the Corporate Facility. The Corporate Facility carries interest of 1 month-SOFR plus a margin of 6.5% in the first year from May 21, 2024, 7.0% in the second year and 7.5% in the third year.

The Company provided security in respect of the Corporate Facility mainly in the form of a share pledge over the shares of PetroVida (which holds 50% of Prime), and a charge over the bank account into which the Prime distributions are paid.

The Corporate Facility is subject to financial and liquidity covenants. The Company shall ensure that total net debt to adjusted EBITDAX on June 30 and December 31 of each year is no greater than 3.0:1, the FPCR ratio on March 31 and September 30 of each year is not less than 1.1:1 and that from March 31 and September 30 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 months ended March 31, 2025.

**16. Trade and other payables:**

	March 31, 2025	December 31, 2024
Short-term payables with partners	115.6	-
Crude oil overlift payable	20.0	-
Accruals	21.9	7.7
Other payables	4.9	2.0
<b>Total trade and other payables</b>	<b>162.4</b>	<b>9.7</b>

**17. Dividends payable:**

On March 20, 2025, the Company declared the first quarterly dividend of approximately \$25.0 million or \$0.0371 per share with payments made to shareholders during April 2025.

**18. Commitments and contingencies:****A. Investment in Prime:**

Under the Prime 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 Prime 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 Prime 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 \$41.1 million in the three months ended March 31, 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 remained outstanding as at March 31, 2025. 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 March 31, 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 Prime 127 and Prime 130, cash and cash equivalents in the amount of \$234.7 million as per March 31, 2025, that are held within the projects 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.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****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 approximately 50-70% of its next 12-months' scheduled cargos. As at March 31, 2025, four cargos of the Group's expected lifted entitlement production for the remainder of 2025 are covered by forward contracts. The average cargo lifted is for 1 million barrels of oil. The Group's triggers for the four cargos covered by forward contracts have been triggered in April 2025 at an average of \$64 per barrel.

**19. 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.

**20. Revenue:**

Revenue for the three months ended March 31, 2025, and March 31, 2024, is comprised of the following:

For the three months ended	March 31, 2025	March 31, 2024
Oil revenue	75.7	-
Gas revenue	0.7	-
<b>Total revenue</b>	<b>76.4</b>	<b>-</b>

**21. Production costs:**

Production costs for the three months ended March 31, 2025, and March 31, 2024, is comprised of the following:

For the three months ended	March 31, 2025	March 31, 2024
Cost of operations	7.4	-
Movements on overlift/underlift balances	41.9	-
Royalties	1.5	-
Others	0.4	-
<b>Total production costs</b>	<b>51.2</b>	<b>-</b>

**22. Finance income:**

For the three months ended	March 31, 2025	March 31, 2024
Interest income on cash and cash equivalents	0.9	2.6
Interest income from associated companies	0.2	0.1
<b>Total finance income</b>	<b>1.1</b>	<b>2.7</b>

**23. Finance expense:**

For the three months ended	March 31, 2025	March 31, 2024
Interest expense on RBL	1.6	-
Commitment fees	0.6	1.1
Interest expense on lease liability	0.1	0.1
Unwinding of site restoration provision	0.5	0.1
<b>Total finance expense</b>	<b>2.8</b>	<b>1.3</b>

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****24. Income tax:**

For the three months ended	March 31, 2025	March 31, 2024
Current tax expense	16.0	-
Deferred tax income	(12.2)	-
<b>Total income tax</b>	<b>3.8</b>	<b>-</b>

The current tax expense includes corporate income tax, an Education Tax which is imposed on every Nigerian company at a rate of 3.0% of the assessable profit, a Naseni ("National Agency for Science and Engineering Infrastructure") Levy that is imposed in Nigeria based on 0.25% of profits before tax and a Police Fund Levy, based on 0.005% of net profit.

**25. Net income per share:**

For the three months ended	March 31, 2025			March 31, 2024		
	Net income	Weighted Average		Net income	Weighted Average	
		Number of shares	Per share amounts		Number of shares	Per share amounts
<b>Basic income per share</b>						
Net income attributable to common shareholders	50.9	468,472,433	0.11	3.5	460,990,598	0.01
Effect of dilutive securities	-	8,364,249	-	-	13,755,026	-
<b>Dilutive income per share</b>	50.9	476,836,682	0.11	3.5	474,745,624	0.01

In the three months ended March 31, 2025, the Company used an average market price of CAD \$1.97 per share (three months ended March 31, 2024 - CAD \$2.32) 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 months ended March 31, 2025, 172,123 options, 626,753 RSUs and 7,565,373 PSUs were anti-dilutive and were not included in the calculation of dilutive income per share (three months ended March 31, 2024, 500,255 options were anti-dilutive). 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.

**26. 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 in the three months ended March 31, 2025, and \$0.3 million was provided in the three months ended March 31, 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 months ended March 31, 2024 - \$0.1 million).

**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. Africa Oil 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).

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****27. 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 venture parties and a credit facility with Africa Energy. 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 March 31, 2025, the Company held \$20.3 million (as at December 31, 2024 - \$1.1 million) of cash in financial institutions outside of Canada, the Netherlands, Sweden and the UK. The Company also held \$21.0 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 in the Corporate Facility 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 March 31, 2025, the Company had \$428.4 million of cash, \$100.0 million of the RBL available and \$65.0 million of the Corporate Facility 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 Corporate Facility is available until May 21, 2027, and has a maturity of May 21, 2027 (see note 15).

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.

In relation to the amounts drawn under the RBL as at March 31, 2025, the Company has \$100.4 million of liabilities that mature on September 30, 2025, based on the currently approved BBA profile, subject to the results of the next redetermination. A further \$113.3 million will mature between six months and one year, \$131.9 million will mature between one year and two years with the remaining balance of \$274.4 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 approximately 50-70% of its next 12-months' scheduled cargos. Physical sales are with counterparties including oil supermajors. The counterparties are part of groups with investment grade credit ratings.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED****28. Subsequent events:**

On May 14, 2025, the Company's Board has declared the second quarterly dividend in 2025 of approximately \$25.0 million (\$0.0371 per share) payable in June 2025 to shareholders of record at the close of business on May 26, 2025.

The Company reduced the RBL debt balance by \$80.0 million and has commenced the process to cancel its \$65.0 million Corporate Facility, which remains undrawn.

