ORCA ENERGY GROUP INC.

Annual Report 2025

ORCA ENERGY GROUP INC.

Orca Energy Group Inc. (“Orca” or the “Company”), through its subsidiary PanAfrican Energy Tanzania Limited (“PAET”), operates the Songo Songo Production Sharing Agreement (the “PSA”) as part of an integrated gas-to-power project in Tanzania (the “Project”). The Project converts gas to electricity and was the first of its kind not only in Tanzania but also in the broader East Africa region. The Project was conceived by the Government of Tanzania (the “GoT”) after a decade of thorough economic evaluations and extensive contract negotiations. Through the Project, the Company operates a natural gas field that spans an area of approximately 180 square kilometers. This field contains the Songo Songo Reservoir, situated on and slightly offshore of Songo Songo Island. The island is about 15 kilometers off the coast and 200 kilometers south of Dar es Salaam, located in the shallow waters of the continental shelf. The Songo Songo Development Licence (the “Licence”) to operate this field is under the PSA with the GoT and the Tanzania Petroleum Development Corporation (“TPDC”).

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KEY FINANCIALS

REVENUE

$87.2m

(2024: $111.6m)

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS

$8.8m

(2024 $21.6m loss)

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS PER SHARE

$0.45

(2024: $1.09 loss)

WORKING CAPITAL(1)

$27.4m

(2024: $21.9m)

NET CASH FLOWS FROM OPERATING ACTIVITIES

$84.6m

(2024: $27.1m)

CASH AND CASH EQUIVALENTS

$87.0m (excluding restricted cash)

(2024: $90.1m)

GLOSSARY

$	**US dollar**
MMcfd	**Million standard cubic feet per day**
$m	**Million US dollar**

(1) "Working capital" is a non-GAAP financial measure that does not have a standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "*Working Capital*" and "*Non-GAAP Financial Measures and Ratios*" in the 2025 Annual Management's Discussion & Analysis for information relating to this non-GAAP financial measure, which information is incorporated by reference into this document.

CEO STATEMENT

Orca has been committed to Tanzania's energy sector for over two decades, through its involvement in the Songo Songo Project. During this time, the Company has played a key role in supporting the country's power generation capacity, enabling industrial development, and contributing to the growth of Tanzania's natural gas market. This long-standing presence has underpinned Orca's approach of operating responsibly and in alignment with Tanzania's broader economic objectives.

Over recent years, however, the Company has faced increasing uncertainty regarding the future of its Tanzanian operations. The extension of the Licence and PSA remains unresolved, despite persistent engagement with the GoT and TPDC. With the Licence set to expire in October 2026, this uncertainty has constrained the ability of the Company to commit to long-term planning and undertake meaningful investment in the Project.

Following a comprehensive assessment of the risks and challenges the Company faces regarding its Tanzanian operations and the future of its business, including ongoing disputes and claims and the prospects of extending the Licence and PSA, Orca entered into a definitive Share Purchase Agreement on April 10, 2026 to divest its Tanzanian business through the sale of all of the issued and outstanding shares of PAE PanAfrican Energy Corporation ("PAEM"), its wholly-owned holding company. Upon completion and subject to certain condition precedents, Taifa Gas Tanzania Limited ("Taifa") will acquire 49% of PAEM and Amber Energy Investment L.L.C-FZ will acquire 51% of PAEM (the "Transaction").

The Board determined that retaining the business would require the Company to maintain significant cash balances to support its subsidiaries to address highly uncertain future commitments and contingent tax liabilities, including potentially material capital expenditures, development-related obligations, and dispute costs related to arbitration and other litigation, the timing and outcome of which are years away and uncertain. The Board believed that preserving cash for shareholder distributions and divesting the Tanzanian business, together with its associated commitments and liabilities, was in the best interests of the Company and its shareholders and consistent with Orca's long-term objective of realizing value from its Tanzanian business in an orderly and strategic way.

Despite these challenges, throughout 2025 Orca resolved several legacy issues, including the repayment of its International Finance Corporation loan and the collection of historical Tanzania Electric Supply Company Limited ("TANESCO") receivables. This enabled the Company to return significant capital to shareholders and maintain financial stability while evaluating strategic alternatives.

Looking ahead, completion of the Transaction remains subject to approvals, including regulatory consents in Tanzania and approval of the shareholders of the Company. Until closing, Orca will continue to manage its business and the Project prudently and in accordance with its obligations.

The Transaction marks a natural point of transition for Orca. The Company is proud of the role it has played in the development of Tanzania's natural gas sector and is grateful to the GoT, TPDC, its employees, and other stakeholders for their support over many years.

Jay Lyons
Chief Executive Officer
May 29, 2026

COMPANY OPERATIONS

During 2025, there was no meaningful engagement towards the extension of the Licence, and with a narrowing timeframe to implement economical investment, the Company continued to maintain a disciplined approach focusing on asset integrity, production continuity and meeting domestic gas demand. Natural gas demand for power generation remained strong throughout the year.

On August 7, 2024, PAET and PAEM issued a notice of dispute (the "Notice of Dispute") in respect of disputes with the GoT and TPDC arising under (i) the PSA, and (ii) the Gas Agreement among the GoT, TPDC, Songas Limited ("Songas"), and PAET (the "Gas Agreement"). Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution of the matters raised in the Notice of Dispute. Following a period of negotiations with the GoT, on August 1, 2025, PAET registered arbitration proceedings against the GoT and TPDC with the International Centre for Settlement of Investment Disputes ("ICSID") in relation to the PSA and Gas Agreement, respectively, and PAEM commenced arbitration proceedings against the GoT in relation to the BIT (collectively, the "RFAs").

On August 28, 2025, ICSID registered all three RFAs. The proceedings under the PSA and Gas Agreement were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the consolidated contractual arbitration was constituted, and on February 13, 2026, the arbitral tribunal in the BIT arbitration was constituted. The tribunals held the first procedural hearing for the consolidated contractual proceeding on May 7, 2026, and for the BIT proceeding on April 27, 2026. Separately, meetings were held between the GoT Negotiating Team and the Company regarding terms of a potential Licence extension.

UPSTREAM

Upstream development activity in 2025 was limited. Following an unsuccessful workover on the SS-7 well, the Company prioritized maintaining production and fulfilling its contractual obligations, while continuing to support the GoT in ensuring reliable power generation to TANESCO. With limited spare capacity, maintaining operational availability and asset integrity was essential.

Key operations included the replacement of corroding offshore flowlines for the SS-5 and SS-9 wells, and installing wellhead equalization lines on all wells to enable quicker production restart of the wells in the event of any interruptions to operations. These works, initially delayed at the request of the GoT and subsequently impacted by weather conditions, were completed successfully in Q4 2025 within budget and without impacting downstream supply.

Throughout the year, demand for gas did not follow typical seasonal patterns. Low rainfall levels reduced hydropower generation, resulting in higher than forecast demand through much of the first half of 2025. The Company met this increased demand on a limited basis while advising the GoT of the potential implications for future gas availability.

To support these potential impacts, the Company examined surface facility development options to sustain production above forecasts. Working closely with original equipment manufacturers, and precise modeling and management of the operating conditions of the Songo Songo gas plant, the Company was able to increase production by lowering the plant's inlet manifold pressure and operating the Low Pressure Compression system on a 3n basis, rather than its 2n+1 design basis. Following several trials, results were marginally better than modeled, allowing the Company to meet further increases in demand towards the end of the year and into 2026. This was enhanced by unexpected sustained production from the SS-3 well. Ultimately, with asynchronous demand patterns across the year, gross production was slightly above forecasts for the 12-month period ending December 31, 2025.

The Company continued to operate the field in accordance with good industry practice, undertaking ongoing data acquisitions and reservoir monitoring. This work supports continued safe and efficient operations and preserves the integrity of the Project, including in the context of a potential transition of ownership.

DOWNSTREAM AND MARKETING

Demand for natural gas across the domestic market remained strong, including from potential new customers. As the Company managed production carefully, it was unable to accommodate many potential new customers, which were deferred pending greater clarity from the GoT on a Licence extension.

Three new customers, primarily suppliers of conventional natural gas to domestic vehicles, were taken on and connected to the gas supply network in Dar es Salaam, while the Company also focused on infrastructure integrity and once again realigning parts of the network to make way for several GoT strategic projects.

Demand for gas continued to exceed sustainable production capacity throughout the year. Excluding fuel and flare gas, average daily conventional natural gas production was 71.9 MMscfd, while in December daily average conventional natural gas production increased and was sustained at approximately 82 – 85 MMscfd, above forecasts. These conditions were managed carefully to balance near-term supply requirements with longer-term reservoir considerations.

GAS RESERVES

2025 INDEPENDENT EVALUATION

The Company's natural gas reserves as at December 31, 2025 for the period to the end of the Licence on October 10, 2026 were evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel") in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). The 2025 independent reserves evaluation prepared by McDaniel (the "McDaniel Report") is dated January 27, 2026 with the effective date of December 31, 2025. On a gross Company basis there has been a 57% decrease in proven ("1P") reserves, and a 54% decrease in the total proved plus probable ("2P") reserves compared to 2024.

Total Additional Gas production in 2025 was 26.2 Bcf. The reduction in gross Company 1P reserves from year end 2024 to year end 2025 was primarily attributed to 2025 production of 26.2 Bcf off set by positive technical revisions of 3.5 Bcf as a consequence of sustained production from the SS-3 well, and the effect of lowering inlet manifold pressure at the Songo Songo gas plant, leading to increased production.

There has been a 51% decrease in the 2P net present value at a 10% discount basis from $64.7 million to $31.6 million compared to 2024. The decrease is predominantly a consequence of production in 2025 and lower 2P reserves to the end of the Licence. All the Company's reserves are conventional natural gas reserves and are located in Tanzania. Additional reserves information required under NI 51-101 are included in Orca's reports relating to reserves data and other oil and gas information under NI 51-101, which have been filed on its profile on SEDAR+ at www.sedarplus.ca and can also be found on our website www.orcaenergygroup.com. The Reserves Committee of the Board of Directors has reviewed the qualifications and appointment of the independent reserves evaluator and the procedures for providing information to the evaluators.

Company Conventional Natural Gas Reserves (Bcf)	2025		2024	
	Gross[1]	Net[2]	Gross	Net
Independent reserves evaluation				
Proved producing	**17.5**	**12.0**	40.2	28.0
Proved developed non-producing	-	-	-	-
Proved undeveloped	-	-	-	-
Total proved (1P)	**17.5**	**12.0**	40.2	28.0
Probable	**1.7**	**1.2**	1.2	0.8
Total proved and probable (2P)	**19.2**	**13.2**	41.5	28.8

1. Gross equals the gross reserves that are available for the Company based on its effective ownership interest.
2. Net equals the economic allocation of the gross reserves to the Company as determined in accordance with the PSA.

Company share of Net Present Value ($'millions)	2025			2024		
	5%	10%	15%	5%	10%	15%
Proved producing	**29.9**	**29.2**	**28.6**	64.5	61.8	59.4
Proved developed non-producing	-	-	-	-	-	-
Proved undeveloped	-	-	-	-	-	-
Total proved (1P)	**29.9**	**29.2**	**28.6**	64.5	61.8	59.4
Probable	**2.5**	**2.4**	**2.4**	3.0	2.9	2.8
Total proved and probable (2P)	**32.4**	**31.6**	**31.0**	67.6	64.7	62.1

BACKGROUND TO THE 2025 YEAR END RESERVES EVALUATION

The Company continued the review of the Songo Songo reservoir simulation modeling and well performance in 2025 to better understand the remaining potential of the Songo Songo gas field to the end of the Licence and assess the remaining resource potential beyond October 2026. The 2025 studies were limited to annual downhole pressure data acquisition, multi-rate and maximum-rate well testing.

The remaining reserves to the end of the Licence in October 2026 are primarily driven by declining gas deliverability from the current producing well stock under normal operating conditions (1P), and under the modified conditions of the gas plant inlet manifold (2P).

Forecast Gas Prices and Sales Volumes

	1P Weighted Average Gas Price $/mcf	1P Gross Gas Volumes MMcfd	2P Weighted Average Gas Price $/mcf	2P Gross Gas Volumes MMcfd
2026[1]	5.29	61.76	5.21	67.68

1 **2026 is a partial year expiring at the end of the Licence on October 10, 2026**

STAKEHOLDER ENGAGEMENT

Our commitment to transparency, accountability, and open communication underpins our approach to stakeholder engagement. We seek to maintain constructive relationships with our stakeholders, including employees, customers, investors, partners, suppliers, governments, and the communities in which we operate, recognizing that collaboration and trust are essential to responsible operations and long-term value creation.

As the Company enters a period of transition our engagement priorities are focused on responsible operational stewardship, continuity of supply, workforce stability, and supporting a positive long term outcome for the Project and its stakeholders.

INVESTORS

We aim to provide clear and timely communication to our investors so they remain informed about our strategic direction, operational performance, and the broader environment in which we operate.

We maintain regular engagement through financial reporting, market disclosures, investor presentations, and direct dialogue. We recognize the importance of providing clarity on risks, opportunities, and key developments, including those related to the Company's recently announced Transaction and its implications.

Our focus remains on disciplined management of the Company throughout this period, maintaining financial discipline, and preserving value for shareholders.

EMPLOYEES

Our employees are fundamental to our success. We remain committed to supporting and protecting our workforce, while providing stability and transparency during a period of transition.

Our approach includes:

Employee Engagement
Fostering an environment that encourages participation, open communication, and mutual respect.
Safe Work Environment
Maintaining rigorous safety standards and a strong safety culture across all operations.
Training and Development
Investing in professional development and skills transfer to enhance both organizational capability and individual career resilience.
Tanzania First
Prioritizing the recruitment, development, and advancement of Tanzanian nationals, supporting long-term national capacity building.
Health and Wellbeing
Promoting physical and mental wellbeing through accessible health programs and support through change.
Inclusive Culture
Encouraging diversity, equity, and inclusion to ensure all employees feel respected and valued.
We recognize the importance of clear communication with employees regarding business developments and are committed to supporting our workforce responsibly throughout this period of transition.

CONTRACTORS AND SUPPLIERS

Contractors and suppliers play a critical role in our operations. We work closely with them to ensure alignment with our standards, particularly in health, safety, environmental management, and ethical business practices.

During this period, we remain focused on maintaining continuity of our operations and upholding our commitments to our contractors and suppliers, while ensuring a consistent and responsible approach to engagement.

CUSTOMERS

We maintain open, constructive relationships with our customers, recognizing the essential role natural gas plays in Tanzania's power generation and industrial sectors.

Our focus remains on delivering reliable supply, operational continuity, and transparent communication to support energy security and economic stability. We continue to collaborate with customers to manage operational planning responsibly during this period of transition.

LOCAL COMMUNITIES

We aim to create lasting shared value for the communities in which we operate. Our activities contribute to employment, economic participation, infrastructure development, and improved access to energy, which supports education, healthcare, and broader social outcomes.

GOVERNMENT AND REGULATORS

We maintain ongoing dialogue with Tanzanian government authorities and regulatory bodies, recognizing their central role in shaping the country's energy future.

Our engagement focuses on:

- Supporting national energy security objectives
- Ensuring regulatory compliance
- Aligning with national development priorities
- Facilitating constructive discussions regarding the future of the Project

We remain committed to operating responsibly and collaboratively, and to supporting a stable and constructive path forward for the asset and its stakeholders.

PARTNERS

We value our long-standing partnerships with key sector stakeholders, including TPDC and Songas. These relationships have supported the delivery of reliable natural gas to Tanzania for over two decades.

Strong collaboration remains essential to maintaining safe and stable operations and supporting a responsible transition.

THE ENVIRONMENT

As a natural gas producer, we recognize our responsibility to manage environmental impacts carefully. We are committed to minimizing emissions intensity, protecting biodiversity, and operating in a manner that safeguards both terrestrial and marine ecosystems.

Our environmental priorities include:

- Emissions management and efficiency improvements
- Responsible resource stewardship
- Regulatory compliance and transparent reporting
- Supporting Tanzania's transition toward a lower-carbon energy future

BOARD OF DIRECTORS

David W. Ross – Appointed 2004
Chair of the Board and Chair of the Remuneration/Compensation Committee

David Ross has extensive experience in international tax law and is a former partner and counsel at the Calgary-based law firm Burnet, Duckworth & Palmer, LLP. David has served as Secretary to the Board since the Company was formed.

Jay Lyons - Appointed 2019
Executive Director, Chief Executive Officer and Chair of the Reserves Committee

Jay Lyons has considerable experience in the oil and gas industries across Canada and the United States, having worked in a range of roles for both private and public companies in the upstream and downstream sectors. Jay has strong familiarity with the Project and the Tanzanian operating environment.

Lisa Mitchell - Appointed 2022 (Appointed as CFO in 2021)
Executive Director and Chief Financial Officer

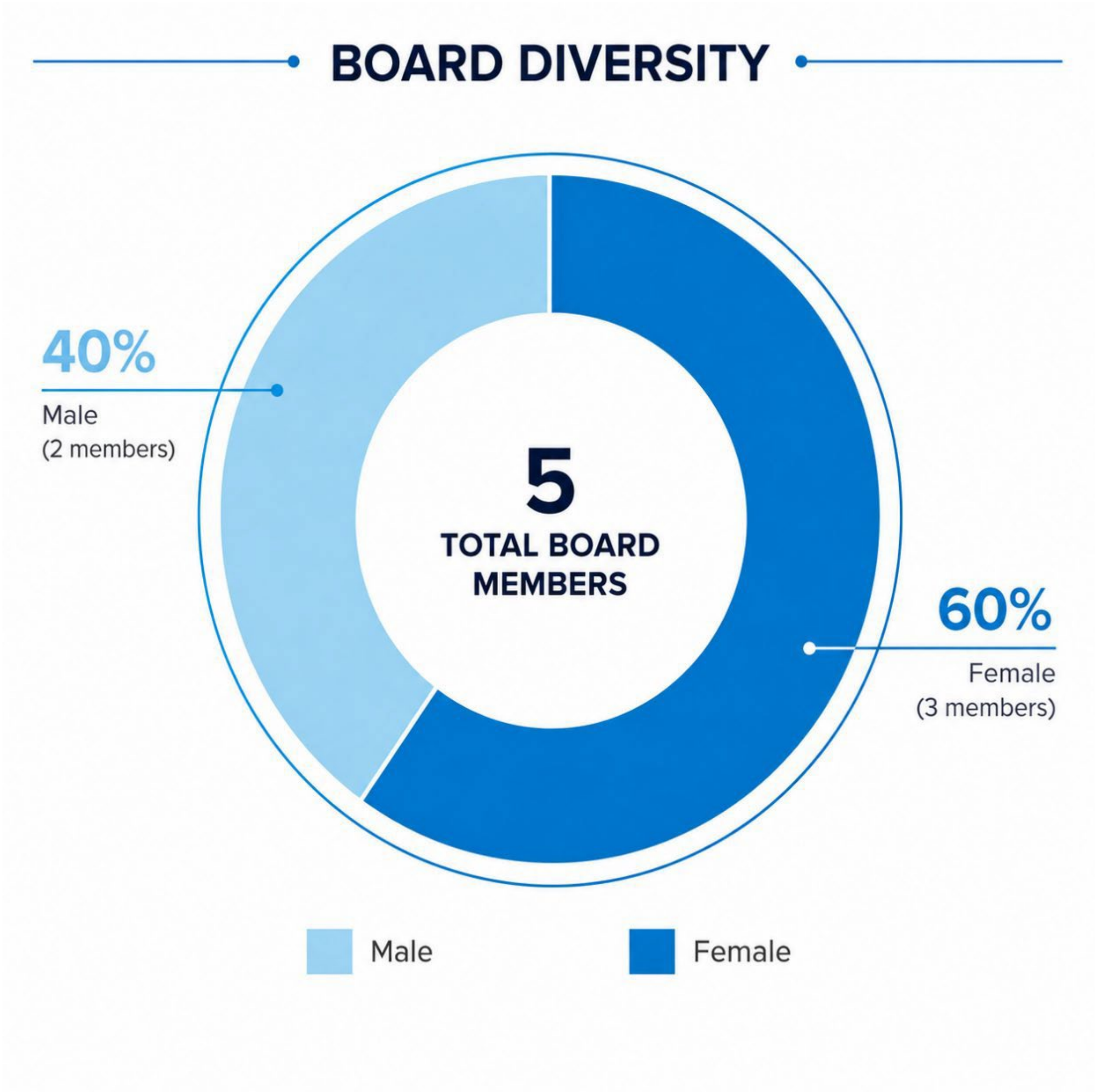
Lisa Mitchell has held senior finance and executive positions within the international energy sector, including roles with San Leon Energy plc, Lekoil Limited, Ophir Energy plc, CSL Limited and Mobil Oil Australia. Lisa is a FCPA (Australia) and holds a Bachelor of Economics from La Trobe University and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

Dr Ann Frances Léautier – Appointed 2019
Non-Executive Director and Chair of the ESG Committee

Dr Léautier is a globally respected development expert and has extensive African and international experience across the public and private sectors. She is a Senior Partner at SouthBridge Group and Chief Executive Officer of SouthBridge Investments. She is also the Founder and Managing Partner of Fezembat Group. Dr Léautier holds a PhD in Infrastructure Systems and a Master's degree in Transportation from the Massachusetts Institute of Technology. Other current roles include: Non-Executive Director and Chair of the Board Audit and Risk Committee, Onafriq, Independent Non-Executive Director, CFAO Group, Non-Executive Director, Momentum Group, Non-Executive Director and Chair of the Board, FSD Africa and FSD Africa Investments, Board Member, United Nations Foundation, Non-Executive Director, Les Eaux Minérales d'Oulmès, and Non-Executive Director, World Resources Institute.

Linda Beal – Appointed 2019
Non-Executive Director and Chair of the Audit and Risk Committee

Linda Beal has significant international experience advising natural resources companies operating across Africa and globally. She was a tax partner with PricewaterhouseCoopers in the UK for 16 years and subsequently with Grant Thornton UK LLP. Linda is currently a Non-Executive Director of Kropz Plc and Jadestone Energy Plc.



HOW WE MANAGE OUR COMPANY

THE BOARD

- Provides independent oversight to ensure business integrity
- Sets the strategic direction for the Company
- Monitors the Company's risk management framework

EXECUTIVE MANAGEMENT

- Manages core operations at the Songo Songo gas field
- Delivers value to all stakeholders
- Implements the Company's corporate strategy

AUDIT AND RISK COMMITTEE

- Oversees the financial reporting process
- Independently assesses the audit process
- Ensures compliance with laws and regulations
- Oversees internal controls and risk management

ESG COMMITTEE

- Adopts ESG principles
- Guides the implementation of ESG principles
- Conducts safety, environmental, and governance risk assessments

REMUNERATION/COMPENSATION COMMITTEE

- Reviews and determines remuneration for Executive Management and key employees

RESERVES COMMITTEE

- Ensures reserve disclosures comply with security regulations
- Collaborates with independent reserves evaluators to ensure unrestricted reporting
- Oversees Songo Songo gas field reserves and reviews associated technical risks

EXECUTIVE MANAGEMENT TEAM

Jay Lyons
Chief Executive Officer
Executive Director

Jay Lyons joined the Company in May 2019 as a Non-Executive Director and took on the role of Interim Chief Executive Officer in 2020 and Chief Executive Officer in June 2021. Jay is a private investor with considerable experience in the oil and gas industries in both Canada and the United States. He has worked in a range of roles for both private and public companies in the upstream and downstream sectors. Jay has a strong familiarity and understanding of the Project and the Tanzanian operating environment.

Lisa Mitchell
Chief Financial Officer
Executive Director

Lisa Mitchell joined the Company as Chief Financial Officer in November 2021. Lisa was the CFO and Executive Director of San Leon Energy plc (AIM: LSE), a Nigeria focused oil and gas company listed in London, and previously the CFO and Executive Director of Lekoil Limited (AIM: LEK), an Africa focused oil and gas company with interests in Nigeria. Lisa has also held senior roles at Ophir Energy plc (LSE: OPHR), a former FTSE 250 energy company, CSL Limited (ASX Top 50) and Mobil Oil Australia. Lisa is a FCPA (Australia) and holds a Bachelor of Economics from La Trobe University, Melbourne and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

Lloyd Herrick
Advisor to the Board and Management

Lloyd Herrick brings over four decades of international energy experience following a 20 year career at TransGlobe Energy Corporation (“TransGlobe”) where he was Vice President, Chief Operating Officer and Director. Prior to TransGlobe, he served as President, Chief Executive Officer and member of the board of Moiibus Resource Corporation, which was acquired by TransGlobe. Earlier in his career, Lloyd worked at Ranger Oil Limited, holding technical, management and executive positions, and was a petroleum engineer with Rupertsland Resources Ltd and Hudson’s Bay Oil & Gas Ltd.

During his time as a member of the TransGlobe executive team and board, Lloyd acquired a wealth of experience in direct government negotiations, including concession agreement amendments and extensions to achieve optimum resource development.

Andy Hanna MBE
Managing Director
PanAfrican Energy Tanzania

Andy Hanna has worked with Orca and PAET in various management roles, being appointed Managing Director of PAET in 2019. He joined the Company following a career in the public sector where he led engineering, logistics and security projects around the world. Since joining, he has played an integral role in the development and delivery of strategic and operational plans for PAET, while taking a lead role in the management of complex senior stakeholder issues in Tanzania.

Andy has a strong background in electronic and civil engineering and has a Master’s Degree in Military Science from Cranfield University. He is a Fellow of the Chartered Management Institute and a Member of the Institute of Royal Engineers.

MANAGEMENT'S DISCUSSION & ANALYSIS

THIS MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2025. THIS MD&A IS BASED ON THE INFORMATION AVAILABLE ON MAY 29, 2026. ALL AMOUNTS ARE REPORTED IN US DOLLARS ("$") UNLESS OTHERWISE NOTED.

THIS MD&A CONTAINS NON-GAAP FINANCIAL MEASURES AND RATIOS AND FORWARD-LOOKING INFORMATION. READERS ARE CAUTIONED THAT THIS MD&A SHOULD BE READ IN CONJUNCTION WITH THE DISCLOSURE BELOW UNDER THE HEADINGS "NON-GAAP FINANCIAL MEASURES AND RATIOS", "FORWARD-LOOKING INFORMATION" AND "GLOSSARY" INCLUDED AT THE END OF THIS MD&A.

Nature of Operations

The principal asset of Orca Energy Group Inc. ("Orca" or the "Company") is its indirect interest in the Songo Songo gas field (the "Project"), as set out in the Production Sharing Agreement (the "PSA") between PanAfrican Energy Tanzania Limited ("PAET"), the Tanzanian Petroleum Development Corporation ("TPDC") and the Government of Tanzania (the "GoT") in the United Republic of Tanzania ("Tanzania"). Development of the Songo Songo gas field is governed by the Songo Songo Development Licence (the "Licence"), granted by the GoT to the TPDC in 2001 and set to expire on October 10, 2026. Currently, no extension of the Licence has been finalized and there is no certainty on the timing, nature and extent of any such extension. Until such extension has been finalized, a high degree of uncertainty exists with respect to the extent of the Company's operating activities after October 2026. PAET is the Company's wholly owned subsidiary operating in Tanzania. The PSA covers the production and marketing of natural gas from the Songo Songo gas field offshore of Tanzania. The PSA defines the gas produced from the Songo Songo gas field as "Protected Gas" and "Additional Gas". The gas agreement (the "Gas Agreement") further addresses the parties' entitlement to Protected Gas and Additional Gas. Under the Gas Agreement, until July 31, 2024, Protected Gas was owned by TPDC and was sold to Songas Limited ("Songas") and Tanzania Portland Cement PLC ("TPCPLC"). After July 31, 2024, Protected Gas ceased and all production from the Songo Songo gas field constitutes Additional Gas which PAET and TPDC are entitled to sell on commercial terms until the PSA expires in October 2026. Songas is the owner of the infrastructure that enables the gas to be treated and delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island (collectively, the "Songas Infrastructure").

The Tanzanian Electric Supply Company Limited ("TANESCO") is a parastatal organization wholly owned by the GoT with oversight by the Ministry of Energy (the "MoE"). TANESCO is responsible for the majority of electricity generation, transmission and distribution throughout Tanzania. Natural gas has become an integral component of TANESCO's power generation fuel mix as a more reliable source of supply over seasonal hydropower as well as a more cost-effective and lower carbon dioxide intensive alternative to liquid fuels. The Company and TPDC as joint sellers currently supply Additional Gas directly to TANESCO by way of the Portfolio Gas Supply Agreement (the "PGSA"). The Company also supplies Additional Gas to TPDC at the well head through a long-term gas sales agreement (the "LTGSA"). The PGSA was originally set to expire on July 31, 2024, but was extended on July 30, 2024. The PGSA and the LTGSA each expire on October 10, 2026.

In addition to supplying gas to TPDC, Songas and TANESCO, the Company has developed more than 50 contracts to supply gas to Dar es Salaam's industrial market and sells compressed natural gas to additional industries and to domestic, suitably converted vehicles in Dar es Salaam.

Financial and Operating Highlights for the Three Months and Year Ended December 31, 2025

(Expressed in $'000 unless indicated otherwise)	Three Months ended December 31 2025	Three Months ended December 31 2024	% Change Q4/25 vs Q4/24	Year ended December 31 2025	Year ended December 31 2024	% Change Ytd/25 vs Ytd/24
OPERATING						
Daily average gas delivered and sold *(MMcfd)*	**75.8**	71.8	6%	**71.8**	68.8	4%
Industrial	**20.2**	19.7	3%	**19.7**	16.1	22%
Power	**55.6**	52.1	7%	**52.1**	52.7	(1)%
Average price *($/mcf)*						
Industrial	**7.60**	7.35	3%	**7.79**	8.45	(8)%
Power	**3.95**	3.90	1%	**3.96**	3.88	2%
Weighted average	**4.92**	4.85	1%	**5.01**	4.95	1%
Operating netback *($/mcf)*[1]	**3.71**	3.56	4%	**2.83**	3.13	(10)%
FINANCIAL						
Revenue	**15,820**	36,855	(57)%	**87,231**	111,593	(22)%
Net (loss) / income attributable to shareholders	**(33,154)**	(25,821)	n/m	**8,824**	(21,578)	n/m
per share – basic and diluted *($)*	**(1.67)**	(1.31)	n/m	**0.45**	(1.09)	n/m
Net cash flows from operating activities	**51**	6,254	(99)%	**84,557**	27,086	212%
per share – basic and diluted *($)*[1]	**0.00**	0.32	(99)%	**4.28**	1.37	212%
Capital expenditures[1]	**845**	14,869	(94)%	**1,619**	27,548	(94)%
Weighted average Class A and Class B Shares[1] *('000)*	**19,765**	19,772	0%	**19,765**	19,780	0%

	As at December 31, 2025	As at December 31, 2024	% Change
Working capital (including cash) [1]	**27,411**	21,904	25%
Cash and cash equivalents (excluding restricted cash)	**86,986**	90,076	(3)%
Outstanding shares *('000)*			
Class A	**1,750**	1,750	0%
Class B	**18,015**	18,022	0%
Total shares outstanding	**19,765**	19,772	0%
RESERVES[2]			
Gross Reserves *(Bcf)*			
Proved	**17**	40	(58)%
Probable	**2**	1	100%
Proved plus probable	**19**	41	(54)%
Net Present Value, discounted at 10% *($ million)* [2]			
Proved	**29**	62	(53)%
Proved plus probable	**32**	65	(51)%

[1] Please refer to the Non-GAAP Financial Measures and Ratios section of the MD&A for additional information.

[2] Please refer to the Oil and Gas Advisory section of the MD&A for additional information.

Financial and Operating Highlights for 2025 and Q4 2025

- Revenue decreased by 57% for Q4 2025 and by 22% for the year ended December 31, 2025 compared to the same prior year periods. The decreases are primarily a result of the increase in TPDC's share of revenue due to decreased capital expenditures and lower Cost Gas revenue recoveries by the Company as well as a lower current income tax adjustment, particularly in Q4 2025.
- Gas deliveries increased by 6% for Q4 2025 and by 4% for the year ended December 31, 2025 compared to the same prior year periods. The increases were mainly a result of increased consumption by industrial customers due to a higher demand for services and products. Additionally, the end of the Protected Gas regime Q3 2024 resulted in higher deliveries of Additional Gas to TPCPLC from August 2024 onward. This was partially offset by the completion of the Julius Nyere Hydropower Project (the "JNHPP") in 2024 leading to increased availability of hydro power and causing lower lifting from power customers.
- On August 7, 2024, PAET and Pan African Energy Corporation (Mauritius) ("PAEM") issued a notice of dispute (the "Notice of Dispute") in respect of an investment treaty claim against the GoT for breach of the Agreement on Promotion and Reciprocal Protection of Investment between the Government of the Republic of Mauritius and the GoT (the "BIT"), and a contractual dispute against the GoT and TPDC, for breaches of the: (i) the PSA, and (ii) the Gas Agreement, for damages in excess of $1.2 billion. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution on the key issues in dispute. Following a period of negotiations with the GoT, on August 1, 2025, PAET issued two sets of arbitration proceedings against the GoT and TPDC registered with the International Centre for Settlement of Investment Disputes ("ICSID") for breach of the PSA and GA respectively and PAEM issued arbitration proceedings against the GoT for breach of the BIT (the "RFAs"). The claims under the RFAs arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, PSA and Gas Agreement. On August 28, 2025, ICSID registered all three RFAs. The proceedings under the Gas Agreement and PSA were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the Gas Agreement and the PSA arbitration was constituted, and on February 13, 2026, the arbitral tribunal in the BIT arbitration was constituted. The tribunals held the first procedural hearings in the proceedings under the BIT on April 27, 2026, and in the consolidated proceedings under the Gas Agreement and the PSA on May 7, 2026.
- Net income attributable to shareholders amounted to $8.8 million for the year ended December 31, 2025 compared to net loss attributable to shareholders of $21.6 million for the same prior year period. The increase is primarily a result of the reversal of loss allowance and recognition of interest income in 2025 as a result of TANESCO paying the full amount agreed under the Settlement Agreement.
- Net cash flows from operating activities increased by 212% for the year ended December 31, 2025 compared to the same prior year period, mainly as a result of higher payments from TANESCO in 2025 pursuant to the Settlement Agreement.
- Capital expenditure decreased by 94% for Q4 2025 and for the year ended December 31, 2025 compared to the same prior year periods. The capital expenditures in 2025 primarily related to the costs of flowlines replacements on the SS-5 and SS-9 wells, deferred from 2024 at the request of the GoT. The capital expenditures in 2024 primarily related to the costs of the SS-7 well workover program.
- The Company exited the period with $27.4 million in working capital (December 31, 2024: $21.9 million) and cash and cash equivalents, excluding restricted cash, of $87.0 million (December 31, 2024: $90.1 million). Cash held in hard currencies (USD, Euro, GBP, CDN) was $82.8 million, as at December 31, 2025 (December 31, 2024: $87.1 million). In addition to total cash balance of $87.0 million, $24.7 million was posted as security in respect to an appeal initiated by the Company relating to a judgment received from the Tanzania High Court (Commercial Division) for a claim brought by a contractor against PAET relating to alleged losses arising from PAET's termination of a contract relating to the Company's 3D seismic acquisition program. On May 11, 2026, $19.3 million was paid in full and final settlement and the restrictions lifted on the remaining security balance of $5.4 million.
- In February 2025, the Company fully prepaid the $60 million investment (the "Loan") made by International Finance Corporation ("IFC") in PAET, pursuant to a loan agreement dated October 29, 2015 between the IFC, PAET and the Company (the "Loan Agreement"). To effect the foregoing prepayment, the Company paid IFC $30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. As of the date hereof, the annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding. Such participation interest will continue to accrue until October 15, 2026.
- On April 15, 2025, PAET and TPDC signed a settlement agreement with TANESCO (the "Settlement Agreement"), for TANESCO to pay PAET $52.0 million for unpaid amounts owing by TANESCO for deliveries of natural gas from the Songo Songo gas field and late payment interest, which unpaid amounts totalled $104,164,507.41 as of January 9, 2025, comprising of $33.7 million of principal amount owing and approximately $70.5 million of default interest. The Settlement Agreement required TANESCO to pay the Tanzanian Shilling equivalent of $52.0 million, comprised of the $33.7 million principal amount and $18.3 million representing a portion of the default interest owed by TANESCO. It was agreed that the remaining balance of the default interest owing by TANESCO would be waived if TANESCO paid the settlement amount when required and in full while remaining current on amounts owed. As at December 31, 2025, TANESCO has paid the full $52.0 million due under the Settlement Agreement, and the Company has duly waived the remaining balance of the default interest owing by TANESCO. Payments on account of the settlement amount have been allocated between PAET and TPDC in accordance with the PSA. Pursuant to the PSA, the Company has retained approximately $35.4 million of the settlement amount with TPDC receiving the balance.
- The TANESCO long-term receivable as at December 31, 2024 was $22.0 million and had been fully provided for. As at December 31, 2025, the Company has received all amounts due under the Settlement Agreement. Accordingly, the provision has been reversed in full and the long-term receivable balance as at December 31, 2025 is $ nil. Subsequent to December 31, 2025, the Company has invoiced TANESCO $21.6 million for Q1 2026 gas deliveries and TANESCO has paid the Company $23.8 million.
- Total working interest proved conventional natural gas reserves ("1P") and total proved plus probable conventional natural gas reserves ("2P") decreased by 58% and 54%, respectively, as at December 31, 2025 compared to the prior year. The decrease was primarily attributed to 26.2 Bcf of production in 2025. The net present value of lower reserves and estimated future cash flows from 2P reserves at a 10% discount rate decreased by 51% compared to the previous year mainly as a result of lower reserves at year end 2025 and the associated reduction in the number of years outstanding on the current Licence.
- On February 27, 2026, the Company entered into an agreement with Swala Oil and Gas (Tanzania) plc (in liquidation) ("Swala") for the withdrawal without leave to refile of Swala's proceedings against Orca, PAEM, and PAET (collectively, the "Orca Group") before the High Court of Tanzania in Case No. 11561 of 2025 (the "Tanzanian Proceedings"), and the withdrawal of the anti-suit injunction filed by the Orca Group against Swala in the High Court of England and Wales Commercial Court. The Orca Group and Swala agreed to refer any such dispute to a confidential arbitration conducted under the Arbitration Rules of the London Court of International Arbitration, with London as the place and seat of such arbitration. No provision has been recognized with respect to this matter.

- On April 10, 2026 the Orca Group filed a Request for Arbitration under the LCIA Arbitration Rules (2020) pursuant to Clause 2.6 of the Settlement Deed executed on February 26, 2026 by Orca, PAEM, PAET and Swala seeking, declaratory and monetary reliefs against Swala and a new entity to which Swala assigned its claims. Specifically, the Claimants seek declarations that the claims advanced by Swala in the Tanzanian Proceedings and assigned to the new Swala entity have no legal or factual basis and must fail. Instead, those claims are wholly speculative and vexatious and have been manufactured in an attempt to circumvent the comprehensive release contained in the related share sale agreement.
- In February 2025, the Company received the Judgment (the "Judgment") from the Tanzanian High Court (Commercial Division) (the "Court") relating to the claim brought by a contractor against PAET. Pursuant to the Judgment, the Court ordered specific and general damages in the aggregate of $23.1 million, plus legal costs and interest at a rate of 7% per annum to be paid by PAET to the contractor. PAET initiated the appeal process. PAET was required to post security for the full amount of the judgment until the appeal is resolved. The appeal was heard in December 2025 and in its decision dated February 3, 2026 (the "Appeal Judgment"), the Court partially allowed the Appeal. The Appeal Judgment awarded the contractor damages in the aggregate of $17.9 million, while dismissing several grounds for damages against PAET in the aggregate of $5.2 million. The Company has treated the Judgment as an adjusting event to the 2024 financial statements and recognized the resulting liability in 2024. On February 9, 2026, PAET filed an application for review of the Appeal Judgment and wrote to the Chief Justice of the Judiciary of Tanzania seeking their urgent intervention. The Company has also filed for a stay of execution of the Appeal Judgment. This review was heard in March 2026. On April 30, 2026, the result of the review was announced with all items dismissed and the award upheld. The Company recovered $17.9 million of the awarded damages from the TPDC profit share under the terms of the PSA in 2025.
- On September 23, 2025, the Company declared a special dividend of CDN$1.00 per share on each of its Class A Shares and Class B Shares for a total of $14.4 million to holders of record as of September 29, 2025. The dividend was paid on October 6, 2025.
- On February 9, 2026, the Company declared a special dividend of CDN$2.00 per share on each of its Class A Shares and Class B Shares for a total of $28.8 million to holders of record as of February 23, 2026. The dividend was paid on February 27, 2026.
- On January 8, 2026, PAET notified the Tanzanian Petroleum Upstream Regulatory Authority ("PURA") and TPDC that the majority of PAET staff have joined the Tanzanian Union of Industrial Workers ("TUICO") and that a confidential Collective Bargaining Agreement (the "CBA") between PAET and TUICO has been executed on January 5, 2026. The CBA specifies staff benefits on individual or collective retrenchment. Whilst PAET has no existing plans for redundancies or retrenchment, the Company calculates the maximum prospective payment across all its local workforce based on 2026 staff salary levels to be circa $7 million.
- On April 13, 2026, Orca announced that it had entered into a definitive Share Purchase Agreement (the "Share Purchase Agreement") with Taifa Gas Tanzania Limited ("Taifa") and Amber Energy Investment L.L.C-FZ ("Amber", and together with Taifa, the "Purchasers") pursuant to which Orca will sell all of the outstanding shares of PAEM (the "Transaction"). Upon closing of the Proposed Transaction, Taifa will acquire 49% of PAEM and Amber will acquire 51%. The SPA provides for a nominal cash price of US$10.00 for the PAEM shares, which is in addition to the other covenants, warranties, representations and obligations of the Purchasers under the agreement and the strategic and commercial benefits that would accrue to Orca by exiting its Tanzanian business. Closing of the Transaction is subject to customary and transaction-specific conditions, including approval or clearance from the Tanzania Fair Competition Commission and the Tanzanian Minister responsible for petroleum affairs, approval by a simple majority of the votes cast by Orca shareholders at the Company's annual general and special meeting of shareholders, acceptance by the TSX Venture Exchange (the "TSXV") of the Proposed Transaction and related matters requiring the TSXV's approval or acceptance, and the release of Orca from remaining guarantees and related undertakings in favor of the IFC in respect of obligations of PAEM and PAET. Any party may terminate the Share Purchase Agreement for any reason.

Oil and Gas Advisory

The Company's conventional natural gas reserves as at December 31, 2025 disclosed herein were evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel"), independent petroleum engineering consultants, in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

The independent reserves evaluations prepared by McDaniel had an effective date of December 31, 2025, and December 31, 2024, and preparation date of January 27, 2026, and February 18, 2025, respectively. All of the reserves presented herein are conventional natural gas reserves. The net present value of future net revenue attributable to the Company's reserves is stated without provision for interest costs and out of country general and administrative costs, but after providing for estimated additional profits tax, production costs, development costs, other income and future capital expenditures for only those wells assigned reserves by McDaniel. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Company's reserves estimated by McDaniel represent the fair market value of those reserves. Such amounts do not represent the fair market value of the Company's reserves. The recovery and reserve estimates of the Company's conventional natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein. All of the reserves referenced herein are based on McDaniel's forecast pricing as at December 31, 2025, and December 31, 2024, as applicable.

All the Company's reserves are located in Tanzania. Reserves included herein are stated on a Company gross reserves basis unless noted otherwise. Company gross reserves are the total of the Company's working interest share in reserves and are based on the Company's 100% ownership interest in the reserves (2024: 100%). Additional reserves information required under NI 51-101 is included in Orca's reports relating to reserves data and other oil and gas information under NI 51-101, which are filed on its profile on SEDAR+ at www.sedarplus.ca.

"BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

For certainty, all references herein to "production", "gross daily sales", "gas sales" and "Additional Gas sales" are references to conventional natural gas production, conventional natural gas daily sales, conventional natural gas sales and conventional natural gas sales, which are classified as Additional Gas in accordance with the PSA, respectively.

Operating Volumes

The average gross daily sales volume increased by 6% for Q4 2025 and by 4% for the year ended December 31, 2025, over the comparable prior year periods. The increases were mainly a result of increased consumption by industrial customers due to a higher demand for services and products.

The Company's gross sales volumes were split between the industrial and power sectors as detailed in the table below:

	Three Months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Gross sales volume *(MMcf)*				
Industrial sector	**1,858**	1,812	**7,194**	5,881
Power sector	**5,119**	4,792	**19,033**	19,304
Total volumes	**6,977**	6,604	**26,227**	25,185
Gross daily sales volume average *(MMcfd)*				
Industrial sector	**20.2**	19.7	**19.7**	16.1
Power sector	**55.6**	52.1	**52.1**	52.7
Gross daily sales volume average total	**75.8**	71.8	**71.8**	68.8

Industrial Sector

Industrial sector gross daily sales volumes increased by 3% for Q4 2025 and by 22% for the year ended December 31, 2025, over the comparable prior year periods. The increases were a result of increased consumption by industrial customers due to a higher demand for services and products as well as the end of the Protected Gas regime, which resulted in higher deliveries of Additional Gas to TPCPLC from August 2024 onward.

Power Sector

Power sector gross daily sales volumes increased by 7% for Q4 2025 and decreased by 1% for the year ended December 31, 2025, over the comparable prior year periods. The decrease for the year ended December 31,2025 over the comparable prior year period was a result of deliverability from the currently producing wells and reservoir compartments in the Songo Songo gas field declining over time, the further development and utilisation of the JNHPP leading to increased availability of hydro power and causing lower lifting from gas fired power customers, in conjunction with the Songas Power Plant shutdown impacting demand in Q4 2024 and onwards.

Power sector gross sales volumes in 2024 do not include volumes lifted by Songas in August, September and October 2024, averaging 20.2 MMcfd from August 1, 2024 to October 31, 2024. Songas elected to pay for 19.5% of these volumes referring to the lack of approval of the Additional Gas contract by TPDC. The remaining 80.5% of these volumes were not recognized in revenue in 2024.

Protected Gas Volumes

Under the terms of the Gas Agreement Protected Gas ceased after July 31, 2024, whereafter all gas from the Songo Songo gas field is now classified as Additional Gas. It is our belief that PAET is fully entitled to compensation at a commercial rate for all volumes of gas lifted by Songas starting on August 1, 2024. Gas continued to flow to Songas following August 1, 2024, to October 31, 2024 and there is a risk that PAET will not receive full payment or payment may form part of a contract dispute. The Company is working on the resolution of this issue.

Commodity Prices

The commodity prices achieved in the different sectors during the year are detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$/mcf	2025	2024	2025	2024
Average sales price				
Industrial sector	**7.60**	7.35	**7.79**	8.45
Power sector	**3.95**	3.90	**3.96**	3.88
Weighted average price	**4.92**	4.85	**5.01**	4.95

Industrial Sector

The average sales price for the industrial sector increased by 3% for Q4 2025 and decreased by 8% for the year ended December 31, 2025, over the comparable prior year periods. In Q1 2025, the Supplementary Gas Agreement (the "SGA") was retroactively approved and TPCPLC became eligible for lower pricing with an effective date of August 1, 2024.

Power Sector

The average sales price for the power sector increased by 1% for Q4 2025 and by 2% for the year ended December 31, 2025, compared to the same prior year periods. The average power sector sales price varies depending on whether gas is delivered and sold through the NNGI or the Songas Infrastructure. Sales through the NNGI are to TPDC and do not include processing and transportation tariffs which are included in gas delivered through the Songas Infrastructure.

Revenue

Under the terms of the PSA the Company is responsible for invoicing, collecting and allocating the revenue from Additional Gas sales (see "*Principal Terms of the PSA and Related Agreements*").

The Company is entitled to recover all costs incurred on the exploration, development and operations of the project ("Cost Gas revenue") up to a maximum of 75% of the net field revenue (gross field revenue less the tariff for processing and pipeline infrastructure) prior to allocating the remaining net field revenue between TPDC and the Company ("Profit Gas revenue"). Any costs not recovered in a period are carried forward for recovery out of future revenues. Once the Cost Gas revenue has been recovered, TPDC is able to recover any pre-approved marketing costs.
Currently there are no pre-approved marketing costs for TPDC.

The Company is liable for income tax in Tanzania, but under the terms of the PSA, TPDC's share of revenue is reduced by the current tax payable grossed up at 30% being the amount necessary to fully pay and discharge PAET's liability for taxes on income derived from operations. Revenue as presented on the Company's Consolidated Statements of Comprehensive Income is calculated by adjusting the Company's operating revenue by the Adjustment Factor.

The reconciliation of gross field revenue to revenue is detailed below:

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Industrial sector	**14,126**	13,312	**56,048**	49,693
Power sector	**20,231**	18,708	**75,389**	74,926
Gross field revenue	**34,357**	32,020	**131,437**	124,619
TPDC share of revenue	**(3,693)**	(3,226)	**(39,581)**	(25,843)
Current income tax Adjustment Factor (1)	**(14,844)**	8,061	**(4,625)**	12,817
Revenue	**15,820**	36,855	**87,231**	111,593

(1) The "Adjustment Factor" is part of the PSA mechanism for allocating revenue between the Company and TPDC.

Revenue decreased by 57% for Q4 2025 and by 22% for the year ended December 31, 2025, over the comparable prior year periods. The decreases are primarily a result of the lower current income tax adjustment in Q4 2025 as well as the increase in TPDC's share of revenue as an outcome of decreased capital expenditures and lower Cost Gas revenue recoveries by the Company.

The average Additional Gas sales volumes for the quarters ended December 31, 2025 and December 31, 2024 as well as for the quarters ended September 30, 2025, June 30, 2025, March 31, 2025, September 30, 2024, June 30, 2024 and March 31, 2024 were above 50 MMcfd which entitled the Company to a 55% share of Profit Gas revenue. The Company was allocated a total of 88% of the Additional Gas net field revenue for Q4 2025 (Q4 2024: 89%) and a total of 67% of the Additional Gas net field revenue for the year ended December 31, 2025 (year ended December 31, 2024: 77%).

Production, Distribution and Transportation Expenses

The production, distribution and transportation costs are detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Operating costs	**794**	1,036	**2,751**	5,288
Tariff for processing and pipeline infrastructure	**2,971**	3,345	**11,383**	11,968
Ring-main distribution costs	**960**	884	**3,448**	2,734
	4,725	5,265	**17,582**	19,990

Operating costs include well maintenance costs, PSA licence costs, regulatory fees, insurance, certain costs associated with evaluation of the reserves and the costs of personnel not recoverable from Songas. Operating costs decreased by 23% for Q4 2025 and by 48% for the year ended December 31, 2025, compared to the same prior year periods, primarily as a result of the increased production logging costs in 2024. The amount paid under the tariff for processing and pipeline infrastructure decreased by 11% for Q4 2025 and by 5% for the year ended December 31, 2025, compared to the same prior year periods. In Q3 2024, Songas invoiced PAET for the production and transportation tariff consistent with all gas volumes shipped to Songas during August 2024 and September 2024 as being Additional Gas. This tariff was accounted for and paid by PAET in 2024, albeit the volumes delivered to Songas in August 2024 and September 2024, for which the Company did not receive compensation, were not recognized in revenue in 2024 for not meeting the accounting standards definition of revenue. Ring-main distribution costs increased by 9% for Q4 2025 and by 26% for the year ended December 31, 2025, compared to the same prior year periods. The increases were mainly a result of higher consumption of spares and chemicals in 2025.

Operating Netback

The operating netback per mcf before general and administrative expenses, tax and additional profits tax ("APT") is detailed in the table below (see "*Non-GAAP financial measures and ratios*"):

	Three Months ended December 31		Year ended December 31	
$/mcf	2025	2024	2025	2024
Weighted average price for gas	**4.92**	4.85	**5.01**	4.95
TPDC Profit Gas entitlement	**(0.53)**	(0.49)	**(1.51)**	(1.03)
Production, distribution and transportation expenses	**(0.68)**	(0.80)	**(0.67)**	(0.79)
Operating netback	**3.71**	3.56	**2.83**	3.13

The operating netback increased by 4% for Q4 2025 and decreased by 10% for the year ended December 31, 2025, over the comparable prior year periods. The increase for Q4 2025 over the comparable prior year period primarily is as a result of higher weighted average price for gas and lower production, distribution and transportation expenses. The decrease for the year ended December 31, 2025 over the comparable prior year period primarily is as a result of higher TPDC Profit Gas revenue entitlements primarily as an outcome of lower capital expenditures in 2025 and TANESCO meeting their obligations under the Settlement Agreement by Q3 2025, which was partially offset by the recovery of $17.9 million of the awarded damages from the cost pool under the terms of the PSA in Q4 2025.

General and Administrative Expenses

General and administrative expenses are split between the Company's head office and Tanzania. A significant percentage of general and administration expenses relate to office and management costs that support the Company's operations in Tanzania and are cost recoverable under the PSA.

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Tanzania	**3,950**	3,379	**9,992**	9,932
Corporate	**3,826**	2,790	**12,459**	9,887
	7,776	6,169	**22,451**	19,819

General and administrative expenses are detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Employee and related costs	**3,800**	3,100	**10,316**	10,315
Office costs	**1,521**	1,389	**4,981**	4,673
ESG, marketing and business development costs	**42**	115	**567**	285
Reporting, regulatory and corporate	**2,413**	1,565	**6,587**	4,546
	7,776	6,169	**22,451**	19,819

General and administrative expenses averaged $2.6 million per month during Q4 2025 (Q4 2024: $2.1 million) and $1.9 million per month for the year ended December 31, 2025 (year ended December 31, 2024: $1.7 million). Employee and related costs have not significantly changed in the year ended December 31, 2025, over the comparable prior year period. The 7% increase in office costs for the year ended December 31, 2025, over the comparable prior year period was primarily a result of increased requirement for legal services in Tanzania. The 99% increase in environmental, social and governance ("ESG"), marketing and business development costs for the year ended December 31, 2025, over the comparable prior year period was mainly a result of completing an ESG project entailing procurement of equipment for the health center on the Songo Songo Island in 2025. The 45% increase in reporting, regulatory and corporate costs for the year ended December 31, 2025, over the comparable prior year period was due to an increase in costs related to professional services, mainly legal services.

Long Term Retention Plan

In 2023, the Company introduced the long-term retention award plan ("Long Term Retention Plan") effectively replacing the stock based compensation program previously in place. The total potential award amount payable to eligible participants (employees and directors) under the plan is $4.5 million (year ended December 31, 2024: $4.8 million), with an award payment date of September 30, 2026, subject to certain conditions. The decline in the potential award amount payable from the prior year end is due to a change in the number of employees. The award amount is being recognized on a straight-line basis over the four-year period in general and administrative expenses.

Depletion and Depreciation

Natural gas properties are depleted using the unit of production method based on the production for the period as a percentage of the total future production from the Songo Songo proved reserves. As at December 31, 2025 the estimated proved reserves remaining to be produced over the term of the PSA as determined by McDaniel in their report dated January 27, 2026 with an effective date of December 31, 2025 and prepared in accordance with NI 51-101 and the COGE Handbook were 17.5 Bcf (December 31, 2024: 40.2 Bcf). The average depletion rate was $1.21/mcf for the year ended December 31, 2025 compared to $1.14/mcf for the comparable prior year.

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Oil and natural gas interests	**7,592**	9,075	**31,766**	30,506
Office and other	**30**	59	**153**	209
Right-of-use assets	**76**	76	**307**	308
	7,698	9,210	**32,226**	31,023

The depletion charge for natural gas interests decreased by 16% for Q4 2025 and increased by 4% for the year ended December 31, 2025 over the comparable prior year periods. The increase for the year ended December 31, 2025 over the comparable prior year period was primarily the result of increased gas produced and sold.

Finance and Other Income and Finance Expense

Finance and other income is detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Interest income	**330**	867	**2,031**	3,665
Other income	**15,508**	–	**15,508**	–
	15,838	867	**17,539**	3,665

In 2025, the Company recognized $15.5 million of income as a result of TANESCO paying the full amount due under the Settlement Agreement for default interest.

Finance expense is detailed in the table below:

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Base interest expense	–	828	**551**	3,808
Participation interest (recovery) / expense	**(1,348)**	(222)	**3,831**	914
Lease interest expense	**4**	10	**25**	48
Interest (recovery) / expense	**(1,344)**	616	**4,407**	4,770
Interest on tax disputes	**9,055**	–	**9,055**	–
Net foreign exchange (gain) / loss	**(84)**	(1,077)	**1,805**	7,681
Indirect tax	–	325	–	1,300
Other financing costs	–	–	**334**	–
	7,627	(136)	**15,601**	13,751

Base interest expense and participation interest expense relate to the Loan from the IFC to PAET. Base interest on the Loan was payable quarterly in arrears at 10% per annum on a "pay-if-you-can-basis" using a formula to calculate the net cash available for such payments as at any given interest payment date. The participation interest expense is paid annually in arrears and equates to 6.4% of PAET's net cash flows from operating activities less cash flows used in investing activities for the year. Such participation interest will continue to accrue until October 15, 2026. The increase in participation interest expense is primarily a result of the increase in PAET's net cash flows from operating activities net of net cash used in investing activities.

On February 21, 2025, the Company fully repaid the $60.0 million Loan made by the IFC to PAET, pursuant to the Loan Agreement. The Company paid to the IFC $30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan. The annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding.

Interest on tax disputes follows $9.1 million allowed in Q4 2025 with respect to interest on ongoing 2009 income tax, 2012 to 2025 tax on repatriated income and 2019-2020 and 2023 value added tax ("VAT") disputes.

Net foreign exchange loss includes realized and unrealized revaluation gains and losses. The indirect tax in 2024 included VAT on the invoices to TANESCO for interest on late payments. Other financing costs include expenses related to the security posted in respect to an appeal initiated by the Company relating to a judgment (the " Judgment") received from the Tanzania High Court (Commercial Division) for a claim brought by a contractor against PAET relating to losses arising from PAET's termination of a contract.

Loss Allowance

$'000	Three Months ended December 31 2025	2024	Year ended December 31 2025	2024
Loss allowance	**3,797**	21,700	**3,797**	21,700
Reversal of loss allowance	**(4,390)**	–	**(27,671)**	–
	(593)	21,700	**(23,874)**	21,700

The loss allowance in 2025 follows (i) $3.3 million allowed with respect to principal amounts of 2019-2020 VAT and 2023 VAT disputes, and (ii) $0.5 million allowed for doubtful receivables. The reversal of loss allowance in 2025 follows (i) $23.3 million of the collection of the TANESCO long-term arrears pursuant to the Settlement Agreement net of a related adjustment to the tax recoverable balance, (ii) $4.1 million of the partial reversal of 2024 loss allowance with respect to ongoing litigation in the High Court of Tanzania, and (iii) $0.3 million of the reversal with respect to 2010-2011 corporate income tax dispute.

The loss allowance in 2024 followed $21.7 million allowed with respect to the litigation in the High Court of Tanzania and represented the amount required at the time to increase the provision to cover the current gross liability before any cost recovery, following the criteria of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

Asset Impairment

$'000	Three Months ended December 31 2025	2024	Year ended December 31 2025	2024
Asset impairment	–	26,651	–	26,651
	–	26,651	–	26,651

During 2024, the Company recorded an impairment expense of $25.9 million with respect to the full cost of the SS-7 well workover project that was carried out in 2024. In addition, during 2024, the Company recorded a write off of a trade receivable of $0.8 million which related to an advance which was paid to a supplier and could not be recovered.

At December 31, 2025, there were no indications of a possible impairment.

Tax

Income Tax

$'000	Three Months ended December 31 2025	2024	Year ended December 31 2025	2024
Current tax	**22,010**	6,834	**30,533**	13,737
Deferred tax expense / (recovery)	**(604)**	(12,792)	**(7,912)**	(15,508)
	21,406	(5,958)	**22,621**	(1,771)

Under the terms of the PSA with TPDC and the GoT, the Company is liable for income tax in Tanzania at the corporate tax rate of 30%. However, the PSA provides a mechanism by which income tax payable is recovered from TPDC by reducing TPDC's share of Profit Gas revenue and increasing the allocation to the Company. This is reflected in the accounts by increasing the Company's share of revenue by an amount equivalent to current year income taxes payable grossed up by 30%.

As at December 31, 2025, there were temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes under the Income Tax Act 2004. Applying the 30% Tanzanian tax rate, the Company has recognized a deferred tax credit of $3.3 million (December 31, 2024: $4.6 million deferred tax liability). The deferred tax has no impact on cash flow until it becomes a current income tax, at which point the tax is paid and recovered from TPDC's share of Profit Gas revenue.

Additional Profits Tax

$'000	Three Months ended December 31 2025	2024	Year ended December 31 2025	2024
APT	**771**	777	**9,799**	6,190

Under the terms of the PSA, APT is payable when the Company recovers its costs plus a specified return out of Cost Gas revenue and Profit Gas revenue. As a result: (i) no APT is payable until the Company recovers its costs out of Additional Gas revenue plus an annual operating return under the PSA of 25% plus the percentage change in the United States Industrial Goods Producer Price Index ("PPI"); and (ii) the maximum APT rate is 55% of the Company's Profit Gas revenue when costs have been recovered with an annual return of 35% plus the percentage change in PPI.

The timing and the effective rate of APT depends on the realized value of Profit Gas revenue which in turn depends on the level of expenditure. The Company provides for APT by annually forecasting the total APT payable in the future as a proportion of the forecast Profit Gas revenue over the term of the PSA. The forecast takes into account the timing of future development capital spending. As at December 31, 2025, the current portion of APT payable was $15.7 million (December 31, 2024: $7.8 million) with a long-term APT payable of $nil (December 31, 2024: $5.9 million). APT of $7.9 million was paid in Q1 2025 based on the 2024 results (Q1 2024: $16.0 million paid based on 2023 results).

The effective APT rate of 17.1% (Q4 2024: 19.7%) has been applied to the Company's share of Profit Gas revenue of $4.5 million for Q4 2025 (Q4 2024: $3.9 million), and average effective rate of 20.2% (2024: 20.2%) has been applied to the Company's share of Profit Gas revenue of $48.4 million for the year ended December 31, 2025 (year ended December 31, 2024: $30.7 million). Accordingly, $0.8 million for the quarter ended December 31, 2025 (Q4 2024: $0.8 million) and $9.8 million for the year ended December 31, 2025 (year ended December 31, 2024: $6.2 million) of APT has been recorded in the Consolidated Statements of Comprehensive Income.

Working Capital

Working capital as at December 31, 2025 was $27.4 million (December 31, 2024: $21.9 million) and is detailed in the table below (also see "*Non-GAAP financial measures and ratios*"):

$'000		As at December 31 2025		2024
Cash and cash equivalents, including restricted cash[1]		**111,703**		90,076
Trade and other receivables				
Songas	**2,297**		2,161	
TPDC	**6,775**		5,592	
TANESCO	**7,152**		12,731	
TPCPLC	**2,979**		10,409	
Industrial customers and other receivables	**11,584**		14,321	
Loss allowance	**(710)**	**30,077**	(1,177)	44,037
Prepayments and deposits		**3,026**		1,586
		144,806		135,699
Trade and other liabilities				
TPDC share of Profit Gas revenue[2]	**28,590**		16,359	
Songas	**2,798**		2,741	
Deferred income – take or pay contracts	–		943	
Other trade payables and accrued liabilities	**46,119**		46,808	
Current portion of long-term loan	–		30,122	
Current portion of APT	**15,690**	**93,197**	7,824	104,797
Tax payable		**24,198**		8,998
		117,395		113,795
Working capital		**27,411**		21,904

1 $24.7 million of restricted cash posted as security for the full amount of the initial judgment in the seismic dispute is excluded from the calculation of working capital. Whilst this amount of cash was restricted until the legal proceedings were fully concluded, the Appeal Judgment on February 3, 2026 reduced the award of damages to $17.9 million plus 7% interest per annum. On May 11, 2026, $19.3 million was paid in full and final settlement and the restrictions lifted on the remaining security balance of $5.4 million.

2 The balance of $28.6 million payable to TPDC is the liability for TPDC's share of Profit Gas revenue. Now that the issue of unpaid gas deliverables with TANESCO has been resolved, the balance of this liability beyond payments of $3.7 million and $6.3 million made to TPDC in March 2026 and April 2026, respectively, and represents the loss the Company suffered through the negative impact on its profit share percentage allocation as a result of displaced gas sales over the period of Q4 2015 to Q4 2017 from a forced interconnection at Ubungo and amounts on hold pending TRA's acceptance of the 2025 PAET tax return . This balance will only be paid or cleared once the historic differences with TPDC have been resolved and TRA have completed their review of the 2025 tax return. For their allocation of Profit Gas revenue, the Company paid TPDC $8.7 million in April 2025, $14.5 million in July 2025, $11.5 million in October 2025, $3.7 million in March 2026 and $6.3 million in April 2026.

Financial Instruments

Current financial instruments of the Company include cash and cash equivalents, trade and other receivables, trade and other liabilities and tax payable. The carrying values of the financial instruments approximate fair values due to their relatively short periods to maturity. The risks associated with the Company's financial instruments are primarily attributed to the inherent riskiness of the Tanzanian cash holdings and the ability to exchange Tanzanian shillings for hard currencies, and the risk that trade and other receivables may not be paid when due. The Company mitigates these risks by (i) holding, when possible, the majority of its cash (other than Tanzanian shillings) outside of Tanzania in reputable international financial institutions primarily in Jersey and Mauritius which reduces the Company's exposure to geo-political risks; (ii) monitoring and reviewing the trade and other receivables on a regular basis to determine if allowances are required for overdue amounts or action is required to restrict deliveries on past due accounts to reduce exposure on outstanding receivables; and (iii) seeking payments from its customers, when possible, in US dollars. As of December 31, 2025, over 90% of receipts from domestic customers are denominated in Tanzanian shillings. There are no restrictions on the movement of cash from Jersey, Mauritius or Tanzania.

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

Working Capital Requirements

The Company expects to have sufficient cash flow from operating activities to maintain adequate working capital to cover both short-term and long-term obligations for 2026. The Company maintains adequate US dollars and other hard currencies on hand to ensure it can meet all its foreign denominated capital expenditure obligations and deal with possible fluctuations in liquidity from operational problems and US dollar liquidity issues in Tanzania. During 2024, the global growth slowdown saw an increased decline in foreign exchange reserves in Tanzania, which gave rise to decreased availability of US dollars in Tanzania and impaired the Company's ability to convert Tanzanian shillings directly to US dollars. The Company has seen an improvement in US dollar availability 2025, however, there is still a risk that the Company may not be able to convert Tanzanian shillings to hard currencies, such as US dollars, in the future as and when required.

TANESCO Receivable

As at December 31, 2025, the current receivable from TANESCO was $7.2 million (December 31, 2024: $12.7 million). During 2025 the Company invoiced TANESCO $57.9 million (2024: $51.1 million) for gas deliveries made during the year. As at December 31, 2025, the Company had received $51.8 million (2024: $44.2 million) in payments for current year gas supplies. Based on the consistent payments from TANESCO, the Company recognized all amounts invoiced for gas deliveries in 2025 and 2024 as revenue.

Subsequent to December 31, 2025, the Company has collected all outstanding amounts for 2025 gas deliveries.

The TANESCO long-term receivable as at December 31, 2024 was $22.0 million and had been fully provided for. As at December 31, 2025, the Company has received all amounts due under the Settlement Agreement. Accordingly, the provision has been reversed in full and the long-term receivable balance as at December 31, 2025 is $ nil.

Capital Expenditures

The capital expenditures (see "*Non-GAAP financial measures and ratios*") in 2025 primarily related to the flowlines replacement program for the SS-5 and SS-9 wells, deferred at the request of the GoT from 2024. The capital expenditures in 2024 primarily related to the well workover program.

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Pipelines, well workovers and infrastructure	**845**	14,869	**1,619**	27,233
Other capital expenditures	**–**	–	**–**	315
	845	14,869	**1,619**	27,548

Capital Requirements

Except as described below, there are no contractual commitments for exploration or development drilling or other field development, either in the PSA or otherwise agreed, which would give rise to significant capital expenditure with respect to the Songo Songo gas field. Any additional significant capital expenditure in Tanzania is discretionary.

During 2024, the Company recorded an asset impairment expense of $25.9 million with respect to the SS-7 well workover program which has now concluded. It is not known if further attempts to return the well to production will be pursued in the foreseeable future.

On April 14, 2023, PAET formally requested TPDC apply for an extension of the Licence. TPDC was contractually required to make this application promptly upon request by the Company. In November 2024, TPDC submitted an application for the extension of the Licence to the MoE, however, their proposed terms were uneconomic, and the Company informed TPDC that it did not agree with the terms as submitted. TPDC declined to address PAET's concerns itself, and refused to rescind and resubmit the application, advising PAET to raise any issues directly to the MoE.

The Company's Counsel subsequently submitted a letter to the MoE, requesting an urgent meeting to address the issues. The MoE invited PAET to meet to negotiate on two occasions but, having declined to address PAET's legitimately raised concerns regarding the TPDC proposal, and having refused to provide any counter proposals in advance of such meetings, PAET declined to attend, proposing instead alternative meetings, subject to the provision of a counter proposal by the Government Negotiating Team. The parties eventually met in March 2026, whereupon the Government Negotiating Team presented commercial and operational conditions for a 20-year extension of the Licence. Evaluation of the proposed terms were not commercially viable for PAET and negotiations for a Licence extension continue.

Until an extension has been finalized, a high degree of uncertainty exists with respect to the extent of the Company's operating activities subsequent to October 2026, when the Licence is set to expire. Given the time remaining on the existing Licence, lack of progress on the Licence extension application request, and the recent filing for arbitration by both PAEM and PAET in respect to the RFAs, all capital projects, other than maintenance and those necessary for essential safety are currently on hold.

Long-term Receivables

	As at December 31	
$'000	2025	2024
Lease deposit	**10**	10
	10	10

The following table details the amounts receivable from TANESCO:

	As at December 31	
$'000	2025	2024
Total amounts invoiced to TANESCO	**7,152**	105,210
Current trade receivable – TANESCO	**(7,152)**	(12,731)
Unrecognized amounts[1]	**–**	(70,461)
Loss allowance	**–**	(22,018)
	–	–

[1] The amount includes invoices for interest on late payments from TANESCO.

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2025 and 2024.

On April 15, 2025 PAET signed the Settlement Agreement with TPDC and TANESCO, for TANESCO to pay PAET $52.0 million for unpaid amounts owing by TANESCO for deliveries of natural gas from the Songo Songo gas field. The parties acknowledged in the Settlement Agreement that these unpaid amounts totalled $104.2 million as of January 9, 2025, comprised of $33.7 million of the principal amount owing and approximately $70.5 million of default interest.

The Settlement Agreement required TANESCO to pay the Tanzanian Shilling equivalent of $52.0 million, comprised of the $33.7 million principal amount, of which $11.7 million related to current receivables and $22.0 million related to long-term receivables which had been fully provided for, and $18.3 million representing a portion of the default interest owed by TANESCO. It was agreed that the remaining balance of the default interest owing by TANESCO would be waived if TANESCO paid the settlement amount when required and in full while remaining current on amounts owed. As at December 31, 2025, TANESCO has paid the full $52.0 million due under the Settlement Agreement and the Company has duly waived the remaining balance of the default interest owing by TANESCO. Payments on account of the settlement amount have been allocated between PAET and TPDC. Pursuant to the PSA, the Company has retained approximately $35.4 million of the settlement amount with TPDC receiving the balance.

The TANESCO long-term receivable as at December 31, 2024 was $22.0 million and had been fully provided for. As at December 31, 2025, the Company has received all amounts due under the Settlement Agreement. Accordingly, the provision has been reversed in full and the long-term receivable balance as at December 31, 2025 is $ nil.

Long-term Loan

In 2015 PAET obtained the Loan with the IFC, a member of the World Bank Group, for $60 million. The Loan was fully drawn down in 2016.

The Loan was to be paid out through six semi-annual payments of $5.0 million starting October 15, 2022 and one final payment of $25.2 million was to be due on October 15, 2025. The Loan was an unsecured subordinated obligation of PAET. Dividends and distributions from PAET to PAEM were restricted at any time whenever amounts of interest, principal or participating interest are due and outstanding.

On February 21, 2025, the Company fully repaid the $60 million Loan. The Company paid to the IFC $30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. The annual variable participating interest granted by PAET to the IFC under the terms of the loan agreement with the IFC remains outstanding.

Outstanding Shares

The Class A Shares are convertible at any time at the option of the holder into Class B Shares on a one-for-one basis. Subject to the terms and conditions of conversion specified in the memorandum of association and articles of association of the Company, the Class B Shares are convertible into Class A Shares on a one-for-one basis if an offer is made to purchase Class A Shares that: (i) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Shares are listed, be made to all or substantially all of the holders of Class A Shares; and
(ii) are not made concurrently with an offer to purchase Class B Shares that is identical to the offer to purchase Class A Shares and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Shares. The conversion right does not come into effect under certain events specified in the memorandum of association of the Company, including, without limitation, the prior delivery to the Company's transfer agent and to the Secretary of the Company of a certificate signed by one or more shareholders owning more than 50% of the then outstanding Class A Shares.

On November 18, 2024, the Company commenced a normal course issuer bid (the "2024 NCIB") to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. As at December 31, 2025, the Company had repurchased for cancellation 7,100 Class B Shares at a weighted average price of CDN$3.17 pursuant to the 2024 NCIB.

On November 6, 2023, the Company commenced a normal course issuer bid ("2023 NCIB") to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. The Company had repurchased for cancellation 70,200 Class B Shares at a weighted average price of CDN$4.38 pursuant to the 2023 NCIB.

1,749,895 Class A Shares and 18,015,014 Class B Shares were outstanding as at December 31, 2025. 1,749,895 Class A Shares and 18,022,114 Class B Shares were outstanding as at December 31, 2024. See "*Normal Course Issuer Bid and Dividends*" in this MD&A.

All issued capital stock is fully paid.

Cash Flow Summary

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Operating activities				
Net (loss)/income	**(33,154)**	(25,821)	**8,824**	(21,578)
Non-cash adjustments	**7,214**	23,308	**33,414**	46,647
Interest (recovery) / expense	**(1,344)**	616	**4,407**	4,770
Changes in non-cash working capital[1]	**27,335**	8,151	**37,912**	(2,753)
Net cash flows from operating activities	**51**	6,254	**84,557**	27,086
Net cash used in investing activities	**(607)**	(10,744)	**(10,899)**	(17,960)
Net cash used in financing activities	**(15,665)**	(7,513)	**(52,429)**	(23,071)
(Decrease)/increase in cash	**(16,221)**	(12,003)	**21,229**	(13,945)

[1] See Consolidated Statements of Cash Flows

The Company's net income increased by $30.4 million for the year ended December 31, 2025 over the comparable prior year period primarily as a result of the reversal of loss allowance and recognition of interest income in 2025 as a result of TANESCO paying the full amount under the Settlement Agreement. The Company's net cash flows from operating activities increased by 212% for the year ended December 31, 2025 over the comparable prior year periods primarily as a result of higher payments from TANESCO in 2025 pursuant to the Settlement Agreement. The decrease in net cash used in investing activities for the year ended December 31, 2025 over the comparable prior year period was mainly a result of lower capital expenditures in 2025. The increase in net cash used in financing activities for the year ended December 31, 2025 over the comparable prior year period was an outcome of paying off the loan in February 2025 and paying the special dividend in October 2025.

Related Party Transactions

The Chair of the Company's Board of Directors is Counsel at Burnet, Duckworth & Palmer, LLP, a law firm that provides legal advice to the Company and its subsidiaries. Fees for services provided by this firm totaled $0.4 million for the quarter ended December 31, 2025 (Q4 2024: $0.1 million) and $1.1 million for the year ended December 31, 2025 (year ended December 31, 2024: $0.7 million).

As at December 31, 2025 the Company had a total of $0.5 million (December 31, 2024: $0.05 million) recorded in trade and other liabilities in relation to related parties.

Normal Course Issuer Bid and Dividends

On November 6, 2023 the Company commenced a normal course issuer bid (the "2023 NCIB") to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2023 NCIB were made by Research Capital Corporation ("Research Capital") on behalf of the Company and were not to exceed 500,000 Class B Shares, representing approximately 2.75% of the total outstanding Class B Shares as of October 31, 2023. The 2023 NCIB was in effect from November 6, 2023 until November 5, 2024. Purchases of Class B Shares were made by Research Capital based on the parameters prescribed by the TSXV and applicable securities laws. The acquisition price of Class B Shares under the 2023 NCIB was not to exceed the market price of the Class B Shares at the time of acquisition and the funds available to acquire the Class B Shares were to come from the Company's working capital and cash flow. All Class B Shares purchased under the 2023 NCIB were to be cancelled. As at November 5, 2024, being the last day of the 2023 NCIB, the Company had repurchased for cancellation 70,200 Class B Shares at a weighted average price of CDN$4.38 pursuant to the 2023 NCIB.

On November 18, 2024 the Company commenced the 2024 NCIB to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2024 NCIB were made by Research Capital on behalf of the Company and were not to exceed 500,000 Class B Shares, representing approximately 2.77% of the total outstanding Class B Shares as of November 13, 2024. The 2024 NCIB was in effect from November 18, 2024 until November 17, 2025. Purchases of Class B Shares under the 2024 NCIB were made by Research Capital based on the parameters prescribed by the TSXV and applicable securities laws. The acquisition price of Class B Shares under the 2024 NCIB was not to exceed the market price of the Class B Shares at the time of acquisition and the funds available to acquire the Class B Shares were to come from the Company's working capital and cash flow. All Class B Shares purchased under the 2024 NCIB were to be cancelled. As at November 17, 2025, being the last day of the 2024 NCIB, the Company had repurchased for cancellation 7,100 Class B Shares at a weighted average price of CDN$3.17 pursuant to the 2024 NCIB.

Dividend Summary

Declaration date	Record date	Payment date	Amount per share(CDN$)
March 5, 2026	March 31, 2026	April 14, 2026	0.10
February 9, 2026	February 13, 2026	February 27, 2026	2.00
November 27, 2025	December 31, 2025	January 14, 2026	0.10
September 23, 2025	September 29, 2025	October 6, 2025	1.00
August 13, 2025	September 30, 2025	October 15, 2025	0.10
May 14, 2025	June 30, 2025	July 15, 2025	0.10
February 14, 2025	March 31, 2025	April 14, 2025	0.10

Consolidation

The companies which are being consolidated for the purposes of this MD&A are:

Subsidiary	Incorporated	Holding
Orca Energy Group Inc.	British Virgin Islands	Parent Company
Orca Exploration UK Services Limited[1]	United Kingdom	100%
PAE PanAfrican Energy Corporation	Mauritius	100%
PanAfrican Energy Tanzania Limited	Jersey	100%

[1]Orca Exploration UK Services Limited was dissolved on April 29, 2025.

Contingencies

Taxation

Amounts in $'millions					As at December 31 2025	2024
Area	Period	Reason for dispute	Principal	Interest and penalties	Total	Total
Income tax	2008-09 2012-20 2023	Deductibility of capital expenditures and expenses (2012, 2015 and 2016), additional income tax (2008 and 2012), foreign exchange rate application (2013 to 2015, 2018 to 2020, 2023), underestimation of tax due (2014, 2016, 2020 and 2023), methodology of grossing up income taxes paid (2015 to 2017) and treatment of profit gas revenue and expenditure, shared workover costs, deferred revenue and bad debt write offs (2023)	**21.6**	**17.7**	**39.3**[(1)]	37.7
Tax on repatriated income	2012-25	Applicability of withholding tax on repatriated income (2012 to 2025)	**2.6**	**1.1**	**3.7**[(2)]	27.1
VAT	2012-23	VAT already paid (2012 to 2014), VAT on imported services (2015, 2016 and 2023); interest on VAT decreasing adjustments (2017), input VAT on services (2017 to 2020, 2023) and VAT on income tax and production taxes (2019 to 2023)	**12.8**	**4.6**	**17.4**[(3)]	16.6
Withholding and other taxes	2023	Applicability of withholding tax on interest, leases, foreign services and royalites (2023)	**0.2**	**0.0**	**0.2**[(4)]	–
			37.2	**23.4**	**60.6**	81.4

The table above provides a summary of the Company's tax contingencies that are outstanding with the Tanzanian tax authorities and have not been recognized.

During 2022, following the expiry of the statutory deadline for the Tanzania Revenue Authority (the "TRA") to respond to the Company's objections, the Company filed notices of intention to appeal to the Tanzania Revenue Appeals Board (the "TRAB") against the corporate income tax assessments for the years of 2012 to 2016, tax on repatriated income for the years of 2012 to 2014, and VAT for the years of 2015 to 2016. In May 2023, the TRA issued final corporate income tax assessments for the years of 2012 to 2016 agreeing to drop certain claims with respect to previously assessed corporate income tax for the years of income of 2012 and 2016. These claims are no longer represented in the table above. As of December 31, 2025, years of income of 2021, 2022 and 2024 remain open for audit.

On September 15, 2025, following completion of tax audits for the year of income of 2023, the TRA issued notices of assessments for the corporate income tax ($7.8 million), tax on repatriated Income ($0.1 million), VAT ($5.2 million), withholding tax ($1.0 million) and other taxes, including excise duty, employment tax and others ($0.2 million) amounting to $14.3 million. On October 15, 2025, after paying the agreed deposit in the amount of $2.0 million, the Company filed notices of objections against the assessments. On March 31, 2026, the TRA issued determination letters decreasing the initially assessed amount $14.3 million to $11.2 million.

Corporate income tax

In 2024, the Company withdrew its application for the Court of Appeal of Tanzania (the "CAT") to review its judgment on the corporate income tax for the year of 2009 ($1.9 million). The matter is now marked withdrawn. Parties will now negotiate on the implementation of the CAT's judgment of 2018 in favor of the TRA. At an earlier judgment, the TRAB, while ruled in favor of the TRA, also allowed the Company to utilize the depreciation allowance, which was the issue in dispute, in subsequent years. The Company has made provision in the accounts for the amount in dispute.

In Q2 2022, the Tax Revenue Appeals Tribunal (the "TRAT") pronounced its judgment on the corporate income tax appeal for 2010 ($2.1 million) in favor of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q3 2022, the Company filed a memorandum of appeal. The hearing took place on February 25, 2025 and was adjourned for a later date to allow parties to attempt an out-of-court settlement. In Q4 2025, the Company accepted a waiver of 40% of interest and penalties as a condition for an out-of-court settlement and paid a total of $1.3 million in full settlement of the dispute. The amount was recovered from the TPDC profit share under the terms of the PSA. These claims are no longer represented in the table above.

In Q3 2023, the TRAT pronounced its judgment on the corporate income tax appeal for 2011 ($1.5 million) in favor of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q4 2023, the Company filed a memorandum of appeal. On February 24, 2025 and July 21, 2025, the Company approached the TRA with a proposal for an out-of-court settlement. In Q4 2025, the Company accepted a waiver of 40% of interest and penalties as a condition for an out-of-court settlement and paid $0.1 million in full settlement of the dispute. The amount was recovered from the TPDC profit share under the terms of the PSA. These claims are no longer represented in the table above.

In Q1 2025 and in Q3 2025, the Company's appeals against the corporate income tax assessments for the years of 2012 and 2013 ($12.6 million) were heard at the TRAB and the parties are now awaiting the TRAB's decision. On March 11, 2026, the TRAB delivered oral judgment in favor of the TRA. The Company subsequently filed notices of intention to appeal with the TRAT and is now awaiting the written judgment before proceeding with further steps.

In Q2 2025, the Company's appeal against the corporate income tax assessment for the year of 2014 ($5.7 million) was heard at the TRAB and parties are now awaiting the TRAB's decision. On March 11, 2026, the TRAB delivered oral judgment in favor of the TRA. The Company subsequently filed notices of intention to appeal with the TRAT and is now awaiting the written judgment before proceeding with further steps.

In Q3 2025, the Company's appeals against the corporate income tax assessments for the years of 2015 and 2016 ($9.3 million) were heard at the TRAB. In Q1 2026, TRAB delivered oral judgment in favor of the TRA; the Company is appealing the decision with TRAT and is now awaiting the written judgment before proceeding with further steps.

In Q4 2022, the TRA issued six assessments for income tax and for ensuing interest on deemed delayed payments ($0.6 million) for the years of 2018 to 2020. The Company objected to the assessments on the grounds of incorrect disallowance of expenses and use of exchange rates. In Q1 2023, the Company received the TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following the TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q4 2023, the Company filed statements of appeal at the TRAB. In Q1 2024, the appeals were heard at the TRAB. In Q1 2026, the TRAB delivered oral judgment in favor of the TRA. The Company has filed a notice of intention to appeal with the TRAT and is now awaiting the written judgment before proceeding with further steps.

Tax on repatriated income

In Q4 2023, during the TRAB hearing of the appeals against the notice of assessment for tax on repatriated income for the years of 2012 to 2013 ($12.1 million), the TRA was allowed to file a preliminary objection. In Q1 2024, the parties filed their written submissions. In Q1 2025, the TRAB heard the appeals. In Q4 2025, the TRAB delivered oral judgment in favor of the TRA and on March 9, 2026 delivered written judgment. The Company filed notices of intention to appeal with the TRAT.

In Q2 2025, the TRAB heard the appeal against the notice of assessment for tax on repatriated income for the year of 2014 ($4.2 million). In Q4 2025, the TRAB delivered an oral judgment in favor of the TRA and on March 9, 2026 delivered written judgment. The Company filed notices of intention to appeal with the TRAT.

In Q4 2022, the TRA issued seven assessments for tax on repatriated income ($12.1 million) for the years of 2015 to 2021. The Company objected to the assessments on the grounds of the assessments lacking merit; additionally, the assessments for the years of 2015 and 2016 were time-barred. In Q1 2023, the Company received the TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following the TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q4 2023, the Company filed statements of appeal at the TRAB. In Q1 2024, the parties filed their respective final written submissions. In Q4 2025, the TRAB delivered oral judgment in favor of the TRA and on March 9, 2026 delivered written judgment. The Company filed notices of intention to appeal with the TRAT.

In Q4 2025, due to recent court decisions that could be viewed as setting precedents relevant to the Company's disputes on tax on repatriated income, the Company recorded an additional provision of approximately $35.8 million for income tax on repatriated income, bringing the total provision to $39.1 million covering the period 2012 2025. A further $3.7 million remains as a contingent liability.

VAT

In Q4 2022, the TRA issued an assessment for VAT ($0.1 million) for the years of 2019 and 2020. The Company objected to the assessment on the grounds that the TRA incorrectly disallowed input VAT on certain services. In Q1 2023, the Company received the TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following the TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q1 2024, the Company filed statements of appeal at the TRAB. In Q1 2024, the appeals came for a hearing at the TRAB. In Q1 2026, the TRAB delivered oral judgment allowing the appeal partially and dismissing the balance. The Company subsequently filed notices of intention to appeal with the TRAT and is now awaiting the written judgment before proceeding with further steps. The Company recorded a provision of $0.1 million.

On November 29, 2024, the TRA issued assessments for VAT ($15.5 million) for the years of 2019 to 2023. The Company objected to the assessments on the ground that the TRA incorrectly imposed VAT on a contractual adjustment made to the TPDC's Profit Gas share and to the regulatory levy charged to customers. On April 15, 2025, the TRA issued a notice of intention to determine the objections. On May 17, 2025, the Company responded to the notice. On July 2, 2025, the TRA delivered its determination of the objections. On July 21, 2025, the TRA issued final VAT assessments for the years of 2019 to 2023. On July 23, 2025, the Company filed notices of intention to appeal at the TRAB. In August 2025, the Company filed statements of appeal at the TRAB and is now awaiting a hearing date.

Management, with advice from its legal counsel, has reviewed the Company's position on the objections and appeals related to the disputed amounts and has concluded that no further provision is required. However, if the TRA assesses the Company's tax returns for open taxation years on a similar basis, the Company may be required to make future deposits to object such assessments.

The process of appealing assessments issued by the TRA starts by initially filing an appeal with the TRA. If this is not successful, claims can be taken to higher authorities starting with the TRAB, followed by an appeal to the TRAT and finally to the CAT. Below is a summary of the status of the various assessments:

(1) (a) 2008 ($0.6 million): The Company objected to the TRA assessment that did not recognize a tax loss carried forward and is awaiting a response;

(b) 2012 ($11.0 million): The Company appealed to the TRAB objecting to the TRA assessment with respect to understated revenue and deductibility of capital expenditures and expenses. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB;

(c) 2013 ($1.1 million): The Company appealed to the TRAB objecting to the TRA assessment as being time-barred and without merit. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB;

(d) 2014 ($6.2 million): The Company appealed to the TRAB objecting to the TRA assessment on the ground that the TRA assessment incorrectly disallowed certain expenses and applied erroneous foreign exchange rates. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB;

(e) 2015-16 ($8.7 million): The Company appealed to the TRAB as to TRA's assessments on the ground that the TRA assessments failed to recognize provisional tax payments, incorrectly disallowed capital expenditures and certain expenses and applied erroneous foreign exchange rates. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB;

(f) 2017 ($7.9 million): The TRA issued an assessment for corporation tax which questioned the Company's methodology of grossing up already paid corporation tax ($5.6 million) the deductibility of capital expenditures and certain expenses. The Company filed an objection and is awaiting the TRA's response;

(g) 2018-20 ($0.6 million): The Company appealed to the TRAB objecting to the TRA assessment on the ground that the TRA incorrectly disallowed certain expenses and failed to recognize payments already made. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB; In Q4 2025, the Company recorded a provision of $0.6 million;

(h) 2023 ($4.4 million): The Company objected to the TRA's assessments on the grounds that the TRA incorrectly disallowed certain expenses and incorrectly adjusted PAET's profit gas share.

(2) (a) 2012 ($3.5 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB. The TRAB delivered judgement in favor of the TRA. The Company is appealing the decision with the TRAT;

(b) 2013 ($9.1 million): The Company objected to the TRA assessment as being time-barred and without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB. The TRAB delivered judgement in favor of the TRA. The Company is appealing the decision with the TRAT;

(c) 2014 ($4.4 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB. The TRAB delivered judgement in favor of the TRA. The Company is appealing the decision with the TRAT;

(d) 2015-21 ($12.7 million): The Company appealed to the TRAB objecting to the TRA assessments for the year of income of 2015 ($2.3 million), 2016 ($2.3 million), 2017 ($1.9 million), 2018 ($1.3 million), 2019 ($1.9 million), 2020 ($1.3 million) and 2021 ($1.6 million) for being without merit. The TRAB delivered judgement in favor of the TRA. The Company is appealing the decision with the TRAT;

(e) 2023 ($0.1 million): The Company objected to the TRA's assessments as being without merit and is awaiting a response from the TRA;

(f) In Q4 2025, due to recent court decisions that could be viewed as setting precedents relevant to the Company's disputes on tax on repatriated income, the Company recorded an additional provision of approximately $35.8 million for tax on repatriated income, bringing the total provision to $39.1 million covering the period 2012 2025 inclusive of years yet to formally be assessed. A further $3.7 million remains as a contingent liability.

(3) (a) 2017-18 ($1.5 million): The Company filed an objection to a TRA assessment and is awaiting a response. The Company objected to incorrect imposition of interest on VAT decreasing adjustments in respect of delayed TANESCO payment ($1.4 million) and disallowing input VAT claimed in certain services ($0.1 million);

(b) 2019-20 ($0.1 million): The Company appealed to the TRAB objecting to a TRA assessment on the grounds of incorrectly disallowing input VAT claimed. The TRAB delivered oral judgment allowing the appeal partially and dismissing the balance. The Company subsequently filed notices of intention to appeal with the TRAT and is now awaiting the written judgment from the TRAB; in Q4 2025, Company recorded a provision of $0.1 million;

(c) 2019-23 ($15.8 million): The Company has filed an objection to the TRA assessments and is awaiting a response. The Company objected to the imposition of VAT on a component of the profit sharing mechanism with TPDC and under the PSA and on the EWURA levy included in invoices to certain customers;

(d) 2023 ($3.6 million): The Company objected to the TRA's assessments as being without merit and is awaiting a response from the TRA, however has recorded a provision of $3.5 million related to VAT on contractor imports;

(4) (a) 2023 ($0.1 million): The Company has filed an objection the assessment of withholding taxes on services, rent and software licences and is awaiting TRA's response;

(b) 2023 ($0.1 million): The Company has filed an objection the imposition of excise duty on a non-charge component of invoices to customers and is awaiting TRA's response;

(c) 2023 ($0.05 million): The Company has filed an objection to the erroneous assessment of labour taxes and is awaiting TRA's response;

(d) 2023 ($0.02 million): The Company has filed an objection to the erroneous imposition of a penalty on deemed delayed filing of the transfer pricing report and is awaiting TRA's response.

Accounting Changes

The following standards have been issued but are not yet effective:

- IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

The Company intends to adopt these standards when they become effective and is currently evaluating the potential impact.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") for Orca. DC&P, as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, are designed to provide reasonable assurance that information required to be disclosed in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities law and include controls and procedures designed to ensure that information required to be so disclosed is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The CEO and CFO of Orca evaluated the effectiveness of the design and operation of the Company's DC&P. Based on the evaluation, the officers concluded that Orca's DC&P were effective as at December 31, 2025.

Quarterly Results Summary

The following is a summary of key results for the Company for the last eight quarters:

Figures in $'000 except where otherwise stated	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**15,820**	21,746	24,274	25,391	36,855	24,787	25,014	24,937
Net (loss) / income attributable to shareholders	**(33,154)**	19,475	22,401	102	(25,821)	2,086	1,188	969
(Loss) / earnings per share								
– basic and diluted ($)	**(1.67)**	0.99	1.12	0.01	(1.31)	0.10	0.06	0.06
Net cash flows from / (used in) operating activities	**51**	32,294	31,948	20,264	6,254	10,255	16,747	(6,170)
Capital expenditures	**845**	182	44	548	14,869	9,354	1,912	1,470

Revenue increased in Q2 2024 as a result of a decrease of TPDC share of revenue and a higher current income tax Adjustment Factor, partially offset by a decrease in sales to the power and industrial sectors. Revenue decreased in Q3 2024 primarily as a result of a lower current income tax adjustment and the revenues from gas deliveries to Songas in August and September not meeting revenue recognition criteria under IFRS 15.
Revenue increased in Q4 2024 as a result of a decrease of TPDC share of revenue and a higher current income tax adjustment, partially offset by a decrease in sales to the industrial sector. Revenue decreased in Q1 2025 as a result of an increase of TPDC share of revenue and a lower current income tax adjustment. Revenue decreased in Q2 2025 as a result of an increase of TPDC share of revenue, which was partially offset by a higher current income tax adjustment. Revenue decreased in Q3 2025 as a result of an increase of TPDC share of revenue. Revenue decreased in Q4 2025 as a result of a lower current income tax adjustment.

Net (loss) / income attributable to shareholders was affected by several factors, other than changes in revenue, including:

- the increase in Q2 2024 was a result of a lower depletion expense, higher deferred income tax recovery and a lower APT expense, partially offset by a higher finance expense;
- the increase in Q3 2024 was a result of lower G&A and finance expenses;
- the decrease in Q4 2024 was a result of recording of (i) asset impairment of $25.9 million with respect to the SS-7 well workover program, and (ii) loss allowance of $21.7 million with respect to ongoing litigation;
- the increase in Q1 2025 was a result of recording the asset impairment and the loss allowance in Q4 2024, which was partially offset by a lower deferred income tax recovery in Q1 2025;
- the increase in Q2 2025 was a result of the reversal of a $22.0 million loss allowance following the collection of TANESCO long-term arrears pursuant to the Settlement Agreement;
- the decrease in Q3 2025 was a result of higher reversal of loss allowance in the previous quarter, partially offset by the recognition of $15.5 million of interest income following the collection of TANESCO default interest pursuant to the Settlement Agreement; and
- the decrease in Q4 2025 was a result of a higher income tax charge following a provision with respect to ongoing tax disputes.

In addition to the factors impacting net income attributable to shareholders, net cash flows from operating activities were primarily affected by the timing and amount of payments received from TANESCO. The increase in Q2 2024 was primarily a result of the changes in the non-cash working capital, namely the decrease in trade and other receivables. The decreases in Q3 2024 and Q4 2024 were primarily a result of the increases in trade and other receivables. The increases in Q1, Q2, and Q3 2025 were primarily a result of the decreases in trade and other receivables. The decrease in Q4 2025 was primarily a result of the decreases in trade and other payables and the increases in trade and other receivables.

Capital expenditures in Q1, Q2, Q3 and Q4 2024 were mainly related to well workover activities. Capital expenditures in Q1, Q2, Q3 and Q4 2025 were mainly related to flowlines replacement activities.

Selected Annual Financial Information

Selected annual financial information derived from the audited consolidated financial statements for the years ended December 31, 2025, 2024 and 2023 is set out below:

Figures in $'000 except per share amount	2025	2024	2023
Revenue	**87,231**	111,593	110,235
Net income / (loss) attributable to shareholders	**8,824**	(21,578)	7,014
Earnings / (loss) – basic and diluted ($ per share)	**0.45**	(1.09)	0.35
Cash dividends declared (CDN$ per Class A and B Shares)	**1.40**	0.40	0.40
Net cash flows from operating activities	**84,557**	27,086	48,485
Total non-current liabilities	–	10,695	58,036
Total assets	**167,591**	185,766	215,431

The 1% increase of revenue in 2024 compared to 2023 was primarily a result of a lower TPDC share of revenue partially offset by decreased sales to the power sector. The 22% decrease of revenue in 2025 compared to 2024 was primarily a result of the increase in TPDC's share of revenue as an outcome of decreased capital expenditures and lower Cost Gas revenue recoveries by the Company.

The decrease in net income attributable to shareholders in 2024 was a result of the asset impairment and the loss allowance. The increase in net income attributable to shareholders in 2025 was primarily a result of the reversal of a $22.0 million loss allowance following the collection of TANESCO long-term arrears pursuant to the Settlement Agreement.

In 2025, 2024 and 2023, the Company approved quarterly dividends, CDN$0.10 per share for Q1, Q2, Q3 and Q4 in each of 2025, 2024 and 2023. In addition, in 2025, the Company approved a special dividend of CDN$1.00 per share. Please refer to the table in the "Normal Course Issuer Bid and Dividends" section of this MD&A.

The changes in net cash flows from operating activities are primarily related to the changes in non-cash working capital primarily associated with variations in prepayments, trade and other receivables and trade and other liabilities.

The $47.3 million decrease in total non-current liabilities in 2024 compared to 2023 was primarily a result of the payment of a portion of the APT, further repayment of the Loan and maturing of the outstanding Loan principal. The $10.7 million decrease in total non-current liabilities in 2025 compared to 2024 was primarily a result of the payment of a portion of the APT.

Total assets decreased by 12% in 2024 compared to 2023 mainly as a result of depletion of capital assets and well as one-time asset impairment with respect to the well workover program. Total assets decreased by 12% in 2025 compared to 2024 mainly as a result of depletion of capital assets.

Non-GAAP Financial Measures and Ratios

In this MD&A, the Company has disclosed the following non-GAAP financial measures, non-GAAP ratios and supplementary financial measures: capital expenditures, operating netback, operating netback per mcf, working capital, net cash flows from operating activities per share and weighted average Class A and Class B Shares.

These non-GAAP financial measures and ratios disclosed in this MD&A do not have any standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. These non-GAAP financial measures and ratios should not, therefore, be considered in isolation or as a substitute for, or superior to, measures and ratios of Company's financial performance defined or determined in accordance with IFRS. These non-GAAP financial measures and ratios are calculated on a consistent basis from period to period.

Non-GAAP Financial Measures

Capital expenditures

Capital expenditures is a useful measure as it provides an indication of our investment activities. The most directly comparable financial measure is net cash from (used in) investing activities. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Pipelines, well workovers and infrastructure	**845**	14,869	**1,619**	27,233
Other capital expenditures	**–**	–	**–**	315
Capital expenditures	**845**	14,869	**1,619**	27,548
Right of use	**–**	–	**–**	57
Change in non-cash working capital	**(238)**	(4,125)	**9,280**	(9,645)
Net cash used by investing activities	**607**	10,744	**10,899**	17,960

Operating netback

Operating netback is calculated as revenue less processing and transportation tariffs, TPDC's revenue share, and operating and distribution costs (see "*Operating Netback*" in this MD&A). The operating netback summarizes all costs that are associated with bringing the gas from the Songo Songo gas field to the market, and is a measure of profitability. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended December 31		Year ended December 31	
$'000	2025	2024	2025	2024
Revenue	**15,820**	36,855	**87,231**	111,593
Production, distribution and transportation expenses	**(4,725)**	(5,265)	**(17,582)**	(19,990)
Net Production Revenue	**11,095**	31,590	**69,649**	91,603
Current income tax adjustment (recorded in revenue)	**14,844**	(8,061)	**4,625**	(12,817)
Operating netback	**25,939**	23,529	**74,274**	78,786
Sales volumes MMcf	**6,977**	6,604	**26,227**	25,185
Netback $/mcf	**3.71**	3.56	**2.83**	3.13

Non-GAAP Ratios

Operating netback per mcf

Operating netback per mcf represent the profit margin associated with the production and sale of Additional Gas and is calculated by taking the operating netback and dividing it by the volume of Additional Gas delivered and sold. This is a key measure as it demonstrates the profit generated from each unit of production.

Supplementary Financial Measures

Working capital

Working capital is defined as current assets less current liabilities, as reported in the Company's Consolidated Statements of Financial Position. It is an important measure as it indicated the Company's ability to meet its financial obligations as they fall due.

Net cash flows from operating activities per share

Net cash flows from operating activities per share is calculated as net cash flows from operating activities divided by the weighted average number of shares, similar to the calculation of earnings per share. Net cash flow from operations is an important measure as it indicates the cash generated from the operations that is available to fund ongoing capital commitments.

Weighted average Class A and Class B Shares

In calculating the weighted average number of shares outstanding during any period, the Company takes the opening balance multiplied by the number of days until the balance changes. It then takes the new balance and multiplies that by the number of days until the next change, or until the period end. The resulting multiples of shares and days are then aggregated and the total is divided by the total number of days in the period.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reader is referred to Orca's December 31, 2025 audited consolidated financial statements for a description of estimates and judgments.

Business Risks

Contractual, regulatory and legal

Licence extension

The principal asset of the Company is its indirect interest in the Songo Songo gas field under the PSA between PAET, TPDC and GoT. The PSA covers the production and marketing of natural gas from the Songo Songo gas field. The Company has the right to conduct petroleum operations on certain specified blocks within the Songo Songo gas field, market and sell all Additional Gas produced and share the net revenue with TPDC for a term of the development Licence of 25 years, expiring in October 2026. Under the PSA, the Company may submit a request to TPDC to apply for an extension of the Licence, and TPDC has a contractual obligation to seek an extension at PAET's request. TPDC is required to make this application promptly upon a request by the Company. Upon receipt of this application, the MoE will, in consultation with the PURA, consider such request on its own merit and respond accordingly, subject to the Licence holder not being in default and approval of the Tanzanian Cabinet.

On April 14, 2023, PAET formally requested TPDC apply for an extension of the Licence. TPDC was contractually required to make this application promptly upon request by the Company. In November 2024, TPDC submitted an application for the extension of the Licence to the MoE, however, their proposed terms were uneconomic. The Company informed TPDC that it did not agree with the terms as submitted. TPDC declined to address PAET's concerns itself, and refused to rescind and resubmit the application, advising PAET to raise any issues directly to the MoE.

The Company's Counsel subsequently submitted a letter to the MoE, requesting an urgent meeting to address the issues. The MoE invited PAET to meet for negotiations on two occasions but, having declined to address PAET's legitimately raised concerns regarding the TPDC proposal, and having refused to provide any counter proposals in advance of such meetings, PAET declined to attend, proposing instead alternative meetings, subject to the provision of a viable counter proposal. The parties eventually met in March 2026, whereupon the Government Negotiating Team presented commercial and operational conditions for a 20-year extension of the Licence. Evaluation of the proposed terms were not commercially viable for PAET and negotiations for a Licence extension continue.

On August 7, 2024, PAET and PAEM, issued the Notice of Dispute in respect of an investment treaty claim under the BIT against the GoT for breach of the BIT, alongside notifying a contractual dispute against the GoT and TPDC for breaches of the PSA and the Gas Agreement, for damages estimated in excess of $1.2 billion. For further details of the Notice of Dispute, see "Outcome of the Notice of Dispute" below.

Given the conduct of TPDC and the GoT to date, there is no certainty that the Licence will be extended, and if there is an extension of the Licence, the terms that will be granted under the extended Licence. The Company cannot predict the timing for when the Licence will be extended, if it will be extended, the terms of such extension, or the costs associated with seeking such extension. Failure to extend the Licence could result in negative publicity and adversely affect the price of our shares and relationships in Tanzania. In addition, efforts to extend the Licence distract management and other personnel from their primary responsibilities.

If the Licence is not extended on or before October 10, 2026, and the PSA and other relevant Project agreements terminate, PAET's legal authority to carry-out activities under the PSA and other relevant Project agreements will terminate on such date, in which case PAET may need to cease its Tanzanian operations in protest and under duress while PAEM and PAET continue to pursue PAEM's investment treaty claim under the BIT and PAET's contractual disputes against the GoT and TPDC under the PSA, Gas Agreement and other relevant Project agreements. The process and consequences of PAET ceasing operations in these circumstances, and the reactions of the GoT, TPDC and other stakeholders in PAET's business to PAET deciding to cease operations in such circumstances, cannot be predicted with certainty.

Outcome of the Notice of Dispute and RFAs

On August 7, 2024, PAET and PAEM, issued the Notice of Dispute in respect of an investment treaty claim under the BIT against the GoT for breach of the BIT, alongside notifying a contractual dispute against the GoT and TPDC for breaches of the PSA and the Gas Agreement, for damages in excess of $1.2 billion. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024, without any resolution on the key issues in dispute. Following a period of negotiations with the GoT, on August 1, 2025, PAET issued two sets of arbitration proceedings against the GoT and TPDC registered with the ICSID for breach of the PSA and Gas Agreement respectively and PAEM issued arbitration proceedings against the GoT for breach of the BIT. The claims under the RFAs arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, PSA and Gas Agreement. On August 28, 2025, ICSID registered all three RFAs. The proceedings for the PSA and Gas Agreement were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the PSA and Gas Agreement arbitration was constituted, and on February 13, 2026, the arbitral tribunal in the BIT arbitration was constituted. The tribunals held the first procedural hearings in the proceedings under the BIT on April 27, 2026, and in the consolidated proceedings under the Gas Agreement and the PSA on May 7, 2026, following which we expect procedural timetables to be issued in Q2 2026 and final hearings to be scheduled for 2028.

The Company cannot predict the outcome of proceedings relating to the Notice of Dispute and RFAs with certainty, the costs associated with proceedings related to the Notice of Dispute and RFAs, and possible awards of damages relating to the Notice of Dispute and RFAs. Further the Company cannot predict if we are unsuccessful in the proceedings relating to the Notice of Dispute and RFAs, the effect it will have on our business, and whether this will have a material adverse effect on the Company's business and operations. The Notice of Dispute and RFAs proceedings could result in negative publicity and adversely affect the price of our shares and relationships in Tanzania. In addition, the Notice of Dispute and RFAs proceedings distract management and other personnel from their primary responsibilities.

There is a risk of a continuing action relating to the Notice of Dispute and RFAs post October 2026, the current date on which the Licence will expire.

Outcome of the litigation with seismic contractor

On October 25, 2023, the Company terminated the contract with the contractor responsible for the 3D seismic acquisition program on the basis that the contractor had failed to meet its obligations under the contract by not fully mobilising to progress the project more than a year after it was scheduled to do so; and that, as a result of mission critical assets being recalled by suppliers, and with no prospect of securing replacement assets, the contractor had unilaterally suspended its operations without the right to do so and with no realistic plan offered to complete the project. On March 20, 2024, PAET received a summons from the High Court of Tanzania (Commercial Division) to file a written statement of defence against a claim made by the contractor for losses arising from PAET's termination of the contract. The contractor sought to claim $30.0 million for losses incurred plus legal costs, interest and general damages. In Q2 2024, the Company in consultation with its legal advisors lodged its own counterclaim for specific damages in the amount of $5.5 million and general damages in the amount of $25.8 million.

In February 2025, the Company received the Judgment from the Court relating to the claim brought by a contractor against PAET. Pursuant to the Judgment, the Court ordered specific and general damages in the aggregate of $23.1 million, plus legal costs and interest at a rate of 7% per annum be paid by PAET to the contractor. PAET initiated the appeal process. PAET was required to post security for the full amount of the judgment until the appeal is resolved. The Company has treated the Judgment as an adjusting event to the 2024 financial statements and recognized the resulting liability in 2024.

The appeal was heard in December 2025 and in its decision dated February 3, 2026, the Court partially allowed the appeal. The Appeal Judgment awarded the contractor damages in the aggregate of $17.9 million, while dismissing several grounds for damages against PAET in the aggregate of $5.2 million. On February 9, 2026, PAET filed an application for review of the Appeal Judgment and wrote to the Chief Justice of the Judiciary of Tanzania seeking their urgent intervention. This review was heard in March 2026. On April 30, 2026, the result of the review was announced with all items dismissed and the award upheld.

Outcome of the Swala Dispute

On April 25, 2025, Swala submitted a claim to the Court against the Orca Group for alleged breach of oral contract, unlawful conspiracy, unjust enrichment and breach of fiduciary duty. Swala claims damages of approximately $238.0 million plus interest, including $167,930,013 for damages arising from breach of contract or conspiracy, ($50.0 million for general damages, and $20.0 million for punitive and exemplary damages. The Company believes there is no merit to the claim. In August 2025, the Orca Group filed a security for costs application against Swala. In September 2025, Swala filed the Prejudgment Application seeking certain prejudgment orders: (a) an Order that the Orca Group pay the entire specified damages amount of $167,930,013 (which has not been proven) as security, or (b) in the alternative, an order for the attachment of all PAET bank accounts in Tanzania, or (c) in the further alternative an order requiring: (i) Orca not to pay any money to any owner of Class A Common Shares, Class B Subordinate Shares, First Preference Shares, an interest in Orca's Long-term Retention Plan, or an owner in any new securities created or issued by Orca, (ii) requiring PAEM not to transfer any money in any manner or purpose, to any bank outside of the Republic of Mauritius other than to comply with third-party obligations in the normal course of business, and (iii) requiring PAET not to transfer any money to any bank outside of Tanzania other than to comply with third-party obligations in the normal course of business. The relief sought in the Prejudgment Application was extraordinary and PAET filed its statement of defence on June 20, 2025, and an amended defence on July 23, 2025. On August 4, 2025, PAET filed an application for security for costs against Swala TZ, which the court granted at a hearing on November 21, 2025 in the amount of $419,750. Swala TZ did not pay the security. On September 9, 2025, Swala TZ filed an attachment application against the Orca Group.

On October 24, 2025, the Company filed for an anti-suit injunction (ASI) against Swala on behalf of the Orca Group in the High Court of England and Wales Commercial Court, seeking to enjoin Swala from taking steps to pursue the dispute in Tanzania. On December 29, 2025, Swala filed evidence in response to the ASI Application. On January 19, 2026, the Orca Group filed evidence in reply. A hearing of the ASI Application was listed for March 19, 2026.

On February 27, 2026, the Company entered into an agreement with Swala for the withdrawal without leave to refile of Swala's proceedings against the Orca Group before the High Court of Tanzania in Case No. 11561 of 2025, and the withdrawal of the anti-suit injunction filed by the Orca Group against Swala in the High Court of England and Wales Commercial Court. The Orca Group and Swala agreed to refer any such dispute to a confidential arbitration conducted under the Arbitration Rules of the London Court of International Arbitration, with London as the place and seat of such arbitration.

On April 10, 2026, the Orca Group filed Request for Arbitration under the LCIA Arbitration Rules (2020) pursuant to Clause 2.6 of the Settlement Deed entered into on February 26, 2026, by the Orca Group and Swala seeking declaratory and monetary reliefs against Swala and a new entity to which Swala assigned its claims. Specifically, the claimants seek declarations that the claims advanced by Swala in the Tanzanian Proceedings and assigned to the new Swala entity have no legal or factual basis and must fail. Instead, those claims are wholly speculative and vexatious and have been manufactured in an attempt to circumvent the comprehensive release contained in the related share sale agreement.

The Company cannot predict the outcome of the Company’s proceedings against Swala, the associated costs, and damages, if any, relating to those proceedings. Further, the Company cannot predict the effect an adverse arbitration award in these proceedings will have on our business and the extent to which such an award would have a material adverse effect on the Company’s financial condition, financial performance and cashflows. As noted above, the matter remains at an early stage and the outcome cannot yet be determined, as such no provision is recognized in the financial statements.

Outcome of the Transaction

On April 10, 2026, Orca entered into the Share Purchase Agreement for the Transaction. Pursuant to the Share Purchase Agreement, Orca will sell all the outstanding shares of PAEM to the Purchasers, with Taifa acquiring 49% and Amber acquiring 51%. The Share Purchase Agreement provides for a nominal cash price of $10.00 for the PAEM shares in addition to the other covenants, warranties, representations and obligations of the Purchasers, and the strategic and commercial benefits that would accrue to Orca by exiting it's Tanzanian business. Closing of the Transaction is subject to customary and transaction-specific conditions, including approval or clearance from the Tanzania Fair Competition Commission and the Tanzanian Minister responsible for petroleum affairs, approval by a simple majority of the votes cast by Orca shareholders at the Company's annual general and special meeting of shareholders, acceptance by the TSXV of the Transaction and related matters requiring the TSXV's approval or acceptance, and the release of Orca from remaining guarantees and related undertakings in favor of the IFC in respect of obligations of PAEM and PAET. Any party may terminate the Share Purchase Agreement for any reason.

The Transaction is a disposition of more than 50% of the business of the Company and is a divestment of the Company's Tanzanian business. The Company's operations and future distributions to shareholders following closing of the Transaction are uncertain. The Company cannot guarantee that the Transaction will close on the terms set forth in the Share Purchase Agreement or at all, and cannot guarantee the outcome, costs, or benefits of the Transaction. There is no guarantee that the Company and the Purchasers will be able to satisfy the conditions required to close the Transaction, that the Transaction will receive required Tanzanian regulatory and TSXV approvals, that the Company's Shareholders will approve the Transaction, or that the Share Purchase Agreement will not be terminated by either Party.

Tax disputes

The Company has a number of ongoing disputes ranging from 2008 to 2023 with the TRA, most of which haven’t been resolved historically in favor of any of the parties. Some of these disputes may survive the PSA, particularly in the event there is no extension of the Licence. There is a risk of continuing litigation relating to these disputes post October 2026. In 2025, the TRAB ruled in favor of the TRA on a number repatriated income tax disputes, which effectively moved these disputes to the TRAT.

The Company cannot predict the outcome of these disputes, the costs associated with these disputes. However, the Company has confidence in the merits of its cases in all the disputes where a provision has not been recorded. Each dispute could result in a liability and adversely impact the Company’s liquidity and affect the price of our shares. In addition, these disputes distract management and other personnel from their primary responsibilities. Should PAET ultimately lose a significant proportion of these disputes past the point it would be able to recoup the costs from TPDC, it will have an impact on the Company's liquidity. Management, with advice from its legal counsel, has reviewed the Company’s position on the objections and appeals related to the disputed amounts and has concluded that provisions of $45.2 million, inclusive of principal and interest, should be made. If the TRA assesses the Company’s tax returns for open taxation years on a similar basis, the Company may be required to make future deposits to object such assessments.

We have had, and continue to have, disagreements with TPDC regarding certain of our rights and responsibilities under the PSA

All of the Company's proved reserves are located onshore and offshore Tanzania. The PSA and other material contracts to which we are a party relate to the Songo Songo gas field, and the activities and commercial arrangements that form the basis of our current operations in Tanzania. Pursuant to these petroleum contracts, most significant decisions, including our plans for development and annual work programs, must be submitted to TPDC for comment. We have previously had, and continue to have, disagreements with TPDC and the GoT regarding Protected Gas. Our belief is Protected Gas ceased after July 31, 2024, TPDC has taken the position that Protected Gas should continue despite the parties' contractual agreement that Protected Gas ceased after July 31, 2024.

There can be no assurance that all of these disagreements will be resolved in our favor or that future disagreements will not arise in Tanzania.

Our uncertainty in respect of payment by counterparts for Additional Gas

The PSA defines the gas produced from the Songo Songo gas field as "Protected Gas" and "Additional Gas". Until its cessation, Protected Gas was owned by TPDC and was sold under the Gas Agreement to Songas. Protected Gas ceased after July 31, 2024. Under the terms of the PSA, following the cessation of Protected Gas, all gas from the Songo Songo gas field is classified as Additional Gas, which PAET is entitled to sell on commercial terms until the PSA expires in October 2026.

It is our belief that PAET will be entitled to compensation at a commercial rate for all volumes of gas lifted by Songas starting on August 1, 2024. Uncontracted gas continued to flow post August 1, 2024 to October 31, 2024, and there is a risk that PAET will not receive payment for such uncontracted gas, or payment may form part of a contract dispute. There can be no assurance that PAET will receive all or any payment in respect of the uncontracted gas being supplied from August 1, 2024 to October 31, 2024, and if any payment is received, timing as to when payment is received. As of the date of this report, the volumes delivered from August 1, 2024 to October 31, 2024 have not been recognized as revenue. Any amount agreed upon in respect of those volumes would be accounted for as a gain when received.

The inability of one or more third parties who contract with us to meet their obligations to us may adversely affect our financial results

We may be liable for certain unascertainable costs if third parties who contract with us are unable to meet their contractual commitments.

In Tanzania, we are dependent on TPDC for access and operation of the National Natural Gas Infrastructure ("NNGI") and to Songas for access to the Songas Infrastructure. If access is limited by either party being unable (or unwilling) to meet their contractual obligations, this would impact our ability to meet our contractual delivery of Additional Gas. See also "*Our inability to access appropriate equipment and infrastructure in a timely manner may hinder our access to oil and natural gas markets or delay our oil and natural gas production*".

In addition, we contract with third parties to conduct drilling and related services on our producing assets and development projects. Such third parties may not perform the services they provide us with on schedule or within budget. Furthermore, the drilling equipment, facilities and infrastructure owned and operated by the third parties we contract with is complex and subject to malfunction and breakdown. Any malfunctions or breakdowns may be outside our control and result in delays, which could be substantial. Any delays in our activities caused by equipment, facility or equipment malfunction or breakdown could materially increase our costs and cause an adverse effect on our business, financial position and results of operations.

In Tanzania, our principal exposure to credit risk will be through receivables resulting from the sale of Additional Gas. The inability or failure of our significant customers or counterparties to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. This includes our ability to meet our interest obligations under the Loan. The Company is unable to predict sudden changes in the creditworthiness of our customers. Even if we do accurately predict sudden changes, our ability to negate the risk may be limited and we could incur significant financial losses. See also "*Risks associated with the collectability of receivables could adversely affect our business*".

Contractual

We operate in a litigious environment which could result in title or contractual disputes during the ordinary course of business. The inability of one or more third parties who contract with us to meet their obligations to us may adversely affect our financial results.

Legislation

The GoT has passed several new laws in the past eleven years impacting the Company's operation in Tanzania.

The National Energy Policy (2015) and the Petroleum Act, passed in 2015 provided regulatory framework over upstream, mid-stream and downstream gas activity. The Petroleum Act created PURA, a new regulator to oversee the upstream sectors and conferred upon TPDC the status of "National Oil Company" as the sole aggregator of natural gas in the country. Article 260(3) of the Petroleum Act preserves the Company's pre-existing right with TPDC to market and sell Additional Gas together or independently on terms and conditions (including prices) negotiated with third party natural gas customers. There remain differences of opinion between the Company and TPDC on the effect of certain provisions within the Petroleum Act and their application to the Company.

On October 7, 2016, the GoT issued the Petroleum (Natural Gas Pricing) Regulation made under Sections 165 and 258(I) of the Petroleum Act, which may give rise to additional uncertainty. Changes resulting from this regulation could impact the Company's ability to set gas pricing and the introduction of regulated gas pricing could result in operations becoming uneconomical and anticipated revenues could be materially affected. While the PSA has been grandfathered under the Petroleum Act, we can provide no assurances that this situation will remain unchanged in the future.

On July 15, 2017, the GoT passed into law the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017, the WLMAA, 2017, and the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act, 2017 ("NWRCA"). The first and second of these acts are forward looking and only apply to agreements entered into on or after July 15, 2017. The GoT may argue that the NWRCA has retrospective effect in terms of its ability to renegotiate pre-existing contracts. On January 31, 2020, the government released the Natural Wealth and Resources Contracts (Review and Renegotiation of Unconscionable Terms) Regulations, 2020 which set out further guidance as to how contracts may be renegotiated. These acts contain new regulations including but not limited to regulations that all arbitration processes must be heard within Tanzania and potentially restrict the ability to move funds out of Tanzania.

In 2016, the TRA introduced significant changes to the income tax treatment of the extractive sector with separate new chapters in Part V of the ITA, 2004 for mining and for petroleum to be effective commencing in 2018. Subsequent to this, further changes were made by the WLMAA, 2017 to exclude cost oil/cost gas from inclusion in both income and expenditure. We are still evaluating the tax effects of the changes as there are a number of uncertainties and ambiguities as to the interpretation and application of certain provisions of the WLMAA, 2017 as there is an absence of regulations and guidance from TRA on the implementation of the changes. In the absence of guidance on these matters, we will continue to use what we believe are reasonable interpretations and assumptions in applying the WLMAA, 2017 for purposes of determining our tax liabilities and filing our tax returns, which interpretations and assumptions may change as we receive additional clarification and implementation guidance. As necessary, we will seek adjustments to the PSA to preserve our economic benefits. In addition, the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 and the WLMAA 2017 restrict the ability of companies to repatriate funds out of Tanzania and it is possible that the GoT will seek to argue at some stage that these provisions apply to the Company even though the Company's contracts with the GoT permit the repatriation of funds out of Tanzania.

Intervening policy and legislative changes such as those described above may conflict with our pre-existing rights under the PSA and other agreements, though it remains unclear how such legislative actions will be implemented and whether and to what extent they will impact us. We are unable to predict what legislation may be proposed that might affect our business or when any such proposals, if enacted, might become effective. Such changes could require increased capital and operating expenditure and could prevent or delay certain of our operations. If, for reasons beyond our control, we are unable to maintain compliance with any legislative changes, whether in the future or past, we may have to cease operations in certain locations.

Foreign operations and concentration

Our asset concentration, operational dependence and the local focus of our existing contracts may have a material impact on our ability to operate profitably

Our Tanzanian operations are anticipated to be our sole source of our near-term revenue earnings. Due to our asset concentration, the success of our operations is dependent on positive commercial relationships with a small number of organizations (including states and parastatal organizations) and certainty with respect to our rights and obligations arising from those relationships. Given our belief that Protected Gas ceased after July 31, 2024 under the Gas Agreement, and TPDC's position that Protected Gas should continue despite the parties' contractual agreement that Protected Gas ceased after July 31, 2024, our ongoing relationship with TPDC is uncertain.

Furthermore, due to our asset concentration and operational dependence, damage to our reputation within the jurisdictions in which we currently or may in the future operate due to the actual or perceived occurrence of any number of events, such as environmental incidents, could negatively impact us. Reputation loss may result in negative publicity and diminished or adversarial stakeholder relationships, which could lead to increased challenges in developing and maintaining community relations, decreased investor confidence, and would likely impede our overall ability to advance our projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

Additionally, the Company's natural gas reserves are currently limited to one producing property, the Songo Songo gas field, and the productive potential from this field is limited. There is no assurance that the Company will have sufficient deliverability through existing wells. In addition, any difficulties relating to the operation and performance of the Songo Songo gas field would have a material adverse effect on the Company. A loss or material reduction in production capabilities will have a material adverse effect on the total production and funds flow from operating activities of the Company,

Access to infrastructure

The Company is dependent upon access to the Songas Infrastructure and the GoT owned NNGI to deliver gas to customers. The Company operates the Songas Infrastructure however Songas is the owner of the facilities including the 12-inch subsea and the 16-inch surface pipeline systems which transport natural gas from Songo Songo Island to Dar es Salaam. There are agreements in place to allow the Company to process and transport gas, but there is no assurance that these rights could not be challenged or access curtailed. The inability to access infrastructure would materially impair the Company's ability to realize revenue from natural gas sales.

Our inability to access appropriate equipment and infrastructure in a timely manner may hinder our access to oil and natural gas markets or delay our oil and natural gas production

Our ability to market our oil and natural gas production will depend substantially on the availability and capacity of processing facilities and other infrastructure, owned and operated by third parties. Our failure to obtain access to such facilities on acceptable terms could materially harm our business. We may be required to shut in production due to the absence of a market or because access to processing facilities may be limited or unavailable. If that were to occur, then we would be unable to realize revenue from those wells until alternative arrangements were made to deliver the production to market, which could cause a material adverse effect on our financial condition and results of operations. In addition, the shutting in of wells can lead to mechanical problems when attempting to bring production back on-line, and this results in decreased production and increased remediation costs.

Additionally, the future exploitation and sale of natural gas will be subject to the availability of commercial processing facilities and marketing of these products, which will in turn be dependent upon the contracting, financing, construction and operating of infrastructure by ourselves or third parties, the relationships and agreements related to which can, at times, be uncertain.

Our operations may be adversely affected by political, social and economic circumstances

We operate, and may in the future operate, in foreign jurisdictions that may be considered politically and/or economically unstable. We are also subject to foreign laws and regulations that themselves may change in response to shifting political and economic circumstances. Through our operations in foreign jurisdictions, we may become subject to risks that are materially different than those present in markets with better established and more mature hydrocarbon industries. Such risks include (but are not necessarily limited to):

- the renegotiation, cancellation or forced modification of existing contracts and product sharing agreements;
- expropriation, whether direct or indirect, including by confiscatory tax regimes or other regulatory actions, or nationalization of property;
- lack of certainty with respect to intellectual property;
- changes in laws or policies or increasing legal and regulatory requirements of particular countries, such as those relating to taxation, royalties, imports, exports, duties, currency, in-country beneficiation or other claims by government entities, including retroactive claims and/or changes in the administration of laws, policies and practices;
- uncertain political, legislative and economic environments, war, terrorism, sabotage and civil disturbances, territorial disputes and insurrection;
- lack of certainty with respect to foreign legal systems, corruption and other factors that are inconsistent with the rule of law;
- counterfeiting;
- exchange controls;
- delays or inability to obtain or maintain necessary government permits or to operate in accordance with such permits or regulatory requirements;
- currency fluctuations;
- restrictions on the ability of local operating companies to sell products for foreign currency, and on the ability of such companies to hold foreign currencies in offshore bank accounts;
- import and export regulations, including restrictions on the export of hydrocarbons;

- restrictions on the repatriation of earnings and various other foreign exchange restrictions;
- reliance on advisors and consultants in foreign jurisdictions in connection with regulatory, permitting or other governmental requirements; and
- increased financing costs.

Our operations in these areas also increase our exposure to risks of war, local economic conditions, political disruption, civil disturbance, expropriation, piracy, tribal conflicts and governmental policies that may:

- disrupt our operations;
- require us to incur greater security costs;
- restrict the movement of funds or limit repatriation of profits;
- lead to international sanctions from overseas governments; or
- limit access to markets for periods of time.

The regions in which we operate, and may in the future operate, have experienced political instability in the past or are currently experiencing instability. Disruptions may occur in the future, and losses caused by these disruptions and not covered by insurance may occur. Consequently, our exploration, development and production activities may be substantially affected by factors which could have a material adverse effect on our results of operations and financial condition.

Country risk

The geographic location of the Songo Songo gas field offshore Tanzania exposes us to an increased risk of loss of revenue or curtailment of production as a result of factors generally associated with foreign operations or arising from factors specifically affecting the area in which we operate or may operate. Tanzania may be considered to be politically and/or economically unstable. Development and operational activities in Tanzania may require protracted negotiations with host governments, national oil companies and third parties, and are frequently subject to economic and political considerations, such as, the risks of war, actions by terrorist or insurgent groups, expropriation, nationalization or emerging nationalization, renegotiation or nullification of existing contracts and production sharing agreements, taxation policies, foreign exchange restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favor or require the award of drilling and construction contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, if a dispute arises with foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts.

In Tanzania the state retains ownership of its minerals and consequently retains control of the exploration and production of hydrocarbon reserves. The GoT has historically been supportive of foreign investment in resource development projects in Tanzania however it has recently adopted a more conservative approach toward foreign involvement in the extractive sector, including the production, transmission, processing and marketing of natural gas. Factors such as changes in government, an increased nationalist sentiment and pressure to preserve development opportunities for local enterprises can result in legal and regulatory changes that can impact our ability to maintain our business operations.

Countries in Africa may lack the resources to effectively contain outbreaks of disease quickly. Such outbreaks if uncontained, may impact our ability to explore for natural gas, develop or produce our licence areas by limiting access to qualified personnel, increase costs associated with ensuring the safety and health of our personnel, restricting transportation of personnel, equipment, supplies and natural gas production to and from our areas of operation and diverting the time, attention and resources of government agencies which are necessary to conduct our operations. In addition, any losses we experience as a result of such outbreaks of disease which impact sales or delay production may not be covered by our insurance policies. If travel bans are implemented or extended to the countries in which we operate, or contractors or personnel refuse to travel to such locations, we could be adversely affected. If services are obtained, costs associated with those services could be significantly higher than planned which could have a material adverse effect on our business, results of operations, and future cash flow.

In Tanzania's general election held in October 2025, Samia Suluhu Hassan was declared the winner and will continue as President. While the official result was decisive, the election period has been marked by contested opposition participation and reports of unrest in some areas. As part of our risk management framework, the Company continues to assess the implications of the political environment in Tanzania, including potential effects on regulatory policies, contract stability, and foreign exchange access. The Company maintains ongoing engagement with the Tanzanian government and industry stakeholders to support operational continuity and monitor emerging developments in the market.

We may be exposed to liabilities under anti-money laundering and/or anti-corruption laws, and any determination that we violated such laws could have a material adverse effect on our business

We are subject to laws that prohibit improper payments or offers of payments to foreign government officials and political parties for the purpose of obtaining or retaining business or otherwise securing an improper business advantage. We do business, and may do additional business in the future, in countries and regions in which we may face, directly or indirectly, corrupt demands by officials. We face the risk of unauthorized payments or offers of payments by one of our employees, contractors or consultants or accusations by government authorities or local citizens or other organizations that our employees, contractors or consultants have made or offered such payments. Our existing safeguards and any future improvements may prove to be less than effective in preventing such unauthorized payments, and our employees and consultants may engage in conduct for which we might be held responsible. Violations of such laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

In addition, the United States, United Kingdom and Canadian governments may seek to hold us liable for successor liability under their anticorruption laws for violations committed by companies in which we invest in (for example, by way of acquiring equity interests in, participating as a joint venture partner with, acquiring the assets of, or entering into certain commercial transactions with) or that we acquire.

Corruption remains an issue in Tanzania. Tanzania ranked 84 out of 180 countries on the 2025 Transparency International Corruption Index, with a score of 40/100. At the end of 2014, there was a significant corruption scandal in Tanzania's energy sector involving a number of senior government officials. There can be no assurance that corruption may not indirectly affect or otherwise impair the Company's ability to operate in Tanzania and effectively pursue its business plan in that country.

Industry and business conditions

Competition and operational risk

The natural gas industry is intensely competitive and the Company competes with other companies which possess greater technical and financial resources. Natural gas drilling and production operations are subject to all the risks typically associated with such operations, including but not limited to risks of fires, blowouts, spills, cratering and explosions, mechanical and equipment problems, uncontrolled flows or leaks of oil, well fluids, natural gas, brine, toxic gas or other pollutants or hazardous materials, marine hazards with respect to offshore operations, formations with abnormal pressures, adverse weather conditions, natural or man-made disasters, premature decline of reservoirs and invasion of water into producing formations.

Drilling wells is speculative and involves significant costs that may be more than estimated and may not result in any discoveries or additions to our future production or reserves. Operational activities have numerous inherent risks and our licence area is located on an island, 25 km offshore mainland Tanzania, and partially in shallow water. This generally increases the operating costs, chances of delay, planning time, technical challenges and risks associated with production activities. Our inability to access appropriate equipment and infrastructure in a timely manner may hinder our access to natural gas markets or delay our natural gas production.

The development of oil and natural gas projects, including the availability and cost of drilling rigs, equipment, supplies, personnel and oilfield services, is subject to delays and cost overruns. The Company may be affected by the inability to respond to changing technological developments and remain competitive. Slower economic growth rates may materially adversely impact our operating results and financial position. Any material inaccuracies in drilling costs, estimates or underlying assumptions will materially affect our business.

Participants in the oil and gas industry are subject to numerous laws, regulations, and other legislative instruments that can affect the cost, manner or feasibility of doing business

Exploration and production activities in the oil and gas industry are subject to local laws and regulations. We may be required to make large expenditures to comply with governmental laws and regulations, particularly in respect of the following matters:

- licences for drilling operations;
- tax increases, including retroactive claims;
- unitization of oil accumulations;
- local content requirements (including the mandatory use of local partners and vendors; and
- safety, health and environmental requirements, liabilities and obligations, including those related to remediation, investigation or permitting.

Under these and other laws, regulations and the terms of our material contracts, we could be liable for personal injuries, property, environmental and other types of damages. Failure to comply with these laws, regulations and certain of our contractual obligations may also result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties. Moreover, these laws and regulations could change, or their interpretations could change, in ways that could substantially increase our costs. These risks may be higher in the developing countries in which we conduct, and may in the future conduct, the majority of our operations, where there could be a lack of clarity or lack of consistency in the application of these laws, regulations and the interpretation of contractual obligations, if any. Any resulting liabilities, penalties, suspensions or terminations could have a material adverse effect on our financial condition and results of operations.

Marketability, pricing and contract management

The marketability and price of natural gas which may be acquired, discovered or marketed by the Company will be affected by numerous factors beyond its control. The natural gas market in Tanzania is developing and there is currently limited access to infrastructure with which to serve potential new markets beyond that being constructed by the Company, Songas and TPDC. The ability of the Company to market any natural gas from current or future reserves in Tanzania may depend upon its ability to develop natural gas markets in Tanzania and the surrounding region, obtain access to the necessary infrastructure to process gas and to deliver sales gas volumes, including acquiring capacity on pipelines which deliver natural gas to commercial markets. In addition, the remaining period on the PSA, which will expire in October 2026, is presently a considerable constraint that may make new markets unlikely before that time.

The Company is subject to market fluctuations in the prices of natural gas, uncertainties related to the delivery and proximity of its reserves to pipelines and processing facilities and extensive government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and gas and many other aspects of the oil and gas business. The prices that the Company receives for its natural gas affect the Company's revenue, profitability, access to capital and future growth rate. Historically, the oil and natural gas markets have been volatile and will likely continue to be volatile in the future. Oil prices have experienced significant and sustained declines in the past and may continue to be volatile in the future; though gas prices are less volatile, they may also be significantly affected in the longer run.

The natural gas prices the Company receives from its industrial customers fluctuate with the price of heavy fuel oil against which most of the Company's industrial customer contracts are priced. Prices can also be affected by gas on gas competition from other producers in Tanzania. There have been significant onshore and offshore discoveries of gas in Tanzania over the last ten years and it is expected that the development of these discoveries will increase competition in the future. There is also scope for greater government intervention on gas prices as TPDC owns and operates the majority of the gas processing and pipeline infrastructure in Tanzania.

A substantial or extended decline in both global and local oil and natural gas prices may adversely affect our business, financial condition and results of operations. Localized competition with other gas producers and alternative power sources such as hydropower could adversely impact our financial results.

Our estimated proved reserves are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves

The process of estimating oil and natural gas reserves is technically complex and imprecise. It requires interpretations of available technical data and many assumptions, including those relating to current and future economic conditions and commodity prices. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in the annual reserves report. See SEDAR+ at www.sedarplus.ca.

or our website to review our NI 51-101 for information about our estimated natural gas reserves and the present value of our net reserves as of December 31, 2025.

To prepare our estimates, we must predict production rates and the timing of development expenditure. We must also analyze available geological, geophysical, production and engineering data. The process also requires economic assumptions about factors such as commodity prices, drilling and operating expenses, capital expenditure, taxes and availability of funds.

Actual future production, oil and natural gas prices, revenues, taxes, development expenditure, operating expenses and quantities of recoverable oil and natural gas reserves will vary from our estimates. Any significant variance could materially affect the estimated quantities and present value of reserves. In addition, we may adjust estimates of our reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control.

The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated natural gas reserves

You should not assume that the present value of future net revenues from our proved reserves is the current market value of our estimated oil and natural gas reserves. In accordance with the requirements of the Canadian Securities Administrators, we have based the estimated net present value of future net revenue attributable to our reserves utilizing forecast price and cost assumptions. Actual future net revenues from our oil and natural gas assets will be affected by factors such as:

- changes to the contractual terms and production sharing arrangements;
- actual prices we receive for oil and natural gas;
- actual cost of development and production expenditure;
- derivative transactions;
- demand from customers;
- the amount and timing of actual production; and
- changes in governmental regulations or taxation.

The timing of both our production and expenses incurred in connection with the development and production of oil and natural gas assets will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the discount factors we use when calculating discounted future net revenues may not be the most appropriate discount factors based on interest rates in effect from time to time and risks associated with us or the oil and gas industry in general. Actual future prices and costs may differ materially from those used in the

present value estimates included in our estimated reserves. Oil and natural gas prices have recently experienced significant volatility.

We are subject to drilling and other operational and environmental risks and hazards

The oil and natural gas industry involves a variety of business, operational and environmental risks, including, but not limited to:

- fires, blowouts, spills, cratering and explosions;
- mechanical and equipment problems, including unforeseen engineering complications;
- uncontrolled flows or leaks of oil, well fluids, natural gas, brine, toxic gas or other pollutants or hazardous materials;
- gas flaring operations;
- marine hazards with respect to offshore operations;
- formations with abnormal pressures;
- pollution, environmental risks, and geological problems; and
- adverse weather conditions and natural or man-made disasters.

Any of these events could result in loss of human life, significant damage to property, environmental or natural resource damage, impairment, delay or cessation of our operations, lower production rates, adverse publicity, substantial losses and civil or criminal liability. We expect to maintain insurance against some, but not all, of these risks and losses; however, there can be no assurance that such insurance will be adequate to cover any losses or exposure for liability and the occurrence of any of these events, whether or not covered by insurance, could have a material adverse effect on our financial position and results of operations. Furthermore, the costs and risks associated with these events cannot be readily estimated or accounted for and we cannot predict whether any insurance we obtain will be sufficient or continue to be available at a reasonable cost or at all.

Key staff

Our performance and success are largely dependent on the ability, expertise, judgment and discretion of our management and the ability of our technical team to identify, discover, evaluate and develop reserves. We are dependent on members of our management and technical team that may not be easily replaced.

Cyber attack

The oil and gas industry has become increasingly dependent on digital technologies to conduct day-to-day operations including certain exploration, development and production activities. For example, software programs are used to interpret seismic data, manage drilling rigs, conduct reservoir modeling and reserves estimation, and to process and record financial and operating data. A cyber incident could result in information theft, data corruption, operational disruption, and/or financial loss. There can be no assurance that we will not be the target of cyber-attacks in the future or suffer such losses related to any cyber-incident.

Effects of climate change

Risks related to climate change may have an impact on the Company's operations and the Company may be subject to additional disclosure requirements in the future. The International Sustainability Standards Board issued an IFRS Sustainability Disclosure Standard with the objective to develop a global framework for environmental sustainability disclosure. In addition, the Canadian Securities Administrators also issued a proposed National Instrument 51-107 *Disclosure of Climate-related Matters* which sets forth additional reporting requirements for Canadian reporting issuers. We continue to monitor developments on these reporting requirements and the impact they may have on the Company's financial position and results of operating activities in future periods.

The oil and natural gas industry is subject to varying environmental regulations and evolving views on climate change in each of the jurisdictions in which the Company may operate. Environmental regulations place restrictions and prohibitions on emissions of various substances produced concurrently with oil and natural gas and can impact the selection of drilling sites and facility locations, potentially resulting in increased capital expenditures.

The Company operates in Tanzania, where extreme hot weather, heavy rains and floods or other severe weather conditions may cause operational difficulties, including downtime and increased costs of maintenance and construction. Extreme weather conditions may also impact workovers of existing wells and drilling of new wells.

As of the date of this report, it is difficult to estimate the effect of the climate change-related legislations on our business or whether additional evolving climate-change legislation, regulations or other measures will be adopted in Tanzania. There are uncertainties regarding timing and effects of the emerging climate-change regulations, making it difficult to accurately determine the cost impacts and effects on the Company's operations.

Russian Ukrainian War

The Corporation's business may be adversely affected by geopolitical conflicts abroad. In February 2022, Russian military forces invaded Ukraine. Ukrainian military personnel and civilians continue to actively resist the invasion. Many countries throughout the world have provided aid to Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in its resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. Additionally, certain countries including Canada have imposed strict financial and trade sanctions against Russia. The outcome of the ongoing conflict remains uncertain and may have wide-ranging consequences on the peace and stability of the region and the world economy.

Middle Eastern Conflicts

The Company's business may be adversely affected by geopolitical conflicts abroad. Hostilities that began in October 2023 between Israel and Hamas have evolved into a broader regional conflict. The Syrian Assad regime collapsed in late 2025, and the political climate remains in flux.

In June 2025, U.S. airspace strikes targeted Iranian nuclear facilities at Fordow, Natanz, and Isfahan, prompting Iranian missile attacks on U.S. assets in Qatar. A ceasefire between Hamas and Israel has held since mid-2025, but tensions remain high, with sporadic clashes continuing in Gaza and southern Lebanon.

On February 28, 2026, the U.S. and Israel launched a large scale coordinated missile and airstrike campaign across Iran striking multiple military and governmental sites. Supreme Leader Ayatollah Ali Khamenei and various other senior regime leaders were killed in the campaign. Iran immediately retaliated with missile and drone attacks targeting U.S. and Israeli assets across the region as well as neighbouring Middle East countries.

The conflict has disrupted maritime activity in the Strait of Hormuz, a critical global energy transit chokepoint, with shipping curtailed and vessel movements restricted. These conditions have disrupted global energy supply and transportation routes, and any sustained interruption in the Strait of Hormuz may significantly affect supply chains, increase transportation and insurance costs, and contribute to volatility in energy and related markets.

The duration and long-term consequences of the conflict remain uncertain, particularly regarding future Middle Eastern oil and gas output and the movement of those commodities worldwide. Any sustained or intensified conflict could adversely affect global economic conditions, including the oil and gas industry and the Company.

Financial

Foreign exchange

The Company operates internationally and is exposed to foreign exchange risk arising from currency fluctuations against the US dollar when transactions and recognized assets and liabilities of the Company are denominated in a currency that is not the US dollar functional currency. The main currencies to which the Company has an exposure are Tanzanian shillings, Euros, British pounds sterling, and Canadian dollars.

The majority of the expenditure associated with the operation of the gas distribution system is denominated in Tanzanian shillings. Whilst conversion of Tanzanian shillings into US dollars or Euros is unrestricted, the foreign exchange market for Tanzanian shillings is limited and not highly liquid, reducing the Company's ability to convert large amounts of Tanzanian shillings into US dollars or Euros at any given time. To mitigate the risk of Tanzanian shilling devaluation, the Company regularly converts Tanzanian shilling receipts into US dollars or Euros to the extent practicable. Capital stock and equity financing are denominated in Canadian dollars. The operational revenue and the majority of capital expenditures are denominated in US dollars. All Loan repayments are also denominated in US dollars.

The global growth slowdown has seen an increasing decline in foreign exchange reserves in Tanzania, which has given rise to decreased availability of US dollars in Tanzania and impaired the Company's ability to convert Tanzanian shillings directly to US dollars, particularly in 2024. The Company has seen an improvement in 2025, however, there is still a risk that the Company may not be able to convert Tanzanian shillings to hard currencies, such as US dollars, in the future as and when required. It is not known when the foreign exchange reserve deficiency in Tanzania will be remedied, if ever.

The following table illustrates cash and cash equivalents allocation between Tanzania and corporate locations:

Balances as at December 31, 2025

$'millions	Tanzanian shillings	Euros	US dollars	Other	Total
Cash and cash equivalents	4.2	0.2	81.0	1.6	**87.0**

A further $24.7 million was held in a US Dollar denominated bank account and disclosed as restricted cash. $82.8 million of unrestricted cash and cash equivalents is held in hard currencies, $82.3 million of which is held outside of Tanzania. Orca, PAEM and PAET (Jersey) hold $28.6 million, $47.3 million and $6.4 million, respectively.

Fluctuations in currency exchange rates could adversely impact the Company's financial results.

Cost of capital

Our long-term business plan is based on the assumption that the Licence will be extended and requires substantial additional capital that we may be unable to fund out of working capital and cash flow generated from operations or raise on acceptable terms or at all in the future and which may in turn limit our ability to develop our appraisal, development and production activities. The Company's ability to meet its financing obligations or to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the Company's business performance.

There can be no assurance that the Company would be successful in its efforts to meet its current commitments or arrange additional financing on terms satisfactory to the Company.

Debt financing

From time to time the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed in part or in whole with debt, which may temporarily increase the Company's debt levels above industry standards. PAET had a Loan that included covenants that, among other things, restricted the incurrence of additional indebtedness, payment of dividends under certain conditions, granting of liens, mergers and sale of all or a substantial part of our business or Licence.

In February 2025, the Company fully prepaid the $60 million Loan made by the IFC to PAET, pursuant to the Loan Agreement. To effect the prepayment, the Company paid to the IFC $30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. As of the date hereof, the annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding.

We may incur substantial losses and become subject to liability claims as a result of future oil and natural gas operations, for which we may not have adequate insurance coverage

We intend to maintain insurance against certain risks in the operation of the business we plan to develop and in amounts in which we believe to be reasonable. Such insurance, however, may contain exclusions and limitations on coverage or may not be available at a reasonable cost or at all. For example, we are not insured against political or terrorism risks. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition and results of operations. Further, even in instances where we maintain adequate insurance coverage, potential delays related to receipt of insurance proceeds as well as delays associated with the repair or rebuilding of damaged facilities could also materially and adversely affect our business, financial condition and results of operations. Furthermore, we cannot predict whether insurance will continue to be available at a reasonable cost or at all.

We are a holding company and our ability to declare and pay dividends and purchase our Shares is dependent upon the receipt of funds from our subsidiaries by way of dividends, fees, interest, loans or otherwise

We are a holding company, and our subsidiaries and affiliates own all of our assets and conduct all of our operations. Accordingly, our ability to declare and pay dividends and purchase our shares will be dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries and affiliates may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of dividends and purchases of shares. Each subsidiary and affiliate is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries and affiliates. The Loan and local laws limit the ability of our subsidiaries to pay dividends and distribute funds to the parent companies. If we do not receive distributions from our subsidiaries, we may be unable to pay dividends and purchase our shares. In addition, the ability of our subsidiaries to make payments to us may be constrained by, among other things: (i) the level of taxation, particularly corporate profits and withholding taxes, in the jurisdictions in which they operate; and (ii) the introduction of foreign exchange and/or currency controls or repatriation restrictions that impact the availability of hard currency to be repatriated If we do not receive distributions from our subsidiaries, we may be unable to pay dividends and purchase our shares.

Principal Terms of the PSA and Related Agreements

The principal terms of the PSA and related agreements are as follows:

Obligations and Restrictions

(a) The PSA covers two blocks within the Songo Songo gas field where there are gas reserves (“Discovery Blocks”). The Company has the right to conduct petroleum operations on the Discovery Blocks, market and sell all Additional Gas produced and share the net revenue with TPDC for a term of 25 years, expiring in October 2026.

(b) No sale of Additional Gas may be made from the Discovery Blocks if in the Company’s reasonable judgment such sales would jeopardize the supply of Protected Gas. Protected Gas ceased after July 31, 2024. Any Additional Gas contracts entered into are subject to interruption. Songas has the right to request that the Company and TPDC obtain security reasonably acceptable to Songas prior to making any sales of Additional Gas from the Discovery Blocks to secure the Company’s and TPDC’s obligations in respect of Insufficiency (as defined in (c) below).

(c) “Insufficiency” occurs if there is insufficient gas from the Discovery Blocks to supply the Protected Gas requirements or if the gas is so expensive to develop that its cost exceeds the market price of alternative fuels at Ubungo. Protected Gas ceased after July 31, 2024, whereafter all gas from the Songo Songo field is now classified as Additional Gas.

Where there have been third party sales of Additional Gas by the Company and TPDC from the Discovery Blocks prior to the occurrence of the Insufficiency, the Company and TPDC shall be jointly liable for the Insufficiency and shall satisfy their related liability by either replacing the Indemnified Volume (as defined in (d) below) at the price for Protected Gas with natural gas from other sources; or by paying monetary damages equal to the difference between: (a) the market price for a quantity of alternative fuel that is appropriate for the five gas turbine electricity generators at Ubungo without significant modification together with the costs of any modification; and (b) the sum of the price for such volume of Protected Gas (at $0.55/MMbtu escalated) and the amount of transportation revenues previously credited by Songas to the state electricity utility, TANESCO, for the gas volumes.

(d) The “Indemnified Volume” means the lesser of the total volume of Additional Gas sales supplied from the Discovery Blocks prior to an Insufficiency and the Insufficiency Volume. “Insufficiency Volume” means the volume of natural gas determined by multiplying the average of the annual Protected Gas volumes for the three years prior to the Insufficiency by 110% and multiplied by the number of remaining years (initial term of 20 years) of the power purchase agreement entered into between Songas and TANESCO in relation to the five gas turbine electricity generators at Ubungo from the date of the Insufficiency.

Access and Development of Infrastructure

(e) The Company is able to utilize the Songas Infrastructure including the gas processing plant and main pipeline to Dar es Salaam. Access to the Songas Infrastructure is open and can be utilized by any third party that wishes to process or transport gas.

Revenue Sharing Terms and Taxation

(f) 75% of the gross field revenues derived from the Discovery Blocks, less processing and pipeline tariffs and direct sales taxes in any year (“field net revenue”), can be used to recover past costs incurred. Costs recovered out of field net revenue are termed “Cost Gas”.

The Company pays and recovers costs of exploring, developing and operating the Additional Gas with two exceptions: (i) TPDC may recover reasonable market and market research costs as defined under the PSA; and (ii) TPDC has the right to elect to participate in the drilling of at least one well for Additional Gas in the Discovery Blocks for which there is a development program as detailed in an Additional Gas plan (“Additional Gas Plan”) as submitted to the MoE, provided that TPDC may to elect to participate in a development program only once and TPDC pays a proportion of the costs of such development program by committing to pay between 5% and 20% of the total costs (“Specified Proportion”). If TPDC does not notify the Company within 90 days of notice from the Company that the MoE has approved the Additional Gas Plan, then TPDC is deemed to have elected not to participate. If TPDC elects to participate, then it will be entitled to a ratable proportion of the Cost Gas and their profit share percentage increases by the Specified Proportion for that development program.

To date, TPDC has neither elected to back in within the prescribed notice period nor contributed any costs associated with backing in. The Company has therefore determined that to date there has been no working interest earned by TPDC. For the purpose of the reserves certification as at December 31, 2025, there are no planned drilling activities to the end of the Licence.

(g) The Company’s long-term gas price to the Power sector as set out in the ARGA between the GoT, TPDC and Songas and the PGSA is based on the price of gas at the wellhead. As at the date of this report, the ARGA remains an initialed agreement only and the parties are not in agreement with all the terms in the ARGA, however the parties are conducting themselves in terms of pricing as though the ARGA is in force.

Revenue Sharing Terms and Taxation

In Q3 2017 the Company received approval of the Additional Gas Plan 2 ("AGP2") from the MoE to produce and sell increased volumes of Additional Gas. Currently the SS-10, SS-11 and SS-12 wells are connected to the NNGI and the SS-12 well started flowing gas through the NNGI in December 2018.

In May 2019 the Company and TPDC signed the LTGSA, initially for volumes up to 20 MMcfd which was increased subsequently to 30 MMcfd on a best endeavors basis. In 2020 the parties established a 12-month renewable agreement for the supply of volumes above 30MMcfd on an ad-hoc basis, allowing TPDC to meet fluctuating demand and compensate for shortfalls in production from their Madimba plant without being penalized due to a higher, fixed contractual limit and the subsequent take-or-pay penalties should the demand reduce again. The agreement has allowed the Company to supply volumes in excess of 50 MMcfd on occasion, increasing average sales volumes and revenues. In 2023 the Company advised TPDC that the maximum daily quantity ("MDQ") would revert to the original and contractually agreed 20 MMcfd on the basis TPDC had not fulfilled its obligations under the 12-month renewable agreement.

(h) Profits on sales from the Proven Section ("Profit Gas") are shared between TPDC and the Company, the proportion of which is dependent on the average daily volumes of Additional Gas sold or cumulative production.

The Company receives a higher share of the field net revenue after cost recovery, based on the higher of the cumulative production or the average daily sales. The Profit Gas share available to the Company is a minimum of 25% and a maximum of 55%.

Average daily sales of Additional Gas	Cumulative sales of Additional Gas	TPDC's share of Profit Gas	Company's share of Profit Gas
MMcfd	Bcf	%	%
0 – 20	0 – 125	75	25
> 20 <= 30	> 125 <= 250	70	30
> 30 <= 40	> 250 <= 375	65	35
> 40 <= 50	> 375 <= 500	60	40
> 50	> 500	45	55

For Additional Gas produced outside of the Proven Section, the Company's Profit Gas share is 55%.

Where TPDC elects to participate in a development program, its profit share percentage increases by the Specified Proportion (for that development program) with a corresponding decrease in the Company's percentage share of Profit Gas.

The Company is liable for income tax in Tanzania. Where income tax is payable, the Company pays the tax and there is a corresponding deduction in the amount of the Profit Gas payable to TPDC.

(i) APT is payable when the Company recovers its costs out of Additional Gas revenues plus an annual operating return under the PSA of 25%, plus the percentage change in the PPI. The maximum APT rate is 55% of the Company's Profit Gas when costs have been recovered with an annual return of 35% plus PPI return. The PSA is, therefore, structured to encourage the Company to develop the market and the gas fields with the knowledge that the Profit Gas share can increase with larger daily gas sales and that the costs will be recovered with a 25% plus PPI annual return before APT becomes payable. APT can have a significant negative impact on project economics if only limited capital expenditure is incurred.

(j) Under the Operatorship Agreement between the Company and Songas, the Company is appointed to develop, produce and process Protected Gas and operate and maintain the Songas Infrastructure, including the staffing, procurement, capital improvements, contract maintenance, maintenance of books and records, preparation of reports, maintenance of permits, waste handling, liaison with the GoT and taking all necessary safety, health and environmental precautions, all in accordance with good oilfield practices. In return, the Company is paid or reimbursed by Songas so that it neither benefits nor suffers a loss as a result of its performance. The Protected Gas regime ended on July 31, 2024.

(k) In the event of loss arising from Songas' failure to perform, and the loss is not fully compensated by Songas or through insurance coverage, then the Company is liable to a performance and operational guarantee of $2.5 million when (i) the loss is caused by the gross negligence or willful misconduct of the Company, its subsidiaries or employees, and (ii) Songas has insufficient funds to cure the loss and operate the project.

Protected Gas

Under the terms of the Gas Agreement for the Songo Songo project, in the event that there is a shortfall/insufficiency in Protected Gas as a consequence of the sale of Additional Gas, the Company is liable to pay the difference between the price of Protected Gas ($0.55/MMbtu escalated) and the price of an alternative feedstock multiplied by the volumes of Protected Gas up to a maximum of the volume of Additional Gas sold (258 Bcf as at December 31, 2023). The Company did not have a shortfall during the reporting period up to July 31, 2024, when the Protected Gas regime ended.

Re-Rating Agreement

In 2011 the Company, TPDC and Songas signed the Re-Rating Agreement which evidenced an increase to the gas processing capacity of the Songas Infrastructure to a maximum of 110 MMcfd. Under the terms of the Re-Rating Agreement, the Company paid additional compensation of $0.30/mcf for sales between 70 MMcfd and 90 MMcfd and $0.40/mcf for volumes above 90 MMcfd by issuing credit notes to TANESCO. This was in addition to the tariff of $0.59/mcf payable to Songas as set by the energy regulator, EWURA.

Although Songas notified the Company in 2014 that the Re-Rating Agreement was terminated, the parties have continued to produce, transport and sell gas volumes in line with the re-rated plant capacity. In May 2016 the Company notified TANESCO and Songas that the additional compensation for sales over 70 MMcfd would no longer be paid effective June 2016. The additional compensation was always intended to be temporary in nature until the expansion of the Songas Infrastructure, at which time Songas would apply to EWURA to obtain approval of a new tariff for the processing of volumes over 70 MMcfd. The PGSA provides for passing on to TANESCO any tariff charged to the Company should a new tariff be approved.

The parties to the Re-Rating Agreement are in the process of negotiating a replacement agreement which may address the additional compensation paid. In the interim, the processing capacity at the Songas Infrastructure remains unaltered and is fully available for utilization by the Company. This capacity is in addition to the capacity available within the NNGI.

Portfolio Gas Supply Agreement

In June 2011 the PGSA was signed (term to June 30, 2023) between TANESCO (as the buyer) and the Company (through its subsidiary PAET) and TPDC (collectively as the seller). TANESCO requested a change to the PGSA MDQ which PAET and TPDC approved effective January 29, 2018. In accordance with the PGSA, when calculating aggregate excess, extra and overtake gas through the supply period, the MDQ was reduced and the seller is now obligated, subject to infrastructure capacity, to sell a maximum of approximately 16 MMcfd (previously 26 MMcfd) for use in any of TANESCO's current power plants, except those operated by Songas at Ubungo. The PGSA, which was due to expire on June 30, 2023, was extended to a new expiry date of July 31, 2024. As part of the extension, the MDQ was increased from 16.0 MMcfd to 26.0 MMcfd. Under the agreement, the basic wellhead price of approximately $2.98/mcf increased to $3.04/ mcf on July 1, 2018, to $3.10/mcf on July 1, 2019, $3.14/mcf on July 1, 2020,

$3.20/mcf on July 1, 2021, $3.32/mcf on July 1, 2022, $3.50/mcf on July 1, 2023, $3.56/mcf on July 1, 2024 and $3.65/mcf on July 1, 2025. The PGSA was extended on July 30, 2024 and will expire on October 10, 2026.

Long-term Gas Sales Agreement

On May 14, 2019 the Company and TPDC signed the LTGSA for an initial delivery of 20 MMcfd through the NNGI, at a price of $3.10/MMbtu as at January 1, 2019, (escalating 2% per annum) exclusive of any processing and transportation tariff associated with the NNGI. The LTGSA was amended on September 24, 2019 to increase the volumes supplied through the NNGI up to a MDQ of 30 MMcfd. In 2020 the parties established a 12-month renewable agreement for the supply of volumes above 30 MMcfd on an ad-hoc basis, allowing TPDC to meet fluctuating demand and compensate for shortfalls in production from their Madimba plant without being penalized due to a higher, fixed contractual limit and the subsequent take-or-pay penalties should the demand reduce again. The agreement has allowed the Company to supply volumes in excess of 50 MMcfd on occasion, increasing average sales volumes and revenues. In Q4 2023 the Company advised TPDC that the MDQ would revert to the original and contractually agreed 20 MMcfd on the basis TPDC had not fulfilled its obligations under the 12-month renewable agreement. The LTGSA will expire on October 10, 2026.

TPDC Back-in

TPDC has the rights under the PSA to 'back in' to the Songo Songo field development and to convert this into a carried working interest in the PSA. The current terms of the PSA require TPDC to provide formal notice in a defined period and contribute a proportion of the costs of any development, sharing in the risks in return for an additional share of the gas. To date, TPDC has neither provided notice nor contributed any costs and the definition period has closed.

Forward-Looking Information

This MD&A contains forward-looking statements or information (collectively, "forward-looking information") within the meaning of applicable securities legislation. All information, other than information or statements of historical fact included in this MD&A, which address activities, events or developments that Orca expects or anticipates to occur in the future, is forward-looking information. Forward-looking information often contains terms such as may, will, should, anticipate, expect, continue, estimate, believe, project, forecast, plan, intend, target, outlook, focus, could and similar words suggesting future outcomes or statements regarding an outlook. More particularly, this MD&A contains, without limitation, forward-looking information pertaining to the following: the Company's expectations regarding the demand for natural gas and power supply; merit, outcomes, position and timing in respect of the Notice of Dispute and RFAs; expectations regarding damages in relation to the Notice of Dispute and RFAs; merit, outcomes, position and timing in respect of Company's proceedings against Swala and the Swala arbitration; expectations in relation to the Swala proceedings and arbitration; the Company's expectation that all capital allocation decisions will be based upon prudent economic evaluations and returns; the extension of the Licence, the PSA, and related Project agreements and the Company's expectation to continue to actively engage with the GoT to progress a Licence extension; the Company's operations subsequent October 2026, when the Licence is set to expire; the ability of the Company to preserve cash and provide shareholder distributions; the anticipated outcomes, benefits, and results of the Transaction; the operations and actions of the Company following the closing of the Transaction; the expected closing of the Transaction and the satisfaction of the terms thereof; the terms of the Share Purchase Agreement; the consideration to be received by the Company and the other covenants, warranties, representations and obligations of the Purchasers pursuant to the Share Purchase Agreement; the Company's expectation that PAET will receive payment in respect of Protected Gas supplied after July 31, 2024; maintenance of gas sale contract discipline by the Company in accordance with its gas supply agreements; expectations regarding customers' ability to pay for supplied gas; continued accrual of participation interest in respect of the Loan until the specified date; forecasts regarding future development capital spending and the anticipated source of funding; the timing and effective rate of the APT payable by the Company; the Company's expectation that there will be no future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; availability of necessary regulatory approvals; the Company's expectation that it will maintain adequate working capital to cover the Company's long-term and short-term obligations; the Company's expectation that it will be receiving payment for certain Additional Gas that as a result of the dispute between PAET and TPDC as to whether Protected Gas ceased after July 31, 2024, such that all gas produced falls to be treated as Additional Gas; if any payment is eventually required in respect of the Judgement, that such payment will be cost recoverable under the PSA; expectations that an indefinite shutdown of the Songas Power Plant will adversely impact demand for production volumes from the Songo Songo gas field; the Company's expectation that TPDC will continue to provide the Company access to the NNGI; the Company's expectation that Songas will continue to provide the Company access to the Songas Infrastructure; the anticipated accrual of interest to the IFC under the Loan Agreement; the impact on availability of hydropower resulting from the completion of the JNHPP; the impact on the Company of PAET staff joining TUICO and the implementation of the CBA; the estimated amount owed by the Company pursuant to the CBA; expectation that forecasted Additional Gas will decrease; expectations that the PPA will be replaced; the concern that if the Protected Gas is not resolved, the Company will be required to reduce costs and ensure capital expenditure projects on the Songo Songo gas field are in line with contracts and economic returns; the expectations regarding future revenues of the Company; expectations as to the resolution of the Notice of Dispute and RFAs; the Company's plans to provide updates on the Notice of Dispute and RFAs; expectations that Songas will pay the balance of the invoice in respect to Additional Gas; that the Company does not expect to incur any losses from debtors in 2026; the Company's expectations that no circumstances will significantly impact the Company's cash flow or liquidity other than disclosed in this MD&A, as applicable; the Company's expectations that it will be able to convert Tanzanian shillings into US dollars and other hard currencies during and after the current foreign exchange deficiency; the Company's expectations regarding supply and demand of natural gas; the Company's expectation and evaluations on the timing and results of its objections and appeals to the decisions and assessments of the TRA, TRAB and CAT under "*Contingencies – Taxation*" in this MD&A; the Company's view that all costs are correctly included in the Cost Pool and the Company's expectations regarding changes to its tax liabilities and the results of its operations as a result of amendments made to the ITA, 2004, the WLMAA, 2017 and the implementation of further legislation. In addition, information relating to "reserves" are by their nature forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be produced profitably in the future. The recovery and reserve estimates of the Company's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in forward-looking information. Although management believes that the expectations reflected in the forward-looking information are reasonable, it cannot guarantee future results, levels of activity, access to resources and infrastructure, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies.

This forward-looking information involves substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, and many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information made by the Company, including, but not limited to: risk that PAET will not receive payment or payment may form part of a contract dispute, in respect of uncontracted gas that continued to flow post August 1, 2024 to October 31, 2024; uncertainties involving the Notice of Dispute and RFAs; various uncertainties involved in the extension of the Licence; risk that meetings related to the Notice of Dispute and RFAs are not held on the anticipated timing; risk of decreased demand for production volumes from the Songo Songo gas field; negative effect on the Company's rights under the PSA and other Project agreements relating to its business in Tanzania; fluctuations in demand for natural gas and power supply in Tanzania; the Company's average gas sales including the sale of Additional Gas are different than anticipated; uncertainties involving the negotiation of new commercial terms under the Gas Agreement with Songas and necessary approvals from TPDC; risk that the Company may incur losses and legal expenses as a result of Notice of Dispute and RFAs; uncertainties regarding quantum of damages payable to the Company in respect of the Notice of Dispute and RFAs; risk relating to the Swala proceedings and arbitration and the costs and outcomes thereof; risk related to the Transaction including risk that the Company or Purchasers are unable to satisfy the conditions to closing; risk that the Company does not achieve the benefits of the Transaction; risk that closing of the Transaction may require concessions or other arrangements with TPDC or the GoT that are unacceptable to one or more parties to the Share Purchase Agreement; risk that the parties to the Share Purchase Agreement resolves to terminate the Share Purchase Agreement; uncertainties regarding PAET staff joining TUICO and the implementation of the CBA; risk that the budgeted expenditures, timing of the completion and anticipated benefits from the Company's various development programs and studies in 2026 are different than expected; risk of damage to the Company's infrastructure assets; that not all capital allocation decisions will be based upon prudent economic evaluations and returns; inability to extend the Licence and inability to maintain gas sale contract discipline; accrual of participation interest is different than expected; changes to the timing and effective rate of the APT payable by the Company; changes to forecasts regarding future development capital spending and source of capital spending; risk of future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; occurrence of circumstance or events which significantly impact the Company's cash flow and liquidity and the Company's ability cover its long-term and short-term obligations; incurrence of losses from debtors in 2026; prolonged foreign exchange reserves deficiency in Tanzania; inability to convert Tanzanian shillings into US dollars or other hard currencies as and when required; discontinuation of work by the Company with the GoT on alternative development plan for longer term field development; failure to obtain necessary regulatory approvals; risks regarding the uncertainty around evolution of Tanzanian legislation; risk of unanticipated effects regarding changes to the Company's tax liabilities and its operations as a result of amendments made to the ITA, 2004, the WLMAA, 2017, the implementation of further legislation and the Company's interpretation of the same; risk of a lack of access to the Songas Infrastructure; risk that the Company may be unable to complete additional field development to support the Songo Songo production profile through the life of the Licence; risks associated with the Company's ability to complete sales of Additional Gas; negative effect on the Company's rights under the PSA and other Project agreements relating to its business in Tanzania as a result of recently enacted legislation, as well as the risk that such legislation will create additional costs and time connected with the Company's business in Tanzania; risk relating to the Company's relationship with the GoT; the impact of general economic conditions in the areas in which the Company operates; civil unrest; risk of pandemic; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations; impact of local content regulations and variances in the interpretation and enforcement of such regulations; impact of local content regulations and variances in the interpretation and enforcement of such regulations; uncertainty regarding results through negotiations and/or exercise of legally available remedies; failure to successfully negotiate agreements; risks of non-payment by recipients of natural gas supplied by the Company; lack of certainty with respect to foreign legal systems, corruption, and other factors that are inconsistent with the rule of law; risk of loss due to acts of war, terrorism, sabotage and civil disturbances; timing of receipt of, or failure to comply with, necessary permits and approvals; and potential damage to the Company's reputation due to the actual or perceived occurrence of any number of events, including negative publicity with respect to the Company's dealings with the GoT, TPDC and TANESCO, whether true or not; increased competition; the lack of availability of qualified personnel or management; fluctuations in commodity prices, foreign exchange or interest rates; stock market volatility; competition for, among other things, capital, oil and gas field services and skilled personnel; failure to obtain required equipment or replacement parts for field development; effect of changes to the PSA and related Project agreements on the Company as a result of the implementation of new government policies for the oil and gas industry; inaccuracy in reserve estimates; incorrect forecasts in production and growth potential of the Company's assets; inability to obtain required approvals of regulatory authorities; risks associated with negotiating with foreign governments; failure to successfully negotiate agreements; failure to successfully negotiate the extension of the Licence on favorable terms; risk that the Company will not be able to fulfil its contractual obligations; risk that trade and other receivables may not be paid by the Company's customers when due; the risk that the Company's Tanzanian operations will not provide near term revenue earnings; risk that any costs in respect of the Cost Pool, are rejected as not being cost recoverable, and the Company being required to adjust its share of revenue for the period under dispute; and such additional risks listed under "*Business Risks*" in this MD&A. In addition, there are risks and uncertainties associated with oil and gas operations, therefore the Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by this forward-looking information will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive.

Such forward-looking information is based on certain assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances, including, but not limited to: increased demand for gas supply; risk that any costs in respect of the Cost Pool, are rejected as not being cost recoverable, and the Company being required to adjust its share of revenue for the period under dispute Company's average Additional Gas sales are in line with forecasts; successful negotiation and execution of new gas sales contracts under the Gas Agreement; successful negotiation of the Licence extension and related Project agreements, on terms favorable to the Company; that the outcomes, benefits, and results of the Transaction are in line with the Company's expectations; the ability of the Company and the Purchasers to satisfy the terms and conditions of the Share Purchase Agreement; that the Transaction will receive required Tanzanian regulatory and TSXV approvals; that the impact of PAET staff joining TUICO and the amounts payable pursuant to the CBA are in line with the Company's expectations; successful implementation of various development and study programs at the budgeted expenditures; accurate assessment by the Company of the merits of its claim under the Notice of Dispute and RFAs; that all capital allocation decisions will be based upon prudent economic evaluations and returns; successful extension of the Licence and maintenance of gas sale contract discipline on a go-forward basis pursuant to the Company's gas supply agreements; anticipated award amount payable under the Long Term Retention Plan; accrual of participation interest as expected; the Company's relationship with TPDC and the GoT; the current status of negotiations in respect of the Gas Agreement and PSA; the current status of actions involved in the Notice of Dispute and RFAs; accurate assessment by the Company of the merits of its rights and obligations in relation to the Project, TPDC, the GoT, and other stakeholders in the Songo Songo gas field; receipt of required regulatory approvals; the Company's ability to maintain strong commercial relationships with the GoT and other state and parastatal organizations and other stakeholders in the Project and the Songo Songo gas field; the current and future administration in Tanzania continues to honor the terms of the PSA and the Company's other principal agreements; correct forecast on the timing and effective rate of the APT payable by the Company; that there will continue to be no restrictions on the movement of cash from Mauritius, Jersey or Tanzania; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and participation interest obligations as needed; the Company does not incur any losses from debtors in 2026; absence of circumstances or events that significant impact the Company's cash flow and liquidity; the Company will continue to be able to convert Tanzanian shillings into US dollars; long term field development will be carried out as planned; continued work by the Company with the GoT on alternative development plan for longer term field development as anticipated; timing and amount of capital expenditures and source of funding are in line with forecasts; the Company's ability to obtain necessary regulatory approvals; the anticipated supply and demand of natural gas are in line with the Company's expectations; that the amount of damages recoverable by the Company under the Notice of Dispute and RFAs will be in line with expectations; that the amount of damages recoverable by the Company will be in line with expectations; the Company's interpretation and prediction of the effects regarding changes to the Company's tax liabilities and its operations as a result of amendments made to the ITA, 2004, the WLMAA, 2017 and the implementation of further legislation is accurate in all material respects; the Company's ability to obtain revenue earnings from its operations; access to customers and suppliers; availability of employees to carry out day-to-day operations, and other resources; that the Company will successfully negotiate agreements; receipt of required regulatory approvals; the ability of the Company to increase production as required to meet demand; infrastructure capacity; commodity prices will not deteriorate significantly; the ability of the Company to obtain equipment and services in a timely manner to carry out exploration, development and exploitation activities; availability of skilled labour; uninterrupted access to infrastructure; the impact of increasing competition; conditions in general economic and financial markets; effects of regulation by governmental agencies; that the Company's appeal of various tax assessments will be successful; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; the effect of any new environmental and climate change related regulations will not negatively impact the Company; and other matters.

The forward-looking information contained in this MD&A is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Additional Information

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca

GLOSSARY

mcf	Thousand standard cubic feet
MMcf	Million standard cubic feet
Bcf	Billion standard cubic feet
MMcfd	Million standard cubic feet per day
MMbtu	Million British thermal units
1P	Proven reserves
2P	Proven and probable reserves
$	United States dollars
CDN$	Canadian dollars

MANAGEMENT'S REPORT TO SHAREHOLDERS

The accompanying consolidated financial statements of Orca Energy Group Inc. are the responsibility of Management. The financial and operating information presented in this annual report is consistent with that shown in the consolidated financial statements.

The consolidated financial statements have been prepared by Management, on behalf of the Board of Directors (the "Board"), in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") appropriate in the circumstances.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements. An independent firm of Chartered Professional Accountants, as appointed by the Shareholders, audited the consolidated financial statements in accordance with the Canadian Generally Accepted Auditing Standards to enable them to express an opinion on the fairness of the consolidated financial statements in accordance with IFRS as adopted by the IASB.

The Board carries out its responsibility for the financial reporting and internal controls of the Company principally through an Audit Committee. The committee has met with the independent auditors and Management in order to determine if Management has fulfilled its responsibilities in the preparation of the consolidated financial statements. The consolidated financial statements have been approved by the Board on the recommendation of the Audit Committee.

With an extension of the Company's operating Licence not yet granted beyond October 2026, the Board has considered whether it is appropriate for the financial statements to be prepared on a going concern basis. As part of its capital and liquidity management process, the Company prepares budgets and forecasts which are used by management and the Board to direct and monitor the strategy and ongoing operations as well as liquidity of the Company. Budgets and forecasting are subject to significant judgement and estimates relating to activity levels, future cash flows, Licence extension, and outcomes of current and potential future litigation and contingencies, and timing thereof and other factors which may not be within the control of the Company. Based on this process, management have reached the conclusion that it is appropriate to do so.

	Lisa Mitchell
Jay Lyons	**Lisa Mitchell**
Chief Executive Officer	Chief Financial Officer
May 29, 2026	May 29, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Orca Energy Group Inc.

Opinion

We have audited the consolidated financial statements of Orca Energy Group Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment and recognition of income tax provision related to positions taken in tax filings in Tanzania

Description of the matter

We draw your attention to note 3, note 4 (iii), note 4(c), note 5(i), and note 21 to the financial statements.

The Entity operates in Tanzania where tax authorities may audit income tax filings and the resolution of such audits may span multiple years. Tax law in Tanzania is complex and often subject to changes and to varied interpretations; accordingly, the ultimate outcome with respect to positions taken on income tax filings may differ from the amounts recognized. The Entity has taken certain tax positions in its tax filings and these tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax impact may differ significantly from that estimated and recorded by management.

The Entity's assessment of whether it is probable that the position taken by the Entity will be accepted by tax authorities in Tanzania is a significant management judgment. The Entity will record a tax provision where management concludes it is probable the filing position taken by the Entity will not be accepted by the relevant taxing authority. At December 31, 2025, the Entity estimated that the total tax contingencies related to uncertain income tax filing positions with Tanzanian tax authorities for which no provisions are recorded is $60.6 million.

Why the matter is a key audit matter

We identified the assessment and recognition of income tax provision related to positions taken in tax filings in Tanzania as a key audit matter. This matter represented an area of significant risk of material misstatement. In addition, significant auditor judgment and specialized skills and knowledge were required to evaluate the Entity's assessment of the probability of the taxation authorities accepting the tax filing positions taken by the Entity.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We involved income tax professionals in Canada and Tanzania with specialized skills and knowledge who assisted in evaluating the Entity's tax filing positions including interpretation of income tax legislation by:

- Assessing the appropriateness of the Entity's tax filing positions based on their understanding and interpretation of tax laws in Tanzania and comparing it to the Entity's assessment

- Inspecting the Entity’s correspondence with Tanzanian tax authorities and evaluating the implications of the matters raised by such authorities
- Inspecting evaluations provided by the Entity’s tax advisors

We assessed whether it was probable that the tax filing positions taken by the Entity would be accepted by the Tanzanian tax authorities by obtaining legal enquiry letter responses from law firms engaged by the Entity related to identified tax claims and contingencies.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management’s Discussion and Analysis
- the information, other than the financial statements and the auditor’s report thereon, included in a document likely to be entitled “Annual Report & Accounts 2025”.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis and Annual Report & Accounts 2025 as at the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Jason Grodziski.

Calgary, Canada

May 29, 2026

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

		Years ended December 31	
$'000	Note	2025	2024
Revenue	7	**87,231**	111,593
Production, distribution and transportation		**17,582**	19,990
Net production revenue		**69,649**	91,603
Operating expenses			
General and administrative		**22,451**	19,819
Depletion	13	**31,766**	30,506
(Reversal of) loss allowance	12	**(23,874)**	21,700
Finance and other income	9	**(17,539)**	(3,665)
Finance expense	9	**15,601**	13,751
Asset impairment	13	–	26,651
Income / (loss) before tax		**41,244**	(17,159)
Income tax expense – current	10	**30,533**	13,737
Income tax recovery – deferred	10	**(7,912)**	(15,508)
Additional Profits Tax	11	**9,799**	6,190
Net income / (loss) attributable to shareholders		**8,824**	(21,578)
Foreign currency translation loss from foreign operations		–	(16)
Comprehensive income / (loss)		**8,824**	(21,594)
Net income / (loss) attributable to shareholders per share *($)*			
Basic and diluted	18	**0.45**	(1.09)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31	
$'000	Note	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents		**86,986**	90,076
Restricted cash	3	**24,717**	–
Trade and other receivables	12	**30,077**	44,037
Prepayments and deposits		**3,026**	1,586
		144,806	135,699
Non-current assets			
Deferred income taxes	10	**3,325**	–
Long-term receivables	15	**10**	10
Capital assets	13	**19,450**	50,057
		22,785	50,067
Total assets		**167,591**	185,766
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	14	**77,507**	66,851
Taxes payable	10	**24,198**	8,998
Current portion of long-term loan	16	–	30,122
Current portion of Additional Profits Tax	11	**15,690**	7,824
		117,395	113,795
Non-current liabilities			
Deferred income taxes	10	–	4,587
Lease liabilities	13	–	217
Additional Profits Tax	11	–	5,891
		–	10,695
Total liabilities		**117,395**	124,490
SHAREHOLDERS' EQUITY			
Capital stock	17	**46,974**	46,992
Accumulated income		**3,222**	14,284
		50,196	61,276
Total equity and liabilities		**167,591**	185,766

See accompanying notes to the consolidated financial statements.

Nature of operations (Note 1); Contractual obligations (Note 20); Contingencies (Note 21); Subsequent events (Note 24).

Director

Lisa Mitchell

Director

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended December 31	
$'000	Note	2025	2024
OPERATING ACTIVITIES			
Net income / (loss)		**8,824**	(21,578)
Adjustment for:			
Depletion and depreciation	13	**32,226**	31,023
Indirect tax	9	**–**	1,300
Asset impairment	13	**–**	26,651
Deferred income tax	10	**(7,912)**	(15,508)
Additional Profits Tax	11	**9,799**	6,190
Unrealized gain on foreign exchange		**(699)**	(3,009)
Interest expense	9	**4,407**	4,770
Change in non-cash operating working capital	23	**37,912**	(2,753)
Net cash flows from operating activities		**84,557**	27,086
INVESTING ACTIVITIES			
Capital expenditures	13	**(10,899)**	(17,960)
Net cash used in investing activities		**(10,899)**	(17,960)
FINANCING ACTIVITIES			
Lease payments	13	**(345)**	(343)
Normal course issuer bid	17	**(16)**	(88)
Long-term loan repayment	16	**(30,122)**	(10,000)
Loan interest paid	9	**(2,119)**	(6,795)
Dividends paid to shareholders	17	**(19,827)**	(5,845)
Net cash used in financing activities		**(52,429)**	(23,071)
Increase / (decrease) in cash		**21,229**	(13,945)
Cash and cash equivalents at the beginning of the year		**90,076**	101,566
Effect of change in foreign exchange on cash for the year		**398**	2,455
Cash and cash equivalents at the end of the year (including restricted cash)		**111,703**	90,076
Restricted cash	3	**24,717**	–
Cash and cash equivalents at the end of the year	3	**86,986**	90,076

Income tax paid during the year was $14.3 million (2024: $9.1 million). Interest paid during the year was $2.1 million (2024: $6.8 million). See

accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

$'000	Capital stock	Accumulated other comprehensive loss	Accumulated income	Total
Note	*17*		*17*	
Balance as at December 31, 2024	46,992	–	14,284	61,276
Share repurchase	(18)	–	2	(16)
Dividends declared	–	–	(19,888)	(19,888)
Net income	–	–	8,824	8,824
Balance as at December 31, 2025	**46,974**	–	**3,222**	**50,196**

$'000	Capital stock	Accumulated other comprehensive loss	Accumulated income	Total
Note	*17*		*17*	
Balance as at December 31, 2023	47,067	16	41,595	88,678
Share repurchase	(75)	–	(13)	(88)
Dividends declared	–	–	(5,736)	(5,736)
Foreign currency translation adjustment on foreign operations	–	(16)	16	–
Net loss	–	–	(21,578)	(21,578)
Balance as at December 31, 2024	46,992	–	14,284	61,276

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General Information

Orca Energy Group Inc. ("Orca" or the "Company") was incorporated on April 28, 2004 under the laws of the British Virgin Islands with its registered office located at Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands, VG1110. The Company produces and sells natural gas to the power and industrial sectors in Tanzania. The Company maintains central management and control and has established tax residency in the United Kingdom.

The consolidated financial statements of the Company as at and for the year ended December 31, 2025 comprise accounts of the Company and its subsidiaries and were authorized for issue in accordance with a resolution of the directors on May 29, 2026. The Company is controlled by Shaymar Limited who is the registered holder of 24.8% of the equity and controls 71.6% of the total votes of the Company. The shares are held in a trust that is independently managed for the beneficiaries.

1. Nature of Operations

The Company's principal operating asset is its indirect interest in the Songo Songo gas field (the "Project") held by a subsidiary, PanAfrican Energy Tanzania Limited ("PAET"), as set out in a Production Sharing Agreement (the "PSA") with the Tanzania Petroleum Development Corporation ("TPDC") and the Government of Tanzania (the "GoT") in the United Republic of Tanzania ("Tanzania"). Development of the Project is governed by the Songo Songo Development Licence (the "Licence"), granted by the GoT to the TPDC in 2001. The Licence and the PSA are set to expire on October 10, 2026. Currently no extension of the Licence or PSA has been finalized and there are no certainties on the timing, nature and extent of any such extensions. Until such extension has been finalized, a high degree of uncertainty exists with respect to the extent of the Company's operating activities subsequent to October 2026. This PSA covers the production and marketing of certain gas from the Songo Songo Block offshore Tanzania. The PSA defines gas in the Songo Songo field as "Protected Gas" and "Additional Gas". The gas agreement (the "Gas Agreement") deals further with the parties' entitlements to Protected Gas and Additional Gas. Under the Gas Agreement, the "Protected Gas" was owned by TPDC and was sold to Songas Limited ("Songas") and Tanzania Portland Cement PLC ("TPCPLC"). Songas is the owner of the infrastructure that enables the gas to be delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island (the "Songas Infrastructure"). Protected Gas ceased after July 31, 2024 and all production from the Songo Songo gas field following August 1, 2024 constitutes Additional Gas which PAET is entitled to sell on commercial terms.

The Tanzanian Electric Supply Company Limited ("TANESCO") is responsible for the majority of electricity generation, transmission and distribution throughout Tanzania. TANESCO is a parastatal organization wholly owned by the GoT with oversight by the Ministry of Energy (the "MoE"). Natural gas has become an integral component of TANESCO's power generation as a more reliable source of supply over seasonal hydropower as well as a more cost-effective and lower carbon dioxide intensive alternative to liquid fuels. The Company and TPDC as joint sellers currently supply Additional Gas directly to TANESCO by way of the Portfolio Gas Supply Agreement (the "PGSA"). The Company also supplies Additional Gas to TPDC at the well head, through a long-term gas sales agreement (the "LTGSA"). The PGSA was extended on July 30, 2024. The PGSA and the LTGSA expire on October 10, 2026.

In addition to supplying gas to TPDC and TANESCO, the Company has developed more than 50 contracts to supply gas to Dar es Salaam's industrial market, and sells compressed natural gas to domestic, suitably converted vehicles in Dar es Salaam.

On April 14, 2023, PAET formally requested TPDC to apply for an extension of the Licence. In November 2024, TPDC submitted the application for the extension of the Licence to the MoE, however, being uneconomic, the Company informed TPDC that it did not agree with the terms as submitted. Having declined to address PAET's concerns itself, TPDC advised PAET to raise any issues to the MoE, which resulted in the Company having to have the submission rescinded and resubmitted. There are currently no certainties on the timing, nature and extent of any such extensions. Until such extension has been finalized, a high degree of uncertainty exists with respect to the extent of the Company's operating activities subsequent to October 2026.

On April 15, 2024, contrary to the terms of the Gas Agreement and PSA and in violation of Pan African Energy Corporation (Mauritius) ("PAEM") and PAET's legitimate expectations, the Permanent Secretary of the Minister of Energy of Tanzania wrote to TPDC, copying PAET and Songas, directing TPDC to "ensure that Protected Gas continue to be produced to the end of the Development Licence on 10th October 2026". Consistent with that instruction, TPDC has taken the position that Protected Gas should continue despite the parties' contractual agreement that Protected Gas would end after July 31, 2024. We believe that PAET will be entitled to compensation at a commercial rate for all volumes of gas lifted by Songas from August 1, 2024 to October 31, 2024. There is a risk that PAET will not receive payment or payment may form part of a contract dispute.

On August 7, 2024, PAET and PAEM, issued a Notice of Dispute (the "Notice of Dispute") in respect of an investment treaty claim against the GoT for breach of the Agreement on Promotion and Reciprocal Protection of Investment between the Government of the Republic of Mauritius and the GoT (the "BIT"), alongside notifying a contractual dispute against the GoT and TPDC for breaches of the PSA and the Gas Agreement, for damages estimated in excess of $1.2 billion. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution on the key issues in dispute. Following a period of negotiations with the GoT, on August 1, 2025, PAET issued two sets of arbitration proceedings against the GoT and TPDC registered with the International Centre for Settlement of Investment Disputes ("ICSID") for breach of the PSA and Gas Agreement respectively and PAEM issued arbitration proceedings against the GoT for breach of the BIT (the "RFAs"). The claims under the RFAs arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, PSA and Gas Agreement. On August 28, 2025, ICSID registered all three RFAs. The two proceedings under the Gas Agreement and PSA were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the PSA and Gas Agreement arbitration was constituted and on February 13, 2026, the arbitral tribunal in the BIT arbitration was constituted. The tribunals held the first procedural hearings in the proceedings under the BIT on April 27, 2026, and in the consolidated proceedings under the Gas Agreement and the PSA on May 7, 2026, following which we expect procedural timetables to be issued in Q2 2026 and final hearings to be scheduled for 2028.

The Company cannot predict the outcome of proceedings relating to the Notice of Dispute and the RFAs with certainty, the costs associated with proceedings related to the Notice of Dispute and the RFAs, and possible awards of damages relating to the Notice of Dispute and RFAs. Further the Company cannot predict if we are unsuccessful in the proceedings relating to the Notice of Dispute and the RFAs, the effect it will have on our business, and whether this will have a material adverse effect on the Company's business and operations. The Notice of Dispute and RFAs proceedings could result in negative publicity and adversely affect the price of our shares and relationships in Tanzania. In addition, the Notice of Dispute and RFAs proceedings distract management and other personnel from their primary responsibilities.

On April 13, 2026, Orca announced that it had entered into a definitive Share Purchase Agreement (the “Share Purchase Agreement”) with Taifa Gas Tanzania Limited ("Taifa") and Amber Energy Investment L.L.C-FZ (“Amber”, and together with Taifa, the “Purchasers”) pursuant to which Orca will sell all of the outstanding shares of PAEM (the “Transaction”). Upon closing of the Transaction, Taifa will acquire 49% of PAEM and Amber will acquire 51%. The SPA provides for a nominal cash price of US$10.00 for the PAEM shares, which is in addition to the other covenants, warranties, representations and obligations of the Purchasers under the agreement and the strategic and commercial benefits that would accrue to Orca by exiting its Tanzanian business. Closing of the Transaction is subject to customary and transaction-specific conditions, including approval or clearance from the Tanzania Fair Competition Commission and the Tanzanian Minister responsible for petroleum affairs, approval by a simple majority of the votes cast by Orca shareholders at the Company’s annual general and special meeting of shareholders, acceptance by the TSX Venture Exchange (the “TSXV”) of the Transaction and related matters requiring the TSXV’s approval or acceptance, and the release of Orca from remaining guarantees and related undertakings in favour of the International Finance Corporation (the “IFC”) in respect of obligations of PAEM and PAET. Any party may terminate the Share Purchase Agreement for any reason.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. The consolidated financial statements were approved by the Board on May 29, 2026.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting. The consolidated financial statements are presented in US dollars ("$") unless otherwise stated.

Basis of Consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. The following companies have been consolidated within the Orca Energy financial statements:

Subsidiary	Registered	Holding	Functional currency
Orca Energy Group Inc.	British Virgin Islands	Parent Company	US dollar
Orca Exploration UK Services Limited[1]	United Kingdom	100%	British pound
PAE PanAfrican Energy Corporation ("PAEM")	Mauritius	100%	US dollar
PanAfrican Energy Tanzania Limited	Jersey	100%	US dollar

[1]Orca Exploration UK Services Limited was dissolved on April 29, 2025.

Transactions Eliminated Upon Consolidation

Inter-company balances and transactions and any unrealized gains or losses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

Foreign Currency

i) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at period-end rates. Non-monetary items are translated at historic rates, unless such items are carried at market value, in which case they are translated using the exchange rates that existed when the values were determined. Any resulting exchange rate differences are recognized in earnings.

ii) Foreign Currency Translation

Foreign currency differences are recognized in comprehensive income and accumulated in the translation reserve. The assets and liabilities of these companies are translated into the functional currency at the period-end exchange rate. The income and expenses of the companies are translated into the functional currency at the average exchange rate for the period. Translation gains and losses are included in other comprehensive income.

Climate change regulations

Risks related to climate change may have an impact on the Company's operations and the Company may be subject to additional disclosure requirements in the future. The International Sustainability Standards Board issued an IFRS Sustainability Disclosure Standard with the objective to develop a global framework for environmental sustainability disclosure. In addition, the Canadian Securities Administrators also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which sets forth additional reporting requirements for Canadian reporting issuers. We continue to monitor developments on these reporting requirements and the impact they may have on the Company's financial position and results of operating activities in future periods.

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Capital Assets

i) Capital Assets

Capital assets comprises the Company's tangible natural gas assets, development wells, leasehold improvements, computer equipment, motor vehicles and fixtures and fittings carried at cost, right-of-use assets less any accumulated depletion, depreciation and accumulated impairment losses. Cost includes purchase price and construction costs for qualifying assets. Depletion of these assets commences when the assets are ready for their intended use. Only costs that are directly related to the discovery and development of specific oil and gas reserves are capitalized. The cost associated with tangible natural gas assets are amortized on a unit of production method based on commercial proven reserves, taking into account estimated forecasted future development costs necessary to bring those reserves to production. The calculation of the unit of production method by reference to the ratio of production in the period to the related proven gas reserves.

ii) Impairment of Property, Plant and Equipment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment to determine if indicators of impairment exist. Individual assets are grouped together as a cash generating unit ("CGU") for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the CGU and are discounted to their present value with a pre-tax discount rate that reflects the current market indicators. The fair value less costs to sell is the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. Where an impairment loss subsequently reverses, the carrying amount of the asset CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the CGU in prior years. A reversal of an impairment loss is recognized in earnings.

Operatorship

The Company operates the Songo Songo gas field, flowlines and gas processing plant. The Songas wells, flowlines and gas plant are operated by the Company on behalf of Songas on a 'no gain no loss' basis. The cost of operating and maintaining the wells and flowlines is paid for by the Company beginning from the end of the Protected Gas regime on July 31, 2024. The cost of operating the gas processing plant and pipeline to Dar es Salaam is paid by Songas. Costs incurred by the Company in connection with the operatorship of the Songas plant are recorded as receivables which are re-charged to Songas. Subsequent payments received from Songas are credited to receivables. A tariff is paid to Songas as compensation for using the gas processing plant and pipeline.

Employment Benefits

Long Term Retention Plan

In 2023, the Company approved the cash-based long term retention award plan effective for the period from October 1, 2022 to September 30, 2026 (the "Long Term Retention Plan") to encourage retention of its employees, promote employee performance to increase shareholder value over the four year period, and align the Company's approach to compensation with the Company's strategy to continue and expand its operations in Tanzania. The total potential award amount payable to eligible participants under the Long Term Retention Plan is payable at an award payment date of September 30, 2026. This award amount is being recognized on a straight line basis over the four year period.

Asset Retirement Obligations

No provision has been made for future site restoration costs in Tanzania because the Company currently has no legal or contractual or constructive obligation under the PSA to restore the fields at the end of their commercial lives, should such occur within the term of the PSA. If an amendment to the PSA is agreed requiring the Company to restore the fields at the end of the commercial lives, a provision will be made for future site restoration costs.

Revenue Recognition, Production Sharing Agreements and Additional Profits Tax

Pursuant to the terms of the PSA, the Company has exclusive rights (i) to carry on Exploration Operations in the Songo Songo gas field; (ii) to carry on Development Operations in the Songo Songo gas field; and (iii) jointly with TPDC, to sell or otherwise dispose of Additional Gas.

The Company recognizes revenue related to Additional Gas sales to all customers at specified delivery points at benchmark and contractual prices. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of natural gas occurs at the metering points at the inlet to the customer's facility. Under the terms of the PSA, the Company pays both its share and TPDC's share of operating, administrative and capital costs. The Company recovers all reasonably incurred operating, administrative and capital costs including TPDC's share of these costs from future revenues over several years ("Cost Gas"). All recoveries are recorded as Cost Gas revenue in the year of recovery.

In any given year, the Company is entitled to recover as Cost Gas up to 75% of the net revenue (gross revenue less processing and pipeline tariffs). Any net revenue in excess of the Cost Gas ("Profit Gas") is shared between the Company and TPDC in accordance with the terms of the PSA. Under the PSA the Profit Gas payable to TPDC is adjusted by the amount necessary to fully pay and discharge the Company's liability for taxes on income. Revenue represents the Company's share of Profit Gas and Cost Gas during the period.

The Company sells its natural gas to power customers (TANESCO, TPDC and Songas) and one industrial customer (a cement manufacturer) pursuant to fixed-price contracts. Sales to other industrial customers are at fixed-price discounts (subject to certain floors and ceilings) to the lowest alternative fuel source in Dar es Salaam, Heavy Fuel Oil ("HFO") and coal. Under all contracts, the Company is required to deliver volumes of natural gas to the contract counterparty. Natural gas revenue is recognized when the Company gives up control of the natural gas which occurs at metering points located at the inlets of customers' facilities. The amount of production revenue recognized is based on the agreed transaction price and the volumes delivered.

Additional Profits Tax

Under the terms of the PSA, in the event that all costs have been recovered with an annual return from the PSA of 25% plus the percentage change in the United States Industrial Goods Producer Price Index, an additional profits tax ("APT") is payable to the Government of Tanzania. APT is provided for by forecasting the total APT payable in the future as a proportion of the forecast Profit Gas over the term of PSA licence. The actual APT that will be paid is dependent on the achieved value of the Additional Gas sales and the quantum and timing of the operating costs and capital expenditure program.

The PSA states that APT shall be calculated for each year and shall vary with the real rate of return earned by the Company on the net cash flow from the Contract Area (as defined in the PSA). The calculation of APT includes a working capital adjustment reflecting the effect of the timing of actual receipt of amounts owing from TANESCO on net cash flow.

Income Taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to extent they relate to items recognized directly in equity, in which case the tax is recognized in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect to previous years. Where current income tax is payable, this is shown as a current tax liability. The amount of the current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of carrying amounts of assets and liabilities using tax rates substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Uncertainties over positions taken in income tax filings are evaluated on the basis of whether it is probable the position taken by the Company in the tax filing will be accepted upon examination by the relevant taxing authorities. These uncertainties impact the amount of income taxes recognized.

Financial Instruments

All financial instruments are initially recognized at fair value on the Consolidated Statements of Financial Position. The Company has classified each financial instrument into one of the following categories: (i) fair value through the statement of comprehensive income (loss), (ii) loans and receivables, and (iii) other financial liabilities. Measurement in subsequent periods depends on the classification of the financial instrument as described below:

- Fair value through profit or loss: financial instruments under this classification include cash and cash equivalents and derivative assets and liabilities.
- Amortized cost: financial instruments under this classification include trade and other receivables, trade and other payables, current portion of long-term loan and lease liabilities.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial Instruments Classification and Measurement

The Company's financial instruments include trade and other receivables, long-term receivables, trade and other liabilities and long-term loan. The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuation in this level are those with inputs for the asset or liabilities that are not based on observable market data.

The fair value of trade and other receivables and trade and other liabilities approximate their carrying amount due to the short-term nature of those instruments. The fair value of long-term receivables also approximates their carrying amount.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with the original term to maturity of three months or less, which are convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value. The fair value of cash and cash equivalents approximates their carrying amount. There are no restrictions on the movement of funds out of Tanzania.

Restricted Cash

As of the date of this report, $24.7 million was posted as security for the initial award of $23.1 million damages plus 7% interest per annum in the seismic dispute. Whilst this amount of cash was restricted until the legal proceedings were fully concluded, the Appeal Judgment on February 3, 2026 reduced the award of damages to $17.9 million plus 7% interest per annum. On May 11, 2026, $19.3 million was paid in full and final settlement and the restrictions lifted on the remaining security balance of $5.4 million (see Note 24). The Company recovered $17.9 million of the awarded damages from the TPDC profit share under the terms of the PSA in 2025.

Impairment of Financial Assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in earnings. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in earnings.

Contingent Liabilities and Provisions

The Company evaluates all potential obligations, including legal claims and other exposures at each reporting date. Where an outflow is considered possible but not probable, or the amount cannot be reliably estimated, the Company discloses the exposure as a contingent liability in the notes to the financial statements. Where it is determined that an outflow of economic resources is probable and the amount can be reasonably estimated, the Company recognizes a provision in the financial statements, measured as the best estimate of the expenditure required to settle the present obligation.

Accounting Changes

The following standards have been issued but are not yet effective:

- IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

The Company intends to adopt these standards when they become effective and is currently evaluating the potential impact.

4. Use of Estimates and Judgments

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the accounts recognized in these consolidated financial statements.

Critical Judgments in Applying Accounting Policies:

i. *Natural gas assets*

The Company assesses its natural gas assets for impairment when events or circumstances indicate that the carrying amount of its assets may not be recoverable. If any indication of impairment exists, the Company performs an impairment test on the CGU, which is the lowest level at which there are identifiable cash flows. The carrying amount of the CGU is compared to its recoverable amount which is defined as the greater of its fair value less cost to sell and value in use and is subject to management estimates. These estimates include quantities of reserves and future production, future commodity pricing, development costs, operating costs, and discount rates. Any changes in these estimates may have an impact on the recoverable amount of the CGU.

ii. *Recognition of revenue and collectability of receivables*

The Company recognizes revenue and evaluates the collectability of its receivables on the basis of payment history, frequency and predictability, as well as Management's assessment of the customer's willingness and ability to pay. Management performs impairment tests each period on the Company's current and long-term receivables.

iii. *Statutory taxes*

The Company operates in Tanzania where tax authorities may audit income tax filings and the resolution of such audits may span multiple years, regardless of a successful Licence extension or not. Tax law in Tanzania is complex and often subject to changes and to varied interpretations; accordingly, the ultimate outcome with respect to positions taken on income tax filings may differ from the amounts recognized. The Company has taken certain tax positions in its tax filings and these tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax impact may differ significantly from that estimated and recorded by management.

The recognition or reversal of deferred tax assets requires judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain.

The Company's assessment of whether it is probable that the position taken by the Company will be accepted by tax authorities in Tanzania is a significant management judgment. The Company will record a tax provision where management concludes it is probable the filing position taken by the Company will not be accepted by the relevant taxing authority.

Key Sources of Estimation of Uncertainty

A. Reserves

There are numerous uncertainties inherent in estimating quantities of proved and probable reserves and cash flows to be derived therefrom, including many factors beyond the control of the Company. The reserves and estimated future net cash flow from the Company's properties have been evaluated by independent petroleum engineers. These evaluations include a number of significant assumptions relating to factors which includes forecasted natural gas prices, production rates, operating costs, future development costs and cost recovery provisions and additional profits tax.
Other assumptions include transportation costs, TPDC "back-in" methodology and other Government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of the Company. To date, TPDC has neither elected to back in within the prescribed notice period nor contributed any costs associated with backing in.

Reserves are integral to the amount of depletion and impairment test.

B. Cost Recovery

The Company is able to recover reasonable costs incurred on the development of the Songo Songo project out of 75% of the gross field revenue less processing and pipeline tariffs ("field net revenue"). There are inherent uncertainties in estimating when costs have been recovered as these costs are subject to Government audit and under certain circumstances a potential reassessment after the lapse of a considerable period of time.

C. Tax Disputes

The Company is subject to ongoing tax audits in respect of prior years. Uncertainties over positions taken in tax filings are evaluated on the basis of whether it is probable the position taken by the Company in the tax filing will be accepted upon examination by the relevant taxing authorities. These uncertainties impact the amount of taxes recognized. Significant judgement is required in assessing the probability of acceptance by the relevant tax authorities and in estimating the potential outcome of these disputes.

The Company cannot predict the outcome of these disputes, the costs associated with these disputes. The ultimate outcome remains uncertain and depends on factors outside the Company's control, including interpretations of tax legislation and the resolution of discussions with the tax authority. The ultimate resolution is uncertain and may differ from the amount provided.

D. Going Concern

As part of its capital and liquidity management process, the Company prepares budgets and forecasts which are used by management and the Board to direct and monitor the strategy and ongoing operations as well as liquidity of the Company. Budgets and forecasting are subject to significant judgement and estimates relating to activity levels, future cash flows, Licence extension, and outcomes of current and potential future litigation and contingencies, and timing thereof and other factors which may not be within the control of the Company.

The Company is subject to certain regulatory and tax claims as described in (note 21). The Company has determined that it is not probable that an outflow of cash will occur and has not recognized a provision for certain claims. If the Company is not successful in defending against these claims, they may have to make alternative plans to ensure they have sufficient liquidity to settle its liabilities. There can be no assurance that these plans will be successful.

The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities in the normal course of business.

5. Risk Management

The Company, by its activities in oil and gas exploration, development and production, is exposed to the risk associated with the unpredictable nature of the financial markets as well as political risk associated with conducting operations in an emerging market. The Company seeks to manage its exposure to these risks wherever possible.

A. Key Business Risks

Outcome of the Notice of Dispute

On August 7, 2024, PAET and PAEM, issued the Notice of Dispute in respect of an investment treaty claim under the BIT against the GoT for breach of the BIT, alongside notifying a contractual dispute against the GoT and TPDC for breaches of the PSA and the Gas Agreement, for damages in excess of $1.2 billion. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution on the key issues in dispute. Following a period of negotiations with the GoT, on August 1, 2025, PAET issued two sets of arbitration proceedings against the GoT and TPDC registered with ICSID for breach of the PSA and Gas Agreement respectively and PAEM issued arbitration proceedings against the GoT for breach of the BIT. The claims under the RFAs arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, PSA and Gas Agreement. On August 28, 2025, ICSID registered all three RFAs. The proceedings under the PSA and Gas Agreement were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the PSA and Gas Agreement arbitration was constituted and on February 13, 2026, the arbitral tribunal in the BIT arbitration was constituted. The tribunals held the first procedural hearings in the consolidated proceedings under the Gas Agreement and the PSA on May 7, 2026 and in the proceedings under the BIT on April 27, 2026, following which we expect procedural timetables to be issued in Q2 2026 and final hearings to be scheduled for 2028.

The Company cannot predict the outcome of proceedings relating to the Notice of Dispute and the RFAs with certainty, the costs associated with proceedings related to the Notice of Dispute and the RFAs, and possible awards of damages relating to the Notice of Dispute and RFAs. Further the Company cannot predict if we are unsuccessful in the proceedings relating to the Notice of Dispute and the RFAs, the effect it will have on our business, and whether this will have a material adverse effect on the Company's business and operations. The Notice of Dispute and RFAs proceedings could result in negative publicity and adversely affect the price of our Shares and relationships in Tanzania. In addition, the Notice of Dispute and RFAs proceedings distract management and other personnel from their primary responsibilities.

There is a risk of a continuing action relating to the Notice of Dispute and RFAs post October 2026, the current date on which the Licence will expire.

B. Foreign Exchange Risk

Foreign exchange risk arises when transactions and recognized assets and liabilities of the Company are denominated in a currency that is not the US dollar functional currency.

The Company operates internationally and is exposed to foreign exchange risk arising from currency exposures to US dollars. The main currencies to which the Company has an exposure are: Tanzanian shillings, British pounds sterling, Euros and Canadian dollars. As of December 31, 2025, $4.7 million of the total cash and cash equivalents of $87.0 million were held in Tanzania. Of the $4.7 million, the equivalent of $4.2 million was denominated in Tanzanian shillings.

The majority of contracts with customers are based on US dollar prices for gas delivered however the majority of invoices and sales receipts are paid in Tanzanian shillings. Invoices are priced and then converted to Tanzanian shillings at the time of invoicing however payments are based on the US dollar invoiced amount translated to shillings at the time of payment. While conversion of Tanzanian shillings into US dollars is unrestricted, the foreign exchange market for Tanzanian shillings is limited and not highly liquid, reducing the Company's ability to convert large amounts of Tanzanian shillings into US dollars at any given time. To mitigate the risk of Tanzanian shilling devaluation, the Company regularly converts Tanzanian shilling receipts into US dollars and Euros to the extent available taking into consideration that the majority of operating expenditures are denominated in Tanzanian shillings. The availability of US dollars and Euros during the period has improved compared to prior periods.

The majority of capital expenditures are denominated in US dollars. Capital stock and equity financing are denominated in Canadian dollars. All Loan repayments are also denominated in US dollars. There is a risk that US dollars may not be available from conversion in country for future capital requirements and loan interest payments.

There are no forward exchange rate contracts in place. A 10% increase in the US dollar against the relevant foreign currency would result in an overall decrease in working capital (defined as current assets less current liabilities) of $1.2 million from $27.4 million to $26.2 million and a decrease in the income before tax from $41.2 million to $39.7 million.

The sensitivity includes only outstanding foreign currency denominated monetary items and adjusts their translation at period end for a 10% change in the foreign currency rates. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates.

The following balances are denominated in foreign currency (stated in US dollars at period end exchange rates):

Balances as at December 31, 2025

$'millions	Tanzanian shillings	Euros	Canadian dollars	British pounds	Total
Cash	4.2	0.2	1.5	0.1	**6.0**
Trade and other receivables	30.1	–	–	–	**30.1**
Trade and other liabilities	(44.6)	–	(2.0)	(1.2)	**(47.8)**
Net	(10.3)	0.2	(0.5)	(1.1)	**(11.7)**

C. Commodity Price Risk

The Company negotiated industrial gas sales contracts with gas prices which, subject to certain floors and ceilings, are determined as a discount to the lowest cost alternative fuels in Dar es Salaam, namely Heavy Fuel Oil ("HFO") and coal. The price of HFO is exposed to the volatility in the market price of crude oil.

D. Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has minimal exposure to interest rates as the Loan has a fixed interest rate, interest rates on short-term investments are fixed and interest received on cash balances is not significant.

E. Concentration Risk

All the Company's sales are currently made in Tanzania. The sales are made to the Power sector and the Industrial sector. In relation to sales to the Power sector, the Company has a contract with TANESCO to supply gas to some of the TANESCO power plants and a contract with TPDC to supply gas through the National Natural Gas Infrastructure ("NNGI"). The contracts with TANESCO and TPDC accounted for 57% of the Company's gross field revenue during 2025 and $13.5 million of the short and long-term receivables at December 31, 2025.

F. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from TANESCO and TPDC. The carrying amount of accounts receivable and the long-term receivable represents the maximum credit exposure.

The Company manages the credit exposure related to cash and cash equivalents by selecting counterparties based on credit ratings and monitoring all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper. The Company's cash resources are placed with reputable financial institutions with no history of default.

During Q3 and Q4 2024, the Company invoiced Songas $9.6 million (including value added tax ("VAT") and production taxes) for August, September and October 2024 liftings of Additional Gas volumes. On September 23, 2024, the Company was notified by Songas that it acknowledges it had lifted this volume, but due to TPDC's refusal to approve a Gas Sales Agreement for this Additional Gas, they would elect to pay only 19.5% of such volumes. The Company recognized the payment of $1.9 million, being 19.5% of the August, September and October 2024 sales to Songas in revenue; these amounts were paid by Songas in Q4 2024. As of the date of this report, $7.7 million of August, September and October 2024 sales representing 80.5% of delivered volumes remain unrecognized. There is a risk that PAET will not receive compensation for the volumes, which were lifted after August 1, 2024 and which, notwithstanding the contractual termination of Protected Gas, TPDC asserts should be treated as Protected Gas.

G. Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. Cash forecasts identifying liquidity requirements of the Company are produced on a regular basis. These are reviewed to ensure sufficient funds exist to finance the Company's current operational and investment cash flow requirements. At December 31, 2025 the Company has working capital, defined as total current assets less total current liabilities, of $27.4 million which is net of $117.4 million of financial liabilities with regards to trade and other liabilities of which $76.4 million is due within one to three months, $14.6 million is due within three to six months, and $26.4 million is due within six to twelve months (see Note 14).

As at December 31, 2025 approximately 24% of the current liabilities relate to TPDC (see Note 14). The amounts due to TPDC represent its share of Profit Gas. In accordance with the terms of the PSA, TPDC is entitled to the payment of its share of Profit Gas on a quarterly basis proportional to the cash receipts during the quarter.

Tourism is a major source of revenue and foreign currency for Tanzania and the recent decrease in travel combined with global economic slowdown have seen an increasing decline in foreign exchange reserves in Tanzania. During 2024 and 2025, it has been more difficult for the Company to convert Tanzanian shillings directly to US dollars in country, however, as at the date of this report, this has not significantly impacted PAET's ability to meet its US dollar liabilities or obligations. There is a risk that in the future the Company may not be able to convert Tanzanian shillings to US dollars or other hard currencies as and when required to attract capital. It is unknown how long this risk will continue.

There is a risk that PAET will not receive compensation for the volumes, which were lifted by Songas in August, September and October 2024, and which, notwithstanding the contractual termination of Protected Gas, TPDC asserts should be treated as Protected Gas. These volumes have not been and will not be reflected as revenue going forward until the potential dispute is resolved. There were no volumes lifted by Songas after October 2024.

There is a risk that in October 2026 the Licence will expire, if an extension is not obtained. If a Licence extension is not forthcoming, various litigation matters may survive the expiry date. Additionally, although the Company believes in the merits of their judgements with respects to disputed costs, and income tax matters as described in note 21, if unsuccessful, there is a risk of not being able to cost recover disputed items or recover corporate income tax via the tax adjustment. These matters may impact the Company's liquidity.

H. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to achieve an optimal capital structure to reduce the cost of capital.

I. Country Risk

The Company has unresolved disputes with TPDC related to Cost Gas revenue, TANESCO and Songas regarding unpaid invoices, and the Tanzanian Revenue Authority ("TRA") in relation to tax disputes (see Note 21). The Company continues to rely upon its rights under the existing PSA and has initiated notices of disputes as required under the PSA and by local tax regulations to resolve outstanding issues.

The Company's principal operating asset is an interest held by a subsidiary, PAET, in the PSA and the Licence. The PSA and Licence are set to expire in October 2026, and there are currently no certainties on the timing, nature and extent of any extensions. Until such extension has been finalized, a high degree of uncertainty exists with respect to the extent of the Company's operating activities subsequent to October 2026.

In Tanzania's general election held in October 2025, Samia Suluhu Hassan was declared the winner and will continue as President. While the official result was decisive, the election period has been marked by contested opposition participation and reports of unrest in some areas. As part of our risk management framework, the Company continues to assess the implications of the political environment in Tanzania, including potential effects on regulatory policies, contract stability, and foreign exchange access. The Company maintains ongoing engagement with the Tanzanian government and industry stakeholders to support operational continuity and monitor emerging developments in the market.

6. Segment Information

The Company has one reportable industry segment which is international exploration, development and production of petroleum and natural gas. During 2025 and 2024 the Company's producing assets were entirely located in Tanzania, with all of the Company's gas revenue derived solely from customers in Tanzania.

Included in 2025 revenues arising from Tanzania, are revenues of $47.0 million, $28.4 million and $20.2 million which arose from the Company's three largest customers (2024: $41.2 million, $26.4 million and $13.8 million), who each contributed more than 10% to the Company's 2025 and 2024 gross field revenue (see Note 7). The largest two customers in 2025 and 2024 are parastatal companies controlled by the Government of Tanzania.

7. Revenue

	Years ended December 31	
$'000	2025	2024
Industrial sector	**56,048**	49,693
Power sector	**75,389**	74,926
Gross field revenue	**131,437**	124,619
TPDC share of revenue	**(39,581)**	(25,843)
Current income tax Adjustment Factor(1)	**(4,625)**	12,817
Revenue	**87,231**	111,593

(1) The "Adjustment Factor" is part of the PSA mechanism for allocating revenue between the Company and TPDC.

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2025 and 2024. During 2025 the Company invoiced TANESCO $57.9 million (2024: $51.1 million) for gas deliveries and received payments of $51.8 million (2024: $44.2 million) for current year gas supplies. These amounts are inclusive of VAT. Based on the consistent payments from TANESCO, the Company recognized all amounts invoiced for gas deliveries in 2025 and 2024 as revenue. Subsequent to December 31, 2025, the Company has collected all outstanding amounts for 2025 gas deliveries.

8. Personnel Expenses

	Years ended December 31	
$'000	2025	2024
Employee and related costs included in: Production,		
distribution and transportation	**3,673**	3,112
General and administrative	**8,841**	8,775
	12,514	11,887
Long Term Retention Plan	**1,072**	1,200
	13,586	13,087

Personnel expenses include Company employees who operate the Songas Infrastructure on behalf of Songas; these expenses are recharged to Songas.

9. Finance and Other Income and Finance Expense

Finance and Other Income

	Years ended December 31	
$'000	2025	2024
Interest income	**2,031**	3,665
Other income	**15,508**	–
	17,539	3,665

In 2025, the Company recognized $15.5 million of income as a result of TANESCO paying the full amount due under the Settlement Agreement for default interest.

Finance Expense

	Years ended December 31	
$'000	2025	2024
Base interest expense	**551**	3,808
Participation interest expense	**3,831**	914
Lease interest expense	**25**	48
Interest expense	**4,407**	4,770
Interest on tax disputes	**9,055**	–
Net foreign exchange loss	**1,805**	7,681
Indirect tax	–	1,300
Other financing costs	**334**	–
	15,601	13,751

Base interest expense and participation interest expense relate to the Loan from the IFC to PAET. Base interest on the Loan was payable quarterly in arrears at 10% per annum on a "pay-if-you-can-basis" using a formula to calculate the net cash available for such payments as at any given interest payment date. The participation interest expense is paid annually in arrears and equates to 6.4% of PAET's net cash flows from operating activities net of net cash flows used in investing activities for the year. Such participation interest will continue to accrue until October 15, 2026.

On February 21, 2025, the Company fully repaid the $60.0 million Loan made by the IFC to PAET, pursuant to the Loan Agreement. The Company paid to the IFC $30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan. The annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding (see Note 16).

Interest on tax disputes follows $9.1 million allowed with respect to interest on ongoing 2009 income tax, 2012 to 2025 tax on repatriated income and 2019-2020 and 2023 VAT disputes.

Net foreign exchange loss includes realized and unrealized revaluation gains and losses. The indirect tax in 2024 included value added tax ("VAT") on the invoices to TANESCO for interest on late payments. Other financing costs include expenses related to the security posted in respect to an appeal initiated by the Company relating to a judgment (the " Judgment") received from the Tanzania High Court (Commercial Division) for a claim brought by a contractor against PAET relating to losses arising from PAET's termination of a contract.

10. Income Taxes

The tax charge is as follows:

$'000	Years ended December 31 2025	2024
Current income tax	**30,533**	13,737
Deferred income tax	**(7,912)**	(15,508)
	22,621	(1,771)

Tax of $5.1 million was paid during 2025 in relation to the settlement of the prior year's tax liability (2024: $0.8 million). Tax of $1.3 million (2024: $ nil) was paid during 2025 in relation to the settlement of prior period tax disputes. Installment tax payments totaling $8.9 million were made in respect of 2025 (2024: $8.5 million). Following TANESCO fulfilling obligations under the Settlement Agreement the Company has claimed a deduction of interest waived, reducing current year tax to $0.2 million, resulting in an overpayment of $8.7 million which is partially offsetting the $30.4 million provided against the principal amounts of various tax disputes resulting in a tax payable of $24.2 million as of December 31, 2025.

Tax Rate Reconciliation

$'000	Years ended December 31 2025	2024
Income / (loss) before tax per Consolidated Statements of Comprehensive Income	**41,244**	(17,159)
Less Additional Profits Tax	**(9,799)**	(6,190)
Income / (loss) before statutory tax	**31,445**	(23,349)
Provision for income tax calculated at the statutory rate of 30%	**9,434**	(7,005)
Effect on income tax of:		
Administrative and non-deductible expenses	**4,906**	2,436
Change in unrecognized deferred tax asset	**1,475**	390
Foreign rate difference	**1,784**	555
TANESCO interest not recognized as interest income	**–**	2,166
TANESCO non-taxable provision against VAT recovered	**(1,845)**	–
TANESCO debt recovered, previously taxed	**(10,250)**	–
TANESCO interest waived, previously taxed	**(13,261)**	–
Change in estimates for tax disputes	**30,378**	(313)
	22,621	(1,771)

The 2025 settlement agreement with TANESCO resulted in the recognition of a tax benefit which was previously not recognized as a deferred tax asset (unrecognized deferred tax asset: $ nil; 2024: $23.5 million). The Company should also be entitled to a $7.9 million (2024: $14.1 million) refund of VAT in connection with the final TANESCO settlement, however the benefit of the VAT receivable is not reflected in the financial statements. As at December 31, 2025, the Company has $27.6 million (2024: $21.1 million) of unused tax losses in the UK that can be carried forward indefinitely. In addition, the Company has $1.5 million (2024: $ nil) of unused tax losses in Mauritius that expire five years from they year in which they are incurred. The Company has not recognized the benefit of these losses, as it is not probable that future taxable profits will be available against which they can be utilized.

In respect of each type of temporary difference the amounts of deferred tax assets/(liabilities) recognized in the consolidated balance sheet were as follows:

$'000	As at December 31 2025	2024
Differences between tax base and carrying value of property, plant and equipment	**(5,327)**	(12,438)
Tax payable to / (recoverable from) TPDC	**168**	(5,887)
Loss allowances	**364**	6,863
Additional Profits Tax	**4,751**	4,170
Deferred income included in taxable income	**1,868**	2,621
Unrealized exchange gains and losses / other provisions	**(273)**	84
Accruals deductible when paid	**1,774**	–
	3,325	(4,587)

11. Additional Profits Tax

Under the terms of the PSA, APT is payable when the Company has recovered its costs plus a specified return out of Cost Gas revenue and Profit Gas revenue. As a result: (i) no APT is payable until the Company recovers its costs out of Additional Gas revenues plus an annual operating return under the PSA of 25% plus the percentage change in the United States Industrial Goods Producer Price Index (“PPI”); and (ii) the maximum APT rate is 55% of the Company’s Profit Gas when costs have been recovered with an annual return of 35% plus the percentage change in PPI.

The timing and the effective rate of APT depends on the realized value of Profit Gas which in turn depends on the level of expenditure. The Company provides for APT by annually forecasting the total APT payable in the future as a proportion of the forecast Profit Gas over the term of the PSA. The forecast takes into account the timing of future development capital spending. As at December 31, 2025 the current portion of APT payable was estimated at $15.7 million (December 31, 2024: $7.8 million) with a long-term APT payable of $ nil (December 31, 2024: $5.9 million).

The effective APT rate of 20.2% (2024: 20.2%) has been applied to the Company’s share of Profit Gas revenue of $48.4 million for the year ended December 31, 2025 (2024: $30.7 million). Accordingly, $9.8 million for the year ended December 31, 2025 (2024: $6.2 million) of APT has been

recorded in the Consolidated Statements of Comprehensive Income.

12. Current Trade and Other Receivables

$'000	As at December 31 2025	2024
Trade receivables		
TPCPLC	**2,979**	10,409
TPDC	**6,775**	5,592
TANESCO	**7,152**	12,731
Industrial customers	**6,546**	8,149
Loss allowance	**–**	(452)
	23,452	36,429
Other receivables		
Songas gas plant operations	**2,297**	2,161
Other	**5,038**	6,172
Loss allowance	**(710)**	(725)
	6,625	7,608
	30,077	44,037

Trade Receivables Aged Analysis

$'000	As at December 31, 2025 Current	>30 <60	>60 <90	>90	Total
	23,112	**37**	**111**	**192**	**23,452**

$'000	As at December 31, 2024 Current	>30 <60	>60 <90	>90	Total
	35,854	–	88	487	36,429

Songas

As at December 31, 2025 Songas owed the Company $2.3 million (December 31, 2024: $2.2 million), while the Company owed Songas $2.8 million (December 31, 2024: $2.7 million). The amounts due to the Company are for the operation of the gas plant of $2.3 million (December 31, 2024: $2.2 million) against which the Company has made a loss allowance of $0.7 million (December 31, 2024: $0.7 million). The amounts due to Songas primarily relate to pipeline tariff charges of $2.2 million (December 31, 2024: $2.1 million). The operation of the gas plant is conducted at cost and the charges are billed to Songas on a flow through basis.

During Q3 and Q4 2024, the Company invoiced Songas $9.6 million (including VAT and production taxes) for August, September and October 2024 liftings of Additional Gas volumes. On September 23, 2024, the Company was notified by Songas that it acknowledges it had lifted this volume, but due to TPDC's refusal to approve a Gas Sales Agreement for this Additional Gas, they would elect to pay only 19.5% of such volumes. The Company recognized the payment of $1.9 million, being 19.5% of the August, September and October 2024 sales to Songas in revenue; these amounts were paid by Songas in Q4 2024. As of the date of this report, $7.7 million of August, September and October 2024 sales representing 80.5% of delivered volumes remain unrecognized.

TPDC

The current receivable from TPDC is for gas deliveries through the NNGI pursuant to the signing of the LTGSA. In accordance with the LTGSA, any unpaid, overdue amounts are offset against TPDC profit share.

Loss allowance

$'000	Year ended December 31 2025	2024
Loss allowance	**3,797**	21,700
Reversal of loss allowance	**(27,671)**	–
	(23,874)	21,700

The loss allowance in 2025 follows (i) $3.3 million allowed with respect to principal amounts of 2019-2020 VAT and 2023 VAT disputes, and (ii) $0.5 million allowed for doubtful receivables. The reversal of loss allowance in 2025 follows (i) $23.3 million of the collection of the TANESCO long-term arrears pursuant to the Settlement Agreement net of a related adjustment to the tax recoverable balance, (ii) $4.1 million of the partial reversal of 2024 loss allowance with respect to ongoing litigation in the High Court of Tanzania, and (iii) $0.3 million of the reversal with respect to 2010-2011 corporate income tax dispute.

The loss allowance in 2024 followed $21.7 million allowed with respect to the litigation in the High Court of Tanzania and represented the amount required at the time to increase the provision to cover the current gross liability before any cost recovery, following the criteria of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

13. Capital Assets

$'000	Natural gas interests	Office and other	Right-of-use	Total
Costs				
As at December 31, 2024	298,202	3,421	2,044	303,667
Additions	1,619	–	–	1,619
Disposals	–	(152)	–	(152)
As at December 31, 2025	**299,821**	**3,269**	**2,044**	**305,134**
Accumulated depletion and depreciation				
As at December 31, 2024	249,035	3,098	1,477	253,610
Additions	31,766	153	307	32,226
Disposals	–	(152)	–	(152)
As at December 31, 2025	**280,801**	**3,099**	**1,784**	**285,684**
Net book values				
As at December 31, 2025	**19,020**	**170**	**260**	**19,450**

$'000	Natural gas interests	Office and other	Right-of-use	Total
Costs				
As at December 31, 2023	297,027	3,106	1,987	302,120
Additions	27,233	315	57	27,605
Disposals	(202)	–	–	(202)
Asset impairment	(25,856)	–	–	(25,856)
As at December 31, 2024	298,202	3,421	2,044	303,667
Accumulated depletion and depreciation				
As at December 31, 2023	218,681	2,889	1,169	222,739
Additions	30,506	209	308	31,023
Disposals	(152)	–	–	(152)
As at December 31, 2024	249,035	3,098	1,477	253,610
Net book values				
As at December 31, 2024	49,167	323	567	50,057

In determining the depletion charge the Company takes into account an estimate of future development costs, the capital expenditure required to ensure the Company can produce the required gas volumes to meet its contractual obligations for the remaining life of the Licence. As at December 31, 2025 the estimated future development costs required to bring the total proved reserves to production were $nil (December 31, 2024: $1.4 million). During the year ended December 31, 2025 the Company recorded depreciation of $0.5 million (2024: $0.5 million) in general and administrative expenses.

Asset Impairment

$'000	Year ended December 31 2025	2024
Asset impairment	–	26,651
	–	26,651

During 2024, the Company recorded an impairment expense of $25.9 million with respect to the full cost of the SS-7 well workover project that was carried out in 2024. In addition during 2024, the Company recorded a write off of a trade receivable of $0.8 million which related to an advance which was paid to a supplier and could not be recovered. At December 31, 2025, there were no indications of a possible impairment.

Right-of-use assets

$'000	
As at December 31, 2024	567
Depreciation	(307)
As at December 31, 2025	**260**
As at December 31, 2023	818
Additions	57
Depreciation	(308)
As at December 31, 2024	567

Lease liabilities

$'000	
As at December 31, 2024	479
Lease interest expense	25
Lease payments	(345)
As at December 31, 2025	**159**
As at December 31, 2023	717
Additions	57
Lease interest expense	48
Lease payments	(343)
As at December 31, 2024	479

Right-of-use assets are presented as part of capital assets on the Company's balance sheet. Of the total lease liability of $0.2 million (December 31, 2024: $0.5 million), $0.2 million (December 31, 2024: $0.3 million) is current and is presented in trade and other liabilities.

14. Trade and Other Liabilities

	As at December 31	
$'000	2025	2024
Songas	**2,798**	2,741
Other trade payables	**1,877**	9,981
Trade payables	**4,675**	12,722
TPDC Profit Gas entitlement, net	**28,590**	16,359
Deferred income – take or pay contracts	–	943
Accrued liabilities	**44,242**	36,827
	77,507	66,851

TPDC share of Profit Gas

	As at December 31	
$'000	2025	2024
TPDC share of Profit Gas	**17,896**	29,076
Add / (less) net Adjustment Factor	**10,694**	(12,717)
TPDC share of Profit Gas entitlement	**28,590**	16,359

Under the PSA revenue sharing mechanism, the Company adjusts TPDC's Profit Gas share by the Adjustment Factor. The Adjustment Factor is equal to the amount necessary to fully pay and discharge the PAET liability for taxes on income derived from petroleum operations. This Adjustment Factor is then net of the income tax payments made. Beyond payments of $3.7 million and $6.3 million made to TPDC in March 2026 and April 2026, respectively, the remaining balance represents the loss the Company suffered through the negative impact on its profit share percentage allocation as a result of displaced gas sales over the period of Q4 2015 to Q4 2017 from a forced interconnection at Ubungo and amounts on hold pending TRA's acceptance of the 2025 PAET tax return. This balance will only be paid or cleared once these historic differences with TPDC have been resolved.

15. Long-term Receivables

$'000	As at December 31 2025	2024
Amounts invoiced to TANESCO	**7,152**	105,210
Current trade receivables – TANESCO (see note 12)	**(7,152)**	(12,731)
Unrecognized amounts[1]	**–**	(70,461)
Loss allowance	**–**	(22,018)
Net TANESCO receivable	**–**	–
Lease deposit	**10**	10
	10	10

[1] The amount includes invoices for interest on late payments from TANESCO.

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2025 and 2024.

On April 15, 2025 PAET signed the Settlement Agreement with TPDC and TANESCO, for TANESCO to pay PAET $52.0 million for unpaid amounts owing by TANESCO for deliveries of natural gas from the Songo Songo gas field. The parties acknowledged in the Settlement Agreement that these unpaid amounts totalled $104.2 million as of January 9, 2025, comprised of $33.7 million of the principal amount owing and approximately $70.5 million of default interest.

The Settlement Agreement required TANESCO to pay the Tanzanian Shilling equivalent of $52.0 million, comprised of the $33.7 million principal amount, of which $11.7 million related to current receivables and $22.0 related to long-term receivable which had been fully provided for, and $18.3 million representing a portion of the default interest owed by TANESCO. It was agreed that the remaining balance of the default interest owing by TANESCO would be waived if TANESCO paid the settlement amount when required and in full while remaining current on amounts owed. As at December 31, 2025, TANESCO has paid the full $52.0 million due under the Settlement Agreement and the Company has duly waived the remaining balance of the default interest owing by TANESCO. Payments on account of the settlement amount have been allocated between PAET and TPDC in accordance with the PSA. Pursuant to the PSA, the Company has retained approximately $35.4 million of the settlement amount with TPDC receiving the balance.

16. Long-term Loan

In 2015 PAET took out a $60.0 million investment loan (the "Loan") from IFC, a member of the World Bank Group, pursuant to a loan agreement dated October 29, 2015 between IFC, PAET and the Company (the "Loan Agreement"). The Loan was fully drawn down in 2016.

The Loan was to be paid out through six semi-annual payments of $5.0 million starting October 15, 2022 and one initial payment of $25.2 million due on October 15, 2025. The Loan was an unsecured subordinated obligation of PAET. Dividends and distributions from PAET were restricted if at any time amounts of interest, principal or participating interest are due and outstanding.

On February 21, 2025, the Company fully repaid the Loan due to IFC by PAET, pursuant to the Loan Agreement. The Company paid to the IFC $30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan. The annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding.

$'000	As at December 31 2025	2024
Loan principal	–	30,240
Financing costs	–	(118)
Current portion of long-term loan	–	(30,122)
	–	–

17. Capital Stock

Authorised

50,000,000	Class A common shares (“Class A Shares”)	No par value
100,000,000	Class B subordinate voting shares (“Class B Shares”)	No par value
100,000,000	First preference shares	No par value

The Class A and Class B Shares rank pari passu in respect of dividends and repayment of capital in the event of winding-up. Class A Shares carry twenty (20) votes per share and Class B Shares carry one (1) vote per share. The Class A Shares are convertible at the option of the holder at any time into Class B Shares on a one-for-one basis. The Class B Shares are convertible into Class A Shares on a one-for-one basis in the event that a take-over bid is made to purchase Class A Shares which must, by reason of a stock exchange or legal requirements, be made to all or substantially all of the holders of Class A Shares and which is not concurrently made to holders of Class B Shares.

Changes in the capital stock

	As at December 31					
	2025			2024		
Number of shares	Authorised (000)	Issued (000)	Amount ($’000)	Authorised (000)	Issued (000)	Amount ($’000)
Class A Shares	**50,000**	**1,750**	**983**	50,000	1,750	983
Class B Shares						
Balance January 1	100,000	18,022	46,009	100,000	18,051	46,084
Purchases	–	(7)	(18)	–	(29)	(75)
Balance December 31	**100,000**	**18,015**	**45,991**	100,000	18,022	46,009
First preference shares	**100,000**	**–**	**–**	100,000	–	–
Total	**250,000**	**19,765**	**46,974**	250,000	19,772	46,992

On November 15, 2024 the Company announced a normal course issuer bid (“2024 NCIB”) to commence on November 18, 2024 to purchase Class B Shares through the facilities of the TSX Venture Exchange and alternative trading systems in Canada. As at December 31, 2025 the Company has repurchased for cancellation 7,100 Class B Shares at a weighted average price of CDN$3.17 pursuant to the 2024 NCIB. All issued capital stock is fully paid.

Dividend Summary

For the year total dividends of $19.8 million were declared and paid.

Declaration date	Record date	Payment date	Amount per share(CDN$)
March 5, 2026	March 31, 2026	April 14, 2026	0.10
February 9, 2026	February 13, 2026	February 27, 2026	2.00
November 27, 2025	December 31, 2025	January 14, 2026	0.10
September 23, 2025	September 29, 2025	October 6, 2025	1.00
August 13, 2025	September 30, 2025	October 15, 2025	0.10
May 14, 2025	June 30, 2025	July 15, 2025	0.10
February 14, 2025	March 31, 2025	April 14, 2025	0.10

18. Earnings / (loss) Per Share

	As at December 31	
(000)	2025	2024
Outstanding shares		
Weighted average number of Class A and Class B Shares, basic	**19,765**	19,780
Weighted average number of Class A and Class B Shares, diluted	**19,765**	19,780

The calculation of basic earnings / (loss) per share is based on a net income attributable to shareholders for the year of $8.8 million (2024: net loss attributable to shareholders of $21.6 million) and a weighted average number of Class A and Class B Shares outstanding during the period of 19,765,242 (2023: 19,780,178).

19. Related Party Transactions

The Chair of the Board is Counsel at Burnet, Duckworth & Palmer, LLP, a law firm that provides legal advice to the Company and its subsidiaries. During the year ended December 31, 2025 fees for services provided by this firm totaled $1.1 million (2024: $0.7 million).

As at December 31, 2025 the Company had a total of $0.5 million (December 31, 2024: $0.05 million) recorded in trade and other liabilities in relation to related parties.

20. Contractual Obligations

Protected Gas

Under the terms of the Gas Agreement for the Project, in the event that there was an insufficiency in Protected Gas as a consequence of the sale of Additional Gas, the Company is liable to pay the difference between the price of Protected Gas ($0.55/MMbtu escalated) and the price of an alternative feedstock in respect of whichever is the lesser of either (i) of the volume of Additional Gas sold which was 373 Bcf as at December 31, 2025 (December 31, 2024: 347 Bcf) or (ii) the insufficiency volume. The Company had been managing its reserves and did not have a shortfall during the reporting period up to and including the end of the Protected Gas delivery obligation, which ceased after July 31, 2024.

Terms of the Gas Agreement were modified by the Amended and Restated Gas Agreement (the "ARGA") which was initialed by all parties but remains unsigned. In certain respects, the parties thereto are conducting themselves as though the ARGA is in effect. Management does not foresee a material risk with the conduct of the Company's business with the unsigned ARGA at this time.

On April 15, 2024, contrary to the terms of the Gas Agreement and PSA and in violation of PAEM and PAET's legitimate expectations, the Permanent Secretary of the MoE wrote to TPDC, copying PAET and Songas, directing TPDC to "ensure that Protected Gas continue to be produced to the end of the Development Licence on 10th October 2026". Consistent with that instruction, TPDC has taken the position that Protected Gas should continue despite the parties' contractual agreement that Protected Gas would cease after July 31, 2024. It is our belief that PAET is entitled to payment at a commercial rate for all volumes of gas lifted by Songas and TPCPLC starting on August 1, 2024. Gas has continued to be lifted following August 1, 2024. In Q1 2025, PAET, TPDC and TPCPLC agreed the terms of the SGA to sell volumes as Additional Gas, which, prior to August 1, 2024, were supplied as Protected Gas. In Q1 2025, TPCPLC fully paid the Company $10.4 million of the receivable previously outstanding as at December 31, 2024.

On August 7, 2024, PAET and PAEM, issued the Notice of Dispute in respect of an investment treaty claim under the BIT against the GoT for breach of the BIT, alongside notifying a contractual dispute against the GoT and TPDC for breaches of the PSA and the Gas Agreement, for damages estimated in excess of $1.2 billion. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution on the key issues in dispute. Following a period of negotiations with the GoT, on August 1, 2025, PAET issued two sets of arbitration proceedings against the GoT and TPDC registered with the ICSID for breach of the PSA and Gas Agreement respectively and PAEM issued arbitration proceedings against the GoT for breach of the BIT. The claims under the RFAs arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, PSA and Gas Agreement. On August 28, 2025, ICSID registered all three RFAs. The proceedings under the PSA and Gas Agreement were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the PSA and Gas Agreement arbitration was constituted, and on February 13, 2026, the arbitral tribunal in the BIT arbitration was constituted. The tribunals held the first procedural hearings in the proceedings under the BIT on April 27, 2026, and in the consolidated proceedings under the Gas Agreement and the PSA on May 7, 2026, following which we expect procedural timetables to be issued in Q2 2026 and final hearings to be scheduled for 2028.

The Company cannot predict the outcome of proceedings relating to the Notice of Dispute and RFAs with certainty, the costs associated with proceedings related to the Notice of Dispute and RFAs, and possible awards of damages relating to the Notice of Dispute and RFAs. Further the Company cannot predict if we are unsuccessful in the proceedings relating to the Notice of Dispute and RFAs, the effect it will have on our business, and whether this will have a material adverse effect on the Company's business and operations. The Notice of Dispute and RFAs proceedings could result in negative publicity and adversely affect the price of our shares and relationships in Tanzania. In addition, the Notice of Dispute and RFAs proceedings distract management and other personnel from their primary responsibilities.

There is a risk of a continuing action relating to the Notice of Dispute and RFAs post October 2026, the current date on which the Licence will expire.

Portfolio Gas Supply Agreement ("PGSA")

On June 17, 2011, the PGSA was signed (term to June 2023) between TANESCO (as the buyer) and the Company and TPDC (collectively as the seller). TANESCO requested a change to the PGSA maximum daily quantity ("MDQ") in accordance with clause 7.6(b) which PAET and TPDC approved effective January 29, 2018. In accordance with the PGSA, when calculating aggregate excess, extra and overtake gas through the supply period, the MDQ was reduced and the seller is now obligated, subject to infrastructure capacity, to sell a maximum of approximately 16 MMcfd (previously 26 MMcfd) for use in any of TANESCO's current power plants, except those operated by Songas at Ubungo. Previously under the PGSA any sales in excess of 36 MMcfd were subject to a 150% increase in the basic wellhead gas price. On December 22, 2018 a side letter amendment to the PGSA was agreed with TPDC to allow PGSA volumes up to a maximum monthly average volume of 35 MMcfd to temporarily flow through the NNGI. The temporary arrangement was terminated in September 2019 once the refrigeration unit became fully operational and all PGSA volumes were again processed through the Songas Infrastructure. In 2023, the PGSA, which was due to expire on June 30, 2023, was extended to a new expiry date of July 31, 2024. On July 30, 2024, the PGSA was extended to October 10, 2026.

Long-term Gas Sales Agreement ("LTGSA")

On May 14, 2019 the Company and TPDC signed the LTGSA for an initial delivery of 20 MMcfd through the NNGI, at a price of $3.10/MMbtu as at January 1, 2019, (escalating 2% per annum) exclusive of any processing and transportation tariff associated with the NNGI. The LTGSA was amended on September 24, 2019 to increase the volumes supplied through the NNGI up to a MDQ of 30 MMcfd. In 2020 parties established a 12-month renewable agreement for the supply of volumes above 30 MMcfd on an ad-hoc basis, allowing TPDC to meet fluctuating demand and compensate for shortfalls in production from their Madimba plant without being penalized due to a higher, fixed contractual limit and the subsequent take-or-pay penalties should the demand reduce again. The agreement has allowed the Company to supply volumes in excess of 50 MMcfd on occasion, increasing average sales volumes and revenues. The LTGSA expires on October 10, 2026.

21. Contingencies

Upstream and Downstream Activities

The Petroleum Act, 2015 (the "Petroleum Act") provides TPDC with exclusive rights over the distribution of gas in Tanzania. The Petroleum Act has grandfathering provisions upholding the rights of the Company to develop and market natural gas produced under the PSA as it was signed prior to the Petroleum Act coming into effect in 2015.

On October 7, 2016 the Government of Tanzania issued the Petroleum (Natural Gas Pricing) Regulation made under Sections 165 and 258 (I) of the Petroleum Act. Article 260 (3) of the Petroleum Act preserves the Company's pre-existing right with TPDC to market and sell Additional Gas together or independently on terms and conditions (including prices) negotiated with third party natural gas customers. To date there has been no impact on the Company as a result of the Natural Gas Pricing Regulation, however, any future impact cannot be determined at this time.

Cost Recovery

TPDC conducted an audit of historical costs (the "Cost Pool") and in 2011 objected approximately $34.0 million of costs that had been recovered from the Cost Pool from 2002 through to 2009. In 2014 a portion of the objected costs were agreed to be cost recoverable from TPDC with $25.4 million remaining as being objected. Under the dispute mechanism outlined in the PSA, parties are to agree the appointment of an independent specialist to assist the parties in reaching agreement on costs that are still subject to queries. In 2014, prior to appointing an independent specialist, TPDC suspended the process. From 2010 to 2015 TPDC rejected a further $16.8 million of costs. In 2016 the Tanzanian Petroleum Upstream Regulatory Authority ("PURA") assumed the role of auditing the PSA Cost Pool from TPDC and for 2016 to 2020 have rejected all costs pertaining to downstream development amounting to $15.0 million and a further $9.5 million of other costs. In 2022 the Company and PURA negotiated a settlement on certain rejections with respect to 2016 to 2018 audits. As a result of this, $2.7 million was credited to the Cost Pool in Q2 2022. In 2023 the Company and PURA negotiated a settlement on certain rejections with respect to 2019 to 2020 audits. As a result of this, $0.7 million was credited to the Cost Pool in Q2 2023. In Q4 2023, the Company credited to the Cost Pool an additional $0.03 million with respect to 2021 audit. In Q4 2024, the Company further credited to the Cost Pool an additional $0.26 million with respect to 2021 audit. In 2025, the Company credited to the Cost Pool $0.03 million with respect to 2022, 2023 and 2024 audits. To date there remains a total of $101.0 million (December 31, 2024: $62.5 million) of costs that have been queried or rejected by TPDC or PURA through the Cost Pool audit process.

During 2019, discussions on the disputed amounts briefly resumed with TPDC. At the time of writing this report no independent specialist has been appointed and neither TPDC nor PURA have issued a formal dispute regarding cost recovery. The Company's view is that all costs have been correctly included in the Cost Pool and based on merits of the Company's position an outflow is not considered to be probable and no provision has been recognized in the financial statements.

Taxation

The following table provides a summary of the Company's tax contingencies that are outstanding with the Tanzanian tax authorities and have not been recognized:

					As at December 31	
Amounts in $'millions					2025	2024
Area	Period	Reason for dispute	Principal	Interest and penalties	Total	Total
Income tax	2008-09 2012-20 2023	Deductibility of capital expenditures and expenses (2012, 2015 and 2016), additional income tax (2008 and 2012), foreign exchange rate application (2013 to 2015, 2018 to 2020, 2023), underestimation of tax due (2014, 2016, 2020 and 2023), methodology of grossing up income taxes paid (2015 to 2017) and treatment of profit gas revenue and expenditure, shared workover costs, deferred revenue and bad debt write offs (2023)	**21.6**	**17.7**	**39.3**[(1)]	37.7
Tax on repatriated income	2012-25	Applicability of withholding tax on repatriated income (2012 to 2025)	**2.6**	**1.1**	**3.7**[(2)]	27.1
VAT	2012-23	VAT already paid (2012 to 2014), VAT on imported services (2015, 2016 and 2023); interest on VAT decreasing adjustments (2017), input VAT on services (2017 to 2020, 2023) and VAT on income tax and production taxes (2019 to 2023)	**12.8**	**4.6**	**17.4**[(3)]	16.6
Withholding and Other Taxes	2023	Applicability of withholding tax on interest, leases, foreign services and royalites (2023)	**0.2**	**0.0**	**0.2**[(4)]	–
			37.2	**23.4**	**60.6**	81.4

During 2022, following the expiry of the statutory deadline for the Tanzania Revenue Authority (the "TRA") to respond to the Company's objections, the Company filed notices of intention to appeal to the Tanzania Revenue Appeals Board (the "TRAB") against the corporate income tax assessments for the years of 2012 to 2016, tax on repatriated income for the years of 2012 to 2014, and VAT for the years of 2015 to 2016. In May 2023, the TRA issued final corporate income tax assessments for the years of 2012 to 2016 agreeing to drop certain claims with respect to previously assessed corporate income tax for the years of income of 2012 and 2016. These claims are no longer represented in the table above. As of December 31, 2025, years of income of 2021, 2022 and 2024 remain open for audit.

On September 15, 2025, following completion of tax audits for the year of income of 2023, the TRA issued notices of assessments for the corporate income tax ($7.8 million), tax on repatriated Income ($0.1 million), VAT ($5.2 million), withholding tax ($1.0 million) and other taxes, including excise duty, employment tax and others ($0.2 million) amounting to $14.3 million. On October 15, 2025, after paying the agreed deposit in the amount of $2.0 million, the Company filed notices of objections against the assessments. On March 31, 2026, the TRA issued determination letters decreasing the initially assessed amount $14.3 million to $11.2 million.

Corporate income tax

In 2024, the Company withdrew its application for the Court of Appeal of Tanzania (the "CAT") to review its judgment on the corporate income tax for the year of 2009 ($1.9 million). The matter is now marked withdrawn. Parties will now negotiate on the implementation of the CAT's judgment of 2018 in favor of the TRA. At an earlier judgment, the TRAB, while ruled in favor of the TRA, also allowed the Company to utilize the depreciation allowance, which was the issue in dispute, in subsequent years. The Company has made provision in the accounts for the amount in dispute.

In Q2 2022, the Tax Revenue Appeals Tribunal (the "TRAT") pronounced its judgment on the corporate income tax appeal for 2010 ($2.1 million) in favor of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q3 2022, the Company filed a memorandum of appeal. The hearing took place on February 25, 2025 and was adjourned for a later date to allow parties to attempt an out-of-court settlement. In Q4 2025, the Company accepted a waiver of 40% of interest and penalties as a condition for an out-of-court settlement and paid a total of $1.3 million in full settlement of the dispute. The amount was recovered from the TPDC profit share under the terms of the PSA. These claims are no longer represented in the table above.

In Q3 2023, the TRAT pronounced its judgment on the corporate income tax appeal for 2011 ($1.5 million) in favor of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q4 2023, the Company filed a memorandum of appeal. On February 24, 2025 and July 21, 2025, the Company approached the TRA with a proposal for an out-of-court settlement. In Q4 2025, the Company accepted a waiver of 40% of interest and penalties as a condition for an out-of-court settlement and paid $0.1 million in full settlement of the dispute. The amount was recovered from the TPDC profit share under the terms of the PSA. These claims are no longer represented in the table above.

In Q1 2025 and in Q3 2025, the Company's appeals against the corporate income tax assessments for the years of 2012 and 2013 ($12.6 million) were heard at the TRAB and the parties are now awaiting the TRAB's decision. On March 11, 2026, the TRAB delivered oral judgment in favor of the TRA. The Company subsequently filed notices of intention to appeal with the TRAT and is now awaiting the written judgment before proceeding with further steps.

In Q2 2025, the Company's appeal against the corporate income tax assessment for the year of 2014 ($5.7 million) was heard at the TRAB and parties are now awaiting the TRAB's decision. On March 11, 2026, the TRAB delivered oral judgment in favor of the TRA. The Company subsequently filed notices of intention to appeal with the TRAT and is now awaiting the written judgment before proceeding with further steps.

In Q3 2025, the Company's appeals against the corporate income tax assessments for the years of 2015 and 2016 ($9.3 million) were heard at the TRAB. In Q1 2026, TRAB delivered oral judgment in favor of the TRA; the Company is appealing the decision with TRAT and is now awaiting the written judgment before proceeding with further steps.

Q4 2022, the TRA issued six assessments for income tax and for ensuing interest on deemed delayed payments ($0.6 million) for the years of 2018 to 2020. The Company objected to the assessments on the grounds of incorrect disallowance of expenses and use of exchange rates. In Q1 2023, the Company received the TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following the TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q4 2023, the Company filed statements of appeal at the TRAB. In Q1 2024, the appeals were heard at the TRAB. In Q1 2026, the TRAB delivered oral judgment in favor of the TRA. The Company has filed a notice of intention to appeal with the TRAT and is now awaiting the written judgment before proceeding with further steps.

Tax on repatriated income

In Q4 2023, during the TRAB hearing of the appeals against the notice of assessment for tax on repatriated income for the years of 2012 to 2013 ($12.1 million), the TRA was allowed to file a preliminary objection. In Q1 2024, the parties filed their written submissions. In Q1 2025, the TRAB heard the appeals. In Q4 2025, the TRAB delivered oral judgment in favor of the TRA and on March 9, 2026 delivered written judgment. The Company filed notices of intention to appeal with the TRAT.

In Q2 2025, the TRAB heard the appeal against the notice of assessment for tax on repatriated income for the year of 2014 ($4.2 million). In Q4 2025, the TRAB delivered oral judgment in favor of the TRA and on March 9, 2026 delivered written judgment. The Company filed notices of intention to appeal with the TRAT.

In Q4 2022, the TRA issued seven assessments for tax on repatriated income ($12.1 million) for the years of 2015 to 2021. The Company objected to the assessments on the grounds of the assessments lacking merit; additionally, the assessments for the years of 2015 and 2016 were time-barred. In Q1 2023, the Company received the TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following the TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q4 2023, the Company filed statements of appeal at the TRAB. In Q1 2024, the parties filed their respective final written submissions. In Q4 2025, the TRAB delivered oral judgment in favor of the TRA and on March 9, 2026 delivered written judgment. The Company filed notices of intention to appeal with the TRAT.

In Q4 2025, due to recent court decisions that could be viewed as setting precedents relevant to the Company's disputes on tax on repatriated income, the Company recorded an additional provision of approximately $35.8 million for tax on repatriated income, bringing the total provision to $39.1 million covering the period 2012 2025. A further $3.7 million remains as a contingent liability. VAT

In Q4 2022, the TRA issued an assessment for VAT ($0.1 million) for the years of 2019 and 2020. The Company objected to the assessment on the grounds that the TRA incorrectly disallowed input VAT on certain services. In Q1 2023, the Company received the TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following the TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q1 2024, the Company filed statements of appeal at the TRAB. In Q1 2024, the appeals came for a hearing at the TRAB. In Q1 2026, the TRAB delivered oral judgment allowing the appeal partially and dismissing the balance. The Company subsequently filed notices of intention to appeal with the TRAT and is now awaiting the written judgment before proceeding with further steps. The Company recorded a provision of $0.1 million.

On November 29, 2024, the TRA issued assessments for VAT ($15.5 million) for the years of 2019 to 2023. The Company objected to the assessments on the ground that the TRA incorrectly imposed VAT on a contractual adjustment made to the TPDC's Profit Gas share and to the regulatory levy charged to customers. On April 15, 2025, the TRA issued a notice of intention to determine the objections. On May 17, 2025, the Company responded to the notice. On July 2, 2025, the TRA delivered its determination of the objections. On July 21, 2025, the TRA issued final VAT assessments for the years of 2019 to 2023. On July 23, 2025, the Company filed notices of intention to appeal at the TRAB. In August 2025, the Company filed statements of appeal at the TRAB and is now awaiting a hearing date.

Management, with advice from its legal counsel, has reviewed the Company's position on the objections and appeals related to the disputed amounts and has concluded that no further provision is required. However, if the TRA assesses the Company's tax returns for open taxation years on a similar basis, the Company may be required to make future deposits to object such assessments.

The process of appealing assessments issued by the TRA starts by initially filing an appeal with the TRA. If this is not successful, claims can be taken to higher authorities starting with the TRAB, followed by an appeal to the TRAT and finally to the CAT. Below is a summary of the status of the various assessments:

(1) (a) 2008 ($0.6 million): The Company objected to the TRA assessment that did not recognize a tax loss carried forward and is awaiting a response;

(b) 2012 ($11.0 million): The Company appealed to the TRAB objecting to the TRA assessment with respect to understated revenue and deductibility of capital expenditures and expenses. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB;

(c) 2013 ($1.1 million): The Company appealed to the TRAB objecting to the TRA assessment as being time-barred and without merit. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB;

(d) 2014 ($6.2 million): The Company appealed to the TRAB objecting to the TRA assessment on the ground that the TRA assessment incorrectly disallowed certain expenses and applied erroneous foreign exchange rates. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB;

(e) 2015-16 ($8.7 million): The Company appealed to the TRAB as to TRA's assessments on the ground that the TRA assessments failed to recognize provisional tax payments, incorrectly disallowed capital expenditures and certain expenses and applied erroneous foreign exchange rates. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB;

(f) 2017 ($7.9 million): The TRA issued an assessment for corporation tax which questioned the Company's methodology of grossing up already paid corporation tax ($5.6 million) the deductibility of capital expenditures and certain expenses). The Company filed an objection and is awaiting the TRA's response;

(g) 2018-20 ($0.6 million): The Company appealed to the TRAB objecting to the TRA assessment on the ground that the TRA incorrectly disallowed certain expenses and failed to recognize payments already made. The TRAB orally ruled in favor of the TRA; the Company is appealing the decision with the TRAT and is now awaiting the written judgment from the TRAB; In Q4 2025,Company recorded a provision of $0.6 million.

(h) 2023 ($4.4 million): The Company objected to the TRA's assessments on the grounds that the TRA incorrectly disallowed certain expenses, and incorrectly adjusted PAET's profit gas share.

(2) (a) 2012 ($3.5 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB. The TRAB delivered judgement in favor of the TRA. The Company is appealing the decision with the TRAT;

(b) 2013 ($9.1 million): The Company objected to the TRA assessment as being time-barred and without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB. The TRAB delivered judgement in favor of the TRA. The Company is appealing the decision with the TRAT;

(c) 2014 ($4.4 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB. The TRAB delivered judgement in favor of the TRA. The Company is appealing the decision with the TRAT;

(d) 2015-21 ($12.7 million): The Company appealed to the TRAB objecting to the TRA assessments for the year of income of 2015 ($2.3 million), 2016 ($2.3 million), 2017 ($1.9 million), 2018 ($1.3 million), 2019 ($1.9 million), 2020 ($1.3 million) and 2021 ($1.6 million) for being without merit. The TRAB delivered judgement in favor of the TRA. The Company is appealing the decision with the TRAT;

(e) 2023 ($0.1 million): The Company objected to the TRA's assessments as being without merit and is awaiting a response from the TRA.

(f) In Q4 2025, due to recent court decisions that could be viewed as setting precedents relevant to the Company's disputes on tax on repatriated income, the Company recorded an additional provision of approximately $35.8 million for tax on repatriated income, bringing the total provision to $39.1 million covering the period 2012 2025 inclusive of years yet to formally be assessed. A further $3.7 million remains as a contingent liability.

(3) (a) 2017-18 ($1.5 million): The Company filed an objection to a TRA assessment and is awaiting a response. The Company objected to incorrect imposition of interest on VAT decreasing adjustments in respect of delayed TANESCO payment ($1.4 million) and disallowing input VAT claimed in certain services ($0.1 million);

(b) 2019-20 ($0.1 million): The Company appealed to the TRAB objecting to a TRA assessment on the grounds of incorrectly disallowing input VAT claimed. The TRAB delivered oral judgment allowing the appeal partially and dismissing the balance. The Company subsequently filed notices of intention to appeal with the TRAT and is now awaiting the written judgment from the TRAB; in Q4 2025,Company recorded a provision of $0.1 million;

(c) 2019-23 ($15.8 million): The Company has filed an objection to the TRA assessments and is awaiting a response. The Company objected to the imposition of VAT on a component of the profit sharing mechanism with TPDC and under the PSA and on the EWURA levy included in invoices to certain customers;

(d) 2023 ($3.6 million): The Company objected to the TRA's assessments as being without merit and is awaiting a response from the TRA, however has recorded a provision of $3.5 million related to VAT on contractor imports;

(4) (a) 2023 ($0.1 million): The Company has filed an objection the assessment of withholding taxes on interest, services, rent and software licences and is awaiting TRA's response;

(b) 2023 ($0.1 million): The Company has filed an objection the imposition of excise duty on a non-charge component of invoices to customers and is awaiting TRA's response;

(c) 2023 ($0.05 million): The Company has filed an objection to the erroneous assessment of labour taxes and is awaiting TRA's response;

(d) 2023 ($0.02 million): The Company has filed an objection to the erroneous imposition of a penalty on deemed delayed filing of the transfer pricing report and is awaiting TRA's response.

22. Directors and Officers Emoluments

$'000	Year	Base	Bonus	Total
Directors	**2025**	**500**	**–**	**500**
Directors	2024	500	–	500
Officers	**2025**	**1,254**	**617**	**1,871**
Officers	2024	1,525	615	2,140

The table above provides information on compensation relating to the Company's officers and directors. Three officers (year ended December 31, 2024: four) and three non-executive directors (year ended December 31, 2024: three) comprised the key management personnel during the year ended December 31, 2025.

23. Change in Non-Cash Operating Working Capital

	As at December 31	
$'000	2025	2024
Decrease / (increase) in trade and other receivables	**14,182**	(12,767)
(Increase) / decrease in prepayments and deposits	**(1,440)**	51
Increase in trade and other payables	**17,794**	21,274
Decrease in APT	**(7,824)**	(15,983)
Increase in tax payable	**15,200**	4,672
	37,912	(2,753)

24. Subsequent Events

On January 8, 2026, PAET notified PURA and TPDC that the majority of PAET staff have joined the Tanzanian Union of Industrial Workers ("TUICO") and that a confidential Collective Bargaining Agreement (the "CBA") between PAET and TUICO has been executed on January 5, 2026. The CBA specifies staff benefits on individual or collective retrenchment. Whilst PAET has no existing plans for redundancies or retrenchment, the Company calculates the maximum prospective payment across all its local workforce based on 2026 staff salary levels to be circa $7 million.

On February 9, 2026 the Company declared a special dividend of CDN$2.00 per share on each of its Class A Shares and Class B Shares for a total of $28.8 million to holders of record as of February 23, 2026. The dividend was paid on February 27, 2026.

On March 5, 2026 the Company declared a dividend of CDN$0.10 per share on each of its Class A Shares and Class B Shares for a total of $1.4 million to holders of record as of March 31, 2026. The dividend was paid on April 14, 2026.

In February 2025, the High Court of Tanzania (Commercial Division) issued a judgment (the "Judgement") against PAET relating to the claim brought by a contractor against PAET. Pursuant to the Judgement, the Court awarded specific and general damages in the aggregate of $23,100,451, plus legal costs, and interest in at a rate of 7% per annum. PAET subsequently filed an appeal of the Judgment (the "Appeal"). In its decision dated February 3, 2026 (the "Appeal Judgment"), the Court partially allowed the Appeal. The Appeal Judgment awarded the contractor damages in the aggregate of $17,912,445, while dismissing several grounds for damages against PAET in the aggregate of US$5,125,006. On February 9, 2026, PAET filed an application for review of the Appeal Judgement and wrote to the Chief Justice of the Judiciary of Tanzania seeking their urgent intervention. This review was heard in March 2026. On April 30, 2026, the result of the review was announced with all items dismissed and the award upheld. On May 11, 2026, $19.3 million was paid in full and final settlement and the restrictions lifted on the remaining security balance of $5.4 million.

On February 27, 2026, the Company entered into an agreement with Swala Oil and Gas (Tanzania) plc (in liquidation) ("Swala") for the withdrawal without leave to refile of Swala's proceedings against Orca, PAEM, and PAET (collectively, the "Orca Group") before the High Court of Tanzania in Case No. 11561 of 2025, and the withdrawal of the anti-suit injunction filed by the Orca Group against Swala in the High Court of England and Wales Commercial Court. The Orca Group and Swala agreed to refer any such dispute to a confidential arbitration conducted under the Arbitration Rules of the London Court of International Arbitration, with London as the place and seat of such arbitration.

On April 10, 2026 the Orca Group filed a Request for Arbitration under the LCIA Arbitration Rules (2020) pursuant to Clause 2.6 of the Settlement Deed entered into on February 26, 2026 by Orca, PAEM, PAET and Swala seeking, declaratory and monetary reliefs against Swala and a new entity to which Swala assigned its claims. Specifically, the Claimants seek declarations that the claims advanced by Swala in the Tanzanian Proceedings and assigned to the new Swala entity have no legal or factual basis and must fail. Instead, those claims are wholly speculative and vexatious and have been manufactured in an attempt to circumvent the comprehensive release contained in the related share sale agreement.

On April 13, 2026, Orca announced that it had entered into the Share Purchase Agreement for the Transaction with the Purchaser, pursuant to which Orca will sell all of the outstanding shares of PAEM. Upon closing of the Transaction, Taifa will acquire 49% of PAEM and Amber will acquire 51%.
The SPA provides for a nominal cash price of $10.00 for the PAEM shares, which is in addition to the other covenants, warranties, representations and obligations of the Purchasers under the agreement and the strategic and commercial benefits that would accrue to Orca by exiting its Tanzanian business. Closing of the Transaction is subject to customary and transaction-specific conditions, including approval or clearance from the Tanzania Fair Competition Commission and the Tanzanian Minister responsible for petroleum affairs, approval by a simple majority of the votes cast by Orca shareholders at the Company's annual general and special meeting of shareholders, acceptance by the TSXV of the Transaction and related matters requiring the TSXV's approval or acceptance, and the release of Orca from remaining guarantees and related undertakings in favor of the IFC in respect of obligations of PAEM and PAET. Any party may terminate the Share Purchase Agreement for any reason.

On May 27, 2026, the Company declared a dividend of CDN$0.10 per share on each of its Class A Shares and Class B Shares to holders of record as of June 30, 2026. The dividend will be paid on July 15, 2026.

CORPORATE INFORMATION

Board of Directors

Jay Lyons
Executive Director and
Chief Executive Officer
Vancouver, Canada

Lisa Mitchell Executive
Director and Chief
Financial Officer
London, UK

David W. Ross
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