

For more information visit our website:

www.orcaenergygroup.com

MANAGEMENT'S DISCUSSION & ANALYSIS

THIS MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 SHOULD BE READ IN CONJUNCTION WITH THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TOGETHER WITH THE MD&A FOR THE YEAR ENDED DECEMBER 31, 2025 (THE "2025 ANNUAL MD&A"). THIS MD&A IS BASED ON THE INFORMATION AVAILABLE ON AUGUST 12, 2025. 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 ("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. 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") deals further with 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 some industries, to CNG retailers and directly to domestic, suitably converted vehicles in Dar es Salaam.

Financial and Operating Highlights for the Three and Six Months Ended June 30, 2026

	Three months ended June 30		% Change	Six months ended June 30		% Change
(Expressed in \$'000 unless indicated otherwise)	2026	2025	Q2/26 vs Q2/25	2026	2025	Ytd/26 vs Ytd/25
OPERATING						
Daily average gas delivered and sold (MMcfd)	66.4	68.3	(3)%	73.0	70.2	4%
Industrial	21.8	18.5	18%	21.4	18.9	13%
Power	44.6	49.8	(10)%	51.6	51.3	1%
Average price (\$/mcf)						
Industrial	7.71	7.82	(1)%	7.79	7.90	(1)%
Power	3.95	4.03	(2)%	3.99	3.97	1%
Weighted average	5.19	5.06	3%	5.10	5.03	1%
Operating netback (\$/mcf)¹	2.86	2.67	7%	2.75	2.78	(1)%
FINANCIAL						
Revenue	23,690	24,274	(2)%	52,087	49,665	5%
Net (loss) / income attributable to shareholders	(2,634)	22,401	n/m	834	22,503	(96)%
per share – basic and diluted (\$)	(0.13)	1.13	n/m	0.04	1.14	(96)%
Net cash flows from operating activities	917	31,948	(97)%	11	52,212	(100)%
per share – basic and diluted (\$) ¹	0.05	1.62	(97)%	0.00	2.64	(100)%
Capital expenditures¹	1	44	n/m	(5)	592	n/m
Weighted average Class A and Class B Shares¹ ('000)	19,765	19,765	0%	19,765	19,766	0%
				June 30, 2026	As at December 31, 2025	% Change
Working capital (including cash)¹				10,444	27,411	(62)%
Cash and cash equivalents				78,962	86,986	(9)%
Outstanding shares ('000)						
Class A				1,750	1,750	0%
Class B				18,015	18,015	0%
Total shares outstanding				19,765	19,765	0%

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

Financial and Operating Highlights for Q2 2026

- Revenue decreased by 2% for Q2 2026 and increased by 5% for the six months ended June 30, 2026 over the comparable prior year periods. The decrease for Q2 2026 over the comparable prior year period is primarily a result of the decrease in the current income tax adjustment. The increase for the six months ended June 30, 2026 is primarily a result of higher gas deliveries to the industrial sector.
- Additional Gas volumes decreased by 3% for Q2 2026 and increased by 4% for the six months ended June 30, 2026 compared to the same prior year periods. The decrease for Q2 2026 over the comparable prior year period was mainly driven by lower consumption by TANESCO. The increase for the six months ended June 30, 2026 over the comparable prior year period was mainly a result of increased consumption by industrial 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, following which the procedural timetables were issued in June 2026 and final hearings to be scheduled in 2029 and 2030. PAET and PAEM are due to file their Memorials in both proceedings on October 30, 2026.
- Net loss attributable to shareholders amounted to \$2.6 million for Q2 2026 and net income attributable to shareholders amounted to \$0.8 million for the six months ended June 30, 2026, as compared to net income attributable to shareholders of \$22.4 million for Q2 2025 and \$22.5 million for the six months ended June 30, 2025. The decreases compared to the same prior year periods were primarily a result of the reversal of loss allowance in Q2 2025 following the collection of TANESCO long-term arrears pursuant to the settlement agreement.
- Net cash flows from operating activities decreased by 97% for Q2 2026 and by 100% for the six months ended June 30, 2026 compared to the same prior year periods primarily as a result of the final settlement in the 3D seismic acquisition program dispute and the Company's retention bonus payment to its local workforce in Q2 2026.
- Capital expenditures decreased by \$0.6 million for the six months ended June 30, 2026 compared to the same prior year period. The capital expenditures in Q1 and Q2 2026 and Q1 and Q2 2025 primarily related to the costs of flowlines replacements on SS-5 and SS-9 wells, deferred from 2024 at the request of the GoT. Capital expenditures for Q1 and Q2 2026 are presented net of credits received from a supplier previously involved in the workover program.
- The Company exited Q2 2026 with \$10.4 million in working capital (December 31, 2025: \$27.4 million) and cash and cash equivalents of \$79.0 million (December 31, 2025: \$87.0 million). Cash held in hard currencies (USD, Euro, GBP, CDN) as at June 30, 2026 was \$71.7 million (December 31, 2025: \$82.8 million). As of December 31, 2025, \$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.
- 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.
- 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.
- On June 25, 2026, Swala and Swala UK Operations Limited ("Swala UK") filed an LCIA arbitration against Orca, PAEM and PAET, claiming damages of US\$164 million (the "Second Arbitration"). At the same time, they requested that the proceedings be consolidated, with Swala and Swala UK designated as the claimants and Orca, PAEM and PAET as the respondents. On July 2, 2026, Orca, PAEM and PAET filed an application with the tribunal in the First Arbitration seeking consolidation of the two proceedings while maintaining the parties' designations in the First Arbitration (i.e., the Orca Group as claimants and the Swala parties as respondents). On July 21, 2026, the Tribunal ruled in favour of Orca Groups' application for consolidation.
- 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 Share Purchase Agreement 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 (which was received on June 17, 2026), 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 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 was paid on July 15, 2026.

Operating Volumes

The average gross daily sales volume decreased by 3% for Q2 2026 and increased by 4% for the six months ended June 30, 2026 over the comparable prior year periods. The decrease for Q2 2026 over the comparable prior year period was mainly driven by lower production capacity and lower consumption by TANESCO. The increase for the six months ended June 30, 2026 over the comparable prior year period was mainly a result of increased consumption by industrial customers.

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Gross sales volume (MMcf)				
Industrial sector	1,985	1,688	3,885	3,411
Power sector	4,056	4,528	9,333	9,292
Total volumes	6,041	6,216	13,218	12,703
Gross daily sales volume average (MMcfd)				
Industrial sector	21.8	18.5	21.4	18.9
Power sector	44.6	49.8	51.6	51.3
Gross daily sales volume average total	66.4	68.3	73.3	70.2

Industrial Sector

Industrial sector gross daily sales volumes increased by 18% for Q2 2026 and by 13% for the six months ended June 30, 2026 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.

Power Sector

Power sector gross daily sales volumes decreased by 10% for Q2 2026 and increased by 1% for the six months ended June 30, 2026 over the comparable prior year periods. The decrease for Q2 2026 over the comparable prior year period was mainly driven by lower production capacity and lower consumption by TANESCO, resulting from increased hydro consumption in Q2 2026.

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 continues to work on a resolution of this issue.

Commodity Prices

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

	Three months ended June 30		Six months ended June 30	
\$/mcf	2026	2025	2026	2025
Average sales price				
Industrial sector	7.71	7.82	7.79	7.90
Power sector	3.95	4.03	3.99	3.97
Weighted average price	5.19	5.06	5.10	5.03

Industrial Sector

The average sales price for the industrial sector decreased by 1% for Q2 2026 and for the six months ended June 30, 2026 over the comparable prior year periods. In Q1 2025, the Supplementary Gas Agreement 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 decreased by 2% for Q2 2026 and increased by 1% for the six months ended June 30, 2026 compared to the same prior year periods. The average power sector sales price varies depending on whether gas is delivered and sold through the National Natural Gas Infrastructure ("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” in the 2025 Annual MD&A for a summary of the terms of the PSA).

The Company is entitled to recover all costs incurred on the exploration, development and operation 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% (“adjustment factor”). Revenue as presented on the Company’s Consolidated Statements of Comprehensive Income is calculated by adjusting the Company’s operating revenue by the income tax adjustment.

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
\$'000				
Industrial sector	15,311	13,190	30,248	26,932
Power sector	16,032	18,259	37,201	36,911
Gross field revenue	31,343	31,449	67,449	63,843
TPDC share of revenue	(9,283)	(10,711)	(21,359)	(20,252)
Current income tax adjustment “Adjustment Factor” ⁽¹⁾	1,630	3,536	5,997	6,074
Revenue	23,690	24,274	52,087	49,665

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

Revenue decreased by 2% for Q2 2026 and increased by 5% for the six months ended June 30, 2026 over the comparable prior year periods. The decrease for Q2 2026 over the comparable prior year period is primarily a result of the decrease in the current income tax adjustment. The increase for the six months ended June 30, 2026 is primarily a result of higher gas deliveries to the industrial sector.

The average Additional Gas sales volumes for the quarters ended June 30, 2026 and June 30, 2025 as well as for the quarters ended March 31, 2026 and March 31, 2025 were above 50 MMcfd which entitled the Company to a 55% share of Profit Gas revenue. The Company was allocated a total of 63% of the Additional Gas net field revenue for Q2 2026 (Q2 2025: 63%) and a total of 68% of the Additional Gas net field revenue for the six months ended June 30, 2026 (six months ended June 30, 2025: 65%).

Production, Distribution and Transportation Expenses

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
\$'000				
Operating costs	789	614	1,417	1,385
Tariff for processing and pipeline infrastructure	2,614	2,788	5,840	5,558
Ring-main distribution costs	1,340	773	2,424	1,435
	4,743	4,175	9,681	8,378

Operating costs include well maintenance costs, PSA license costs, regulatory fees, insurance, certain costs associated with evaluation of the reserves and the costs of personnel not recoverable from Songas. Operating costs increased by 29% for Q2 2026 and by 2% for the six months ended June 30, 2026 compared to the same prior year periods. The amount paid under the tariff for processing and pipeline infrastructure decreased by 6% for Q2 2026 and increased by 5% for the six months ended June 30, 2026 compared to the same prior year periods, primarily as a result of the corresponding changes in gas volumes processed and delivered through the Songas Infrastructure. Ring-main distribution costs increased by 73% for Q2 2026 and by 69% for the six months ended June 30, 2026 compared to the same prior year periods. The increases were mainly a result of higher consumption of spares in 2026.

Operating Netbacks

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 June 30		Six months ended June 30	
	2026	2025	2026	2025
\$/mcf				
Weighted average price for gas	5.19	5.06	5.10	5.03
TPDC Profit Gas revenue entitlement	(1.54)	(1.72)	(1.62)	(1.59)
Production, distribution and transportation expenses	(0.79)	(0.67)	(0.73)	(0.66)
Operating netback	2.86	2.67	2.75	2.78

The operating netback increased by 7% for Q2 2026 and decreased by 1% for the six months ended June 30, 2026 over the comparable prior year periods. The increase for Q2 2026 over the comparable prior year period was primarily a result of a higher weighted average price for gas and lower TPDC Profit Gas revenue entitlements as an outcome of increased expenditures and higher Cost Gas revenue recoveries by the Company.

General and Administrative Expenses

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

\$'000	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Tanzania	9,047	1,946	10,899	3,885
Corporate	2,900	3,018	6,144	5,522
	11,947	4,964	17,043	9,407

General and administrative expenses are detailed in the table below:

\$'000	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Employee and related costs	9,039	2,484	10,899	4,540
Office costs	1,222	1,159	2,261	2,214
ESG, marketing and business development costs	7	110	7	188
Reporting, regulatory and corporate	1,679	1,211	3,876	2,465
	11,947	4,964	17,043	9,407

General and administrative expenses averaged \$4.0 million per month during Q2 2026 (Q2 2025: \$1.7 million) and \$2.8 million per month for the six months ended June 30, 2026 (six months ended June 30, 2025: \$1.6 million). The 140% increase in employee and related costs for the six months ended June 30, 2026 over the comparable prior year period was mainly a result of retention bonus payment to the Company's Tanzanian workforce in Q2 2026. Approximately \$6.9 million, including related taxes, was paid in June 2026 to encourage employee retention through the expiry of the Licence. Office costs, as well as environmental, social and governance ("ESG"), marketing and business development costs, have not significantly changed for Q2 2026 and for the six months ended June 30, 2026 over the comparable prior year periods. The 57% increase in reporting, regulatory and corporate costs for the six months ended June 30, 2025 over the comparable prior year period was due to an increase in costs related to professional services, mainly legal services.

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. The average depletion rate for the quarter and the six months ended June 30, 2026 was \$1.09/mcf compared to \$1.26/mcf for the comparable prior year periods.

	Three months ended June 30		Six months ended June 30	
\$'000	2026	2025	2026	2025
Oil and natural gas interests	6,575	8,015	14,385	16,161
Office and other	28	35	56	94
Right-of-use assets	76	77	153	154
	6,679	8,127	14,594	16,409

The depletion for natural gas interests increased by 18% for Q2 2026 and by 11% for the six months ended June 30, 2026 over the comparable prior year periods.

Finance Income and Expense

Finance income is detailed in the table below:

	Three months ended June 30		Six months ended June 30	
\$'000	2026	2025	2026	2025
Interest income	229	512	738	958
	229	512	738	958

Finance expense is detailed in the table below:

	Three months ended June 30		Six months ended June 30	
\$'000	2026	2025	2026	2025
Base interest expense	–	–	–	551
Participation interest expense	–	2,056	103	3,036
Lease interest expense	1	7	4	16
Interest expense	1	2,063	107	3,603
Net foreign exchange loss / (gain)	1,273	(236)	3,265	2,352
Other financing costs	48	–	357	–
Indirect tax	–	–	–	326
Cost of financing	–	185	–	185
	1,322	2,012	3,729	6,466

Base interest expense and participation interest expense relate to the \$60 million investment (the “Loan”) made by the International Finance Corporation (“IFC”) to PAET, pursuant to a loan agreement dated October 29, 2015 between the IFC, PAET and the Company (the “Loan Agreement”). 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 decrease in participation interest expense is primarily a result of the decrease in PAET’s anticipated net cash flows from operating activities net of net cash used in investing activities across the year.

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.

Net foreign exchange loss includes realized and unrealized revaluation gains and losses. Other financing costs include interest related to 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.

Additional Profits Tax

	Three months ended June 30		Six months ended June 30	
\$'000	2026	2025	2026	2025
APT	1,940	2,694	4,462	5,094

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 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 June 30, 2026, the current portion of APT payable was \$7.6 million (December 31, 2025: \$15.7 million) with a long-term APT payable of \$ nil (December 31, 2025: \$ nil). APT of \$12.5 million was paid in Q1 2026 based on the 2025 results (Q1 2025: \$7.8 million paid based on 2024 results).

The effective APT rate of 17.1% for Q2 2026 (Q2 2025: 20.6%) has been applied to Profit Gas revenue of \$11.3 million for Q2 2026 (Q2 2025: \$13.1 million) and \$26.1 million for the six months ended June 30, 2025 (six months ended June 30, 2025: \$24.8 million). Accordingly, \$1.9 million for Q2 2026 (Q2 2025: \$2.7 million) and \$4.5 million for the six months ended June 30, 2026 (six months ended June 30, 2025: \$5.1 million) of APT has been recorded in the Company's Consolidated Interim Statements of Comprehensive Income (Unaudited).

Working Capital

Working capital as at June 30, 2026 was \$10.4 million (December 31, 2025: \$27.4 million) and is detailed in the table below (see also “Non-GAAP Financial Measures and Ratios”):

\$'000	As at	
	June 30, 2026	December 31, 2025
Cash and cash equivalents¹	78,962	111,703
Trade and other receivables		
Songas	2,102	2,297
TPDC	5,129	6,775
TANESCO	8,188	7,152
TPCPLC	4,083	2,979
Industrial customers and other receivables	7,674	11,584
Loss allowance	–	(710)
Prepayments	2,813	3,026
	108,951	144,806
Trade and other liabilities		
TPDC share of Profit Gas revenue ²	33,959	28,590
Songas	5,820	2,798
Other trade payables and accrued liabilities	25,682	46,119
Current portion of APT	7,573	15,690
Tax payable	25,473	24,198
	98,507	117,395
Working capital	10,444	27,411

¹ As of December 31, 2025, \$24.7 million of the amount was posted as security for the full amount of the judgment in the contractor 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 \$34.0 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 the payment of \$5.8 million made to TPDC in August 2026, substantially represents the amounts currently on hold pending TRA’s acceptance of the 2025 PAET tax return as well as 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 Ubungu. 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 \$3.7 million in March 2026, \$6.3 million in April 2026 and \$5.8 million in August 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 June 30, 2026, 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 its 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 in 2025 and in the first half of 2026, 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 June 30, 2026, the current receivable from TANESCO was \$8.2 million (December 31, 2025: \$7.2 million). During Q2 2026 the Company invoiced TANESCO \$12.1 million for gas deliveries (Q2 2025: \$13.7 million) and received \$14.8 million in payments for current receivables (Q2 2025: \$16.4 million). These amounts are inclusive of value added tax (“VAT”). Based on the consistent payments from TANESCO, the Company recognized all amounts invoiced for gas deliveries in Q2 2026 and Q2 2025 as revenue. Subsequent to June 30, 2026 the Company has collected all outstanding amounts for Q2 2026 gas deliveries.

Capital Expenditures

The capital expenditures (see “Non-GAAP Financial Measures and Ratios”) in Q2 2026 and the six months ended June 30, 2026 and Q2 2025 and the six months ended June 30, 2025 primarily related to the flowlines replacement program for SS-5 and SS-9 wells, deferred at the request of the GoT from 2024. Capital expenditures for Q2 2026 and the six months ended June 30, 2026 are presented net of credits received from a supplier previously involved in the workover program.

\$'000	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Pipelines and infrastructure	1	44	(5)	592
	1	44	(5)	592

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.

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. In April 2026, the Company wrote to the Minister for Energy explaining that the Government Negotiating Team’s proposed terms for the extension of the Licence were, if properly evaluated, clearly uneconomic. The Ministry of Energy responded that same month advising the Company to address all concerns to the Government Negotiating Team. In May 2026, the Company wrote to the Government Negotiating Team, once more requesting that they submit a new, economically viable proposal on the terms and conditions for a Licence extension. Having advised the Company to address concerns to the GoT, contradictorily the Ministry of Energy responded on their behalf, ignoring the Company’s request for a viable counter proposal and insisting that the Company submitted a counter proposal by June 30, 2026. The letter from the Ministry advised that should the Company not submit a counter proposal by that date it would assume the Company did not wish to continue negotiations in good faith. In July 2026 the Company responded to the Ministry of Energy’s letter, refuting its characterisation of the negotiating history, committing to the continuation of good faith negotiations but once more requesting that the Government provide a substantive response to PAET’s proposal as set out in the field development reports submitted along with the application identifying those aspects to which the Government objects and the basis for those objections; and also submits a fully evaluated, economically viable and reasonable counterproposal that can serve as the basis for productive negotiations. That letter and request remains unanswered.

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 filing for arbitration by both PAEM and PAET, all capital projects, other than maintenance and those necessary for essential safety are currently on hold.

Long-term Receivables

\$'000	As at	
	June 30, 2026	December 31, 2025
Lease deposit	10	10
	10	10

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. The 2024 NCIB terminated on November 17, 2025. The Company repurchased for cancellation 7,100 Class B Shares at a weighted average price of CDN\$3.17 pursuant to the 2024 NCIB.

1,749,895 Class A Shares and 18,015,014 Class B Shares were outstanding as at June 30, 2026 and as at December 31, 2025. See "Normal Course Issuer Bid and Dividends".

Cash Flow Summary

\$'000	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Operating activities				
Net (loss) / income	(2,634)	22,401	834	22,503
Non-cash adjustments	9,275	7,512	19,608	18,449
Interest expense	1	2,063	107	3,603
Changes in non-cash working capital ¹	(5,725)	(28)	(20,538)	7,657
Net cash flows from operating activities	917	31,948	11	52,212
Net cash used in investing activities	(270)	(2,126)	(613)	(9,776)
Net cash used in financing activities	(1,516)	(1,610)	(31,958)	(34,383)
(Decrease) / increase in cash	(869)	28,212	(32,560)	8,053

¹See Condensed Consolidated Interim Statements of Cash Flows

The Company's net income decreased by \$25.0 million for Q2 2026 and by \$21.7 million for the six months ended June 30, 2025 over the comparable prior year period primarily as a result of the reversal of loss allowance in Q2 2025. The Company's net cash flows from operating activities decreased by 97% for Q2 2026 and by 100% for the six months ended June 30, 2026 over the comparable prior year periods primarily as a result of the final settlement in the 3D seismic acquisition program dispute and the Company's retention bonus payment to its local workforce in Q2 2026. The decrease in net cash used in investing activities for the six months ended June 30, 2026 over the comparable prior year period was mainly a result of changes in non-cash working capital related to the SS-7 well workover program in Q1 and Q2 2025. The decrease in net cash used in financing activities for the six months ended June 30, 2026 over the comparable prior year period was an outcome of paying off the loan in Q1 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 totalled \$0.2 million during the quarter ended June 30, 2026 (Q2 2025: \$0.1 million) and \$0.3 million for the six months ended June 30, 2026 (six months ended June 30, 2025: \$0.3 million). As at June 30, 2026 the Company had a total of \$0.3 million (December 31, 2025: \$0.5 million) recorded in trade and other payables in relation to related parties.

Normal Course Issuer Bid and Dividends

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	Record date	Payment date	Amount per share (CDN\$)
Declaration date			
May 27, 2026	June 30, 2026	July 15, 2026	0.10
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:

Company	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

					As at	
Amounts in \$' millions					June 30, 2026	December 31, 2025
Area	Period	Reason for dispute	Principal	Interest	Total	Total
Income Tax	2008-09, 2011-22	Deductibility of capital expenditures and expenses (2012, 2015, 2016, 2021 and 2022), additional income tax (2008, 2011, 2012, 2021 and 2022), foreign exchange rate application (2013 to 2015, 2018 to 2022), underestimation of tax due (2014, 2016, 2020 to 2022) and methodology of grossing up of income taxes paid (2015 to 2017).	24.6	21.4	46.0	39.3
Tax on Repatriated Income	2012-21	Applicability of withholding tax on repatriated income (2012 to 2021)	2.3	1.2	3.5	3.7
VAT	2012-20	VAT already paid (2012 to 2014), VAT on imported services (2015 and 2016), interest on VAT decreasing adjustments (2017), input VAT on services (2017 to 2020) and VAT on income tax and production taxes (2019 to 2023).	11.3	5.4	16.7	17.4
Withholding and other taxes	2023	Applicability of withholding tax on interest, leases, foreign services and royalties (2023)	0.2	0.1	0.3	0.2
			38.4	28.1	66.5	60.6

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 June 30, 2026, years of income of 2024 and 2025 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. In May 2026, the Company filed notices of intention to appeal and statements of Appeal at the TRAB and is awaiting a hearing date.

On June 26, 2026, following the completion of tax audits for the years of income of 2021 and 2022, the TRA issued corporate income tax assessments for \$8.3 million. On July 25, 2026, the Company paid the agreed deposit of \$1.6 million, filed notices of objection and is awaiting the TRA’s determination.

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 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. On March 11, 2026, the TRAB delivered oral judgment in favor of the TRA. The Company subsequently filed notices of intention to appeal and the statement of appeal with the Tanzania Revenue Appeals Tribunal (the “TRAT”) and is now awaiting a hearing date.

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. On March 11, 2026, the TRAB delivered oral judgment in favor of the TRA. The Company subsequently filed notices of intention to appeal and the statement of appeal with the TRAT and is now awaiting a hearing date.

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 filed notices of intention to appeal and the statement of appeal with the TRAT and is now awaiting a hearing date.

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 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 and the statement of appeal with the TRAT and is now awaiting a hearing date. 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 of 2012 to 2025. A further \$3.5 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 and the statement of appeal with the TRAT and is now awaiting a hearing date. 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.

Accounting Changes

There were no accounting changes in Q1 2026 and Q2 2026 (see "Accounting Changes" in the 2025 Annual MD&A for a summary of the accounting changes in 2025).

Quarterly Results Summary

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

	2026			2025			2024	
Figures in \$'000 except where otherwise stated	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	23,690	28,397	15,820	21,746	24,274	25,391	36,855	24,787
Net (loss) / income attributable to shareholders	(2,634)	3,468	(33,154)	19,475	22,401	102	(25,821)	2,086
(Loss) / earnings per share								
– basic and diluted (\$)	(0.13)	0.17	(1.67)	0.99	1.13	0.01	(1.31)	0.10
Net cash flows from/(used in) operating activities	917	(906)	51	32,294	31,948	20,264	6,254	10,255
Capital expenditures	1	(6)	845	182	44	548	14,869	9,354

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. Revenue increased in Q1 2026 primarily as a result of higher deliveries and a higher income tax adjustment, which was partially offset by an increase of TPDC share of revenue. Revenue decreased in Q2 2026 primarily as a result of lower gas deliveries to the power sector.

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

- 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;
- the decrease in Q4 2025 was a result of a higher income tax charge following a provision with respect to ongoing tax disputes;
- the increase in Q1 2026 was a result of taking a series of loss allowances that the Company made in Q4 2025; and
- the decrease in Q2 2026 was a result of higher general and administrative costs due to the retention bonus payment to the Company's local workforce.

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 decrease Q4 2024 was 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. The decrease in Q1 2026 was primarily a result of the decrease in current APT liability, which was partially offset by the increase in trade and other receivables. The increase in Q2 2026 was primarily a result of the decreases in trade and other receivables.

Capital expenditures in Q3 and Q4 2024 were mainly related to well workover activities. Capital expenditures in Q1, Q2, Q3 and Q4 2025 and Q1 and Q2 2026 were mainly related to flowlines replacement activities. Capital expenditures for Q1 2026 and Q2 2026 are presented net of credits received from a supplier previously involved in the workover program.

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 used in investing activities. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended		Six Months ended	
	June 30		June 30	
\$'000	2026	2025	2026	2025
Pipelines, well workovers and infrastructure	1	44	(5)	592
Capital expenditures	1	44	(5)	592
Change in non-cash working capital	269	2,082	618	9,184
Net cash used in investing activities	270	2,126	613	9,776

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		Six Months ended	
	June 30		June 30	
\$'000	2026	2025	2026	2025
Revenue	23,690	24,274	52,087	49,665
Production, distribution and transportation expenses	(4,743)	(4,175)	(9,681)	(8,378)
Net Production Revenue	18,947	20,099	42,406	41,287
Less current income tax adjustment (recorded in revenue)	(1,630)	(3,536)	(5,997)	(6,074)
Operating netback	17,317	16,563	36,409	35,213
Sales volumes MMcf	6,041	6,216	13,218	12,703
Netback \$/mcf	2.86	2.67	2.75	2.78

Non-GAAP Ratios

Operating netback per mcf

Operating netback per mcf represents 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 Condensed Consolidated Statements of Financial Position (Unaudited). It is an important measure as it indicates 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 the Company's December 31, 2025 audited consolidated financial statements for a description of estimates and judgments.

Business Risks

The Company operates internationally in the oil and gas industry and is exposed to various market, legal and operational risks. For a discussion of these risks, please see "Business Risks" in the 2025 Annual MD&A available on the Company's profile on SEDAR+ at www.sedarplus.ca or on the Company's website.

Principal Terms of the PSA and Related Agreements

For a discussion of the principal terms of the PSA and related agreements, please see "Principal Terms of the PSA and Related Agreements" in the 2025 Annual MD&A available on the Company's profile on SEDAR+ at www.sedarplus.ca or on the Company's website.

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, including the anticipated timing of future hearings and filings to be made by the parties; expectations regarding damages in relation to the Notice of Dispute and RFAs; merit, outcomes, position, timing, filings required, applications and future hearings in respect of Company’s proceedings against the Swala parties and the Swala arbitration and Second Arbitration; expectations in relation to the Swala proceedings and arbitration; 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 expected closing of the Transaction and the satisfaction of the terms thereof; the terms of 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 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; 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; expectation that forecasted Additional Gas will decrease; the anticipated effect on the Company if the Protected Gas is not resolved; 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 of Additional Gas; the Company’s expectations that it may not be able to convert Tanzanian shillings into US dollars and other hard currencies in the future; 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; and 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, hearing and filings 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 Second 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; 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; 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 obligations; 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.

Future shareholder returns, including but not limited to the payment of dividends or other distributions to shareholders, if any, and the level thereof is uncertain. Any decision to pay further distributions on the Class A Shares and Class B Shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith) will be subject to the discretion of the Board of Directors of the Company and may depend on a variety of factors, including, without limitation the Company’s business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and compliance with applicable laws. There can be no assurance that the Company will pay any distributions in the future.

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; 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; 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; 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.

Oil and Gas Advisory

“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 referenced 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.

Additional Information

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

GLOSSARY

mcf	Thousand standard cubic feet	\$	United States dollars
MMcf	Million standard cubic feet	CDN\$	Canadian dollars
Bcf	Billion standard cubic feet		
MMcfd	Million standard cubic feet per day		
MMbtu	Million British thermal units		

Q2 2026 INTERIM FINANCIAL STATEMENTS AND NOTES

NOTIFICATION OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the three and six-month periods ended June 30, 2026.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

\$'000	Note	Three Months ended June 30		Six Months ended June 30	
		2026	2025	2026	2025
Revenue	6, 7	23,690	24,274	52,087	49,665
Production, distribution and transportation		4,743	4,175	9,681	8,378
Net production revenue		18,947	20,099	42,406	41,287
Operating expenses					
General and administrative		11,947	4,964	17,043	9,407
Depletion	10	6,575	8,015	14,385	16,161
Reversal of loss allowance for receivables	9	—	(20,489)	—	(20,489)
Finance income	8	(229)	(512)	(738)	(958)
Finance expense	8	1,322	2,012	3,729	6,466
(Loss) / income before tax		(668)	26,109	7,987	30,700
Income tax expense – current		178	3,506	3,274	6,313
Income tax recovery – deferred		(152)	(2,492)	(583)	(3,210)
Additional Profits Tax		1,940	2,694	4,462	5,094
Net (loss) / income attributable to shareholders		(2,634)	22,401	834	22,503
Foreign currency translation gain from foreign operations		—	—	—	—
Comprehensive income		(2,634)	22,401	834	22,503
Net (loss) / income attributable to shareholders per share (\$)					
Basic and diluted	15	(0.13)	1.13	0.04	1.14

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

\$'000	Note	As at	
		June 30, 2026	December 31, 2025
ASSETS			
Current assets			
Cash and cash equivalents		78,962	86,986
Restricted cash		—	24,717
Trade and other receivables	9	27,176	30,077
Prepayments		2,813	3,026
		108,951	144,806
Non-current assets			
Deferred income taxes		3,908	3,325
Long-term receivables	12	10	10
Capital assets	10	4,851	19,450
		8,769	22,785
Total assets		117,720	167,591
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	11	65,461	77,507
Tax payable		25,473	24,198
Current portion of Additional Profits Tax		7,573	15,690
		98,507	117,395
Total liabilities		98,507	117,395
SHAREHOLDERS' EQUITY			
Capital stock	14	46,974	46,974
Accumulated (loss) / income		(27,761)	3,222
		19,213	50,196
Total equity and liabilities		117,720	167,591

See accompanying notes to the condensed consolidated interim financial statements.

Nature of operations (Note 1); Contractual obligations (Note 17); Contingencies (Note 18).

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

\$'000	Note	Three months ended June 30		Six months ended June 30	
		2026	2025	2026	2025
OPERATING ACTIVITIES					
Net (loss) / income		(2,634)	22,401	834	22,503
Adjustment for:					
Depletion and depreciation	10	6,679	8,127	14,594	16,409
Indirect tax	8	–	–	–	326
Deferred income tax		(152)	(2,492)	(583)	(3,210)
Additional Profits Tax		1,940	2,694	4,462	5,094
Unrealized loss / (gain) on foreign exchange		808	(817)	1,135	(170)
Interest expense	8	1	2,063	107	3,603
Change in non-cash working capital	19	(5,725)	(28)	(20,538)	7,657
Net cash flows from operating activities		917	31,948	11	52,212
INVESTING ACTIVITIES					
Capital expenditures	10	(270)	(2,126)	(613)	(9,776)
Net cash used in investing activities		(270)	(2,126)	(613)	(9,776)
FINANCING ACTIVITIES					
Lease payments		(86)	(157)	(100)	(172)
Normal course issuer bid	14	–	–	–	(16)
Long-term loan repayment	13	–	–	–	(30,551)
Interest paid	8	–	–	–	(776)
Dividends paid to shareholders	14	(1,430)	(1,453)	(31,858)	(2,868)
Net cash used in financing activities		(1,516)	(1,610)	(31,958)	(34,383)
(Decrease) / increase in cash		(869)	28,212	(32,560)	8,053
Cash and cash equivalents at the beginning of the period		79,919	70,183	111,703	90,076
Effect of change in foreign exchange on cash for the period		(88)	177	(181)	443
Cash and cash equivalents at the end of the period		78,962	98,572	78,962	98,572

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

\$'000	Capital stock	Accumulated income	Total
Note	14	14	
Balance as at December 31, 2025	46,974	3,222	50,196
Dividends declared	–	(31,817)	(31,817)
Net loss	–	834	834
Balance as at June 30, 2026	46,974	(27,761)	19,213

\$'000	Capital stock	Accumulated income	Total
Note	14	14	
Balance as at December 31, 2024	46,992	14,284	61,276
Share repurchase	(18)	2	(16)
Dividends declared	–	(2,858)	(2,858)
Net income	–	22,503	22,503
Balance as at June 30, 2025	46,974	33,931	80,905

See accompanying notes to the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

General Information

Orca Energy Group Inc. 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 condensed consolidated interim financial statements (unaudited) of the Company as at June 30, 2026 and for the three and six months ended June 30, 2026 comprise the accounts of the Company and its subsidiaries (collectively, the “Company” or “Orca Energy”) and were authorized for issue in accordance with a resolution of the directors on August 12, 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 (“PSA”) with the Tanzania Petroleum Development Corporation (“TPDC”) and the Government of Tanzania (“GoT”) in the United Republic of Tanzania. 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 (“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 (“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 some industries, to CNG retailers and directly to domestic, suitably converted vehicles in Dar es Salaam.

On April 14, 2023, PAET formally requested TPDC to apply for an extension of the Songo Songo Development Licence (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 has advised PAET to raise any issues to the MoE, which results in the Company having to have the submission rescinded and resubmitted. Subsequently, in April 2026, the Ministry of Energy directed PAET to address any concerns directly to the Government Negotiating Team, which it did in May 2026. Having advised the Company to address concerns to the GoT, contradictorily the Ministry of Energy responded on their behalf, ignoring the Company’s request for a viable counter proposal and insisting that the Company submitted a counter proposal by 30th June 2026. The letter from the Ministry advised that should the Company not submit a counter proposal by that date it would assume the Company did not wish to continue negotiations in good faith. In July 2026 the Company responded to the Ministry of Energy’s letter, refuting its characterisation of the negotiating history, committing to the continuation of good faith negotiations but once more requesting that the Government provides a substantive response to PAET’s proposal as set out in the Development Reports, identifying those aspects to which the Government objects and the basis for those objections; and also submits a fully evaluated, economically viable and reasonable counterproposal that can serve as the basis for productive negotiations. That letter and request remains unanswered. 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 the Notice of Dispute in respect of an investment treaty claim under the Agreement on Promotion and Reciprocal Protection of Investment between the Government of the Republic of Mauritius and the GoT (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 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 claims under the RFA’s arise out of a series of actions and omissions by Tanzania and PAEM 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 contractual proceedings were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the contractual arbitration was constituted. On February 13, 2026, the arbitral tribunal in the treaty arbitration was constituted. The tribunals held the first procedural hearing in the consolidated proceedings under the GA and the PSA on May 7, 2026 and in the proceedings under the BIT on April 27, 2026, following which the procedural timetables were issued in June 2026 and final hearings to be scheduled in 2029 and 2030. PAET and PAEM are due to file their Memorials in both proceedings on 30 October 2026.

The Company cannot predict the outcome of proceedings relating to the Notice of Dispute with certainty, the costs associated with proceedings related to the Notice of Dispute, and possible awards of damages relating to the Notice of Dispute. Further the Company cannot predict if we are unsuccessful in the proceedings relating to the Notice of Dispute, 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 proceedings could result in negative publicity and adversely affect the price of our Shares and relationships in Tanzania. In addition, the Notice of Dispute 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 Share Purchase Agreement 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 condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, and do not include all information required for full annual financials and should be read in conjunction with the audited financial statements for the year ended December 31, 2025.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting. The condensed consolidated financial statements are presented in United States dollars (“\$”) unless otherwise stated.

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 Significant Accounting Policies

The Company’s accounting policies are set forth in Note 3 to the audited consolidated financial statements for the year ended December 31, 2025. There have been no changes in accounting policies for the six month period ended June 30, 2026 and the policies have been applied consistently to all periods presented in the condensed consolidated interim financial statements.

4. Use of Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ materially from these estimates. In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2025. See Note 4 of the audited consolidated financial statements for the year ended December 31, 2025 for a full discussion.

5. Risk Management

The Company, by its activities in 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. See note 5 Risk Management of the audited consolidated financial statements for the year ended December 31, 2025 for a full discussion.

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 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 claims under the RFA’s 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 contractual proceedings were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the contractual arbitration was constituted. On February 13, 2026, the arbitral tribunal in the treaty arbitration was constituted. The tribunals held the first procedural hearing in the consolidated proceedings under the GA and the PSA on May 7, 2026 and in the proceedings under the BIT on April 27, 2026, following which the procedural timetables were issued in June 2026 and final hearings to be scheduled for February 26, 2029 to March 2, 2029.

The Company cannot predict the outcome of proceedings relating to the Notice of Dispute with certainty, the costs associated with proceedings related to the Notice of Dispute, and possible awards of damages relating to the Notice of Dispute. Further the Company cannot predict if we are unsuccessful in the proceedings relating to the Notice of Dispute, 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 proceedings could result in negative publicity and adversely affect the price of our Shares and relationships in Tanzania. In addition, the Notice of Dispute proceedings distract management and other personnel from their primary responsibilities.

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

B. 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 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.

C. 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 June 30, 2026 the Company has working capital, defined as total current assets less total current liabilities, of \$10.4 million which is net of \$98.5 million of financial liabilities with regards to trade and other liabilities of which \$65.4 million is due within one to three months, \$ nil is due within three to six months, and \$33.1 million is due within six to twelve months (see Note 11).

As at June 30, 2026 approximately 34% of the current liabilities relate to TPDC (see Note 11). 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 2025, it was 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.

6. Segment Information

The Company has one reportable industry segment which is international exploration, development and production of petroleum and natural gas. During Q1 2026, Q2 2026, and 2025 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 Q2 2026 revenues arising from Tanzania, are revenues of \$9.7 million, \$6.3 million and \$4.9 million which arose from the Company's three largest customers (Q2 2025: \$11.6 million, \$6.6 million and \$4.4 million), who each contributed more than 10% to the Company's Q2 2026 gross field revenue (see Note 7). The largest two customers in Q2 2026 and Q2 2025 are parastatal companies controlled by the GoT.

7. Revenue

	Three months ended June 30		Six months ended June 30	
\$/000	2026	2025	2026	2025
Industrial sector	15,311	13,190	30,248	26,932
Power sector	16,032	18,259	37,201	36,911
Gross field revenue	31,343	31,449	67,449	63,843
TPDC share of revenue	(9,283)	(10,711)	(21,359)	(20,252)
Current income tax adjustment "Adjustment Factor"	1,630	3,536	5,997	6,074
Revenue	23,690	24,274	52,087	49,665

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during the first six months of 2025 and 2026. During Q2 2026 the Company invoiced TANESCO \$12.1 million for gas deliveries (Q2 2025: \$13.7 million) and received \$14.8 million in payments for current receivables (Q2 2025: \$16.4 million). These amounts are inclusive of value added tax ("VAT"). Based on the consistent payments from TANESCO, the Company recognized all amounts invoiced for gas deliveries in Q2 2026 and Q2 2025 as revenue. Subsequent to June 30, 2026 the Company has collected all outstanding amounts for Q2 2026 gas deliveries.

8. Finance Income and Expense

Finance Income

\$'000	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Interest income	229	512	738	958
	229	512	738	958

Finance Expense

\$'000	Three months ended ended June 30		Six months June 30	
	2026	2025	2026	2025
Base interest expense	–	–	–	551
Participation interest expense	–	2,056	103	3,036
Lease interest expense	1	7	4	16
Interest expense	1	2,063	107	3,603
Net foreign exchange loss / (gain)	1,273	(236)	3,265	2,352
Other financing costs	48	–	357	–
Indirect tax	–	–	–	326
Long-term receivable write off	–	185	–	185
	1,322	2,012	3,729	6,466

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 decrease in participation interest expense is primarily a result of the decrease in PAET’s anticipated net cash flows from operating activities net of net cash used in investing activities across the year.

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 13).

Net foreign exchange loss / (gain) includes realized and unrealized revaluation gains and losses. Other financing costs include interest related to 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.

9. Current Trade and Other Receivables

	As at	
	June 30, 2026	December 31, 2025
\$'000		
Trade receivables		
TPCPLC	4,083	2,979
TPDC	5,129	6,775
TANESCO	8,188	7,152
Industrial customers	4,834	6,546
	22,234	23,452
Other receivables		
Songas gas plant operations	2,102	2,297
Other	2,840	5,038
Loss allowance	—	(710)
	4,942	6,625
	27,176	30,077

Songas

As at June 30, 2026 Songas owed the Company \$2.1 million (December 31, 2025: \$2.3 million), while the Company owed Songas \$5.8 million (December 31, 2025: \$2.8 million). The amounts due to the Company are for the operation of the gas plant. The amounts due to Songas primarily relate to pipeline tariff charges of \$5.2 million (December 31, 2025: \$2.2 million). In August 2026, the Company settled outstanding invoices related to pipeline tariff charges. 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 National Natural Gas Infrastructure pursuant to the signing of the LTGSA. In accordance with the LTGSA, any unpaid, overdue amounts are offset against TPDC profit share.

Reversal of loss allowance for receivables

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
\$'000				
Reversal of loss allowance	—	20,489	—	20,489

The reversal of loss allowance in Q2 2025 follows the collection of the TANESCO long-term arrears pursuant to the Settlement Agreement net of a related adjustment to the tax recoverable balance.

10. Capital Assets

\$'000	Natural gas interests	Office and other	Right-of-use	Total
Costs				
As at December 31, 2025	299,821	3,269	2,044	305,134
Additions	(5)	–	–	(5)
As at June 30, 2026	299,816	3,269	2,044	305,129
Accumulated depletion and depreciation				
As at December 31, 2025	280,801	3,099	1,784	285,684
Additions	14,385	56	153	14,594
As at June 30, 2026	295,186	3,155	1,937	300,278
Net book values				
As at June 30, 2026	4,630	114	107	4,851

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 license. As at June 30, 2026 the estimated future development costs required to bring the total proved reserves to production were \$ nil (December 31, 2025: \$ nil). During the six months ended June 30, 2026 the Company recorded depreciation of \$0.2 million (six months ended June 30, 2025: \$0.2 million) in general and administrative expenses.

Right-of-use assets

\$'000	
As at December 31, 2025	260
Depreciation	(153)
As at June 30, 2026	107

Lease liabilities

\$'000	
As at December 31, 2025	159
Lease interest expense	4
Lease payments	(100)
As at June 30, 2026	63

Right-of-use assets are presented as part of capital assets on the Company's balance sheet. Of the total lease liability of \$0.1 million (December 31, 2025: \$0.2 million), \$0.1 million (December 31, 2025: \$0.2 million) is current and is presented in trade and other liabilities.

11. Trade and Other Liabilities

	As at	
	June 30, 2026	December 31, 2025
\$'000		
Songas	5,820	2,798
Other trade payables	969	1,877
Trade payables	6,789	4,675
TPDC Profit Gas entitlement, net	33,959	28,590
Accrued liabilities	24,713	44,242
	65,461	77,507

TPDC share of Profit Gas

	As at	
	June 30, 2026	December 31, 2025
\$'000		
TPDC share of Profit Gas	27,262	17,896
Less "Adjustment Factor"	6,697	10,694
TPDC Profit Gas entitlement, net	33,959	28,590

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 the payment of \$5.8 million made to TPDC in August 2026, a substantial amount of the remaining balance represents the amounts on hold pending TRA's acceptance of the 2025 PAET tax return and 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 Ubungu. This balance will only be paid or cleared once these differences with TPDC and the TRA have been resolved.

12. Long-term Receivables

	As at	
	June 30, 2026	December 31, 2025
\$'000		
Amounts invoiced to TANESCO	8,188	7,152
Current trade receivable - TANESCO	(8,188)	(7,152)
Net TANESCO receivable	—	—
Lease deposit	10	10
	10	10

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2025 and Q1 and Q2 2026.

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 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.

13. Long-term Loan

In 2015 PAET took out a \$60.0 million investment loan (the "Loan") from International Finance Corporation ("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. Pursuant to the sale of the non-controlling interest in PAEM, the parent company of PAET, in 2018, the Company agreed with the IFC to reduce the outstanding amount of the Loan by the percentage interest sold of 7.933% (\$4.8 million) before the fourth anniversary of the first drawdown. PAET made this payment on October 16, 2019. Dividends and distributions from PAET were restricted if at any time amounts of interest, principal or participating interest are due and outstanding. All amounts due under the Loan were paid when due.

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.

14. 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					
	June 30, 2026			December 31, 2025		
	Authorised (000)	Issued (000)	Amount (\$'000)	Authorised (000)	Issued (000)	Amount (\$'000)
Number of shares						
Class A Shares	50,000	1,750	983	50,000	1,750	983
Class B Shares	100,000	18,015	45,991	100,000	18,015	45,991
First preference shares	100,000	—	—	100,000	—	—
	250,000	19,765	46,974	250,000	19,765	46,974

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

Declaration date	Record date	Payment date	Amount per share (CDN\$)
May 27, 2026	June 30, 2026	July 15, 2026	0.10
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

15. Earnings Per Share

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
(000)				
Outstanding shares				
Weighted average number of Class A and Class B Shares	19,765	19,765	19,765	19,766
Weighted average diluted number of Class A and Class B Shares	19,765	19,765	19,765	19,766

The calculation of earnings per share is based on a net loss attributable to shareholders for the quarter of \$2.6 million (Q2 2025: net income of \$22.4 million) and a weighted average number of Class A Shares and Class B Shares outstanding during the quarter ended June 30, 2026 of 19,764,909 (Q2 2025: 19,764,909). The calculation of earnings per share for the six months ended June 30, 2026 is based on a net loss of \$0.2 million (six months ended June 30, 2025: net income of \$22.5 million) and a weighted average number of Class A Shares and Class B Shares outstanding for the six months ended June 30, 2026 of 19,764,909 (six months ended June 30, 2025: 19,765,581).

16. 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 totalled \$0.2 million during the quarter ended June 30, 2026 (Q2 2025: \$0.1 million) and \$0.3 million for the six months ended June 30, 2026 (six months ended June 30, 2025: \$0.3 million).

As at June 30, 2026 the Company had a total of \$0.3 million (December 31, 2025: \$0.5 million) recorded in trade and other payables in relation to related parties.

17. Contractual Obligations

Protected Gas

Under the terms of the Gas Agreement for the Songo Songo 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 386 Bcf as at June 30, 2026 (December 31, 2025: 373 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 initialled 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 Supplementary Gas Agreement 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 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 GA respectively and PAEM issued arbitration proceedings against the GoT for breach of the BIT. The claims under the RFA’s 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 contractual proceedings were consolidated by agreement of the parties on December 17, 2025. On February 11, 2026, the arbitral tribunal in the contractual arbitration was constituted. On February 13, 2026, the arbitral tribunal in the treaty arbitration was constituted. The tribunals held the first procedural hearing in the consolidated proceedings under the GA and the PSA on May 7, 2026 and in the proceedings under the BIT on April 27, 2026, following which the procedural timetables were issued in June 2026 and final hearings to be scheduled in 2029 and 2030. PAET and PAEM are due to file their Memorials in both proceedings on 30 October 2026.

The Company cannot predict the outcome of proceedings relating to the Notice of Dispute with certainty, the costs associated with proceedings related to the Notice of Dispute, and possible awards of damages relating to the Notice of Dispute. Further the Company cannot predict if we are unsuccessful in the proceedings relating to the Notice of Dispute, 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 proceedings could result in negative publicity and adversely affect the price of our Shares and relationships in Tanzania. In addition, the Notice of Dispute proceedings distract management and other personnel from their primary responsibilities.

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

18. 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 \$98.0 million (December 31, 2025: \$101.0 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, however should any of the costs be rejected as not being cost recoverable, the Company would be required to retroactively adjust its share of revenue for the period under dispute.

Taxation

					As at	
Amounts in \$' millions					June 30, 2026	December 31, 2025
Area	Period	Reason for dispute	Principal	Interest	Total	Total
Income Tax	2008-09, 2011-22	Deductibility of capital expenditures and expenses (2012, 2015, 2016, 2021 and 2022), additional income tax (2008, 2011, 2012, 2021 and 2022), foreign exchange rate application (2013 to 2015, 2018 to 2022), underestimation of tax due (2014, 2016, 2020 to 2022) and methodology of grossing up of income taxes paid (2015 to 2017).	24.6	21.4	46.0	39.3
Tax on Repatriated Income	2012-21	Applicability of withholding tax on repatriated income (2012 to 2021)	2.3	1.2	3.5	3.7
VAT	2012-20	VAT already paid (2012 to 2014), VAT on imported services (2015 and 2016), interest on VAT decreasing adjustments (2017), input VAT on services (2017 to 2020) and VAT on income tax and production taxes (2019 to 2023).	11.3	5.4	16.7	17.4
Withholding and other taxes	2023	Applicability of withholding tax on interest, leases, foreign services and royalties (2023)	0.2	0.1	0.3	0.2
			38.4	28.1	66.5	60.6

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 June 30, 2026, years of income of 2024 and 2025 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. In May 2026, the Company filed notices of intention to appeal and statements of Appeal at the TRAB and is awaiting a hearing date.

On June 26, 2026, following the completion of tax audits for the years of income of 2021 and 2022, the TRA issued corporate income tax assessments for \$8.3 million. On July 25, 2026, the Company paid the agreed deposit of \$1.6 million, filed notices of objection and is awaiting the TRA’s determination.

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 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. On March 11, 2026, the TRAB delivered oral judgment in favor of the TRA. The Company subsequently filed notices of intention to appeal and the statement of appeal with the Tanzania Revenue Appeals Tribunal (the “TRAT”) and is now awaiting a hearing date.

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. On March 11, 2026, the TRAB delivered oral judgment in favor of the TRA. The Company subsequently filed notices of intention to appeal and the statement of appeal with the TRAT and is now awaiting a hearing date.

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 filed notices of intention to appeal and the statement of appeal with the TRAT and is now awaiting a hearing date.

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 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 and the statement of appeal with the TRAT and is now awaiting a hearing date. 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 of 2012 to 2025. A further \$3.5 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 and the statement of appeal with the TRAT and is now awaiting a hearing date. 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.

See Note 21 of the audited consolidated financial statements for the year ended December 31, 2025 for a full discussion.

19. Change in Non-Cash Operating Working Capital

	Three months ended June 30		Six months ended June 30	
\$'000	2026	2025	2026	2025
Decrease in trade and other receivables	8,724	6,319	2,010	12,591
Decrease in prepayments	181	282	213	749
(Decrease) / increase in trade and other payables	(13,809)	(1,576)	(11,458)	5,887
Decrease in APT	—	—	(12,578)	(7,824)
(Decrease) / increase in tax payable	(821)	(5,053)	1,275	(3,746)
	(5,725)	(28)	(20,538)	7,657

CORPORATE INFORMATION

Board of Directors

Jay Lyons
Executive Director and
Chief Executive Officer
Vancouver, Canada

Lisa Mitchell
Executive Director and
Chief Financial Officer
Perth, Australia

David W. Ross
Chairman and Non-Executive Director
Calgary, Canada

Dr Ann Frances Léautier
Non-Executive Director
Washington DC, United States

Linda Beal
Non-Executive Director
London, UK

Advisor to the Board and PAET

Lloyd Herrick
Director, PAET
Calgary, Canada

Officers

Jay Lyons
Chief Executive Officer
Vancouver, Canada

Lisa Mitchell
Chief Financial Officer
Perth, Australia

Andrew Hanna
Managing Director, PAET
Surrey, UK

Operating Office

PanAfrican Energy Tanzania Limited
Oyster Plaza Building, 5th Floor,
Haile Selassie Road
P.O. Box 80139,
Dar es Salaam, Tanzania
Tel: + 255 22 2138737
Fax: + 255 22 2138938

Registered Office

Orca Energy Group Inc.
Vistra Corporate Service Centre
Wickhams Cay II,
Road Town Tortola
British Virgin Islands, VG1110

Investor Relations

Jay Lyons
Chief Executive Officer
ir@orcaenergygroup.com

Lisa Mitchell
Chief Financial Officer
ir@orcaenergygroup.com

International Subsidiaries

PanAfrican Energy Tanzania Limited
Oyster Plaza Building, 5th Floor,
Haile Selassie Road
P.O. Box 80139,
Dar es Salaam, Tanzania
Tel: + 255 22 2138737
Fax: + 255 22 2138938

PAE PanAfrican Energy Corporation
c/o Arch Global Consult Ltd
The Junction Business Hub
Arsenal Branch Road
Calebasses, Mauritius 20201
Tel: +230 243 7888
Fax: +230 243 7889

Engineering Consultants

McDaniel & Associates Consultants Ltd.
Calgary, Canada

Website

orcaenergygroup.com

Lawyers

Burnet, Duckworth & Palmer LLP
Calgary, Canada

Transfer Agent

TSX Trust Company
Calgary, Canada