

MANAGEMENT'S DISCUSSION & ANALYSIS

THIS MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2024. THIS MD&A IS BASED ON THE INFORMATION AVAILABLE ON APRIL 30, 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 STATEMENTS" 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, 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 ("GoT") in the United Republic of Tanzania. 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 ("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 ("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 ("PGSA"). The Company also supplies Additional Gas to TPDC through a long-term gas sales agreement ("LTGSA") utilizing the National Natural Gas Infrastructure ("NNGI"). 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 and TANESCO, the Company and TPDC have developed more than 50 contracts to supply gas to Dar es Salaam's industrial market, and sells compressed natural gas to domestic, suitably converted vehicles in Dar es Salaam.

Financial and Operating Highlights for the Three Months and Year Ended December 31, 2024

	Three Months ended December 31		% Change	Year ended December 31		% Change
(Expressed in \$'000 unless indicated otherwise)	2024	2023	Q4/24 vs Q4/23	2024	2023	Ytd/24 vs Ytd/23
OPERATING						
Daily average gas delivered and sold (MMcfd)	78.6	80.8	(3)%	72.9	85.6	(15)%
Industrial	19.7	13.4	47%	16.1	13.7	18%
Power	58.9	67.4	(13)%	56.8	71.9	(21)%
Daily average gas delivered and sold and revenue recognized (MMcfd)	71.8	80.8	(11)%	68.8	85.6	(20)%
Industrial	19.7	13.4	47%	16.1	13.7	18%
Power	52.1	67.4	(23)%	52.7	71.9	(27)%
Average price (\$/mcf)						
Industrial	7.35	8.97	(18)%	8.45	8.73	(3)%
Power	3.90	3.84	2%	3.88	3.71	5%
Weighted average	4.85	4.69	3%	4.95	4.51	10%
Operating netback (\$/mcf)¹	3.56	2.28	56%	3.13	2.38	32%
FINANCIAL						
Revenue	36,855	24,448	51%	111,593	110,235	1%
Net (loss) / income attributable to shareholders	(25,821)	(438)	n/m	(21,578)	7,014	n/m
per share – basic and diluted (\$)	(1.31)	(0.02)	n/m	(1.09)	0.35	n/m
Net cash flows from operating activities	6,254	9,858	(37)%	27,086	48,485	(44)%
per share – basic and diluted (\$) ¹	0.32	0.50	(36)%	1.37	2.44	(44)%
Capital expenditures¹	14,869	2,065	620%	27,548	8,103	240%
Weighted average Class A and Class B Shares¹ ('000)	19,772	19,826	0%	19,780	19,841	0%
				December 31, 2024	As at December 31, 2023	% Change
Working capital (including cash)¹				21,904	67,323	(67)%
Cash and cash equivalents				90,076	101,566	(11)%
Long-term loan				–	29,961	(100)%
Outstanding shares ('000)						
Class A				1,750	1,750	0%
Class B				18,022	18,051	0%
Total shares outstanding				19,772	19,801	0%
RESERVES²						
Gross Reserves (Bcf)						
Proved				40	85	(53)%
Probable				1	9	(89)%
Proved plus probable				41	94	(56)%
Net Present Value, discounted at 10% (\$ million)²						
Proved				62	108	(43)%
Proved plus probable				65	119	(45)%

¹Please refer to the Non-GAAP Financial Measures and Ratios section of the MD&A for additional information.²Please refer to the Oil and Gas Advisory section of the MD&A for additional information.

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

Financial and Operating Highlights for 2024 and Q4 2024

- Revenue increased by 51% for Q4 2024 and by 1% for the year ended December 31, 2024 compared to the same prior year periods. Certain volumes were supplied as Protected Gas (defined below) prior to July 31, 2024. After the termination of Protected Gas after July 31, 2024, those volumes were instead supplied as Additional Gas (defined below). These volumes, which were delivered to Songas Limited ("Songas") in August, September and October 2024 and for which the Company did not receive compensation, have not been recognized in revenue in 2024. These unrecognized gross revenues include 80.5% of sales to Songas in the amount of \$6.2 million.
- On October 30, 2024, PanAfrican Energy Tanzania Limited ("PAET"), a wholly-owned subsidiary of the Company, was advised by Songas that the Interim Power Purchase Agreement ("PPA") between Tanzania Electric Supply Company Limited ("TANESCO") and Songas would expire on October 31, 2024, and that it was unknown if a new PPA would be entered into. At midnight on October 31, 2024 Songas shut down the Songas Power Plant. In the event that a new PPA is not entered into, there is a possibility that the Songas Power Plant will be shut down indefinitely. To date the Songas Power Plant remains shutdown. This has adversely impacted demand for production volumes from the Songo Songo gas field.
- Gas delivered and sold decreased by 3% for Q4 2024 and by 15% for the year ended December 31, 2024 compared to the same prior year periods. During 2024, Tanzania's Julius Nyerere Hydropower Project ("JNHPP") commenced commercial operations, with progressive commissioning of 5 turbines allowing peak output of over 700 MW. Combined with the early onset of the wet season and rainfall well above seasonal averages for the period, hydro power generation and the Songas Power Plant shutdown have been the primary factors in reduced gas liftings for the power sector.
- On April 14, 2023, PAET formally requested Tanzanian Petroleum Development Corporation ("TPDC") apply for an extension of the Songo Songo Development License (the "License"). TPDC is contractually required to make this application promptly upon a request by the Company. 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, when the License is set to expire. In November 2024, TPDC submitted the application for the extension of the License to the Ministry of Energy ("MoE"), however, being uneconomical, the Company informed TPDC that it did not agree with the terms as submitted. Having declined to address PAET's concerns itself, TPDC has refused to rescind and resubmit the application and has advised PAET to raise any issues directly to the MoE. Our Counsel subsequently submitted a letter to the MoE, requesting a meeting to address the issues, to date we haven't had a response.
- On April 15, 2024, contrary to the terms of the Gas Agreement and Production Sharing Agreement (the "PSA") and in violation of Pan African Energy Corporation (Mauritius) ("PAEM") and PAET's expectations, the Permanent Secretary of MoE wrote to TPDC, copying PAET and Songas, directing TPDC to "ensure that Protected Gas continues to be produced to the end of the Development Licence on 10th October 2026". Consistent with that instruction, TPDC took the position that Protected Gas should continue despite the parties' contractual agreement that Protected Gas ceased after July 31, 2024.
- PAET, TPDC and Tanzania Portland Cement PLC ("TPCPLC") subsequently agreed to the terms of the Supplementary Gas Agreement ("SGA") to sell volumes after July 31, 2024 as Additional Gas, which, prior to August 1, 2024, were supplied as Protected Gas. TPCPLC has fully paid the Company \$10.4 million of the receivable outstanding as at December 31, 2024.
- Following cessation of Protected Gas after July 31, 2024, despite the absence of an executed contract to do so, Songas continued to lift gas volumes in August, September and October 2024, at an average rate of 20.2 MMcfd. 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 for only 19.5% of such volumes. This accords with the payment arrangements for Complex Additional Gas (defined below). Payments were made on this basis by Songas in Q4 2024, in the amount of \$1.9 million representing 19.5% of the total invoiced amount of \$9.7 million.
- On August 7, 2024, PAET and PAEM issued a notice of dispute ("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 ("BIT"), and a contractual dispute against the Government of Tanzania ("GoT") and TPDC, for breaches of the: (i) PSA, and (ii) the Gas Agreement. 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. The matters have been further referred to the relevant entity's chief executive officers and working groups in accordance with the dispute resolution process. Discussions continued with meetings held in March 2025. Further updates on this matter will be made as appropriate.
- In February 2025, the Company received a judgment (the "Judgment") from the Tanzanian High Court (Commercial Division) (the "Court") for a claim brought by a contractor against PAET. The claim was brought by the contractor for losses arising from PAET's termination of a contract relating to the Company's 3D seismic acquisition program. The contract was signed in 2022 and works were due to be completed by the end of 2022. However, work only commenced in 2023 and was never completed. Pursuant to the Judgment, the Court ordered specific and general damages in the aggregate of \$23.1 million, plus legal costs and interest at a rate of 7% per annum be paid by PAET to the contractor. PAET respectfully disagrees with the Judgment and has initiated the appeal process. PAET was required to post security for the full amount of the Judgment until the appeal is resolved. The Company has recognised the resulting liability in 2024 based on the Judgment applied. The Company has initiated the appeal process, and if successful in that process, a reversal would be recognized in earnings at that time.
- The well intervention operations on SS-7 have now concluded. The work program, following a complex mobilization to Songo Songo Island, sought to restore the mechanical integrity of the well to shutoff water production in order to restart production from the southern compartment of the Songo Songo gas field. Following several remedial cement treatments to shut off the lower water producing zone and reperforation of the upper Neocomian sands, limited and unsustained gas flows were observed. The Company, in line with its contingency plans, set a cement plug above the Neocomian interval and perforated the shallower Cenomanian sands. Having completed all possible downhole work, and after an unsuccessful attempt to produce gas from the Cenomanian sands, the Company ceased well intervention operations and demobilized the barge and jack-up from the SS-7 site. The total expected project cost has increased to \$25.9 million from \$23.5 million, primarily as a result of the significant attempts required to shut off water and reproduce the well. A comprehensive post project analysis will be carried out to evaluate the intervention results, which have not met production expectations. During the year, the Company recorded an asset impairment expense of \$25.9 million with respect to the SS-7 well workover program.
- The Company completed a production and saturation logging program in three wells: SS-3, SS-10 and SS-5. Results indicate that the wells and field are performing in line with expectations, and have been used to update longer term reservoir management plans. The total expected program cost increased to \$2.2 million from \$1.3 million.

- Net loss attributable to shareholders amounted to \$21.6 million for the year ended December 31, 2024 compared to net income attributable to shareholders of \$7.0 million for the same prior year period. In Q4 2024, the Company recorded an asset impairment expense of \$25.9 million with respect to the SS-7 well workover program and a loss allowance of \$21.7 million with respect to the ongoing litigation relating to the Judgment in the High Court of Tanzania.
- Net cash flows from operating activities decreased by 37% for Q4 2024 and by 44% for the year ended December 31, 2024 compared to the same prior year periods. The decrease for the year ended December 31, 2024 over the comparable prior year period is mainly a result of changes in non-cash working capital.
- Capital expenditures increased by 635% for Q4 2024 and by 244% for the year ended December 31, 2024 compared to the same prior year periods. The capital expenditures in 2024 primarily related to the well workover program. The capital expenditures in 2023 primarily related to the initial costs of the well workover program and the 3D seismic acquisition program.
- The Company exited the period with \$21.9 million in working capital (December 31, 2023: \$67.3 million), cash and cash equivalents of \$90.1 million (December 31, 2023: \$101.6 million) and long-term debt of \$ nil (December 31, 2023: \$30.0 million). Cash held in hard currencies (USD, Euro, GBP, CDN) was \$87.1 million, as at December 31, 2024 (December 31, 2023: \$60.4 million). The decrease in long-term debt is related to a repayment of principal of \$10.0 million in April 2024 and October 2024, representing the fourth and fifth semi-annual repayments of the Company's long-term debt as well as maturing of the outstanding loan principal.
- Subsequent to December 31, 2024, the Company fully prepaid the \$60 million investment (the "Loan") made by International Finance Corporation ("IFC") in PAET, pursuant to a loan agreement dated October 29, 2015 between the IFC, PAET and the Company (the "Loan Agreement"). To effect the foregoing prepayment, the Company paid to IFC \$30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. As of the date hereof, the annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding.
- As at December 31, 2024, the current receivable from TANESCO was \$12.7 million (December 31, 2023: \$5.9 million). The TANESCO long-term receivable as at December 31, 2024 and as at December 31, 2023 was \$22.0 million and has been fully provided for. Subsequent to December 31, 2024, the Company has invoiced TANESCO \$14.5 million for Q1 2025 gas deliveries. TANESCO has paid the Company \$24.2 million to date which relate to the outstanding amount at December 31, 2024 and payments for a portion of Q1 2025 gas deliveries
- Total working interest proved conventional natural gas reserves ("1P") and total proved plus probable conventional natural gas reserves ("2P") decreased by 53% and 56%, respectively, as at December 31, 2024 compared to the prior year. The decrease was primarily attributed to 26.7 Bcf of production in 2024 and 18.1 Bcf of negative technical revisions. The technical revisions were primarily due to lower forecasted gas sales to the end of the License attributed to increased hydro power use in Tanzania and the removal of Proved Undeveloped reserves due to the unsuccessful well intervention on SS-7. The net present value of lower reserves and estimated future cash flows from 2P reserves at a 10% discount rate decreased by 45% compared to the previous year mainly as a result of lower reserves at year end 2024 and the associated 33% reduction in the number of years outstanding on the current License.

Oil and Gas Advisory

The Company's conventional natural gas reserves as at December 31, 2024 disclosed herein were evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel"), independent petroleum engineering consultants, in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

The independent reserves evaluations prepared by McDaniel had an effective date of December 31, 2024 and December 31, 2023 and preparation date of February 18, 2025 and February 1, 2024, respectively. All of the reserves presented herein are conventional natural gas reserves. The net present value of future net revenue attributable to the Company's reserves is stated without provision for interest costs and out of country general and administrative costs, but after providing for estimated additional profits tax, production costs, development costs, other income and future capital expenditures for only those wells assigned reserves by McDaniel. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Company's reserves estimated by McDaniel represent the fair market value of those reserves. Such amounts do not represent the fair market value of the Company's reserves. The recovery and reserve estimates of the Company's conventional natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein. All of the reserves referenced herein are based on McDaniel's forecast pricing as at December 31, 2024 and December 31, 2023, as applicable.

All the Company's reserves are located in Tanzania. Reserves included herein are stated on a Company gross reserves basis unless noted otherwise. Company gross reserves are the total of the Company's working interest share in reserves and are based on the Company's 100% ownership interest in the reserves (2023: 100%). Additional reserves information required under NI 51-101 is included in Orca's reports relating to reserves data and other oil and gas information under NI 51-101, which are filed on its profile on SEDAR+ at www.sedarplus.ca.

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

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

Operating Volumes

The average gross daily sales volume decreased by 3% for Q4 2024 and by 15% for the year ended December 31, 2024 over the comparable prior year periods. Earlier in 2024 the JNHPP commenced commercial operations, with progressive commissioning of 5 turbines allowing peak output of over 700 MW. Combined with the early onset of the wet season and rainfall well above seasonal averages for the period, hydro power generation and the Songas Power Plant shutdown have been the primary factors in reduced gas liftings for the power sector.

The Company's gross sales volumes, including the volumes for which revenue was not recognized, were split between the industrial and power sectors as detailed in the table below:

	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Gross sales volume (MMcf)				
Industrial sector	1,812	1,230	5,881	5,007
Power sector	5,415	6,205	20,798	26,249
Total volumes	7,227	7,435	26,679	31,256
Gross daily sales volume average (MMcfd)				
Industrial sector	19.7	13.4	16.1	13.7
Power sector	58.9	67.4	56.8	71.9
Gross daily sales volume average total	78.6	80.8	72.9	85.6

Industrial Sector

Industrial sector gross daily sales volumes increased by 47% for Q4 2024 and by 18% for the year ended December 31, 2024 over the comparable prior year periods. The increases were a result of increased consumption by industrial customers due to a higher demand for services and products as well as the end of the Protected Gas regime, which resulted in higher deliveries of Additional Gas to TPCPLC from August 2024 onward.

Power Sector

Power sector gross daily sales volumes decreased by 13% for Q4 2024 and by 21% for the year ended December 31, 2024 over the comparable prior year periods. Although the deliverability from the currently producing wells and reservoir compartments in the Songo Songo gas field is declining over time, the inauguration of the JNHPP and the early onset of the wet season in 2024 led to increased availability of hydro power causing significantly lower lifting from power customers earlier in 2024, in conjunction with the Songas Power Plant shutdown impacting demand in Q4 2024 as detailed below.

Power sector gross sales volumes in 2024 include volumes lifted by Songas in August, September and October 2024 averaging 20.2 MMcfd from August 1, 2024 to October 31, 2024. Songas elected to pay for 19.5% of these volumes referring to the lack of approval of the Additional Gas contract by TPDC. The remaining 80.5% of these volumes are not recognized in revenue at this time. Table below presents operating volumes corresponding to the revenue that has been recognized.

Operating volumes where revenue is recognized

	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Gross sales volume (MMcf) where revenue is recognized				
Industrial sector	1,812	1,230	5,881	5,007
Power sector	4,792	6,205	19,304	26,249
Total volumes where revenue is recognized	6,604	7,435	25,185	31,256
Gross daily sales volume average (MMcfd) where revenue is recognized				
Industrial sector	19.7	13.4	16.1	13.7
Power sector	52.1	67.4	52.7	71.9
Gross daily sales volume average total where revenue is recognized	71.8	80.8	68.8	85.6

Protected Gas Volumes

Protected Gas volumes decreased by 51% to 7,008 MMcf (19.1 MMcfd) for the year ended December 31, 2024 compared to 14,170 MMcf (38.8 MMcfd) for the year ended December 31, 2023. The Company received no revenue for Protected Gas volumes; however the volumes were required to calculate total gas produced from the reservoir and the allocation of certain production, distribution and transportation expenses between Protected Gas and Additional Gas.

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.

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

Commodity Prices

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

	Three Months ended December 31		Year ended December 3	
\$/mcf	2024	2023	2024	2023
Average sales price				
Industrial sector	7.35	8.97	8.45	8.73
Power sector	3.90	3.84	3.88	3.71
Weighted average price	4.85	4.69	4.95	4.51

Industrial Sector

The average sales price for the industrial sector decreased by 18% for Q4 2024 and by 3% for the year ended December 31, 2024 over the comparable prior year periods. Subsequent to December 31, 2024, the SGA has been retroactively approved and TPCPLC became eligible for lower pricing with an effective date of August 1, 2024.

Power Sector

The average sales price for the power sector increased by 2% for Q4 2024 and by 5% for the year ended December 31, 2024 compared to the same prior year periods. The average power sector sales price varies depending on whether gas is delivered and sold through the NNGI or the Songas Infrastructure. Sales through the NNGI are to TPDC and do not include processing and transportation tariffs which are included in gas delivered through the Songas Infrastructure.

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. \$7.7 million of August, September and October 2024 sales representing 80.5% of delivered volumes remain unrecognized as of the date of this report. Including these volumes in the power sector average sales price calculation would result in a Q4 2024 price of \$3.45/mcf and for the year ended December 31, 2024, a price of \$3.60/mcf.

Including the volumes not recognized as revenue in the weighted average sales price calculation would result in a Q4 2024 price of \$4.43/mcf and for the year ended December 31, 2024, a price of \$4.67/mcf.

Revenue

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

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

The Company is liable for income tax in Tanzania, but under the terms of the PSA, TPDC's share of revenue is reduced by the current tax payable grossed up at 30% ("income tax adjustment"). 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 Company operating revenue is detailed below:

	Three Months ended December 31		Year ended December 31	
\$'000	2024	2023	2024	2023
Industrial sector	13,312	11,028	49,693	43,694
Power sector	18,708	23,842	74,926	97,378
Gross field revenue	32,020	34,870	124,619	141,072
TPDC share of revenue	(3,226)	(13,318)	(25,843)	(47,364)
Company operating revenue	28,794	21,552	98,776	93,708
Current income tax adjustment	8,061	2,896	12,817	16,527
	36,855	24,448	111,593	110,235

Revenue increased by 51% for Q4 2024 and by 1% for the year ended December 31, 2024 over the comparable prior year periods.

Volumes classified as Protected Gas prior to July 31, 2024, which were delivered to Songas in August, September and October 2024 (and as such constitutes Additional Gas for which PAET is entitled to payment) and for which PAET did not receive compensation, do not meet the definition of revenue under IFRS 15 and have not been recognized in revenue in Q3 2024 and Q4 2024. These unrecognized revenues include 80.5% of sales to Songas in the amount of \$6.2 million.

The average Additional Gas sales volumes for the quarters ended December 31, 2024 and December 31, 2023 as well as for the quarters ended September 30, 2024, June 30, 2024, March 31, 2024, September 30, 2023, June 30, 2023 and March 31, 2023 were above 50 MMcfd which entitled the Company to a 55% share of Profit Gas revenue. The Company was allocated a total of 89% of the Additional Gas net field revenue for Q4 2024 (Q4 2023: 58%) and a total of 77% of the Additional Gas net field revenue for the year ended December 31, 2024 (year ended December 31, 2023: 63%).

Production, Distribution and Transportation Expenses

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

\$'000	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Operating costs	1,036	872	5,288	3,941
Tariff for processing and pipeline infrastructure	3,345	3,180	11,968	12,390
Ring-main distribution costs	884	524	2,734	2,866
	5,265	4,576	19,990	19,197

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 19% for Q4 2024 and by 34% for the year ended December 31, 2024 compared to the same prior year periods, primarily as a result of the production and saturation logging program in Q3 2024 and Q4 2024, partially offset by decreased insurance costs. The amount paid under the tariff for processing and pipeline infrastructure increased by 5% for Q4 2024 and decreased by 3% for the year ended December 31, 2024 compared to the same prior year periods. The decrease for the year ended December 31, 2024 compared to the same prior year periods primarily was a result of decreased gas volumes processed and delivered through the Songas Infrastructure. Ring-main distribution costs increased by 69% for Q4 2024 and decreased by 5% for the year ended December 31, 2024 compared to the same prior year periods. The decrease for the year ended December 31, 2024 compared to the same prior year period is a result of higher compressor maintenance costs incurred in 2023.

Operating Netback

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

\$/mcf	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Weighted average price for gas	4.85	4.69	4.95	4.51
TPDC Profit Gas entitlement	(0.49)	(1.79)	(1.03)	(1.52)
Production, distribution and transportation expenses	(0.80)	(0.62)	(0.79)	(0.61)
Operating netback	3.56	2.28	3.13	2.38

The operating netback increased by 56% for Q4 2024 and by 32% for the year ended December 31, 2024 over the comparable prior year periods. The increases are mainly a result of higher weighted average price for natural gas and lower TPDC Profit Gas revenue entitlements as an outcome of increased capital expenditures and lower Cost Gas revenue recoveries by the Company.

Songas has invoiced PAET for the production and transportation tariff consistent with all gas volumes shipped to Songas during August, September and October 2024 as being treated as Additional Gas. This amount has been fully accounted for and paid by PAET in accordance with the terms of the current agreements and forms part of the operating netback calculation above.

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

General and Administrative Expenses

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

\$'000	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Tanzania	3,379	2,766	9,932	8,601
Corporate	2,790	2,768	9,887	9,291
	6,169	5,534	19,819	17,892

General and administrative expenses are detailed in the table below:

\$'000	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Employee and related costs	3,100	2,855	10,315	9,988
Office costs	1,389	1,295	4,673	4,045
ESG, marketing and business development costs	115	110	285	367
Reporting, regulatory and corporate	1,565	1,274	4,546	3,492
	6,169	5,534	19,819	17,892

General and administrative expenses averaged \$2.1 million per month during Q4 2024 (Q4 2023: \$1.8 million) and \$1.7 million per month for the year ended December 31, 2024 (year ended December 31, 2023: \$1.5 million). The 3% increase in employee and related costs for the year ended December 31, 2024 over the comparable prior year period was mainly a result of the annual indexation of payroll cost in Tanzania. The 16% increase in office costs for the year ended December 31, 2024 over the comparable prior year period was primarily a result of increased requirement for legal services in Tanzania. Environmental, social and governance ("ESG") and marketing and business development costs have not significantly changed for the year ended December 31, 2024 over the comparable prior year period. The 30% increase in reporting, regulatory and corporate costs for the year ended December 31, 2024 over the comparable prior year period was due to increase in costs related to professional services, mainly legal services.

Long Term Retention Plan

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

Depletion and Depreciation

Natural gas properties are depleted using the unit of production method based on the production for the period as a percentage of the total future production from the Songo Songo proved reserves. As at December 31, 2024 the estimated proved reserves remaining to be produced over the term of the PSA as determined by McDaniel in their report dated February 18, 2025 with an effective date of December 31, 2024 and prepared in accordance with NI 51-101 and the COGE Handbook were 40.2 Bcf (December 31, 2023: 85.0 Bcf). The average depletion rate was \$1.14/mcf for the year ended December 31, 2024 compared to \$1.12/mcf for the comparable prior year.

\$'000	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Oil and natural gas interests	9,075	15,052	30,506	41,857
Office and other	59	35	209	120
Right-of-use assets	76	53	308	252
	9,210	15,140	31,023	42,229

The depletion charge for natural gas interests decreased by 40% for Q4 2024 and by 27% for the year ended December 31, 2024 over the comparable prior year periods. The decreases were primarily the result of decreased gas produced and sold. Additionally, during Q4 2023 accelerated depletion totaling \$7.0 million was recognized with respect to the 3D seismic acquisition and processing program.

Finance Income and Expense

Finance income is detailed in the table below:

\$'000	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Interest income	867	748	3,665	1,888
	867	748	3,665	1,888

Finance expense is detailed in the table below:

\$'000	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Base interest expense	828	1,092	3,808	4,850
Participation interest (recovery) / expense	(222)	702	914	2,970
Lease interest expense	10	9	48	14
Interest expense	616	1,803	4,770	7,834
Net foreign exchange (gain) / loss	(1,077)	526	7,681	5,001
Indirect tax	325	298	1,300	1,273
Trade and other receivables write off	–	830	–	830
	(136)	3,457	13,751	14,938

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

Base interest expense and participation interest expense relate to the Loan from 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. It equates to 6.4% of PAET's net cash flows from operating activities less the net cash flows used in investing activities for the year. Such participation interest will continue to accrue until October 15, 2026 regardless of the early prepayment of the Loan. The decrease in participation interest expense is primarily a result of the decrease in PAET's net cash flows from operating activities net of net cash used in investing activities.

Subsequent to December 31, 2024, the Company fully prepaid the \$60 million Loan. To effect the prepayment, the Company paid to the IFC \$30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. The annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding.

Net foreign exchange losses are the result of transactions in foreign currencies recorded at the rate of exchange prevailing on the date of such transactions and include both realized and unrealized revaluation gains and losses. Specifically, unrealized revaluation gains or losses represent temporary changes in the fair value of cash balances denominated in Tanzanian shillings. Following a prolonged period of weakness in the value of the Tanzanian shilling versus the US dollar, these movements are now considered permanent in nature and recognized as realized exchange losses in 2024. Monetary assets and liabilities in foreign currencies are translated at period-end rates. Non-monetary items are translated at historic rates, unless such items are carried at market value, in which case they are translated using the exchange rates that existed when the values were determined.

The indirect tax is for value added tax ("VAT") associated with invoices to TANESCO for interest on late payments. The trade and other receivables write off in 2023 relates to VAT on interest invoices to Songas relating to unpaid invoices and an advance which was paid to a supplier and could not be recovered.

Loss Allowance

	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
\$'000				
Loss allowance	21,700	–	21,700	–
Reversal of loss allowance	–	(4,901)	–	(6,915)
	21,700	(4,901)	21,700	(6,915)

The loss allowance in 2024 follows \$21.7 million allowed with respect to ongoing litigation in the High Court of Tanzania and represents the amount required to increase the provision to cover the current gross liability before any cost recovery, following the criteria of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). The reversal of loss allowance in 2023 follows: (i) the recognition of \$4.9 million resulting from agreement with Songas on a revision to the cost sharing in respect of the 2015-2016 workover of the SS-5 and SS-9 wells; and (ii) indirect taxation of \$2.0 million relating to the 2020 and 2021 take or pay invoices to TANESCO that were paid in 2023.

Asset Impairment

	Three Months ended December 31		Year ended December 31	
	2024	2023	2024	2023
\$'000				
Asset impairment	26,651	–	26,651	–
	26,651	–	26,651	–

During the year, the Company performed a workover on the SS-7 well. The work program sought to restore the mechanical integrity of the well to shutoff water production in order to restart production from the southern compartment of the Songo Songo gas field. Following water shut off and reperforation of the Neocomian sands, limited and unsustainable gas flows were observed. Having completed all possible downhole work the Company has ceased well intervention operations. The program will not be pursued in the foreseeable future. Accordingly, the Company has tested the SS-7 well workover project for impairment on a stand-alone basis and recorded an impairment expense of \$25.9 million, the full project cost.

At December 31, 2024, the Company evaluated the remaining CGU assets for indicators of impairment and as a result of this assessment management determined that an impairment test was not required to be performed.

In addition during the year, the Company recorded a write off of a trade receivable of \$0.8 million which relates to an advance which was paid to a supplier and could not be recovered.

Tax**Income Tax**

	Three Months ended December 31		Year ended December 31	
\$'000	2024	2023	2024	2023
Current tax	6,834	3,354	13,737	16,133
Deferred tax	(12,792)	(986)	(15,508)	(6,161)
	(5,958)	2,368	(1,771)	9,972

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

As at December 31, 2024 there were temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes under the Income Tax Act 2004. Applying the 30% Tanzanian tax rate, the Company has recognized a deferred tax liability of \$4.6 million (December 31, 2023: \$20.1 million). The deferred tax has no impact on cash flow until it becomes a current income tax, at which point the tax is paid and recovered from TPDC's share of Profit Gas revenue.

Additional Profits Tax

	Three Months ended December 31		Year ended December 31	
\$'000	2024	2023	2024	2023
APT	777	1,753	6,190	8,162

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 December 31, 2024, the current portion of APT payable was \$7.8 million (December 31, 2023: \$16.0 million) with a long-term APT payable of \$5.9 million (December 31, 2023: \$7.5 million). APT of \$16.0 million was paid in Q1 2024 based on the 2023 results (Q1 2023: \$13.1 million paid based on 2022 results).

The effective APT rate of 19.7% (Q4 2023: 11.5%) has been applied to the Company's share of Profit Gas revenue of \$3.9 million for Q4 2024 (Q4 2023: \$15.3 million), and average effective rate of 20.2% (2023: 14.5%) has been applied to the Company's share of Profit Gas revenue of \$30.7 million for the year ended December 31, 2024 (year ended December 31, 2023: \$56.2 million). Accordingly, \$0.8 million for the quarter ended December 31, 2024 (Q4 2023: \$1.8 million) and \$6.2 million for the year ended December 31, 2024 (year ended December 31, 2023: \$8.2 million) of APT has been recorded in the Consolidated Statements of Comprehensive Income.

Working Capital

Working capital as at December 31, 2024 was \$21.9 million (December 31, 2023: \$67.3 million) and is detailed in the table below (also see “Non-GAAP financial measures and ratios”):

\$'000	As at December 31	
	2024	2023
Cash and cash equivalents¹	90,076	101,566
Trade and other receivables		
Songas	2,161	8,146
TPDC	5,592	3,841
TANESCO	12,731	5,851
TPCPLC	10,409	3,625
Industrial customers and other receivables	14,321	12,551
Loss allowance	(1,177)	(1,177)
Prepayments	1,586	1,637
	135,699	136,040
Trade and other liabilities		
TPDC share of Profit Gas revenue ²	16,359	17,199
Songas	2,741	2,981
Deferred income – take or pay contracts	943	1,144
Other trade payables and accrued liabilities	46,808	17,083
Current portion of long-term loan	30,122	10,000
Current portion of APT	7,824	15,984
Tax payable	8,998	4,326
	113,795	68,717
Working capital	21,904	67,323

1 As of the date of this report, \$24.7 million of the amount was posted as security for the full amount of the seismic Judgment and will be restricted until the appeal is resolved.

2 The balance of \$16.4 million payable to TPDC is the liability for TPDC's share of Profit Gas revenue, primarily related to unpaid gas deliveries to TANESCO. For their allocation of Profit Gas revenue, the Company paid TPDC \$2.4 million in February 2024, \$3.8 million in April 2024, \$5.4 million in July 2024, \$2.3 million in October 2024 and \$3.8 million in April 2025.

Financial Instruments

Current financial instruments of the Company include cash and cash equivalents, trade and other receivables, trade and other liabilities and tax payable. The carrying values of the financial instruments approximate fair values due to their relatively short periods to maturity. The risks associated with the Company's financial instruments are primarily attributed to the inherent riskiness of the Tanzanian cash holdings and the ability to exchange Tanzanian shillings for hard currencies, and the risk that trade and other receivables may not be paid when due. The Company mitigates these risks by (i) holding, when possible, the majority of its cash (other than Tanzanian shillings) outside of Tanzania in reputable international financial institutions primarily in Jersey and Mauritius which reduces the Company's exposure to geo-political risks; (ii) monitoring and reviewing the trade and other receivables on a regular basis to determine if allowances are required for overdue amounts or action is required to restrict deliveries on past due accounts to reduce exposure on outstanding receivables; and (iii) seeking payments from its customers, when possible, in US dollars. As of December 31, 2024, 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

Subsequent to December 31, 2024, the Company fully prepaid 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 Company expects to have sufficient cash flow from operating activities to maintain adequate working capital to cover both short-term and long-term obligations for 2025. 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. The global growth slowdown has seen an increased decline in foreign exchange reserves in Tanzania, which has given rise to decreased availability of US dollars in Tanzania and impaired the Company's ability to convert Tanzanian shillings directly to US dollars in 2024 and 2023. There is a risk that the Company may not be able to convert Tanzanian shillings to hard currencies, such as US dollars, in the future as and when required. It is not known when the foreign exchange reserve deficiency in Tanzania will be remedied, if ever.

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. PAET, TPDC and TPCPLC entered into a Supplementary Gas Agreement that recognises all volumes supplied to TPCPLC from August 1, 2024 as Additional Gas, and TPCPLC has fully paid for all volumes lifted since such date. The supply of gas to Songas from August 1, 2024 to October 31, 2024 has not yet been resolved. It is our belief that PAET is entitled to payment at a commercial rate for all volumes of gas lifted by Songas starting on August 1, 2024. Gas continued to be lifted by Songas post August 1, 2024 and until October 31, 2024.

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. Songas, referring to the lack of approval of the Additional Gas contract by TPDC, elected to pay for 19.5% of the total invoiced amount. There is a risk that the remaining amount will not be paid or recognized as revenue. This may adversely impact the Company's ability to finance its capital requirements.

On October 30, 2024, PAET was advised by Songas that the Interim PPA between TANESCO and Songas, would expire on October 31, 2024, and that it is unknown if a new PPA would be entered into. At midnight on October 31, 2024 the Interim PPA expired and Songas shut down the Songas Power Plant. To date, the Songas Power Plant remains shut down.

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

TANESCO Receivable

As at December 31, 2024, the current receivable from TANESCO was \$12.7 million (December 31, 2023: \$5.9 million). During 2024 the Company invoiced TANESCO \$51.1 million (2023: \$32.9 million) for gas deliveries made during the year. As at December 31, 2024, the Company had received \$44.2 million (2023: \$30.8 million) in payments. Based on the consistent payments from TANESCO, the Company recognized all amounts invoiced for gas deliveries in 2023 and 2024 as revenue.

In addition, in 2023 TANESCO paid the Company \$13.2 million against the 2020 and 2021 take or pay invoices. \$11.2 million of this amount was released to the Company's Statements of Comprehensive Income as revenue in 2023. \$2.0 million, being the VAT component of the take or pay invoices, was reversed out of loss allowance in 2023.

The TANESCO long-term receivable as at December 31, 2024 and December 31, 2023 was \$22.0 million which has been fully provided for. Subsequent to December 31, 2024, the Company has invoiced TANESCO \$14.5 million for Q1 2025 gas deliveries, and TANESCO has paid the Company \$24.2 million to date which relate to the outstanding amount at December 31, 2024 and payments for a portion of Q1 2025 gas deliveries.

Capital Expenditures

The capital expenditures (see "Non-GAAP financial measures and ratios") in 2024 primarily related to the well workover program. The capital expenditures in 2023 primarily related to the initial costs of the well workover program and the 3D seismic acquisition program.

	Three Months ended December 31		Year ended December 31	
\$'000	2024	2023	2024	2023
Pipelines, well workovers and infrastructure	14,869	2,067	27,233	7,984
Other capital expenditures	–	(2)	315	119
	14,869	2,065	27,548	8,103

Capital Requirements

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

During the year, the Company recorded asset impairment expense of \$25.9 million with respect to the SS-7 well workover program which has now concluded. The work program sought to restore the mechanical integrity of the well to shutoff water production in order to restart production from the southern compartment of the Songo Songo gas field. Following several remedial cement treatments to shut off the lower water producing zone and reperforation of the Neocomian sands, limited and unsustained gas flows were observed. Having completed all possible downhole work the Company has ceased well intervention operations. It is not known if further attempts to return the well to production will be pursued in the foreseeable future.

Given the time remaining on the existing License, lack of progress on the License extension application, and ongoing and potential disputes regarding Protected Gas, all capital projects, other than maintenance and those necessary for essential safety are currently on hold.

Long-term Receivables

	As at December 31	
\$'000	2024	2023
Lease deposit	10	10
	10	10

The following table details the amounts receivable from TANESCO:

	As at December 31	
\$'000	2024	2023
Total amounts invoiced to TANESCO	105,210	89,809
Current trade receivable – TANESCO	(12,731)	(5,851)
Unrecognized amounts ¹	(70,461)	(61,940)
Loss allowance	(22,018)	(22,018)
	–	–

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

Long-term Loan

In 2015 PAET took out 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 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 to PAEM were restricted at any time whenever amounts of interest, principal or participating interest are due and outstanding. All amounts under the Loan have been paid when due.

Subsequent to December 31, 2024, the Company fully prepaid the \$60 million Loan. To effect the prepayment, the Company paid to the IFC \$30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. 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 1, 2023, the Company announced a normal course issuer bid ("2023 NCIB") to commence on November 6, 2023 to purchase Class B Shares through the facilities of the TSX Venture Exchange ("TSXV") and alternative trading systems in Canada. As at November 5, 2024 the Company had repurchased for cancellation 70,200 Class B Shares at a weighted average price of CDN\$4.38 pursuant to the 2023 NCIB.

On November 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 TSXV and alternative trading systems in Canada. As at December 31, 2024 the Company had not repurchased any Class B Shares for cancellation pursuant to the 2024 NCIB. As at April 29, 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.

1,749,895 Class A Shares and 18,022,114 Class B Shares were outstanding as at December 31, 2024. 1,749,895 Class A Shares and 18,015,014 Class B Shares were outstanding as at April 29, 2025. See "Normal Course Issuer Bid and Dividends" in this MD&A.

All issued capital stock is fully paid.

Cash Flow Summary

	Three Months ended December 31		Year ended December 31	
\$'000	2024	2023	2024	2023
Operating activities				
Net (loss)/income	(25,821)	(438)	(21,578)	7,014
Non-cash adjustments	23,308	16,194	46,647	48,619
Interest expense	616	1,803	4,770	7,834
Changes in non-cash working capital ¹	8,151	(7,701)	(2,753)	(14,982)
Net cash flows from operating activities	6,254	9,858	27,086	48,485
Net cash used in investing activities	(10,744)	(2,209)	(17,960)	(8,794)
Net cash used in financing activities	(7,513)	(7,905)	(23,071)	(31,738)
(Decrease)/Increase in cash	(12,003)	(256)	(13,945)	7,953

¹ See Consolidated Statements of Cash Flows

The Company recorded net loss of \$25.8 million in Q4 2024 and \$21.6 million for the year ended December 31, 2024 primarily as a result of the asset impairment expense of \$25.9 million with respect to the SS-7 well workover program. In addition, in Q4 2024 the Company recorded a loss allowance of \$21.7 million with respect to ongoing litigation in the High Court of Tanzania. The Company's net cash flows from operating activities decreased by 37% for Q4 2024 and by 44% for the year ended December 31, 2024 over the comparable prior year periods. The decrease for the year ended December 31, 2024 over the comparable prior year period mainly is a result of changes in non-cash working capital, particularly increase in trade receivables. The increase in net cash used in investing activities for Q4 2024 and for the year ended December 31, 2024 over the comparable prior year periods was mainly a result of higher expenditure in relation to the costs of the SS-7 well workover program. The decrease in net cash used in financing activities for Q4 2024 and for the year ended December 31, 2024 over the comparable prior year periods was mainly an outcome of the distribution to non-controlling interest shareholder in Q3 2023 as well as lower interest payments throughout 2024 as a result of repayments of three instalments of the Loan in Q4 2023, Q2 2024 and Q4 2024.

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

Related Party Transactions

The Chair of the Company's Board of Directors is Counsel of Burnet, Duckworth & Palmer LLP, a law firm that provides legal advice to the Company and its subsidiaries. Fees for services provided by this firm totaled \$0.1 million for the quarter ended December 31, 2024 (Q4 2023: \$0.3 million) and \$0.7 million for the year ended December 31, 2024 (year ended December 31, 2023: \$0.8 million).

As at December 31, 2024, the Company had a total of \$0.05 million (December 31, 2023: \$0.6 million) recorded in trade and other liabilities in relation to related parties.

Normal Course Issuer Bid and Dividends

On July 5, 2022 the Company announced a normal course issuer bid ("2022 NCIB") to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2022 NCIB were made by Research Capital Corporation ("Research Capital") on behalf of the Company and were not to exceed 500,000 Class B Shares, representing approximately 2.75% of the total outstanding Class B Shares as of July 4, 2022. The 2022 NCIB was in effect from July 11, 2022 until July 11, 2023. An aggregate of 81,000 Class B Shares were repurchased and cancelled by the Company pursuant to the 2022 NCIB at a weighted average price per Class B Shares of CDN\$4.89.

On November 1, 2023 the Company announced the 2023 NCIB to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2023 NCIB were made by Research Capital on behalf of the Company and were not to exceed 500,000 Class B Shares, representing approximately 2.76% of the total outstanding Class B Shares as of October 31, 2023. The 2023 NCIB was in effect from November 6, 2023 until November 5, 2024. Purchases of Class B Shares were made by Research Capital based on the parameters prescribed by the TSXV and applicable securities laws. The acquisition price of Class B Shares under the 2023 NCIB was not to exceed the market price of the Class B Shares at the time of acquisition and the funds available to acquire the Class B Shares were to come from the Company's working capital and cash flow. All Class B Shares purchased under the 2023 NCIB were to be cancelled. As at November 5, 2024, being the last day of the 2023 NCIB, the Company had repurchased for cancellation 70,200 Class B Shares at a weighted average price of CDN\$4.38 pursuant to the 2023 NCIB.

On November 15, 2024 the Company announced 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 will be made by Research Capital on behalf of the Company and will not 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 is in effect from November 18, 2024 until the earlier of the purchase of the maximum number of Class B Shares or November 17, 2025. Purchases of Class B Shares under the 2024 NCIB are 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 will not exceed the market price of the Class B Shares at the time of acquisition and the funds available to acquire the Class B Shares will come from the Company's working capital and cash flow. All Class B Shares purchased under the 2024 NCIB will be cancelled. As at December 31, 2024 the Company had not repurchased any Class B Shares for cancellation pursuant to the 2024 NCIB. As at April 29, 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.

Shareholders may obtain a copy of the notice regarding the 2024 NCIB filed with the TSXV from the Company without charge.

Dividend Summary

Declaration date	Record date	Payment date	Amount per share (CDN\$)
February 14, 2025	March 31, 2025	April 14, 2025	0.10
November 12, 2024	December 31, 2024	January 14, 2025	0.10
August 21, 2024	September 30, 2024	October 14, 2024	0.10
May 15, 2024	June 28, 2024	July 12, 2024	0.10
February 1, 2024	March 29, 2024	April 12, 2024	0.10

Consolidation

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

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

Non-Controlling Interest

The Company sold 7.933% (7,933 Class A common shares) of PAEM to a wholly owned subsidiary of Swala Oil & Gas (Tanzania) plc ("Swala TZ"), Swala (PAEM) Limited ("Swala UK"), in 2018 for \$15.4 million cash and \$4.0 million of Swala TZ's preference shares ("Preference Shares") pursuant to a share purchase agreement. The Preference Shares entitled the Company to a 10% per annum distribution payable 15 days after each quarter end commencing from the closing date, January 16, 2018. Payment of the quarterly distributions was at the discretion of Swala TZ based on funds available, however, the liability accrued if any amount was unpaid when due. For any distributable amount remaining unpaid at December 31, 2021, the Company could demand settlement and Swala TZ was obligated to comply by transferring and returning the Class A common shares of PAEM sold to Swala TZ. The aggregate value of these shares was to be equal to the amount of the outstanding distributions.

On April 3, 2023, Swala TZ announced that its creditors resolved that Swala UK be placed into liquidation at a creditors' meeting held on March 31, 2023. On March 31, 2023, Apex Corporate Trustees (UK) Limited appointed representatives of Grant Thornton UK LLP as administrators of Swala UK. On July 21, 2023, the Company repurchased the 7.933% shares in PAEM held by Swala UK for \$7.5 million and the non-controlling interest was therefore eliminated in 2023.

Contingencies

Taxation

					As at December 31	
Amounts in \$'millions					2024	2023
Area	Period	Reason for dispute	Principal	Interest and penalties	Total	Total
Income tax	2008-09, 2011-20	Deductibility of capital expenditures and expenses (2012, 2015 and 2016), additional income tax (2008, 2011 and 2012), foreign exchange rate application (2013 to 2015, 2018 to 2020), underestimation of tax due (2014, 2016 and 2020) and methodology of grossing up income taxes paid (2015 to 2017).	21.8	15.9	37.7 ⁽¹⁾	34.1
Tax on repatriated income	2012-21	Applicability of withholding tax on repatriated income (2012 to 2021)	21.4	5.7	27.1 ⁽²⁾	24.4
VAT	2012-23	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).	13.1	3.5	16.6 ⁽³⁾	1.5
			56.3	25.1	81.4	60.0

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

Corporate income tax

In 2024, the Company withdrew its application for the Court of Appeal of Tanzania ("CAT") to review its judgment on the corporate income tax for the year of 2009 (\$2.3 million). The matter is now marked withdrawn. Parties will now negotiate on the implementation of CAT's judgment of 2018 in favor of TRA. At an earlier judgment, TRAB, while ruled in favour of the TRA, also allowed the Company to utilize the depreciation allowance, which was the issue in dispute, in subsequent years. The Company had already made provision in the accounts for the amount in dispute.

In Q2 2022, the Tax Revenue Appeals Tribunal ("TRAT") pronounced its judgment on the corporate income tax appeal for the year 2010 (\$2.3 million) in favor of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q3 2022, the Company filed a memorandum of appeal. The hearing took place on February 25, 2025 and was adjourned for a later date. The Company had already made provision in the accounts for the amount in dispute.

In Q3 2023, the TRAT pronounced its judgment on the corporate income tax appeal for the year 2011 (\$1.6 million) in favor of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q4 2023, the Company filed a memorandum of appeal and is now awaiting a hearing date. In Q4 2023, the Company recorded a provision of approximately \$0.3 million being the Company's share of the interest assessed.

On January 31, 2025 and February 7, 2025 the Company's appeals against the corporate income tax assessments for the years of 2012 and 2013 (\$12.2 million) came for a hearing at TRAB. The hearing is ongoing and is now scheduled to continue in Q2 2025.

In Q4 2022, the TRA issued six assessments for income tax and for ensuing interest on deemed delayed payments (\$0.5 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 TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following 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 and the parties are now awaiting TRAB's decision.

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

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 (\$11.6 million), the TRA was allowed to file a preliminary objection. In Q1 2024, the parties filed their written submissions. In Q1 2025, TRAB heard the appeals and the parties are now awaiting TRAB's decision. The TRAB hearing of the appeal against the notice of assessment for tax on repatriated income for the year of 2014 (\$3.8 million) is scheduled for May 8, 2025.

In Q4 2022, the TRA issued seven assessments for tax on repatriated income (\$11.7 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 TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following 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 and are awaiting TRAB's decision.

VAT

On May 22, 2023, the TRAB pronounced its judgment on the VAT appeal for the years of 2015 and 2016 (\$0.2 million) in favour of the Company. A written judgment is still pending. The TRA did not file a notice of intention to appeal at the TRAT by the statutory filing deadline. The Company continues to monitor actions taken by the TRA.

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 TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following 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 were heard at the TRAB. Subsequently, the parties filed their written submissions and are now awaiting TRAB's decision.

On November 29, 2024 the TRA issued assessments for VAT (\$14.9 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. The Company is awaiting TRA's determination of the objections.

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

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

- (1) (a) 2008 (\$0.6 million): The Company objected to the TRA assessment that did not recognize a tax loss carried forward and is awaiting a response;
- (b) 2009 (\$0.8 million): The Company objected to an amended assessment from the TRA for being time-barred and arbitrary and is awaiting a TRA response;
- (c) 2010 (\$2.3 million): The TRAT ruled in favour of the TRA; CAT hearing took place on February 25, 2025 and was adjourned for a later date. The Company had already made provision in the accounts for the amount in dispute;
- (d) 2011 (\$1.6 million): The Company is awaiting a CAT hearing date following the TRAT ruling in favour of the TRA;
- (e) 2012 (\$10.2 million): The Company appealed to the TRAB objecting to the TRA assessment with respect to understated revenue and deductibility of capital expenditures and expenses. Hearing is ongoing;
- (f) 2013 (\$2.0 million): The Company appealed to the TRAB objecting to the TRA assessment as being time-barred and without merit. Hearing is ongoing;
- (g) 2014 (\$5.5 million): The Company appealed to the TRAB objecting to the TRA assessment on the ground that the TRA assessment incorrectly disallowed certain expenses and applied erroneous foreign exchange rates. Hearing is scheduled for May 8, 2025;
- (h) 2015-16 (\$9.0 million): The Company appealed to the TRAB as to TRA's assessments on the ground that the TRA assessments failed to recognize provisional tax payments, incorrectly disallowed capital expenditures and certain expenses and applied erroneous foreign exchange rates;
- (i) 2017 (\$7.4 million): The TRA issued an assessment for corporation tax which questioned the Company's methodology of grossing up already paid corporation tax (\$6.5 million) and raised the issue of imposing interest on deemed delayed payment (\$0.1 million). The Company filed an objection and is awaiting the TRA's response;
- (j) 2018 (\$0.02 million): The Company appealed to the TRAB objecting to the TRA's assessment on the grounds that the TRA incorrectly disallowed certain expenses and applied erroneous foreign exchange rates. The Company is awaiting TRAB's judgment;
- (k) 2018-20 (\$0.6 million): The Company appealed to the TRAB objecting to the TRA assessment on the ground that the TRA incorrectly disallowed certain expenses and failed to recognise payments already made. The Company is awaiting TRAB's judgment;
- (2) (a) 2012 (\$3.3 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;
- (b) 2013 (\$8.3 million): The Company objected to the TRA assessment as being time-barred and without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;
- (c) 2014 (\$3.8 million): The Company objected to the TRA assessment as being without merit and, following expiry of the statutory deadline for the TRA to respond, filed an appeal at the TRAB and is awaiting TRAB's decision;
- (e) 2015-21 (\$11.7 million): The Company appealed to the TRAB objecting to the TRA assessments for the year of income of 2015 (\$1.9 million), 2016 (\$1.9 million), 2017 (\$1.6 million), 2018 (\$1.1 million), 2019 (\$1.6 million), 2020 (\$1.1 million) and 2021 (\$1.4 million) for being without merit and is awaiting TRAB's judgment;
- (3) (a) 2012-16 (\$0.2 million): The TRAB ruled in favour of the Company, parties are awaiting the written judgment. The TRA has not appealed the decision to the TRAT;
- (b) 2017-18 (\$1.4 million): The Company filed an objection to a TRA assessment and is awaiting a response. The Company objected to incorrect imposition of interest on VAT decreasing adjustments in respect of delayed TANESCO payment (\$1.2 million) and disallowing input VAT claimed in certain services (\$0.1 million);
- (c) 2019-20 (\$0.1 million): The Company appealed to the TRAB objecting to a TRA assessment on the grounds of incorrectly disallowing input VAT claimed and is awaiting TRAB's judgment;
- (d) 2019-23 (\$14.9 million): The Company has filed an objection to the TRA assessments and is awaiting a response. The Company objected to the imposition of VAT on a component of the profit sharing mechanism with TPDC and under the PSA and on the EWURA levy included in invoices to certain customers.

In 2016, the TRA introduced significant changes in relation to the income tax treatment of the extractive sector with separate new chapters in Part V of the Income Tax Act 2004 ("ITA, 2004") for mining and for petroleum to be effective commencing in 2018. Further changes were subsequently made by the Written Laws (Miscellaneous Amendments) Act, 2017 ("WLMAA, 2017") and in particular section 36(a)(ii) of the WLMAA, 2017. The WLMAA, 2017 amended sections 65M and 65N of the ITA, 2004 to exclude cost oil/cost gas from inclusion in both income and expenditure. The Company continues to review the tax effects of the changes as there are a number of uncertainties and ambiguities as to the interpretation and application of certain provisions of the WLMAA, 2017. In the absence of guidance on these matters, the Company has used what it believes are reasonable interpretations and assumptions in applying the WLMAA, 2017 for purposes of determining its tax liabilities and the results of operations, which may change as it receives additional clarification and implementation guidance. The Company does not expect a significant impact from the changes as it is able to recover taxes payable from the TPDC Profit Gas revenue entitlement under the terms of the PSA.

Accounting Changes

The following pronouncements from the International Accounting Standards Board (“IASB”) became effective or were amended for financial reporting periods beginning on or after January 1, 2024. There has been no impact on the Company.

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

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

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- Annual Improvements to IFRS Accounting Standards – Amendments to:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash flows
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have designed, or caused to be designed under their supervision, disclosure controls and procedures (“DC&P”) for Orca. DC&P, as defined in National Instrument 52-109, *Certification of Disclosure in Issuers’ Annual and Interim Filings*, are designed to provide reasonable assurance that information required to be disclosed in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities law and include controls and procedures designed to ensure that information required to be so disclosed is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The CEO and CFO of Orca evaluated the effectiveness of the design and operation of the Company’s DC&P. Based on the evaluation, the officers concluded that Orca’s DC&P were effective as at December 31, 2024.

Quarterly Results Summary

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

Figures in \$'000 except where otherwise stated	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	36,855	24,787	25,014	24,937	24,448	27,374	28,006	30,407
Net (loss) / income attributable to shareholders	(25,821)	2,086	1,188	969	(438)	256	3,282	3,914
(Loss) / earnings per share								
– basic and diluted (\$)	(1.31)	0.10	0.06	0.06	(0.02)	0.01	0.17	0.19
Net cash flows from operating activities	6,254	10,255	16,747	(6,170)	9,858	14,995	16,160	7,472
Capital expenditures	14,869	9,354	1,912	1,470	2,065	2,928	1,405	1,705

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

Revenue decreased in Q2 2023 as a result of a decrease in sales to both the industrial sector and the power sector partially offset by a decreased TPDC share of revenue. Revenue decreased in Q3 2023 as a result of an increased TPDC share of revenue. Revenue decreased in Q4 2023 as a result of a decrease in sales to the industrial sector, an increase in TPDC share of revenue and a lower current income tax adjustment. Revenue increased in Q1 2024 as a result of an increase in sales to the industrial sector and decreased TPDC share of revenue, partially offset by a decrease in sales to the power sector and a lower current income tax adjustment. Revenue increased in Q2 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 power and industrial sectors. Revenue decreased in Q3 2024 primarily as a result of a lower current income tax adjustment and the revenues from gas deliveries to Songas in August and September not meeting revenue recognition criteria under IFRS 15. Revenue increased in Q4 2024 as a result of a decrease of TPDC share of revenue and a higher current income tax adjustment, partially offset by a decrease in sales to the industrial sector.

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

- the decrease in Q2 2023 was a result of higher general and administrative and finance expenses;
- the decrease in Q3 2023 was a result of lower reversal of loss allowance for receivables, an expense in relation to the Long Term Retention Plan and a higher foreign exchange loss;
- the decrease in Q4 2023 was a result of a higher depletion expense;
- the increase in Q1 2024 was a result of a lower depletion expense, partially offset by a reversal of allowance in the previous quarter;
- the increase in Q2 2024 was a result of a lower depletion expense, higher deferred income tax recovery and a lower APT expense, partially offset by a higher finance expense;
- the increase in Q3 2024 was a result of lower G&A and finance expenses; and
- 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.

In addition to the factors impacting net income attributable to shareholders, net cash flows from operating activities were primarily affected by the timing and amount of payments received from TANESCO. The increase in Q2 2023 was primarily a result of the changes in the non-cash working capital, namely the decrease in trade and other receivables. Similarly, the decrease in Q3 2023 was primarily a result of the changes in the non-cash working capital, namely the decrease in trade and other payables. The decrease in Q4 2023 was primarily a result of the changes in the non-cash working capital, namely the increase in trade and other receivables. The decrease in Q1 2024 was primarily a result of the annual 2023 current liability associated with APT paid in Q1 2024. The increase in Q2 2024 was primarily a result of the changes in the non-cash working capital, namely the decrease in trade and other receivables. The decreases in Q3 2024 and Q4 2024 were primarily a result of the increases in trade and other receivables.

Capital expenditures in Q1, Q2 and Q3 2023 were mainly related to the 3D seismic acquisition program. Capital expenditures in Q4 2023 and Q1, Q2, Q3 and Q4 2024 were mainly related to well workover activities.

Selected Annual Financial Information

Selected annual financial information derived from the audited consolidated financial statements for the years ended December 31, 2024, 2023 and 2022 is set out below:

Figures in \$'000 except per share amount	2024	2023	2022
Revenue	111,593	110,235	118,089
Net (loss) / income attributable to shareholders	(21,578)	7,014	27,726
(Loss) / earnings – basic and diluted (\$ per share)	(1.09)	0.35	1.39
Cash dividends declared (CDN\$ per Class A and B Shares)	0.40	0.40	0.40
Net cash flows from operating activities	27,086	48,485	67,660
Total non-current liabilities	10,695	58,036	81,378
Total assets	185,766	215,431	248,083

The 7% decrease of revenue in 2023 compared to 2022 was primarily a result of higher TPDC share of revenue as an outcome of decreased capital expenditures and lower Cost Gas revenue. This was partially offset by higher sales to the power sector. The 1% increase of revenue in 2024 compared to 2023 was primarily a result of a lower TPDC share of revenue partially offset by decreased sales to the power sector.

The decrease in net income attributable to shareholders in 2023 was a result of the decreased revenue, increased depletion expense and higher net foreign exchange loss. The decrease in net income attributable to shareholders in 2024 was a result of the asset impairment and the loss allowance.

In 2024, 2023 and 2022, the Company approved quarterly dividends, CDN\$0.10 per share for Q1, Q2, Q3 and Q4 in each of 2024, 2023 and 2022. Please refer to the table in the "Normal Course Issuer Bid and Dividends" section of this MD&A.

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

The \$23.3 million decrease in total non-current liabilities in 2023 compared to 2022 was primarily a result of the payment of a portion of the APT and the repayment of the Loan. The \$47.3 million decrease in total non-current liabilities in 2024 compared to 2023 was primarily a result of the payment of a portion of the APT, further repayment of the Loan and maturing of the outstanding Loan principal.

Total assets decreased by 13% in 2023 compared to 2022 mainly as a result of depletion of capital assets including one time accelerated depletion of costs related to the 3D seismic acquisition and processing program. Total assets decreased by 14% in 2024 compared to 2023 mainly as a result of depletion of capital assets and well as one-time asset impairment with respect to the well workover program.

Non-GAAP Financial Measures and Ratios

In this MD&A, the Company has disclosed the following non-GAAP financial measures, non-GAAP ratios and supplementary financial measures: capital expenditures, operating netback, operating netback per mcf, working capital, net cash flows from operating activities per share and weighted average Class A and Class B Shares. These non-GAAP financial measures and ratios disclosed in this MD&A do not have any standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. These non-GAAP financial measures and ratios should not, therefore, be considered in isolation or as a substitute for, or superior to, measures and ratios of Company's financial performance defined or determined in accordance with IFRS. These non-GAAP financial measures and ratios are calculated on a consistent basis from period to period.

Non-GAAP Financial Measures

Capital expenditures

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

	Three Months ended December 31		Year ended December 31	
\$'000	2024	2023	2024	2023
Pipelines, well workovers and infrastructure	14,869	2,067	27,233	7,984
Other capital expenditures	–	(2)	315	119
Capital expenditures	14,869	2,065	27,548	8,103
Right of use	–	852	57	852
Change in non-cash working capital	(4,125)	(708)	(9,645)	(161)
Net cash used by investing activities	10,744	2,209	17,960	8,794

Operating netback

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

	Three Months ended December 31		Year ended December 31	
\$'000	2024	2023	2024	2023
Revenue	36,855	24,448	111,593	110,235
Production, distribution and transportation expenses	(5,265)	(4,576)	(19,990)	(19,197)
Net Production Revenue	31,590	19,872	91,603	91,038
Less current income tax adjustment (recorded in revenue)	(8,061)	(2,896)	(12,817)	(16,527)
Operating netback	23,529	16,976	78,786	74,511
Sales volumes MMcf where revenue is recognized	6,604	7,435	25,185	31,256
Netback \$/mcf	3.56	2.28	3.13	2.38

Non-GAAP Ratios

Operating netback per mcf

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

Songas has invoiced PAET for the production and transportation tariff consistent with all gas volumes shipped to Songas during August, September and October 2024 as being treated as Additional Gas. This amount has been fully accounted for and paid by PAET in accordance with the terms of the current agreements and forms part of the operating netback calculation above.

Supplementary Financial Measures

Working capital

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

Net cash flows from operating activities per share

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

Weighted average Class A and Class B Shares

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

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reader is referred to Orca's December 31, 2024 audited consolidated financial statements for a description of estimates and judgments.

Business Risks

Contractual, regulatory and legal

License extension

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

On April 14, 2023, PAET formally requested TPDC to apply for an extension of the License. In November 2024, TPDC submitted the application for the extension of the License to the MoE, however, being uneconomical, 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 directly to the MoE.

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. For further details of the Notice of Dispute, see "Outcome of the Notice of Dispute" below.

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

Should the License not be extended beyond October 10, 2026, the Company's estimated proved reserves will continue to decline to zero by October 10, 2026.

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. The matters have been further referred to the relevant entity's chief executive officers and working groups in accordance with the dispute resolution process. Discussions have since continued with the most recent meetings being held during March 2025. Further updates on this matter will be made as appropriate.

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 License will expire.

Outcome of the litigation with seismic contractor

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

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

The Company cannot predict the outcome of the appeal, the costs associated with the appeal, and damages, if any, relating to the appeal. Further the Company cannot predict if we are unsuccessful in the appeal, the effect it will have on our business, the timing of the outcome of the appeal, and whether this will have a material adverse effect on the Company's business and operations. Legal proceedings could result in a substantial liability and/or negative publicity and adversely affect the price of our Shares and relationships in Tanzania. In addition, legal proceedings distract management and other personnel from their primary responsibilities.

Should any payment eventually be required, the Company anticipates it will be cost recoverable under the PSA. However there is a risk of a continuing action relating to the appeal post October 2026, the current date on which the License will expire.

Tax disputes

We have a number of ongoing disputes ranging from 2008 to 2023 with the TRA, most of which haven't been resolved historically in favour of any of the parties. There has been little, if any, progress with respect to resolution of these disputes. Most, if not all, of these disputes may survive the PSA, particularly in case that there is no extension of the License. There is a risk of a continuing litigation relating to these disputes post October 2026.

The Company cannot predict the outcome of these disputes, the costs associated with these disputes. Further the Company cannot predict if we are unsuccessful in any of these disputes and the effect they will have on our business. Each dispute could result in a liability and adversely affect the price of our Shares. In addition, these disputes distract management and other personnel from their primary responsibilities.

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

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

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

Our uncertainty in respect of payment by counterparts for Additional Gas

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

It is our belief that PAET will be entitled to compensation at a commercial rate for all volumes of gas lifted by Songas starting on August 1, 2024. Uncontracted gas continued to flow post August 1, 2024 to October 31, 2024, and there is a risk that PAET will not receive payment for such uncontracted gas, or payment may form part of a contract dispute. There can be no assurance that PAET will receive all or any payment in respect of the uncontracted gas being supplied from August 1, 2024 to October 31, 2024, and if any payment is received, timing as to when payment is received.

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

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

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

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

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

Contractual

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

Legislation

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

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

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

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

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

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

Foreign operations and concentration

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

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

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

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

Access to infrastructure

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

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

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

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

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

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

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

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

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

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

Country risk

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

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

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

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

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

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

Corruption remains an issue in Tanzania. Tanzania ranked 82 out of 180 countries on the 2024 Transparency International Corruption Index, with a score of 41/100. On the 2019 World Bank's Ease of Doing Business Index, Tanzania ranked 144/190 countries, with a score of 53.63 (the regional average for Sub-Saharan Africa is 51.61). At the end of 2014, there was a significant corruption scandal in Tanzania's energy sector involving a number of senior government officials. There can be no assurance that corruption may not indirectly affect or otherwise impair the Company's ability to operate in Tanzania and effectively pursue its business plan in that country.

Industry and business conditions

Competition and operational risk

The natural gas industry is intensely competitive and the Company competes with other companies which possess greater technical and financial resources. Natural gas drilling and production operations are subject to all the risks typically associated with such operations, including but not limited to risks of fires, blowouts, spills, cratering and explosions, mechanical and equipment problems, uncontrolled flows or leaks of oil, well fluids, natural gas, brine, toxic gas or

other pollutants or hazardous materials, marine hazards with respect to offshore operations, formations with abnormal pressures, adverse weather conditions, natural or man-made disasters, premature decline of reservoirs and invasion of water into producing formations.

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

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

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

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

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

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

Marketability, pricing and contract management

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

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

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

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

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

The process of estimating oil and natural gas reserves is technically complex and imprecise. It requires interpretations of available technical data and many assumptions, including those relating to current and future economic conditions and commodity prices. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in the annual reserves report. See SEDAR+ at www.sedarplus.ca or our website to review our NI 51-101 for information about our estimated natural gas reserves and the present value of our net reserves as of December 31, 2024.

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

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

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

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

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

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

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

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

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

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

Key staff

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

Cyber attack

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

Effects of climate change

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

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

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

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

Russian Ukrainian War

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

Middle Eastern Conflicts

The Corporation's business may be adversely affected by geopolitical conflicts abroad. On October 7, 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on the Israeli population and industrial centres located along Israel's border with the Gaza Strip and in other areas within the State of Israel. Following the attack, Israel's security cabinet declared war against Hamas and the military campaign against these terrorist organizations has launched a series of responding attacks in Palestine. This conflict has significantly broadened with Israel also battling Hezbollah in Lebanon and significant conflict between Israel and Iran and other Iran backed proxies in the area. In addition, recently the Syrian Assad regime has fallen and it is unknown whether a stable Syrian government will develop.

The outcome of these conflicts has the potential to have wide-ranging consequences on the world economy. There is a risk that these conflicts and developments could lead to wider regional instability in the Middle East, home to some of the world's biggest oil producers. The long-term impacts of these conflicts remain uncertain on oil and natural gas prices and the world economy. Such developments could have an impact on the oil and natural gas industry as a whole including the Corporation.

Financial

Risks associated with the collectability of receivables could adversely affect our business

We evaluate the collectability of our receivables on the basis of payment history, frequency and predictability, as well as our assessment of the customer's willingness and ability to pay. We have been impacted by TANESCO's stated inability to pay for past deliveries and to pay down arrears since 2012.

Prior to 2017, TANESCO payments had been inconsistent and resulted in the Company recording provisions for doubtful accounts for amounts outstanding from TANESCO for more than 60 days. Commencing the last quarter of 2016, we began recording revenues for sales to TANESCO based on the expected amount to be collected, which represents a percentage of the amounts invoiced to TANESCO determined by comparison of TANESCO's payment history with the amounts that we invoiced over the previous three years. Since April 1, 2018 we have recorded 100% of the invoices to TANESCO for gas sales given cash receipts from TANESCO have been sufficient to pay for current gas deliveries.

As at December 31, 2024, the current receivable from TANESCO was \$12.7 million (December 31, 2023: \$5.9 million). The TANESCO long-term receivable as at December 31, 2024 and as at December 31, 2023 was \$22.0 million with a provision of \$22.0 million. Subsequent to December 31, 2024, the Company has invoiced TANESCO \$14.5 million for Q1 2025 gas deliveries and TANESCO has paid the Company \$24.2 million to date. There is a risk that we may not be able to recover all or any of the outstanding TANESCO receivables, or that we may need to suspend gas deliveries or initiate dispute resolution mechanisms to recover the TANESCO receivables. Any inability to collect on the TANESCO receivables and resulting actions by our operating subsidiary in Tanzania, PAET to enforce its rights may materially adversely affect our operations, financial condition or operational results.

Foreign exchange

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

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

The global growth slowdown and the impact of the war in Ukraine has seen an increasing decline in foreign exchange reserves due to inflationary pressures on imports in Tanzania and decreased foreign direct investment. This has given rise to decreased availability of US dollars and has impaired the Company's ability to convert Tanzanian shillings to US dollars in 2024. The majority of the Company's revenue is collected in Tanzanian shillings and there is a risk that in the future the Company may not be able to convert Tanzanian shillings to US dollars as and when required. It is not known when the foreign exchange reserve deficiency in Tanzania may be remedied.

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

Balances as at December 31, 2024

\$'millions	Tanzanian shillings	Euros	US dollars	Other	Total
Cash and cash equivalents	3.0	0.1	85.6	1.4	90.1

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

Cost of capital

Our long-term business plan is based on the assumption that the License will be extended and requires substantial additional capital that we may be unable to fund out of working capital and cash flow generated from operations or raise on acceptable terms or at all in the future and which may in turn limit our ability to develop our appraisal, development and production activities. The Company's ability to meet its financing obligations or to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the Company's business performance. There can be no assurance that the Company would be successful in its efforts to meet its current commitments or arrange additional financing on terms satisfactory to the Company.

Debt financing

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

Subsequent to December 31, 2024, the Company fully prepaid the \$60 million Loan made by the IFC to PAET, pursuant to the Loan Agreement. To effect the prepayment, the Company paid to the IFC \$30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. As of the date hereof, the annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding.

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

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

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

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

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

Principal Terms of the PSA and Related Agreements

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

Obligations and Restrictions

- (a) The PSA covers two blocks within the Songo Songo gas field where there are gas reserves ("Discovery Blocks"). The Company has the right to conduct petroleum operations on the Discovery Blocks, market and sell all Additional Gas produced and share the net revenue with TPDC for a term of 25 years, expiring in October 2026.
- (b) No sale of Additional Gas may be made from the Discovery Blocks if in the Company's reasonable judgment such sales would jeopardize the supply of Protected Gas. Protected Gas ceased after July 31, 2024. Any Additional Gas contracts entered into are subject to interruption. Songas has the right to request that the Company and TPDC obtain security reasonably acceptable to Songas prior to making any sales of Additional Gas from the Discovery Blocks to secure the Company's and TPDC's obligations in respect of Insufficiency (as defined in (c) below).
- (c) "Insufficiency" occurs if there is insufficient gas from the Discovery Blocks to supply the Protected Gas requirements or if the gas is so expensive to develop that its cost exceeds the market price of alternative fuels at Ubungo. Protected Gas ceased after July 31, 2024, whereafter all gas from the Songo Songo field is now classified as Additional Gas.

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

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

Access and Development of Infrastructure

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

Revenue Sharing Terms and Taxation

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

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

To date, TPDC has neither elected to back in within the prescribed notice period nor contributed any costs associated with backing in. The Company has therefore determined that to date there has been no working interest earned by TPDC. For the purpose of the reserves certification as at December 31, 2024, there are no planned drilling activities to the end of the license.

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

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

Revenue Sharing Terms and Taxation continued

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

In May 2019 the Company and TPDC signed the LTGSA, initially for volumes up to 20 MMcfd which was increased subsequently to 30 MMcfd on a best endeavors basis. In 2020 the parties established a 12-month renewable agreement for the supply of volumes above 30MMcfd on an ad-hoc basis, allowing TPDC to meet fluctuating demand and compensate for shortfalls in production from their Madimba plant without being penalized due to a higher, fixed contractual limit and the subsequent take-or-pay penalties should the demand reduce again. The agreement has allowed the Company to supply volumes in excess of 50 MMcfd on occasion, increasing average sales volumes and revenues. In Q4 2023 the Company advised TPDC that the maximum daily quantity ("MDQ") would revert to the original and contractually agreed 20 MMcfd on the basis TPDC had not fulfilled its obligations under the 12-month renewable agreement.

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

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

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

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

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

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

- (i) APT is payable when the Company recovers its costs out of Additional Gas revenues plus an annual operating return under the PSA of 25%, plus the percentage change in the PPI. The maximum APT rate is 55% of the Company's Profit Gas when costs have been recovered with an annual return of 35% plus PPI return. The PSA is, therefore, structured to encourage the Company to develop the market and the gas fields with the knowledge that the Profit Gas share can increase with larger daily gas sales and that the costs will be recovered with a 25% plus PPI annual return before APT becomes payable. APT can have a significant negative impact on project economics if only limited capital expenditure is incurred.
- (j) Under the Operatorship Agreement between the Company and Songas, the Company is appointed to develop, produce and process Protected Gas and operate and maintain the Songas Infrastructure, including the staffing, procurement, capital improvements, contract maintenance, maintenance of books and records, preparation of reports, maintenance of permits, waste handling, liaison with the GoT and taking all necessary safety, health and environmental precautions, all in accordance with good oilfield practices. In return, the Company is paid or reimbursed by Songas so that it neither benefits nor suffers a loss as a result of its performance. The Protected Gas regime ended on July 31, 2024.
- (k) In the event of loss arising from Songas' failure to perform, and the loss is not fully compensated by Songas or through insurance coverage, then the Company is liable to a performance and operational guarantee of \$2.5 million when (i) the loss is caused by the gross negligence or willful misconduct of the Company, its subsidiaries or employees, and (ii) Songas has insufficient funds to cure the loss and operate the project.

Protected Gas

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

Re-Rating Agreement

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

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

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

Portfolio Gas Supply Agreement

In June 2011 the PGSA was signed (term to June 30, 2023) between TANESCO (as the buyer) and the Company (through its subsidiary PAET) and TPDC (collectively as the seller). TANESCO requested a change to the PGSA MDQ which PAET and TPDC approved effective January 29, 2018. In accordance with the PGSA, when calculating aggregate excess, extra and overtake gas through the supply period, the MDQ was reduced and the seller is now obligated, subject to infrastructure capacity, to sell a maximum of approximately 16 MMcfd (previously 26 MMcfd) for use in any of TANESCO's current power plants, except those operated by Songas at Ubungo. The PGSA, which was due to expire on June 30, 2023, was extended to a new expiry date of July 31, 2024. As part of the extension, the MDQ was increased from 16.0 MMcfd to 26.0 MMcfd. Under the agreement, the basic wellhead price of approximately \$2.98/mcf increased to \$3.04/mcf on July 1, 2018, to \$3.10/mcf on July 1, 2019, \$3.14/mcf on July 1, 2020, \$3.20/mcf on July 1, 2021, \$3.32/mcf on July 1, 2022, \$3.50/mcf on July 1, 2023, and \$3.56/mcf on July 1, 2024. The PGSA was extended on July 30, 2024 and will expire on October 10, 2026.

Long-term Gas Sales Agreement

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

TPDC Back-in

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

MANAGEMENT'S DISCUSSION & ANALYSIS CONTINUED

Forward-Looking Statements

This MD&A contains forward-looking statements or information (collectively, "forward-looking statements") within the meaning of applicable securities legislation. All statements, other than 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, are forward-looking statements. Forward-looking statements often contain 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 statements pertaining to the following: the Company's expectations regarding the demand for natural gas and power supply; anticipated Additional Gas sales for 2025; assessment by the Company of the merits of the appeal made by the Company pursuant to the Judgment; costs, outcomes and timing in respect to the outcome of the appeal of the Judgment; the Company's liabilities pursuant to the claims brought forth by the seismic contract and recoverability of damages claimed by the Company; merit, outcomes, position and timing in respect of the Notice of Dispute; expectations regarding damages in relation to the Notice of Dispute; the Company's expectation that all capital allocation decisions will be based upon prudent economic evaluations and returns; extension of the License and the Company's expectation to continue to actively engage with the GoT to progress the License extension; the expected terms and costs associated with the License extension; the Company's expectation that PAET will receive payment in respect of Protected Gas supplied after July 31, 2024; expectations around entering into a new PPA; expectations in respect of the Songas Power Plant; 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; the receipt of the payment of arrears from TANESCO; forecasts regarding future development capital spending and the anticipated source of funding; the timing and effective rate of the APT payable by the Company; the Company's expectation that there will be no future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; availability of necessary regulatory approvals; the Company's expectation that it will maintain adequate working capital to cover the Company's long-term and short-term obligations; the Company's expectation that it will be receiving payment for certain Additional Gas that as a result of the dispute between PAET and TPDC as to whether Protected Gas ceased after July 31, 2024, such that all gas produced falls to be treated as Additional Gas; if any payment is eventually required in respect of the Judgment, that such payment will be cost recoverable under the PSA; that TANESCO will pay such amounts owing under the Settlement Agreement; the amount that PAET is expected to retain in relation to the Settlement Agreement; expectations that an indefinite shutdown of the Songas Power Plant will adversely impact demand for production volumes from the Songo Songo gas field; expectation that forecasted Additional Gas will decrease; expectations that the PPA will be replaced; the concern that if the Protected Gas is not resolved, the Company will be required to reduce costs and ensure capital expenditure projects on the Songo Songo gas field are in line with contracts and economic returns; the expectations regarding future revenues of the Company; expectations as to the resolution of the Notice of Dispute; the Company's plans to provide updates on the Notice of Dispute; expectations that Songas will pay the balance of the invoice in respect of Additional Gas; that the Company does not expect to incur any losses from debtors in 2025; the Company's expectations that no circumstances will significantly impact the Company's cash flow or liquidity other than disclosed in this MD&A, as applicable; the Company's expectations that it will be able to convert Tanzanian shillings into US dollars and other hard currencies during and after the current foreign exchange deficiency; the Company's expectations regarding supply and demand of natural gas; the Company's expectation and evaluations on the timing and results of its objections and appeals to the decisions and assessments of the TRA, TRAB and CAT under "Contingencies – Taxation" in this MD&A; the Company's view that all costs are correctly included in the Cost Pool and the Company's expectations regarding changes to its tax liabilities and the results of its operations as a result of amendments made to the ITA, 2004, the WLMAA, 2017 and the implementation of further legislation. In addition, statements relating to "reserves" are by their nature forward-looking statements, 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 the forward-looking statements. Although management believes that the expectations reflected in the forward-looking statements 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.

These forward-looking statements involve 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 statements 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 the Judgment; various uncertainties involved in the extension of the License; risk that meetings related to the Notice of Dispute are not held on the anticipated timing; risk the PPA will not be replaced; risk of decreased demand for production volumes from the Songo Songo gas field; risk the Songas Power Plant will shut down indefinitely; negative effect on the Company's rights under the PSA and other 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 the claims brought forth by the seismic contractor; uncertainties regarding quantum of damages payable by the seismic contractor and/or the Company; risk that the Company may incur losses and legal expenses as a result of the Notice of Dispute and appeal of the Judgment; uncertainties regarding quantum of damages payable to the Company in respect of the Notice of Dispute; uncertainties regarding quantum of damages payable to the Company in respect of the appeal of the Judgment; risk that the budgeted expenditures, timing of the completion and anticipated benefits from the Company's various development programs and studies in 2025 are different than expected; risk of damage to the Company's infrastructure assets; that not all capital allocation decisions will be based upon prudent economic evaluations and returns; inability to extend the License and inability to maintain gas sale contract discipline; accrual of participation interest is different than expected; failure to receive payment of arrears from TANESCO; if any payment is eventually required in respect of the Judgment, that it will not be cost recoverable under the PSA; risk that TANESCO will not pay such amounts owing under the Settlement Agreement; changes to the timing and effective rate of the APT payable by the Company; changes to forecasts regarding future development capital spending and source of capital spending; risk of future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; occurrence of circumstance or events which significantly impact the Company's cash flow and liquidity and the Company's ability cover its long-term and short-term obligations or fund planned capital expenditures; incurrence of losses from debtors in 2025; 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 Songas processing and transportation facilities; risk that the Company may be unable to complete additional field development to support the Songo Songo production profile through the life of the license; 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 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 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 License 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 retroactively adjust its share of revenue for the period under dispute; and such additional risks listed under "Business Risks" in this report. 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, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by these forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive.

Such forward-looking statements are 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 retroactively 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 License extension, on terms favorable to the Company; 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 the appeal of the Judgment; that all capital allocation decisions will be based upon prudent economic evaluations and returns; successful extension of the License 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; that the Company will receive payment of arrears from TANESCO; the Company's relationship with TPDC and the GoT; the current status of negotiations in respect of the GA and PSA; the current status of actions involved in the Notice of Dispute; accurate assessment by the Company of the merits of its rights and obligations in relation to TPDC and 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 Songo Songo gas field; the current and future administration in Tanzania continues to honor the terms of the PSA and the Company's other principal agreements; correct forecast on the timing and effective rate of the APT payable by the Company; that there will continue to be no restrictions on the movement of cash from Mauritius, Jersey or Tanzania; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and participation interest obligations as needed; the Company does not incur any losses from debtors in 2025; 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; accurate assessment by the Company of the merits of appeal brought forward by the Company pursuant to the Judgment; that the amount of damages recoverable by the Company under the Notice of Dispute 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 statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Additional Information

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

GLOSSARY

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