Condensed Consolidated Interim Financial Statements

September 30, 2023 and 2022

RECONNAISSANCE ENERGY AFRICA LTD.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

		September 30, 2023		March 31, 2023
ASSETS				
Current Assets				
Cash (Note 5)	**$**	**1,131,375**	$	38,814,806
Restricted cash		**-**		17,147,713
Trade receivables		**-**		7,587,176
Other receivables		**6,591,652**		5,172,348
Prepaid expenses		**1,004,224**		849,622
Assets held for sale (Note 5)		**50,302,481**		-
		59,029,732		69,571,665
Exploration and evaluation assets (Note 6)		**124,321,053**		113,753,023
Property, plant and equipment (Note 7)		**5,236,539**		5,603,719
Total Assets	**$**	**188,587,324**	$	188,928,407
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**3,585,579**	$	7,807,604
Royalties payable (Note 8)		**-**		94,948,453
Decommissioning liabilities (Note 10)		**729,742**		730,443
Liabilities associated with assets held for sale (Note 5)		**118,266,841**		-
		122,582,162		103,486,500
Decommissioning liabilities (Note 10)		**785,588**		1,799,329
Deferred tax liability		**315,864**		316,168
Total Liabilities	**$**	**123,683,614**	$	105,601,997
Shareholders' Equity				
Share capital (Note 11)		**359,995,081**		355,031,053
Reserves (Note 11)		**81,293,477**		73,080,671
Deficit		**(378,476,533)**		(347,110,310)
Accumulated other comprehensive income ("AOCI")		**2,091,685**		2,324,996
Total Shareholders' Equity		**64,903,710**		83,326,410
Total Liabilities and Shareholders' Equity	**$**	**188,587,324**	$	188,928,407

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 14)
Subsequent events (Note 16)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 28, 2023.

Approved by the Board of Directors:

"Craig Steinke" Executive Chairman — *"Mark Gerlitz"* Director

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

RECONNAISSANCE ENERGY AFRICA LTD.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Six Months Ended September 30, 2023	Six Months Ended September 30, 2022
EXPENSES				
Resource property costs	**217,479**	543,696	**273,916**	1,174,134
General and administration (Note 12)	**4,134,579**	5,361,546	**8,370,034**	10,796,709
Accretion (Note 10)	**18,766**	-	**33,532**	-
Share-based payments (Notes 9, 11)	**3,277,592**	4,336,031	**5,014,534**	11,665,244
	7,648,416	10,241,273	**13,692,016**	23,636,087
Other Items				
Other income	**(29,308)**	(385,757)	**(65,821)**	(385,757)
Exchange gain	**60,724**	(4,838,269)	**(88,052)**	(6,609,657)
	31,416	(5,224,026)	**(153,873)**	(6,995,414)
Loss from continued operations	**7,679,832**	5,017,247	**13,538,143**	16,640,673
Loss from discontinued operations (Note 5)	**9,839,826**	7,914,612	**17,828,080**	10,614,616
Loss	**17,519,658**	12,931,859	**31,366,223**	27,255,289
Other Comprehensive Loss (Income)				
Items that may be reclassified subsequently to net loss				
Translation adjustment	**1,106,678**	2,219,098	**233,311**	2,858,476
Loss and comprehensive loss	**$ 18,626,336**	$ 15,150,957	**$ 31,599,534**	$ 30,113,765
Basic & diluted loss per common share - continued operations	**$ 0.04**	$ 0.02	**$ 0.07**	$ 0.08
Basic & diluted loss per common share - discontinued operations	**$ 0.05**	$ 0.04	**$ 0.09**	$ 0.05
Weighted average number of common shares outstanding - basic and diluted	**208,493,501**	201,467,839	**205,303,680**	200,875,719

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

RECONNAISSANCE ENERGY AFRICA LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	Share Capital					
	Number	Amount	Reserves	Deficit	AOCI	Equity
Balance at December 31, 2021	189,219,493	$ 311,000,325	$ 48,588,119	$ (274,162,169)	$ (201,554)	$ 85,224,721
Shares issued:						
Public offering	7,475,000	42,946,505	4,519,745	-	-	47,466,250
Issue costs - cash	-	(3,395,277)	-	-	-	(3,395,277)
Issue costs - compensation options	-	(538,850)	538,850	-	-	-
Issue costs - units	19,685	(11,231)	11,231	-	-	-
Warrants exercise	1,542,000	1,021,227	(229,227)	-	-	792,000
Options exercise	1,000,000	706,313	(236,813)	-	-	469,500
Share-based payments	-	-	3,595,045	-	-	3,595,045
Loss	-	-	-	(10,662,302)	-	(10,662,302)
Translation adjustment	-	-	-	-	(1,041,170)	(1,041,170)
Balance at March 31, 2022	199,256,178	351,729,012	56,786,950	(284,824,471)	(1,242,724)	122,448,767
Warrants exercise	550,029	353,350	(41,571)	-	-	311,779
Compensation option exercise	3,375	3,426	(1,064)	-	-	2,362
Options exercise	1,811,871	2,379,686	(1,013,015)	-	-	1,366,671
Share-based payments (Note 11)	-	-	11,665,244	-	-	11,665,244
Loss	-	-	-	(27,255,289)	-	(27,255,289)
Translation adjustment	-	-	-	-	(1,579,720)	(1,579,720)
Balance at September 30, 2022	201,621,453	354,465,473	67,396,545	(312,079,760)	(2,822,444)	106,959,814
Shares issued:						
Public offering	-	254,817	(254,817)	-	-	-
Warrants exercise	382,353	249,565	(49,565)	-	-	200,000
Options exercise	75,000	61,198	(19,948)	-	-	41,250
Share-based payments	-	-	6,008,456	-	-	6,008,456
Loss	-	-	-	(35,030,550)	-	(35,030,550)
Translation adjustment	-	-	-	-	5,147,440	5,147,440
Balance at March 31, 2023	202,078,806	355,031,053	73,080,671	(347,110,310)	2,324,996	83,326,410
Shares issued:						
Private placement (Note 11)	1,071,500	730,470	469,610	-	-	1,200,080
Public offering (Note 11)	6,795,454	4,705,340	2,769,660	-	-	7,475,000
Issue costs - cash (Note 11)	-	(1,254,754)	-	-	-	(1,254,754)
Issue costs - compensation options (Note 11)	-	(143,573)	143,573	-	-	-
Issue costs - units (Note 11)			-	-	-	-
Warrants exercise (Note 11)	795,450	926,545	(184,571)	-	-	741,974
Share-based payments (Note 11)	-	-	5,014,534	-	-	5,014,534
Loss	-	-	-	(31,366,223)	-	(31,366,223)
Translation adjustment	-	-	-	-	(233,311)	(233,311)
Balance at September 30, 2023	**210,741,210**	**$ 359,995,081**	**$ 81,293,477**	**$ (378,476,533)**	**$ 2,091,685**	**$ 64,903,710**

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

RECONNAISSANCE ENERGY AFRICA LTD.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

		Six Months Ended September 30, 2023		Six Months Ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss	$	(13,538,143)	$	(16,640,673)
Items not involving cash:				
Accretion on decommissioning liabilities		33,532		-
Share-based payments		5,014,534		11,665,244
Unrealized foreign exchange		(21,939)		(2,277,333)
Changes in non-cash working capital items:				
Receivables		(1,952,131)		(1,858,793)
Prepaid expenses		(623,765)		(713,157)
Accounts payable and accrued liabilities		1,708,995		1,007,909
Net cash used in operating activities		(9,378,917)		(8,816,803)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in property, plant and equipment		-		(331,605)
Investment in exploration and evaluation assets		(12,623,364)		(25,365,895)
Net cash used in investing activities		(12,623,364)		(25,697,500)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuance of shares		9,417,055		1,680,813
Share issue costs		(1,097,906)		(141,779)
Net cash provided by financing activities		8,319,149		1,539,034
Impact of exchange rate changes on cash		(758)		104,913
Net change in cash - continuing operations		(13,683,890)		(32,870,356)
Net change in cash - discontinued operations (Note 5)		(8,370,739)		7,421,282
Cash held in assets held for sale		(15,628,802)		(33,756,708)
Cash, beginning of period		38,814,806		102,531,646
Cash, end of period	$	1,131,375	$	43,325,864

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Reconnaissance Energy Africa Ltd. ("ReconAfrica" or the "Company") was incorporated on June 22, 1978, under the provisions of the Company Act of British Columbia. The Company is a junior oil and natural gas company with a focus on exploration and development in Namibia and Botswana. The address of the Company's corporate office and principal place of business is PO Box 48326 Bentall, Vancouver, BC, V7X 1A1, Canada. On December 28, 2022, the Company changed its year-end from December 31 to March 31. Therefore, the Company's prior financial year consists of a 15-month period ending March 31, 2023.

These unaudited condensed consolidated interim financial statements (the "Financial Statements") have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. ReconAfrica's revenues are not sufficient to fund ongoing operations and the Company may be required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its assets. Accordingly, the Company's continued successful operations are dependent on its ability to obtain additional financing. Although management has been successful in raising capital in the past, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. These Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PREPARATION

These Financial Statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" following acceptable accounting policies under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). As a result, these Financial Statements should be read in conjunction with the Company's audited financial statements for the 15-month period ended March 31, 2023.

These Financial Statements have been prepared on an accruals basis and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit or loss. These Financial Statements are presented in Canadian dollars unless otherwise noted and include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated upon consolidation.

Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing the Financial Statements, the judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the 15-month period ended March 31, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Financial Statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements for the 15-month period ended March 31, 2023, with the exception of the following:

Asset held for sale and discontinued operations

Assets held for sale

The Company classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts primarily through sale rather than through continuing use. To meet criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in the present condition. The Company must be committed to a plan to sell the assets or disposal group and the sale should be expected to qualify for recognition as a complete sale within one year from the date of classification. The Company measures assets or disposal groups at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventory or financial assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss; however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying asset or disposal groups as held for sale, the Company presents the assets and the associated liabilities separately as a single amount on the Consolidated Statements of Financial Position. Comparative period balances are not restated. Assets held for sale are not depreciated, depleted or amortized.

Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or classified as held for sale. The operations and cash flows can be clearly distinguished from the rest of the Company, both operationally and for financial reporting purposes. When the Company classifies an operation as a discontinued operation, it presents the comparative Consolidated Statements of Loss as if the operation had been discontinued from the start of the comparative year. In doing this, the Company excludes the results for the discontinued operation and any gain or loss from disposal from the Consolidated Statements of Loss from continuing operations and presents them on a separate line as profit or loss (net of tax) from the discontinued operations.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The Company's financial instruments consist of cash, restricted cash, trade receivables, other receivables, accounts payable and royalties payable. The carrying value of cash, restricted cash, trade receivables, other receivables, accounts payable and royalties payable are a reasonable approximation of their fair value due to the short-term nature of these instruments. Fair value measurements are categorized into a fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

- Level 1 inputs are determined by reference to unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are determined based on inputs other than unadjusted quoted prices that are observable, either directly or indirectly.
- Level 3 inputs are not based on observable market data. The Company does not have any financial instruments classified as Level 3.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is related to its trade receivables and cash and restricted cash deposits in financial institutions. The Company manages cash deposit risk by using major banks that are high credit quality financial institutions as determined by rating agencies. Risks related to trade receivables are considered minimal as the sale of production in Mexico is to the state-owned oil and gas corporation.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements in Mexico, taking into account its anticipated cash flows from operations and its holdings of cash. While the royalties payable are currently due, the full balance will not be paid in the current period (see Note 5). For all other operating segments, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through prospectus offerings, and the exercising of outstanding options and warrants. The Company's access to financing is always uncertain and additional funding will be required to meet its longer-term business objectives, including future drilling activities. This may include debt or equity financing in addition to funds raised from potential joint venture partners. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has a non-material direct exposure to foreign exchange risk arising from cash, trade receivables, other receivables, accounts payable and accrued liabilities and royalties payable measured in foreign currencies, principally the US dollar, Mexican Peso, Namibian Dollar and Botswana Pula. The Company has a policy of settling items denominated in foreign currencies at the spot rate in place at the time of settlement.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main exposure to interest rate risk relates to the interest charged on the royalties payable balance. Increases to the prevailing interest rates in Mexico will result in higher interest payable.

Commodity price risk

Oil and natural gas prices have been and are expected to remain volatile due to market uncertainties over the supply and demand of these commodities due to various factors including Organization of the Petroleum Exporting Countries ("OPEC") actions, the current state of world economies and ongoing credit and liquidity concerns. Volatile commodity prices have had and will continue to have a significant impact on the Company's ability to raise future capital to fund operations. Therefore, management regularly monitors natural resource commodity prices to determine the appropriate course of action to mitigate this risk.

5. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On October 25, 2023, the Company entered into a share purchase agreement with a third-party for the sale of all issued and outstanding shares of Renaissance Oil Corp. ("Renaissance"), a wholly-owned subsidiary of the Company, for a deemed price of $10.3 million (US$7.5 million). Renaissance through its subsidiaries, owns all of the Company's operations in Mexico. The Company received acceptance on the sale of Renaissance by the TSX Venture Exchange on November 16, 2023. Gross proceeds of approximately $10.3 million were added to the Company's treasury on closing of the transaction (see Note 16).

The major classes of assets and liabilities of Renaissance classified as held for sale at September 30, 2023 are as follows:

		September 30, 2023
Cash		15,628,802
Restricted cash		21,162,284
Trade receivables		12,537,903
Other receivables		393,355
Prepaid expenses		562,466
Property, plant and equipment		17,671
Assets held for sale	**$**	**50,302,481**
Accounts payable and accrued liabilities		3,446,044
Royalties payable		113,736,625
Decommissioning liabilities		1,084,172
Liabilities associated with assets held for sale	**$**	**118,266,841**

Notes to the Consolidated Financial Statements (continued)

The revenues and expenses relating to the reclassification of Renaissance as held for sale operations were shown as a single line item in the Statement of Loss and Comprehensive Loss are as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	**Six Months Ended September 30, 2023**	Six Months Ended September 30, 2022
INCOME				
Revenue	**$ 3,652,021**	$ 7,737,129	**$ 7,857,849**	$ 15,766,291
Royalties	**(3,132,851)**	(6,224,507)	**(6,516,517)**	(12,566,539)
	519,170	1,512,622	**1,341,332**	3,199,752
EXPENSES				
Production costs	**401,377**	410,281	**671,826**	694,843
Resource property costs	**48,734**	679,431	**225,608**	868,665
General and administration	**2,288,354**	3,762,431	**2,956,023**	4,032,862
Depreciation	**1,062**	1,073	**2,290**	15,547
Accretion	**19,040**	14,881	**38,100**	25,502
	2,758,567	4,868,097	**3,893,847**	5,637,419
Other Items				
Other income	**(546,840)**	(32,682)	**(999,703)**	(73,312)
Finance expense	**8,346,313**	4,259,828	**16,411,782**	7,800,424
Exchange (gain) loss	**(199,044)**	331,991	**(136,514)**	449,837
	7,600,429	4,559,137	**15,275,565**	8,176,949
Loss from discontinued operations	**$ 9,839,826**	$ 7,914,612	**$ 17,828,080**	$ 10,614,616

The breakdown of cash flows from discontinued operations is as follows:

	Six Months Ended September 30, 2023	Six Months Ended September 30, 2022
Net cash used in operating activities	**(4,356,168)**	7,421,282
Net cash used in investing activities	**(4,014,571)**	-
Change in cash during the period	**(8,370,739)**	7,421,282

6. EXPLORATION AND EVALUATION ASSETS

The following table reconciles the changes in the Company's exploration and evaluation assets:

	Botswana Property	Namibia Property	Total
Balance at December 31, 2021	**76,291**	**54,311,910**	**54,388,201**
Additions	84,749	54,400,701	54,485,450
Effect of exchange rate changes	4,245	4,875,127	4,879,372
Balance at March 31, 2023	**165,285**	**113,587,738**	**113,753,023**
Additions	12,045	10,595,540	10,607,585
Effect of exchange rate changes	316	(39,871)	(39,555)
Balance at September 30, 2023	**177,646**	**124,143,407**	**124,321,053**

The Company's exploration and evaluation assets relate entirely to properties located in Namibia and Botswana. At September 30, 2023, no indicators of impairment have been identified for the exploration and evaluation assets.

Namibia Property

On January 26, 2019, the Company, through Reconnaissance Energy Namibia Pty Ltd. ("ReconNamibia"), a wholly-owned subsidiary of ReconAfrica, entered into a petroleum agreement among the Government of the Republic of Namibia, the National Petroleum Corporation of Namibia ("NAMCOR"). Under this agreement, on January 29, 2015, the Company was issued and holds a 90% interest in the petroleum exploration licence no. 0073 ("PEL 73"). The PEL 73 is comprised of blocks 1719, 1720, 1721, 1819, 1820 and 1821 situated in the Kavango Basin of northeast Namibia (the "Namibia Licensed Property").

During the 15-month period ending March 31, 2023, the Company entered into a purchase and sale agreement with NAMCOR to acquire an additional 5% participating interest in PEL 73. As consideration, the Company shall pay to NAMCOR US$2,000,000 in cash and issue 5,000,000 common shares of the Company. The transaction has not yet closed and the parties are in ongoing discussions.

The Company has commitments related to PEL 73 in Northeast Namibia. In December 2019, the Company received approval for its application to extend the Namibia Licence into the First Renewal Period. During the first renewal exploration period, the Company is obliged to expend US$10,000,000 in exploration and evaluation activities plus an additional US$50,000 per year (benchmarked to inflation) for the purposes of funding the education and training of Namibians. The First Renewal Period continues until January 29, 2024, following receipt of the extension to the First Renewal Period from the Republic of Namibia, Ministry of Mines and Energy ("MME"), in September 2022. The work requirements for both 2D seismic and aggregate expenditure of US$10,000,000 have been completed (see Note 15).

Botswana Property

On June 9, 2020, the Company, through its wholly-owned subsidiary, Reconnaissance Energy Botswana (Pty) Ltd. ("ReconBotswana"), was granted a petroleum licence in northwestern Botswana (the "Botswana Licence"). The lands subject to the Botswana Licence are contiguous to the Namibia Licensed Property.

Pursuant to the terms of the Botswana Licence, ReconAfrica is committed to a minimum work program of BWP5,000,000 (approximately $500,000) over the first 4-year exploration period from June 1, 2020.

7. PROPERTY, PLANT AND EQUIPMENT

Equipment is recorded at cost, including costs attributable to bring the asset to intended use, less accumulated depreciation. Depreciation begins when the asset is put into service and is calculated using the straight-line method. The cost of maintenance and repairs is charged to expense as incurred. The cost of significant renewals and improvements is added to the carrying amount of the respective asset. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance, and any resulting gain or loss is reflected in the consolidated statements of loss and comprehensive loss.

	Drilling Rig Equipment	Vehicles	Computer Equipment	Lease Assets	Office Equipment	Total
Cost:						
Balance, December 31, 2021	**6,357,771**	**232,833**	**88,630**	**352,114**	**40,230**	**7,071,578**
Addition	225,505	82,758	-	-	67,229	375,492
Effect of exchange rate changes	141,168	12,117	7,586	23,746	16,726	201,343
Balance, March 31, 2023	**6,724,444**	**327,708**	**96,216**	**375,860**	**124,185**	**7,648,413**
Effect of exchange rate changes	(6,460)	(314)	(81)	-	(108)	(6,963)
Less: reclass to assets held for sale	-	-	(93,846)	-	(45,019)	(138,865)
Balance, September 30, 2023	**$ 6,717,984**	**$ 327,394**	**$ 2,289**	**$ 375,860**	**$ 79,058**	**$ 7,502,585**
Accumulated depreciation:						
Balance, December 31, 2021	**(607,772)**	**(93,427)**	**(87,561)**	**(320,780)**	**(18,577)**	**(1,128,117)**
Depreciation	(653,798)	(37,975)	(2,441)	(32,417)	(3,698)	(730,329)
Effect of exchange rate changes	(126,835)	(11,518)	(6,088)	(22,663)	(19,144)	(186,248)
Balance, March 31, 2023	**(1,388,405)**	**(142,920)**	**(96,090)**	**(375,860)**	**(41,419)**	**(2,044,694)**
Depreciation	(218,816)	(22,019)	(163)	-	(9,634)	(250,632)
Effect of exchange rate changes	(93,056)	974	79	-	89	(91,914)
Less: reclass to assets held for sale	-	-	93,885	-	27,309	121,194
Balance, September 30, 2023	**$ (1,700,277)**	**$ (163,965)**	**$ (2,289)**	**$ (375,860)**	**$ (23,655)**	**$ (2,266,046)**
Net book value:						
As of March 31, 2023	**$ 5,336,039**	**$ 184,788**	**$ 126**	**$ -**	**$ 82,766**	**$ 5,603,719**
As of September 30, 2023	**$ 5,017,707**	**$ 163,429**	**$ -**	**$ -**	**$ 55,403**	**$ 5,236,539**

Depreciation of $248,342 (September 30, 2022 - $357,250) are recorded in exploration and evaluation assets.

Depreciation is recognized to allocate the cost of capital assets over the useful life of the respective assets. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment (repair and maintenance) are recognized in profit or loss as incurred. Property, plant, and equipment are depreciated as follows:

	Expected Life	Salvage Value	Basis of Depreciation
Drilling rig equipment	10 years	10%	straight-line
Vehicles	5 years	20%	straight-line
Lease assets	2 years	0%	straight-line
Computer equipment	3 years	33%	straight-line
Office equipment	3 years	33%	straight-line

At September 30, 2023, no indicators of impairment have been identified for the property, plant and equipment.

8. ROYALTIES PAYABLE

The following table reconciles the changes in the Company's royalty liabilities:

Balance at December 31, 2021	**$**	**41,013,348**
Addition		26,429,369
Repayments		(262,340)
Finance expense		23,405,096
Effect of exchange rate changes		4,362,980
Balance at March 31, 2023	**$**	**94,948,453**
Addition		6,516,517
Repayments		(4,321,372)
Finance expense		16,411,782
Effect of exchange rate changes		181,245
Less: reclass to liabilities associated with assets held for sale		(113,736,625)
Balance at September 30, 2023	**$**	**-**

The Company's royalty balance relates to Renaissance's Chiapas properties in Mexico with royalty amounts due since October 2019. The continued delay in making royalty payments may result in significant penalties and action against Renaissance (see Note 16). Of the $113.7 million (March 31, 2023 - $94.9 million) balance, the principal royalties payable balance is $63.2 million (March 31, 2023 - $60.9 million), while the remaining balance of $50.5 million (March 31, 2023 - $34.0 million) is associated with estimated interest fees that have not yet been charged to Renaissance.

The royalties may also be subject to further fines from the Tax Administration Service of Mexico, though there is no indication any such charges will be received. Renaissance has commenced repaying its outstanding royalty balance and proposed payment terms to the CNH, an agency of the Mexican Federal government, by way of discussions between the CNH's representatives and agents of Renaissance. While these terms were not rejected, no formal agreement was entered into regarding repayment of amounts past due. To date, there has been no indication that Renaissance will be charged any additional penalties or interest on the outstanding balance, however, the Mexican State through the Mexican Petroleum Fund and the Secretary of Finance (SHCP) does retain the right to do so. Further strategic alternatives are being evaluated for the Chiapas properties and outstanding royalties, including efforts in obtaining exemption from all potential penalties and interest amounts resulting from non-payment of royalties (see Note 16).

9. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Transactions with related parties are summarized in the table below:

	Six Months Ended	
	September 30, 2023	**September 30, 2022**
Directors' fees [1]	$ 64,728	$ 759,721
Management salaries and benefits [1]	1,078,935	638,441
Share-based payments	3,376,890	6,338,190
	$ 4,520,553	**$ 7,736,352**

[1] Included in staff, consulting, and management

At September 30, 2023, a balance of $32,398 (March 31, 2023 - $120,055) was payable to related parties. Amounts due to or from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

10. DECOMMISSIONING LIABILITIES

The following table reconciles the changes in the Company's decommissioning liabilities:

Balance at December 31, 2021	**$**	**789,704**
Accretion		84,586
Additions - African assets		1,293,673
Change in estimate - African assets		129,291
Change in estimate - Mexican assets		156,417
Effect of exchange rate changes		76,101
Balance at March 31, 2023	**$**	**2,529,772**
Accretion		71,632
Effect of exchange rate changes		(1,902)
Balance at September 30, 2023	**$**	**2,599,502**
Less: reclass to liabilities associated with assets held for sale	**$**	**1,084,172**
Less: Current portion		**729,742**
Decommissioning liabilities, Non-Current	**$**	**785,588**

During the 15-month period ended March 31, 2023, the Company recognized decommissioning liabilities on its African assets; previously, the Company's decommissioning liabilities were only related to its Mexican assets. The decommissioning liabilities were based on total undiscounted future liability, after inflation adjustment, of $3.7 million. The Company calculated the present value of the obligations using discount rates between 4.56% - 8.89% to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The inflation rates used in determining the cash flow estimates were between 4.50% - 6.85%. These payments are expected to be made between 2023 and 2033.

11. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Common shares

At September 30, 2023, there were 210,741,210 (March 31, 2023 – 202,078,806) common shares issued and outstanding.

On July 18, 2023, the Company completed an overnight marketed offering of units of the Company. Pursuant to the offering, 6,795,454 units were sold at $1.10 per unit for gross proceeds of $7,475,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of $1.35 until July 18, 2025. The underwriters received a cash commission of totaling $404,500 and 295,227 compensation options entitling the holder to acquire one unit for $1.10 until July 18, 2025. The compensation options were valued at $257,348 using the Black-Scholes pricing model. The Company also paid a corporate finance fee of $67,250.

On September 1, 2023, the Company completed a non-brokered private placement with officers and directors of the Company. Pursuant to the non-brokered private placement, 1,071,500 units were sold at a price of $1.12 per unit for gross proceeds of $1,200,080. Each unit consists of one common share in the capital of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of $1.40 for a period of 24 months from the closing of the offering.

During the six months ended September 30, 2023, the Company issued 795,450 (2022 – 550,029) common shares pursuant to the exercise of 795,450 (2022 – 550,029) warrants for cash proceeds of $741,974 (2022 - $311,779) and nil (2022 – 3,375) compensation options for cash proceeds $Nil (2022 – $2,362).

During the six months ended September 30, 2023, the Company issued nil common shares pursuant to the exercise of nil (2022 – 1,811,871) stock options for cash proceeds of $Nil (2022 - $1,366,671).

Compensation options and warrants

A summary of changes in compensation options and share purchase warrants is presented below:

	Number of Compensation options	Number of Warrants		Weighted Average Exercise Price ($)
Balance, December 31, 2021	159,104	10,482,496	$	6.78
Issued	446,610	7,494,685		8.85
Exercised	(3,375)	(2,474,382)		0.53
Expired	(446,610)	(8,518,685)		9.08
Balance, March 31, 2023	155,729	6,984,114	$	8.36
Issued	295,227	7,866,954		1.35
Exercised	-	(795,450)		0.93
Expired	(127,079)	(2,431,733)		10.79
Balance, September 30, 2023	**323,877**	**11,623,885**	**$**	**3.54**

The warrants have been valued using relative fair value and compensation options issued have been valued using the Black-Scholes pricing model, with a gross amount of $3,382,843 (2022 - $Nil) included in reserves. The following assumptions were used for the Black-Scholes valuation of the warrants granted:

	Six Months Ended	
Warrants	**September 30, 2023**	**September 30, 2022**
Risk-free interest rate	4.64%	1.25%
Expected life	2.0 years	0.67 years
Annualized volatility	110.00%	70.00%
Dividend rate	nil	n/a

	Six Months Ended	
Compensation Options	**September 30, 2023**	**September 30, 2022**
Risk-free interest rate	4.64%	1.25%
Expected life	2 years	0.67 years
Annualized volatility	110.00%	70.00%
Dividend rate	nil	n/a

Warrants and compensation options outstanding at September 30, 2023 are as follows:

Number of Warrants	Number of Compensation Options	Exercise Price ($)	Expiry Date
2,179,122	-	14.00	May 27, 2024
1,129,280	-	0.50	August 30, 2024
29,412	-	0.50	December 6, 2024
77,940	-	0.50	December 18, 2024
746,177	-	1.00	February 4, 2025
6,390,454	-	1.35	July 18, 2025
1,071,500	-	1.40	September 1, 2025
-	295,227	1.10	July 18, 2025
-	28,650	0.70	August 25, 2025
11,623,885	**323,877**		

Stock options

The Company amended its existing stock option plan on April 22, 2022. Pursuant to the stock option plan, options are awarded to eligible people as determined by the Board of Directors' discretion. The Board of Directors also establishes exercise price at each option grant, which shall not be less than the discounted market price of the common shares on the day preceding the grant date. Options granted must be exercised no later than five years after the grant date. Subject to the stock option plan, the maximum number of common shares which may be reserved for issuance under the plan shall not exceed 10% of the number of common shares issued and outstanding at the time of option grant.

On August 3, 2023, the Company granted incentive stock options to certain directors, officers, employees, and consultants of the Company to acquire an aggregate of 4,905,000 common shares in the capital of the Company at an exercise price of $1.40 per share for a period of up to five years.

On May 13, 2022, the Company granted 5,715,000 stock options to directors, officers and consultants of the Company, exercisable at price of $6.35 per share for a period of up to five years.

During the three and six months ended September 30, 2023, the Company recorded share-based payments of $3,277,592 and $5,014,534 (2022 - $4,336,031 and $11,655,244) respectively. The following table highlights the assumptions to determine the fair value of stock options granted using the Black-Scholes Option Pricing Model:

	Six Months Ended	
	September 30, 2023	**September 30, 2022**
Risk-free interest rate	4.04%	2.75%
Expected life	5 years	5 years
Expected volatility	109.44%	70.00%
Expected dividend yield	n/a	n/a

Options granted under the stock option plan are subject to a vesting schedule, whereby 25% of each option will vest on the grant date and 25% will vest on each of the nine months anniversaries following the date of grant. The Company may choose to offer a more restrictive and accelerated vesting period upon its discretion.

The following table summarizes information about the stock options transactions for the six months ended September 30, 2023.

	Number of Options		**Weighted Average Exercise Price ($)**
Balance, December 31, 2021	15,235,312	$	4.69
Stock options issued	5,715,000		6.35
Stock options exercised	(2,886,871)		0.65
Stock options forfeited	(150,000)		0.95
Stock options expired	(918,441)		6.01
Balance, March 31, 2023	16,995,000	$	5.89
Stock options issued	4,905,000		1.40
Stock options forfeited/cancelled	(1,025,000)		6.40
Stock options expired	(1,200,000)		12.00
Balance, September 30, 2023	**19,675,000**	**$**	**4.38**

Stock options outstanding at September 30, 2023 are as follows:

Number of Options Outstanding	Number of Options Exercisable		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (in years)
250,000	250,000		0.25	October 7, 2024	1.0
225,000	225,000		0.51	December 9, 2024	1.2
320,000	320,000		0.76	February 18, 2025	1.4
175,000	175,000		0.31	April 29, 2025	1.6
2,287,500	2,287,500		0.70	August 26, 2025	1.9
100,000	100,000		0.76	August 26, 2025	1.9
368,750	368,750		2.19	January 5, 2026	2.3
4,518,750	4,518,750		6.88	April 25, 2026	2.6
750,000	600,000		11.39	July 14, 2026	2.8
360,000	272,500		6.23	September 8, 2026	2.9
5,415,000	2,557,500		6.35	May 13, 2027	3.6
4,905,000	1,226,250		1.40	August 3, 2028	4.8
19,675,000	**12,901,250**	**$**	**4.38**		**3.3**

12. GENERAL AND ADMINISTRATION

The following table provides a breakdown of general and administration expenses:

	Three Months Ended		Six Months Ended	
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Staff, consulting, and management	$ 2,087,191	$ 1,575,569	$ 3,928,397	$ 4,092,935
Marketing and stakeholder relations	254,058	573,459	483,941	832,714
Corporate development	48,512	776,111	113,620	1,423,859
Office and general	536,908	308,220	829,503	749,774
Transportation and accommodation	142,099	357,239	290,267	847,947
Insurance	348,725	467,965	934,578	804,419
Professional fees	717,086	1,302,983	1,789,728	2,045,061
	$ 4,134,579	**$ 5,361,546**	**$ 8,370,034**	**$ 10,796,709**

13. SEGMENTED INFORMATION

The following tables highlight the Company's operating segments:

Six Months Ended September 30, 2023	**Corporate**	**Mexico**	**Africa**	**Total**
Total non-current assets	$ 9,711,762	$ 17,671	$ 119,845,830	$ 129,575,263
Total assets	13,168,893	50,302,481	125,115,950	188,587,324
Total liabilities	(3,012,674)	(118,266,841)	(2,404,099)	(123,683,614)
Crude oil revenue	-	3,977,087	-	3,977,087
Natural gas revenue	-	3,863,822	-	3,863,822
Prior period adjustments	-	16,940	-	16,940
Total revenue	-	7,857,849	-	7,857,849
Loss before taxes	10,836,865	17,828,080	2,701,278	31,366,223

Six Months Ended September 30, 2022	Corporate	Mexico	Africa	Total
Total non-current assets	$ 9,555,020	$ 28,495	$ 84,819,305	$ 94,402,820
Total assets	53,410,836	47,286,308	89,655,116	190,352,260
Total liabilities	(2,348,063)	(78,691,420)	(2,352,963)	(83,392,446)
Crude oil revenue	-	6,948,181	-	6,948,181
Natural gas revenue	-	8,818,110	-	8,818,110
Total revenue	-	15,766,291	-	15,766,291
Loss before taxes	12,387,865	10,614,616	4,252,808	27,255,289

Three Months Ended September 30, 2023	Corporate	Mexico	Africa	Total
Crude oil revenue	-	1,718,198	-	1,718,198
Natural gas revenue	-	1,952,742	-	1,952,742
Prior period adjustments	-	(18,919)	-	(18,919)
Total revenue	-	3,652,021	-	3,652,021
Loss before taxes	6,260,916	9,839,826	1,418,916	17,519,658

Three Months Ended September 30, 2022	Corporate	Mexico	Africa	Total
Crude oil revenue	-	3,673,342	-	3,673,342
Natural gas revenue	-	4,063,787	-	4,063,787
Total revenue	-	7,737,129	-	7,737,129
Loss before taxes	2,827,653	7,914,612	2,189,594	12,931,859

14. COMMITMENTS AND CONTINGENCIES

The Company is subject to certain commitments related to the Chiapas properties in Mexico (Note 8). According to the terms of the associated licence agreements and extensions received, the Company is committed to the completion of certain work programs. This includes approximately US$31.0 million ($41.9 million) due February 27, 2024, for capital development including the drilling of four wells and four workovers. There is a $113.7 million balance in royalty payables with a principal amount owing of $63.2 million and $50.5 million recorded as estimated interest fees (See Note 8 and 16).

Renaissance entered into four surety bond agreements with two financial institutions in aggregate of approximately US$15.3 million ($20.7 million), as required by the CNH, towards the guarantee of performance of the minimum work programs. A deposit for the full amount has been made to the surety bond providers as collateral for the value of the bonds. This amount is recorded as restricted cash on the statements of financial position. Failure to complete the work programs may result in the CNH seeking remedy through direct payment of the obligations or by acting on the surety bonds and/or seeking further action against the Company.

The nature of the Company's petroleum exploration business sometimes results in individuals, groups or regulatory bodies, including parties that are opposed to the Company's business, making allegations that could lead to future legal proceedings that might ultimately be resolved in a way that could materially adversely impact the Company's financial position, stock price, cash flow and results of operations.

The Company and certain of its current and former officers and directors have been named as defendants in three substantially identical purported class action lawsuits filed by shareholders of the Company in the United States District Court in Brooklyn, New York. The Company identified the first of these lawsuits in an October 28, 2021 news release. The first lawsuit was voluntarily dismissed by that plaintiff on November 9, 2021, and the other two were consolidated by the court, which appointed a lead plaintiff and lead counsel to represent the purported class members. On April 11, 2022, the lead plaintiff filed a consolidated amended complaint that alleges that the Company and the individual defendants made untrue statements of material fact or omitted to state material facts or engaged in acts that operated as a fraud upon the purchasers of the Company's stock in violation of Section 10(b) and Section 20(a) of the U.S. Securities Exchange Act of 1934, as amended, and Rule 10b-5, thereunder. The claims are alleged on behalf of a class of shareholders, except certain excluded shareholders, who purchased or otherwise acquired shares of the Company in the U.S. between February 28, 2019 and September 7, 2021. The lead plaintiff generally alleges that the defendants made misleading statements about the Company's oil exploration projects in Namibia and Botswana that rely in part on allegations by a short-seller of the Company's stock and free-lance writers for National Geographic magazine. The lead plaintiff seeks unspecified monetary damages. No trial date has been set by the court. The Company disputes the allegations and intends to vigorously defend the action, although no assurance can be given with respect to the ultimate outcome of this action.

The Company has also been named in a proposed class action filed by a shareholder of the Company in the Supreme Court of British Columbia under the Class Proceedings Act, RSBC 1996, c. 50. The claim is a proposed shareholder class action on behalf of all investors, except certain excluded investors, that purchased the Company's securities outside the U.S. between May 30, 2020 and September 7, 2021, and held all or some of those purchased securities after September 7, 2021. The claim generally alleges that ReconAfrica published core and non-core documents containing misrepresentations that were publicly corrected between June 24 and September 7, 2021. The plaintiff seeks damages against the Company in connection with the alleged misrepresentations and public corrections. The Company disputes the allegations and intends to vigorously defend the claim, although no assurance can be given with respect to the ultimate outcome of this action.

Renaissance's operations are subject to a variety of local regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on operations, suspension or revocation of permits or licenses, or other disciplinary actions (collectively, "Disciplinary Actions") that could adversely affect Renaissance's financial position and results of operations. While management believes that Renaissance is in substantial compliance with local regulations as of September 30, 2023 and through the date of filing of these financial statements, these regulations continue to evolve and are subject to differing interpretations and enforcement. As a result, Renaissance may be subject to Disciplinary Actions in the future (see Note 16).

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition, exploration and development of exploration and evaluation assets, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity which, at September 30, 2023, totaled $64,903,710 (March 31, 2023 – $83,326,410).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the period ended September 30, 2023.

16. SUBSEQUENT EVENTS

On October 19, 2023, the Company and its joint venture partner NAMCOR were granted approval for the Second Renewal Exploration Period by the MME. The Second Renewal Exploration Period covers the period from January 30, 2024, to January 29, 2026, relating to PEL 73 (Note 6).

On October 25, 2023, the Company entered into a share purchase agreement with a third-party for the sale of all issued and outstanding shares of Renaissance, a wholly owned subsidiary of the Company, for a deemed price of $10.3 million (US$7.5 million). Renaissance through its subsidiaries, owns all the Company's operations in Mexico. The Company received acceptance on the sale of Renaissance by the TSX Venture Exchange on November 16, 2023. Gross proceeds of approximately $10.3 million were added to the Company's treasury on closing of the transaction. In addition, under the agreement, the third-party will assume all debts and all present and future liabilities of Renaissance and its subsidiaries. Under the terms of a finder's fee agreement between the Company and two arms-length third parties (collectively the "Finders"), the Company is obligated to pay to the Finders the aggregate amount of $270,400 (US$200,000) upon closing of the transaction.

On November 3, 2023, the Company received $30,000 in gross proceeds upon the exercise of 96,774 stock options (Note 11).