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The Extractor
Mapping Namibia's Mineral Resources

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Aukam Graphite Mine

Gratomic weighs various restructuring options

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Skeleton Coast's dual uranium strategy

Skeleton Coast Uranium is preparing to launch one of its most ambitious exploration campaigns yet across Namibia's uranium heartland, with a programme that will see geologists systematically test two of the geological models responsible for the country's three world-class uranium mines.

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Inside

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COVER STORY

Gratomic plans Aukam restructuring as financial pressures persist

Gratomic says it is exploring a range of restructuring and financing options to bring Namibia's Aukam Graphite Mine into production, acknowledging that the project cannot advance under the company's current financial constraints despite remaining its central operational priority.

In an update to shareholders on 14 July, the Canadian-listed graphite developer said restoring the Aukam project has become the focus of efforts to stabilise the company after an extended period marked by financial difficulties, delayed financial reporting and limited access to capital. While management continues working to bring its regulatory filings up to date, the board said its overriding objective is to move Aukam into

production through what it described as "any viable and responsible means available."

The Aukam Graphite Mine, located about 130 kilometres southeast of Lüderitz in southern Namibia, is one of the country's best-known historical graphite deposits. Mining at Aukam began during the 1940s, with the operation producing high-grade vein graphite until it closed in the early 1970s. Gratomic acquired the project in 2018 with plans to redevelop the historic mine as a producer of premium graphite for battery, industrial and expandable graphite markets. Since then, the company has refurbished processing infrastructure, completed trial mining and processing campaigns and undertaken metallurgical test work, although the project has yet to reach commercial production.

To achieve that objective, Gratomic said it is considering a restructuring centred on the Namibian asset rather than the parent company itself.

The options under evaluation include a strategic partnership, project-level financing, a joint venture, a business combination, or an asset-level restructuring, any of which could provide the capital, technical expertise, and operational support needed to develop the graphite mine.

The company confirmed that it is already in discussions with multiple banking institutions and advisory firms to determine the most appropriate structure for advancing Aukam.

Management believes the project requires a stronger financial platform capable of supporting mine development, working capital, operational execution and the transition to commercial production.

Although no agreement has been reached yet, Gratomic said it considers evaluating strategic alternatives essential if the project is to move beyond its current position.

The board said the objective is not only to preserve shareholder value but also to provide the Namibian operation with a sustainable path towards production after several years of financial uncertainty.

The announcement comes as Gratomic continues working to restore regulatory compliance. The company said it is nearing completion

of its audit for the financial year ended 31 December 2024, while approximately 67% of the audit work for the 2025 financial year has already been completed.

Management said considerable time has been spent addressing historical accounting deficiencies, validating supporting documentation and bringing financial reporting up to the standards required by regulators.

The financial difficulties have also directly affected management. Chief Executive Officer Manie Silver and Executive Chairman Arnoldus Brand said they have not received compensation from the company for more than two years, while Brand has forgone chairperson's fees since 1 April 2024 to preserve cash for essential corporate activities, including regulatory compliance, audit work, creditor obligations, and the maintenance of the Namibian operation. According to the board, management has continued to support the business financially during this period, arguing that without those contributions, the company would likely have struggled to maintain its corporate existence and preserve the Aukam project.

Despite its determination to move the mine forward, Gratomic acknowledged that significant technical work remains before any production decision can be justified. The company emphasised that no Preliminary Economic Assessment, Preliminary Feasibility Study or Feasibility Study has been completed for Aukam and that no Mineral Resource or Mineral Reserve demonstrating economic viability has yet been delineated on the property.

Instead, the company intends to complete a full Feasibility Study, or an equivalent technical study, that will determine whether the existing processing plant can be expanded into a commercial-scale operation capable of producing graphite concentrate at the required grades and production rates.

Until that work is completed, Gratomic cautioned that it cannot reliably estimate either capital costs or operating costs associated with developing the project.

The company also warned shareholders that its plans carry a high degree of uncertainty. Because no production decision has been supported by a Feasibility Study or defined Mineral Reserves, there remains no guarantee that the project will reach production or achieve anticipated operating costs. Failure to do so, the company said, would have a material impact on its ability to generate revenue and fund future operations.

Gratomic has identified four immediate priorities – completing its

outstanding financial reporting, maintaining the Aukam project and its Namibian operations in good standing, evaluating financing and restructuring options, and establishing a realistic pathway to bring the Aukam Graphite Mine into production.

The latest update suggests that Aukam's future will depend less on geology than on Gratomic's ability to secure a financial structure that can support mine development.

While the company remains committed to developing the Namibian graphite project, management has made it clear that moving Aukam into production will require new capital, new partnerships or a significant restructuring before construction can proceed.

Skeleton Coast's dual uranium strategy

Skeleton Coast Uranium is preparing to launch one of its most ambitious exploration campaigns yet across Namibia's uranium heartland, with a programme that will see geologists systematically test two of the geological models responsible for the country's three world-class uranium mines.

The work, which will cover EPL 8208, EPL 9711, EPL 9712, EPL 9713 and EPL 9727, combines historical data analysis, hyperspectral remote sensing, airborne radiometrics, geophysical surveys, geological mapping, geochemical sampling and an initial 12,500 metres of drilling as the company attempts to unlock new uranium discoveries in the Erongo Region.

Unlike many junior explorers that pursue a single exploration concept, Skeleton Coast believes its licence package provides exposure to both of Namibia's proven uranium systems.

One is the intrusive alaskite-hosted model responsible for the giant Husab and Rössing mines, while the other is the palaeochannel model that hosts the Langer Heinrich deposit.

The company argues that testing both geological settings within one exploration portfolio provides greater flexibility and reduces the risk associated with relying on a single exploration theory.

The planned programme will begin with a comprehensive reinterpretation of historical information accumulated over several decades.

Airborne survey data flown by the Namibian Government, together with historical exploration reports lodged with the Ministry of Mines and Energy, will be

digitised and integrated into modern geological databases to generate and rank exploration targets.

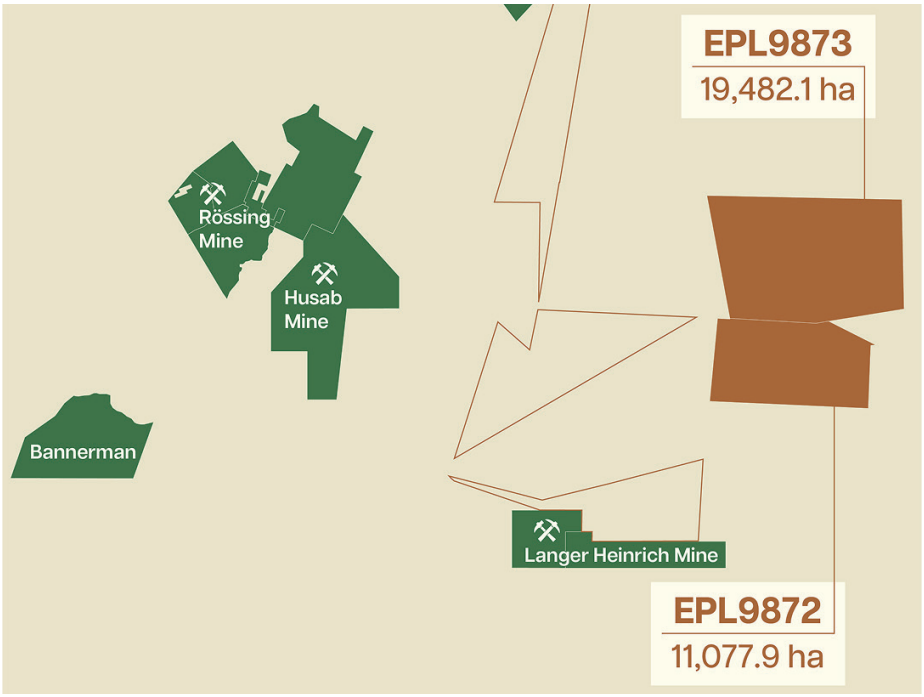
That desktop work will be followed by hyperspectral remote sensing, topographical surveys and the relocation of historical drill collars before field crews move onto the ground to verify the results.

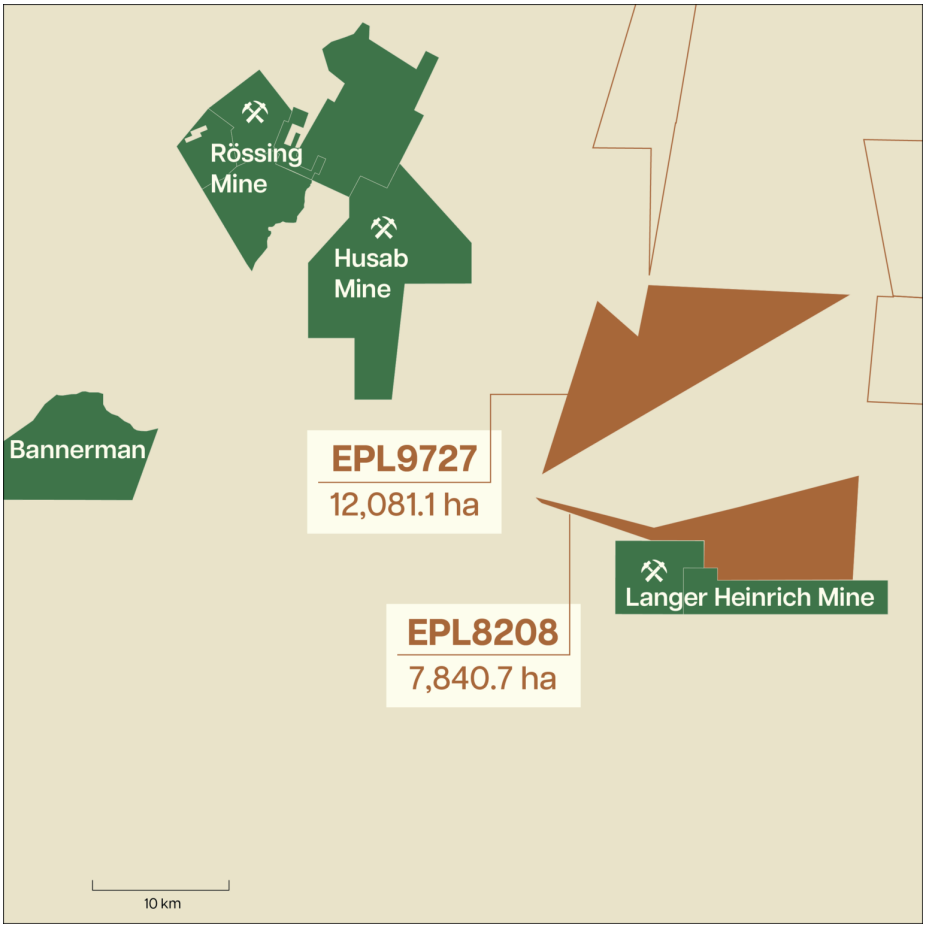
Once target generation is complete, Skeleton Coast intends to conduct geochemical and radon cup surveys over both historical uranium anomalies and newly identified targets.

High-resolution airborne radiometric and geophysical surveys will then be flown across selected areas, supported by geological mapping and outcrop sampling where exposure permits.

The first phase of drilling will comprise approximately 2,500 metres on each of the company's five Exclusive Prospecting Licences, producing a combined initial drilling programme of around 12,500 metres.

Mineralised intersections will be submitted for laboratory analysis, while downhole geophysical and radiometric surveys will be undertaken where drilling results justify further investigation.





At the centre of the exploration strategy are EPL 9727 and EPL 8208, two licences that represent very different geological opportunities

despite lying within the same uranium province.

EPL 9727, covering approximately 12,081 hectares, is located about 15 kilometres east of the Husab Mine and 25 kilometres south-east of the Rössing Mine.

Historical work suggests the licence contains alaskite, the distinctive granitic rock that hosts uranium mineralisation at both operations.

While the presence of alaskite does not, in itself, indicate an economic uranium deposit, it is one of the essential geological ingredients found at Namibia's two largest hard-rock uranium mines.

Skeleton Coast's exploration team now intends to determine whether the alaskite bodies exhibit the structural features typically associated with uranium mineralisation.

Geological mapping, sampling and geophysical surveys will investigate whether the granites thicken, bend, fracture or interact with surrounding rocks in ways that could have created favourable conditions for uranium mineralisation.

At the same time, the licence also contains younger desert sediments and palaeochannels, where groundwater may have dissolved uranium from surrounding rocks before redepositing it in calcrete as secondary mineralisation.

That gives EPL 9727 the unusual distinction of being able to test both intrusive and sediment-hosted uranium models on a single property.

The second key licence, EPL 8208, covers approximately 7,841 hectares and shares about 15 kilometres of its northern boundary with the Langer Heinrich Mine. Unlike Husab and Rössing, Langer Heinrich owes its existence to an ancient river system where uranium transported by groundwater accumulated within buried palaeochannels. These channels are often invisible at the surface, having been concealed beneath younger desert sediments over millions of years.

Historical exploration of EPL 8208 identified several encouraging indications warranting further investigation. Previous radiometric surveys reportedly recorded elevated radioactive responses associated with interpreted palaeochannels. At the same time, historical reports describe uranium values of up to 260 grams per tonne together with isolated drill intersections exceeding 100 parts per million U□O□ within the ancient Gawib River drainage system.

Skeleton Coast is careful not to present those historical observations as evidence of an economic discovery. Modern exploration methods have

not yet verified them; they do not constitute a Mineral Resource, nor do they demonstrate continuity between individual occurrences. Instead, they provide geological clues that the company believes justify systematic follow-up.

Chief Executive Officer Dr Nathan Chutas argues that this distinction is critical. Historical exploration, he says, does not provide answers; it provides better questions. The company's task is now to determine whether radiometric anomalies, geological structures, uranium occurrences and buried drainage systems align to define coherent exploration targets capable of supporting future drilling.

The broader significance of the programme lies in the way it has been designed. Rather than treating Namibia's uranium geology as a single exploration model, Skeleton Coast has deliberately assembled a portfolio capable of testing both of the country's proven deposit styles.

The company believes that this approach allows exploration expenditure to be directed towards whichever geological model delivers the strongest technical evidence as work progresses, rather than forcing every target to fit a single interpretation.

That strategy comes at a time when interest in Namibia's uranium sector continues to grow. The country already hosts three of the world's most significant uranium operations at Husab, Rössing and Langer Heinrich, while renewed demand for nuclear fuel has encouraged a fresh wave of exploration across the Erongo Region.

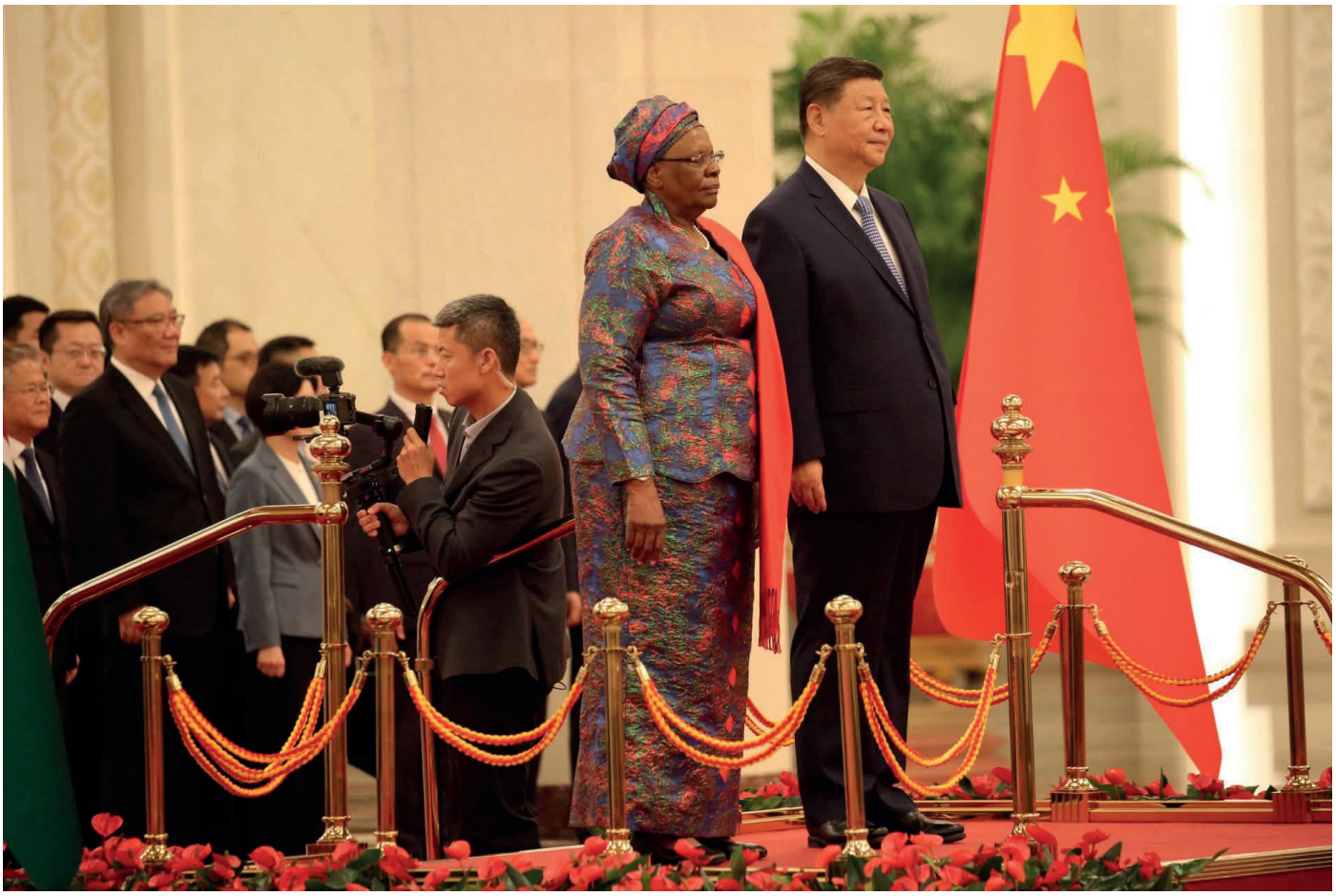
By combining modern exploration technologies with historical geological information and testing multiple deposit models simultaneously, Skeleton Coast is attempting to position itself as part of the next generation of uranium discoveries.

Whether the programme ultimately delivers a commercial discovery remains to be seen. Exploration offers no guarantees, even in one of the world's premier uranium provinces.

What Skeleton Coast has done, however, is build a programme that systematically tests the geological processes responsible for Namibia's biggest uranium mines rather than relying on a single exploration concept.

Over the coming months, the results from mapping, geophysics, geochemistry and the first 12,500 metres of drilling will begin to show whether that dual-model strategy can uncover the country's next uranium discovery.

INVESTMENTS/ TRADE



Uranium accounts for 85% of Namibia's exports to China

Uranium has become the dominant commodity in Namibia's trade with China, accounting for approximately 85% of the US$1.3 billion in Namibian goods exported to the Asian economic giant, according to trade data cited by Reuters in a recent International Monetary Fund assessment.

The figures underscore the strategic importance of uranium in the relationship between the two countries and provide important context to President Netumbo Nandi-Ndaitwah's recent state visit to Beijing, where cooperation in critical minerals featured prominently on the agenda.

During President Nandi-Ndaitwah's meeting with Chinese President Xi Jinping, Namibia and China signed eight cooperation agreements covering areas such as infrastructure, economic partnership, and green minerals.

A joint statement issued after the talks

identified uranium, lithium and rare earth elements as strategic minerals and committed both governments to strengthening cooperation in their development while promoting local processing, technology transfer and skills development.

The prominence of uranium in the discussions reflects China's extensive footprint in Namibia's uranium industry. Chinese state-owned companies already have ownership interests in all three of Namibia's operating uranium mines and have also secured a significant position in one of the country's most advanced uranium development projects.

China's largest investment is in the Husab Uranium Mine, where China General Nuclear Power Group (CGN), through Swakop Uranium, owns 90% of the operation, with the remaining 10% held by Namibia's state-owned Epangelo Mining. Husab is the world's second-largest uranium mine by production and Namibia's biggest uranium producer, making it one of China's most significant overseas uranium investments.

China also controls Rössing Uranium, Namibia's oldest operating uranium mine, through China National Uranium Corporation (CNUC), which acquired Rio Tinto's 68.62% shareholding in 2019.

The acquisition gave China majority ownership of one of the world's longest-producing uranium mines and further strengthened its position in Namibia's nuclear fuel industry.

Chinese interests also extend to Langer Heinrich Mine, where CNNC Overseas Uranium Holdings Limited, a subsidiary of China National Nuclear Corporation, owns a 25%

interest, with Paladin Energy retaining the remaining 75%.

The investment provides CNNC with an equity stake in one of Namibia's three operating uranium mines, together with rights to acquire its proportionate share of uranium production.

China has also secured a strategic position in Namibia's next generation of uranium production. Earlier this year, CNNC Overseas Limited (CNOL) entered into a joint venture with Bannerman Energy by subscribing for a 45% interest in Bannerman Energy (UK) Ltd. This company owns 95% of the Etango Uranium Project. The transaction gives CNOL an effective 42.75% economic interest in Etango, while Bannerman retains 52.25% and the One Economy Foundation continues to hold a 5% loan-carried interest.

Etango is widely regarded as one of the world's largest undeveloped uranium deposits and is expected to become Namibia's next major uranium mine.

Taken together, these investments give Chinese state-owned companies substantial interests across Namibia's uranium sector, from the producing Husab, Rössing and Langer Heinrich mines to the proposed Etango development.

Although uranium exports are marketed through commercial sales contracts rather than mine-specific export allocations, China's ownership positions across the industry help explain why uranium dominates Namibia's exports to the country.

China's interest is also expanding beyond uranium. The joint statement issued in Beijing specifically identified lithium and rare earth elements, alongside uranium, as strategic minerals for future cooperation, signalling a broader focus on critical minerals essential to nuclear energy, electric vehicles, renewable energy technologies, and advanced manufacturing.

According to data from the American Enterprise Institute cited by Reuters, Chinese companies have invested approximately US$4.2 billion in Namibia, with all but about US$100 million directed towards the mining and metals sector.

Those investments have established China as one of the world's largest mining investors while supporting its strategy of securing long-term supplies of minerals considered essential to the global energy transition.

President Nandi-Ndaitwah's visit aimed to attract additional investment to support industrialisation, job creation and greater local participation in mineral development.

The agreements reinforced China's relationship built on secure access to strategic minerals from one of the world's leading uranium producers.

With uranium already accounting for 85% of Namibia's exports to China, and both governments now committing themselves to deeper cooperation in uranium, lithium and rare earth elements, the agreements signed in Beijing indicate that critical minerals will continue to shape economic relations between Namibia and China for years to come.

TANTALUM DEAL

Kazera begins US$10.5m recovery as the Namibia tantalum settlement takes effect

Kazera Global has begun recovering US$10.5 million from the sale of its former Namibian tantalum business after receiving the first US$500,000 payment under a settlement agreement that ends one of the country's most closely watched mining disputes.

The payment, announced on 10 July, marks the start of a structured settlement that will run until December 2029 following a lengthy contractual dispute between the AIM-listed mining company and Chinese firm Hebei Xinjian Construction over the acquisition of African Tantalum (Aftan), owner of Namibia's Tantalite Valley Mine near Warmbad in the //Kharas Region.

Although modest compared with the total settlement amount, the first payment signals that the agreement

has moved from the arbitration room to implementation after more than two years of legal proceedings, negotiations and uncertainty over the future ownership of one of Namibia's few producing critical mineral operations.

Kazera confirmed that the funds had been received into African Tantalum's Namibian bank account and were being processed for transfer to the parent company in accordance with Namibia's exchange control regulations.

Interim chief executive Richard Jennings said the payment represented an important milestone.

"The receipt of the first payment under the settlement agreement is an important milestone and demonstrates that Hebei has begun fulfilling its obligations under the agreement," Jennings said.

The dispute centres on the Tantalite Valley Mine, one of Namibia's few commercial tantalum producers. Situated close to the South African border, the operation exploits pegmatites that host tantalite, a mineral from which tantalum is extracted. Although relatively small compared with Namibia's uranium and diamond mines, Tantalite Valley occupies an increasingly strategic position because tantalum has become one of the world's most sought-after critical minerals.

Tantalum is used extensively in the manufacture of electronic capacitors found in mobile phones, computers, medical devices and electric vehicles because of its

exceptional resistance to heat, corrosion and electrical failure. It is also used in aerospace components, defence equipment, semiconductors and advanced industrial applications, making secure supplies increasingly important as countries seek to strengthen critical mineral supply chains.

Kazera entered Namibia's tantalum sector in 2018 when it acquired African Tantalum and subsequently restarted mining operations following refurbishment of the mine and processing plant. The company invested in upgrading operations and resumed production of tantalite concentrate for export to international markets, positioning the mine as one of Namibia's few active producers of a recognised critical mineral.

In December 2022, Kazera agreed to sell African Tantalum to Hebei Xinjian Construction for approximately US$13 million, intending to monetise the asset while focusing on its remaining mining interests. However, the transaction quickly unravelled after Hebei failed to meet the agreed payment obligations, prompting Kazera to commence arbitration proceedings in Namibia.

The dispute culminated in May 2025, when the arbitration tribunal ruled substantially in Kazera's favour, awarding the company approximately US$11.9 million, together with interest and legal costs.

Although the ruling strengthened Kazera's legal position, enforcing the award through the courts could have resulted in years of additional litigation. Instead, both parties negotiated a settlement in June 2026, establishing a structured payment mechanism to ensure recovery while avoiding further legal costs and uncertainty.

Under the agreement, Hebei will pay US$10.5 million in instalments ending in December 2029. The settlement also provides an incentive for early payment, allowing Hebei to discharge the remaining obligation by paying US$9 million in full before 31 December 2026.

When combined with the approximately US$4.1 million already received under the original 2022 transaction, Kazera expects total receipts of about US$14.6 million, exceeding the original sale consideration despite the subsequent dispute.

Perhaps the most significant feature of the agreement is the

protection it affords Kazera throughout the payment period.

Rather than transferring ownership immediately, Kazera will retain full ownership of African Tantalum until cumulative settlement payments reach US$7.125 million. Only after that threshold has been reached will ownership begin to pass to Hebei through four separate 25% transfers, each linked directly to further payment milestones.

Even after each transfer, Kazera will retain security over the transferred shares until the settlement has been paid in full, providing additional protection should Hebei fail to honour its obligations.

The structure effectively ensures that control of the Namibian mining company follows payment rather than precedes it, significantly reducing the commercial risks that emerged under the original sale agreement.

Kazera believes the negotiated settlement offers greater certainty than pursuing enforcement through prolonged court proceedings while strengthening the company's financial position. Subject to legal, taxation and regulatory requirements, the company has indicated that it intends to distribute approximately 80% of the net proceeds from the settlement to shareholders, with the balance earmarked to support its remaining mining assets and future growth opportunities.

For Namibia, the settlement removes a significant degree of uncertainty surrounding the ownership of one of the country's established critical mineral producers. At a time when global competition for tantalum supplies continues to intensify, the successful implementation of the agreement is expected to provide greater stability for the Tantalite Valley Mine while ensuring that ownership changes hands only upon the agreed payments being made.

The first US$500,000 payment, therefore, represents far more than an instalment under a commercial settlement. It marks the beginning of a four-year process to determine the eventual ownership of one of Namibia's strategic critical mineral assets, while bringing closure to a dispute closely watched by investors in both Namibia's mining sector and London's junior mining market.

POLYMETALLIC

Andrada Mining's ambitious strategy

Andrada Mining has unveiled an ambitious strategy to transform itself from Namibia's leading listed tin producer into one of Africa's most diversified critical-minerals companies, positioning its Uis operation as the financial engine for a multi-commodity business spanning tin, tantalum, lithium, tungsten, and copper.

Backed by up to US$91 million in staged funding from international partners and supported by favourable global market conditions, the company believes the transformation could significantly increase the value of its Namibian portfolio over the next several years.

As outlined in the company's July 2026 corporate presentation, the strategy represents a decisive shift from operating a single producing mine to building an integrated critical-minerals business capable of supplying several commodities that are increasingly regarded as essential to the global energy transition, advanced manufacturing, defence technologies, and artificial intelligence infrastructure.

Rather than relying solely on tin production, Andrada intends to use cash generated from the Uis Mine to finance expansion while simultaneously developing lithium, copper and tungsten assets that could reshape its long-term production profile.

At the centre of that strategy is the Uis Mine, already one of Namibia's established producers of tin and tantalum concentrates. The company describes the operation as a multi-generational polymetallic asset containing a 135-million-tonne mineral resource.

At the same time, ongoing exploration aims to expand that figure beyond 200 million tonnes as drilling continues to demonstrate significant lithium potential within the same pegmatite system.

The company intends to increase contained tin production by 2.5 times over the next five years, representing a compound annual growth rate of approximately 17%, while simultaneously lowering operating costs through ore-sorting technology, which is expected to reduce all-in sustaining costs by around 15% during 2026.

Additional high-grade tin ore, estimated at approximately 850,000 tonnes grading about 2% tin, is expected to more than double production through the existing jig plant, further strengthening Uis as the company's principal cash-generating asset.

Beyond tin, Andrada plans to integrate lithium production into the Uis processing complex between 2027 and 2028, targeting annual production of 45,000 tonnes of spodumene concentrate. The move reflects the company's broader strategy of creating an integrated processing hub capable of producing multiple critical minerals from the same mining district while extracting greater value from existing infrastructure.

The next stage of growth centres on two projects that could substantially broaden Andrada's commodity exposure. At Lithium Ridge, drilling has identified spodumene mineralisation extending over approximately six kilometres, with early drilling intersecting lithium grades of around 3% over approximately six metres. Development is being accelerated through an earn-in agreement with SQM Australia, a subsidiary of Chilean lithium giant SQM and the world's second-largest lithium producer, under which SQM may invest up to US$40 million to earn a 50% interest in the project over three years.

At Brandberg West, historical drilling has demonstrated encouraging polymetallic potential, including intersections grading 0.80% tin over 2 metres, 1.23% tungsten over 2 metres, and 1.58% copper over 2.3 metres.

The project is supported by an agreement with specialist investment firm ACAM LP, which could invest up to US$51 million to earn up to a 49% interest, providing funding for exploration, feasibility studies, and future development.

Together, the SQM and ACAM agreements

represent up to US$91 million in potential investment into Namibia's critical minerals sector, bringing not only development capital but also international technical expertise, operational experience and market access.

According to Andrada, the partnerships substantially reduce development risk, accelerate project advancement, and position the company for sustained long-term growth.

The strategy is also being driven by rapidly strengthening fundamentals across the commodities that Andrada intends to produce. Demand for tin continues to rise on the back of expanding solar power installations, electric vehicles and 5G infrastructure. At the same time, supply remains vulnerable because of production disruptions and export restrictions in several major producing countries.

Tantalum demand is forecast to increase to 3,517 tonnes by 2028, supported by growing consumption in electronics, aerospace, defence, healthcare and industrial applications where the metal's unique electrical and corrosion-resistant properties make it indispensable.

The company's confidence in Brandberg West is equally supported by improving outlooks for both tungsten and copper. Tungsten prices have increased by more than 150% this year after China, which controls approximately 83% of the global supply, imposed export controls in February 2025, tightening international availability of a metal regarded as strategically important for defence, aerospace and advanced manufacturing because of its exceptional hardness, density and high melting point.

Consumption is expected to grow by 2% to 3% annually over the coming decade while alternative sources of supply remain limited.

Copper is entering an equally favourable cycle. Global demand, driven by electrification, renewable energy, artificial intelligence, defence industries and infrastructure development, is forecast to reach 42 million tonnes by 2040, representing almost a 50% increase from current consumption levels. Yet global mine production is expected to peak at around 33 million tonnes by 2030 as ageing operations deplete and relatively few new mines come into production, creating what analysts expect to be a prolonged structural supply deficit that supports robust long-term pricing.

Alongside operational growth, Andrada continues to place increasing emphasis on environmental, social and governance performance as part of its investment proposition. During the 2025 financial year, the company reported a zero lost-time injury frequency rate, reduced its total injury frequency rate by 25%, improved its International Council on Mining and Metals performance score from 41% to 54%, expanded its workforce to 555 employees, of whom 98% are Namibians, and recorded zero community grievances through its International Finance Corporation–aligned grievance mechanism.

The company also advanced renewable electricity integration, implemented its Nature Roadmap, adopted a comprehensive climate strategy and strengthened supply chain and human rights governance.

The strategy extends well beyond the growth of a single mining company. It represents the emergence of an integrated critical-minerals producer capable of supplying tin, tantalum, lithium, tungsten, and copper from one of the country's most prospective mineral districts.

OIL & GAS

Pancontinental maintains Namibia focus with A$513,000 exploration spend

Pancontinental Energy invested A$513,000 in exploration and evaluation activities over the past 12 months, including A$53,000 during the quarter ended 30 June 2026, as the company continued advancing its offshore Namibian acreage while extending the life of its Petroleum Exploration Licence (PEL) 87 and pursuing a farm-out partner to fund the next phase of exploration.

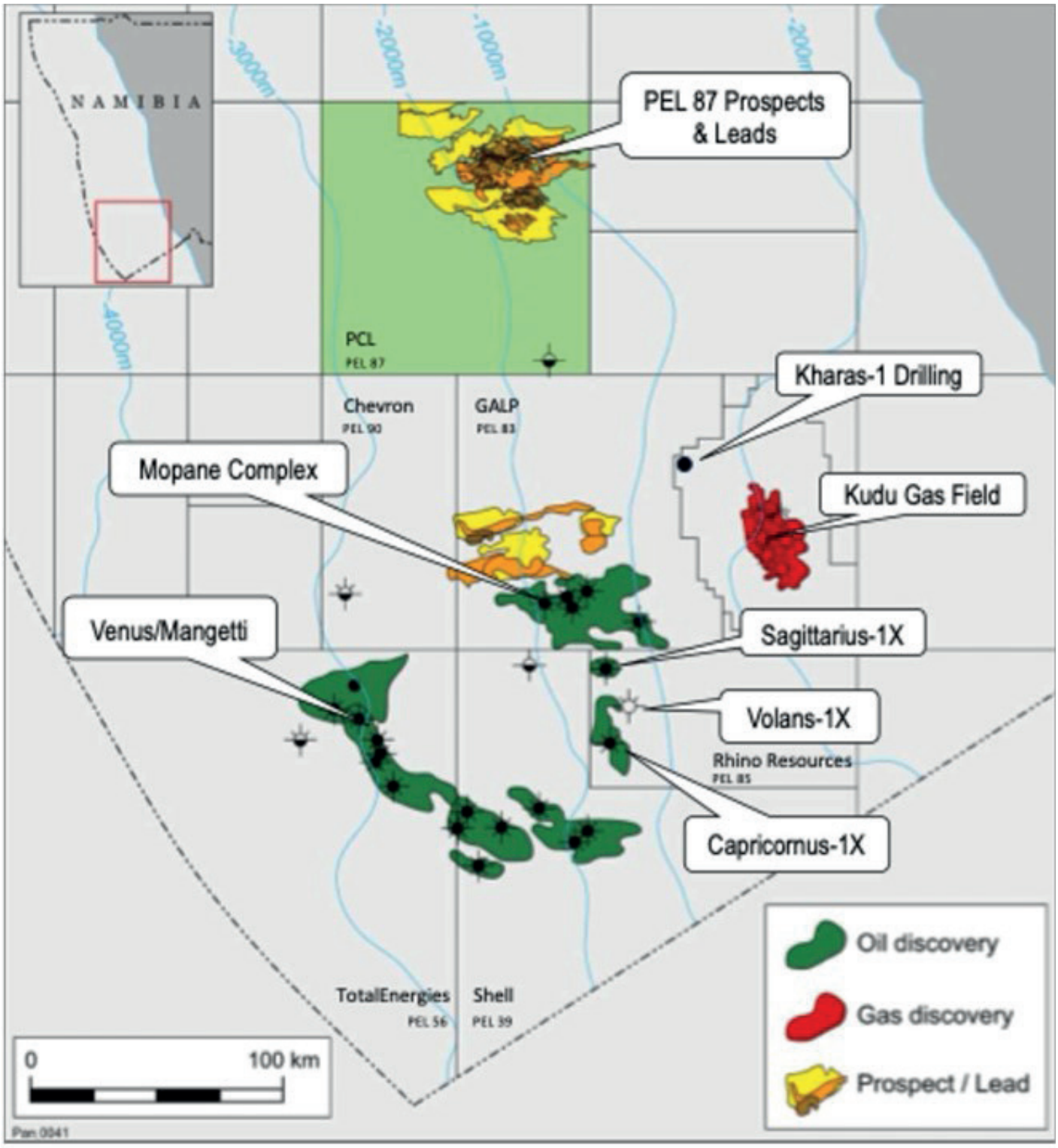
The Australian-listed explorer reported total cash outflows of A$513,000 on exploration and evaluation during the 2025/26 financial year, while operating cash flows included a further A$216,000 spent on exploration-related activities.

At the end of June, the company held A$2.354 million in cash and cash equivalents, enough to fund an estimated six quarters of operations at its current expenditure rate.

Although expenditure remained relatively modest compared with operators actively drilling in the Orange Basin, Pancontinental used the quarter to prepare for the next stage of exploration on PEL 87, where it holds a 75% operating interest alongside Custos Investments (15%) and the National Petroleum Corporation of Namibia (NAMCOR) (10%).

A major development during the quarter was the Namibian Ministry of Industries, Mines and Energy extending the licence's First Renewal Exploration Period to 22 January 2027, providing the joint venture with additional time to complete its work programme.

The company also



confirmed that the ministry had accepted the draft amendment to the PEL 87 Petroleum Agreement, allowing both parties to move towards formally signing the revised agreement.

As part of the licence extension conditions, Pancontinental is required to reprocess its existing 3D seismic dataset, a process the company believes could significantly improve imaging of subsurface targets.

It has begun a feasibility study comparing several post-stack and pre-stack seismic processing techniques. It is inviting specialist processing companies to submit proposals, including test processing of portions of the existing dataset to determine the best balance between data quality, cost and processing time.

At the same time, Pancontinental said it remains engaged with several prospective farm-in partners interested in acquiring an interest in PEL 87.

While declining to identify the companies involved due to confidentiality agreements, management said discussions remain active and that once a partner is secured, the joint venture intends to engage with the ministry to finalise the timing and logistical requirements for the outstanding work programme, the centrepiece of which is drilling an exploration well.

The company said activity elsewhere in the Orange Basin continues to strengthen confidence in the basin's prospectivity. During the quarter, Shell announced a light oil discovery at Merlin-1X in PEL 39 and described it as delivering its "most promising subsurface results to date".

In neighbouring PEL 85, the Rhino Resources-Azule Energy joint venture successfully appraised the Capricornus discovery, confirming reservoir continuity after intersecting 46 metres of gross hydrocarbon pay, while preparing for a large-scale 8,633-square-kilometre 3D seismic programme scheduled to begin in late

2026.

Elsewhere in the basin, Galp Energia continues preparing to drill three additional wells at its Mopane discovery during the second half of 2026; TotalEnergies is progressing towards a final investment decision on the Venus development after submitting its field development plan to the Namibian government; and Chevron is preparing to drill the Nabba-1X exploration well on PEL 90 during the fourth quarter of 2026.

Against that backdrop, Pancontinental believes PEL 87 remains well positioned within one of the world's most active offshore exploration provinces.

The company said the combination of licence security, improved seismic imaging, and the search for a strategic farm-in partner is intended to position the project to proceed with drilling once funding and partnership arrangements are finalised.

While Pancontinental's exploration spending remains modest compared with the capital being deployed by the basin's major operators, the latest quarterly report shows the company is directing available funds towards preserving and advancing PEL 87 while maintaining financial flexibility.

With A$2.354 million in cash, no debt, and funding for an estimated six more quarters, the company believes it is well placed to continue technical work and partnership discussions as exploration momentum across the Orange Basin builds.

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