RECONNAISSANCE ENERGY AFRICA LTD.

AMENDED AND RESTATED
ANNUAL INFORMATION FORM
For the Financial Year Ended December 31, 2020

May 19, 2021

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form (“**AIF**”) of Reconnaissance Energy Africa Ltd. (“**ReconAfrica**” or the “**Company**”) constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable Canadian securities legislation (collectively, “**forward-looking statements**”). In some cases, forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “predict”, “project”, “should”, “target”, “will”, or similar words suggesting future outcomes or language suggesting an outlook. These statements represent management’s expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of the Company, future production and grades, the economic limit or viability of assets, projections for sales growth, estimated revenues, resources, targets for cost savings, the construction cost of new projects, the timing and outcome of exploration projects and drilling programs, projected capital expenditures, transportation costs, the timing of new projects, the outcome of legal proceedings, the integration of acquisitions, future debt levels, fiscal regimes, the outlook for the prices of hydrocarbons, the outlook for economic recovery and trends in the trading environment, statements about strategies, cost synergies, revenue benefits or integration costs and production capacity of the Company and the industry and countries in which the Company operates. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Operating conditions can have a significant effect on the timing of events. Accordingly, investors are cautioned that events or circumstances could cause results to differ materially from those predicted. Management of the Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon.

In particular, this AIF contains forward-looking information and statements pertaining to the following:

- the Company’s business strategy, strength and focus;
- expectations to add reserves through acquisitions and development of the Company’s existing assets;
- expectations regarding converting exploration successes into appraisal and development operations;
- expectations regarding the amount of expenditures to be incurred or spent on the Company’s assets;
- expectations regarding the Company’s interpretation of data and models relating to its assets;
- operating results and future performance of the Company;
- information in respect of, or relating to, prospective resources and unrisked undiscovered petroleum initially-in-place the Company may have, including the Company’s amended Form 51-101F1;
- the size, characteristic and features of the Company’s oil and/or gas properties, future oil, natural gas and natural gas liquids reserves and the ability to commercially exploit them;
- the Company’s proposed exploration, drilling and exploitation activities and timelines;
- expectations regarding the future development of the Company’s assets and the byproducts of such development;
- the potential reward for undiscovered oil and/or gas deposits in the Kavango Basin;
- the Company’s future oil and natural gas production levels;
- ongoing activities by major industry competitors in Namibia and Botswana;
- the continuing competitiveness of the fiscal regimes in the jurisdictions in which the Company operates;
- expectations regarding the production of hydrocarbons from the Kavango Basin;
- the Company working with Sproule to quantify potential conventional resources in the Kavango Basin;

- the Company seeking potential partnering opportunities to assist in its exploration and development of hydrocarbons in the Kavango Basin;
- anticipated cost savings as a result of the Company's acquisition of the Crown 750 drilling rig;
- projections of market prices, including market prices for oil and natural gas, and costs;
- supply and demand for oil and natural gas;
- expectations regarding the infrastructure and transportation facilities that will be available to the Company for the storage and shipment of any products it produces;
- expectations regarding the exercise of the Farmout Option (as defined herein) and the approval of the MMR (as defined herein) to the Transfer (as defined herein);
- expectations regarding the entering into a joint operating agreement with respect to the Botswana Licence upon exercise of the Farmout Option;
- the Company's intention in respect of maintaining sufficient insurance;
- expectations regarding the development of environmental laws and regulations, including as a result of the implementation of the Paris Agreement by various countries, and the future costs to the Company associated with compliance with such laws and regulations;
- the dividend policy of the Company; and
- the Company's announced acquisition of Renaissance Oil Corp.

Currently, the Company has no oil and/or gas reserves. Statements relating to "resources" (including "Undiscovered Petroleum Initially-in-Place" and prospective resources, as such terms are defined herein) and "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. See "*Oil and Gas Information*".

Forward-looking statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company concerning future oil and natural gas production levels, future commodity prices, the ability to add oil and natural gas reserves through farm-in, acquisition and/or drilling at competitive prices, future exchange rates, the cost and availability of equipment and services in the field, the impact of increasing competition and the ability to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and discussed more extensively elsewhere in this AIF:

- risks related to the nature of the business of the Company;
- exploration and production risks inherent in the oil and natural gas industry;
- volatility of crude oil and natural gas prices;
- risks related to the Company anticipating having substantial capital requirements;
- risks related to the Company's operations being dependent on the acquisition and maintenance of certain permits, licences, approvals and authorizations;
- negative impact of COVID-19 pandemic;
- risks related to the Company currently having a negative operating cash flow;
- possible failure of the Company to realize anticipated benefits of its acquisitions;
- risks relating to the Company's interests in Namibia and Botswana being dependent on the terms of the Namibia Licence (as defined herein) and the Petroleum Agreement (as defined herein), and the Botswana Licence (as defined herein), respectively;
- risks related to the Company's reliance on certain key individuals;
- risks inherent with the marketability of crude oil and natural gas;
- project risks;
- global financial instability;
- risks of foreign operations;
- the Company's business being in jurisdictions with inherent risks relating to fraud, bribery and corruption;
- risks related to changes in government policy that could have a negative impact on the

Company's business;
- risks related to changes in the royalty regimes of the jurisdictions in which the Company operates;
- risks related to the Company only, at this time, having "resources" instead of "reserves", resources, including estimates of resources, are subject to significantly more uncertainty and risk, as discussed further under "*Risk Factors – Estimates of Resources*";
- risks related to the status and stage of development of the Company, including that the Company currently does not have any production;
- the risk that the Company's may not have sufficient insurance to cover all liabilities to which it could be subject;
- risks related to the limited availability of equipment and access restrictions;
- risks related to the nature of reserves and additional funding requirements;
- third party credit risk;
- operating hazards and other uncertainties;
- risks related to competition;
- joint property ownership and joint venture risks;
- risks related to alternatives to and changing demand for petroleum products;
- risks related to geo-political change that could negatively impact the Company and its operations;
- cybersecurity and terrorism;
- opposition from non-governmental organizations and risks related to eco-terrorism;
- risks related to TSXV-listed companies not being required to provide representations relating to the establishment and maintenance of disclosure controls and procedures;
- risks related to environmental regulations;
- risks related to climate change;
- market access constraints and risk related to transporting its products to market;
- conflicts of interests that may arise as a result of the directors of the Company being directors or officers of other companies against which the Company competes;
- risks inherent with operating in African countries;
- tax regimes in certain jurisdictions are subject to differing interpretations and are subject to change;
- foreign currency exchange risk;
- risks related to governmental regulation;
- risks related to the growth of the Company;
- litigation that the Company may become involved in;
- Canada's Extractive Sector Transparency Measures Act;
- discretion in the Company's use of proceeds;
- share price volatility;
- liquidity of the Common Shares (as defined herein) and realization of investment in Common Shares;
- dilution and further sales of Common Shares;
- the Company has never declared or paid a dividend on the Common Shares and intends to retain all future earnings; and
- the risk factors set forth in "Risk Factors".

With respect to forward-looking statements contained in this AIF, ReconAfrica has also made assumptions regarding, among other things, the willingness of operators to conduct operations on certain properties in foreign jurisdictions; future oil and/or gas prices or cost of products sold; ability to obtain required capital to finance exploration, development and operations; the ability to maintain sufficient funds to continue the operations of the Company; the timely receipt of any required regulatory approvals; ability to obtain drilling success consistent with expectations; the ability of Company to secure adequate product transportation; no material variations in the current tax and regulatory environments; and the ability to obtain equipment, services, supplies and personnel in a timely manner to carry out its activities. Forward-looking statements and other information contained herein concerning the oil and/or gas industry and ReconAfrica's general expectations concerning this industry are based on estimates prepared by management of ReconAfrica, using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry, which ReconAfrica believes to be reasonable. Although this data is generally indicative of relative market positions, market shares and performance characteristics, it is inherently imprecise. While ReconAfrica is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

The above summary of major risks and assumptions related to forward-looking information and statements included or incorporated by reference in this AIF has been provided for readers to gain a more complete perspective on the Company's future operations. However, readers should be cautioned that the above list of factors is not exhaustive and that this information may not be appropriate for other purposes. Forward-looking statements included or incorporated by reference in this AIF are valid only as at the date of this AIF, and the Company does not intend to update or revise these forward-looking statements except as required by applicable securities laws. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement.

See also the section entitled "*Caution Regarding Forward-Looking Information*" in the Statement of Reserves Data and Other Oil and Gas Information of ReconAfrica dated April 14, 2021 and incorporated by referenced herein.

NOTE REGARDING INDUSTRY INFORMATION

In certain sections of this AIF, the Company provides certain historical, market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information, as well as industry data prepared by management on the basis of its knowledge of the areas in which the Company operates. This third-party source information is derived from publicly available information sources that the Company believes are predominantly independent in nature. Historical, market and industry data and forecasts generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. The Company believes that the provision of this third-party source information is relevant to understanding the environment in which the Company's activities, business and operations are carried out, however, readers are cautioned that there is no certainty that any of the Company's activities in these areas will be successful to the extent in which operations in the areas in which the third-party source information is derived from were successful, or at all.

ANALOGOUS INFORMATION

In certain sections of this AIF, including without limitation "Properties of the Company", the Company provides certain historical information concerning reserves or resources, estimates of the volume of reserves or resources, production estimates, historical production amounts, well tests and other information relating to areas in geographical proximity to the Company's property interest, which may be "analogous information" as defined by applicable securities laws. This analogous information is derived from publicly available information sources that the Company believes are predominantly independent in nature and for which references to such information sources have been provided in such sections. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with the Canadian Oil & Gas Evaluation Handbook prepared jointly by the Society of Petroleum and Engineers (Calgary Chapter) (the "**COGE Handbook**"). In addition, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. The Company believes that the provision of this analogous information is relevant to the Company's activities, given its ownership interests and operations (either ongoing or planned) in the areas in question, however, readers are cautioned that there is no certainty that any of the Company's activities in these areas will be successful to the extent in which operations in the areas in which the analogous information is derived from were successful, or at all. Such information is not an estimate of the reserves or resources attributable to the lands held or to be held by the Company and there is no certainty that the reserves and resource data and economics information for the lands held or to be held by the Company will be similar to the information presented herein.

CURRENCY, ABBREVIATIONS AND CONVERSIONS

Currency

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. All references to “**$**” or “**C$**” in this AIF are to Canadian dollars. All references to “**US$**” in this AIF are to US dollars. All references to “**NAD$**” in this AIF are to Namibian dollars. The Namibian dollar is currently fixed at a rate of 1 NAD per South African rand (“**SAR$**”). Namibia is part of the Common Monetary Area of Southern Africa.

On April 29, 2021, the Bank of Canada daily rate of exchange was US$1.00=$1.2292.

The following table sets out the exchange rates, based on the daily rates in Canada as published by the Bank of Canada for the conversion of Canadian dollars into one U.S. dollar.

	Year Ended December 31	
	2020	**2019**
High for period…………………………………………………	$1.2718	$1.2988
Low for period…………………………………………………	$1.4496	$1.3600
Rate at end of period..………………………………………..	$1.2732	$1.2988

On April 29, 2021, the Bank of Canada daily rate of exchange was SAR$1.00=$0.08592.

The following table sets out the exchange rates, based on the daily rates in Canada as published by the Bank of Canada for the conversion of Canadian dollars into one South African rand.

	Year Ended December 31	
	2020	**2019**
High for period…………………………………………………	$0.07380	$0.08627
Low for period…………………………………………………	$0.09217	$0.09898
Rate at end of period..………………………………………..	$0.08679	$0.09271

Abbreviations

“bbl” means barrel or barrels
“Bcf” billion cubic feet
“Bo” means oil formation volume factor
“Bg” means gas formation volume factor
“km” means kilometre
“m” means metre
“MMbbl” means million barrels
“psi” means pounds per square inch
“scf” means standard cubic feet
“STB” means stock tank barrel

Conversions

To Convert From	To	Multiply By
Mcf	Cubic metres	28.328
Cubic metres	Cubic feet	35.01
Bbl	Cubic metres	0.159
Cubic metres	Bbl oil	6.292
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.406
Hectares	Acres	2.471

CORPORATE STRUCTURE

Name, Address and Incorporation

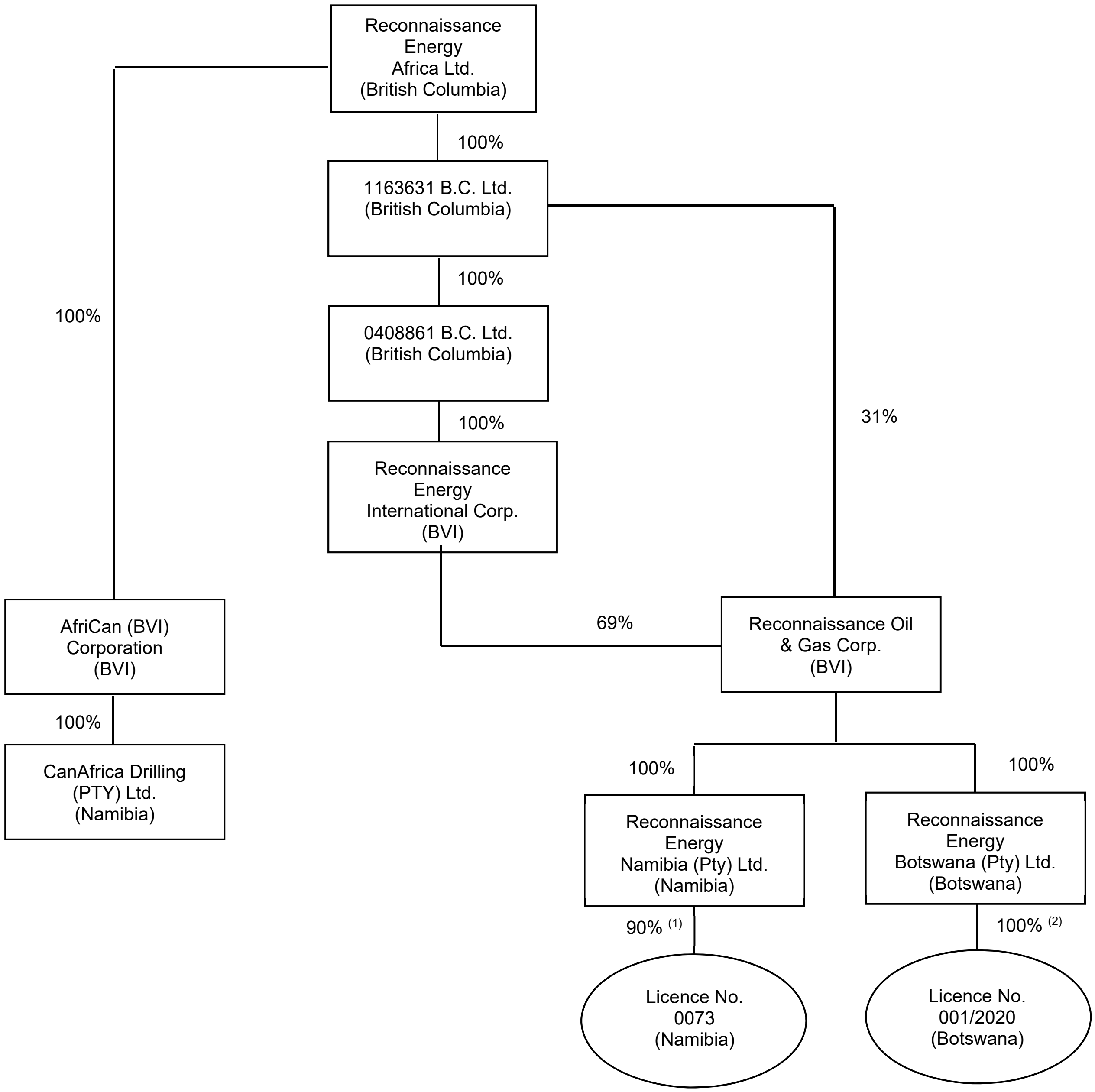
ReconAfrica was incorporated under the *Company Act* (British Columbia) on June 23, 1978 under the name "Lund Enterprises Corp." On August 30, 2019, the Company completed a reverse takeover transaction (the "**RTO Transaction**") with 1163631 B.C. Ltd. ("**1163631**"), a company incorporated under the *Business Corporations Act* (British Columbia), whereby the Company acquired all of the issued and outstanding common shares of 1163631 in exchange for common shares of the Company (the "**Common Shares**") on the basis of one Common Shares for each common share of 1163631, resulting in the reverse takeover of the Company by former shareholders of 1163631. The RTO Transaction constituted a reverse takeover under the policies of the TSX Venture Exchange (the "**TSXV**"). In connection with the completion of the RTO Transaction, the Company changed its name from "Lund Enterprises Corp." to "Reconnaissance Energy Africa Ltd." and completed a consolidation of its Common Shares on a 2:1 basis.

The Company's head office is located at P.O. Box 48326 BENTALL, Vancouver, BC V7X 1A1. The registered and records office of the Company is located at Suite 2200, 885 West Georgia Street, Vancouver, BC V6C 3E8.

Intercorporate Relationships

The following diagram sets out all of the Company's subsidiaries as of the date of this AIF, their respective jurisdiction of incorporation and the Company's direct or indirect voting interest in each subsidiary.

1



(1) 10% carried interest held by the National Petroleum Corporation of Namibia (NAMCOR).
(2) Subject to the Farmout Option (as defined herein).

Unless otherwise noted or inconsistent with the context, references to ReconAfrica or the Company in this AIF are references to Reconnaissance Energy Africa Ltd. and its subsidiaries on a consolidated basis.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

ReconAfrica is a junior oil and/or gas company currently engaged in the identification, exploration and development of oil and/or gas assets via drilling and/or acquisition with a focus on Namibia and Botswana. Pursuant to the terms of a petroleum agreement among the Government of the Republic of Namibia, the National Petroleum Corporation of Namibia ("**NAMCOR**"), and Reconnaissance Energy Namibia Pty Ltd. ("**ReconNamibia**"), a wholly-owned subsidiary of ReconAfrica, dated January 26, 2015 and as adjusted on February 25, 2019 (the "**Petroleum Agreement**"), the Company holds a 90% interest in a petroleum exploration licence no. 0073 in respect of approximately 6.3 million acres (25,341.33 km^2) of oil and/or gas exploration properties comprising Blocks 1719, 1720, 1721, 1819, 1820 and 1821 situated in the Kavango Basin of northeast Namibia (the "**Namibia Licensed Property**"), granted by the Government of the Republic of Namibia to ReconNamibia and NAMCOR pursuant to the *Petroleum (Exploration and Production) Act*, *1991* (Namibia) and governed by the Petroleum Agreement (the "**Namibia Licence**"). The Namibia Licence, which entitles ReconAfrica to apply for and receive, subject to Namibian government approval, a 25-year production licence upon successful discovery of an economically viable resource at the Namibia Licensed Property, and the Petroleum Agreement are ReconAfrica's main assets.

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**") for approximately 2.45 million acres (9,921 km^2) (later reduced to approximately 2.2 million acres or 8,990 km^2) by amendment dated December 24, 2020) (the "**Botswana Licensed Property**"). The lands subject to the Botswana Licence are contiguous to the Namibia Licensed Property. Together, the Namibia Licensed Property and the Botswana Licensed Property comprise an area comparable to the Eagle Ford Shale in Texas, USA and provide ReconAfrica with control of the entire Kavango Basin, which is potentially one of the largest onshore undeveloped hydrocarbon basins in the world.

Three Year History

Financial Year Ended December 31, 2019

Prior to the completion of the RTO Transaction, the Company was a junior mineral exploration and development company engaged in the acquisition and the exploration and development of mineral resource properties.

On August 30, 2019, the Company completed the RTO Transaction. Concurrent with the RTO Transaction, the Company completed a non-brokered private placement of units at a price of $0.20 per unit for aggregate gross proceeds of $3,410,656, each unit comprising one Common Share and one common share purchase warrant and each such warrant being exercisable into one Common Share at a price of $0.50 until August 30, 2025.

Following completion of the RTO Transaction, the Company changed its financial year end from June 30 to December 31, being the financial year end of 1163631. In addition, following completion of the RTO Transaction, J. Jay Park, QC was appointed as a director and Chief Executive Officer of the Company and James Granath was appointed as a director of the Company. Derek Bartlett and Vivian Daniel resigned as directors of the Company. Chet Idziszek resigned as Chief Executive Officer of the Company but remained as a director.

On October 7, 2019, the Company received its Environmental Clearance Certificate (the "**Drilling**

Permit") from the Office of the Environmental Commissioner, Namibia Ministry of Environment and Tourism, covering the entire Namibia Licensed Property. The Drilling Permit authorized ReconAfrica to commence drilling of numerous wells, to unrestricted depths, in the Kavango Basin, until August 26, 2022.

In December 2019, the Company completed a non-brokered private placement of 4,602,646 units at a price of $0.34 per unit for gross proceeds of $1,564,900, each unit comprising one Common Share and one common share purchase warrant and each such warrant being exercisable into one Common Share at a price of $0.50 until December 2024.

On December 24, 2019, the Company announced that Namibia's Minister of Energy and Mines had confirmed that the Namibia Licence had been approved for its First Renewal Exploration Period, and accordingly the exploration phase of the Namibia Licence was renewed and continued until January 25, 2022.

Financial Year Ended December 31, 2020

On January 15, 2020, the Company appointed Carlos Escribano as the Chief Financial Officer of the Company, replacing Ian Brown, the former Chief Financial Officer of the Company. In addition, the Company appointed Anna Tudela as the Corporate Secretary of the Company following the resignation of Liz Anderson, the former Corporate Secretary of the Company.

On February 4, 2020, the Company completed a non-brokered private placement of 5,000,000 units at a price of $0.68 per unit for gross proceeds of $3,400,000, each unit comprising one Common Share and one common share purchase warrant and each such warrant being exercisable into one Common Share at a price of $1.00 until February 4, 2025.

Also, on February 4, 2020, the Company announced that it had entered into a binding purchase agreement with Henderson Oilfield Products, LLC for the acquisition of a Crown 750 drilling rig. The all-in costs for the rig was approximately US$3 million.

On February 18, 2020, Shiraz Dhanani was appointed as a director of the Company following the retirement of Chet Idziszek as a director of the Company.

On April 29, 2020, Scot Evans was appointed as the Chief Operating Officer of the Company.

On April 30, 2020, the Company announced that it had postponed the spudding of the first well of its initial three well drilling program, originally scheduled for June 30, 2020, due to travel and logistical restrictions arising from the COVID-19 pandemic preventing the movement of personnel and materials to Namibia.

On May 26, 2020, the Company announced that, following the Namibian government's announcement on May 5, 2020, that the country would begin to gradually reopen, domestic travel was now permitted within the country and that ReconAfrica local personnel had returned to the Kavango Basin region for site preparation at two of the Company's selected drilling locations.

On June 9, 2020, ReconBotswana was granted the Botswana Licence.

On June 10, 2020, ReconBotswana entered into a farmout option agreement (the "**Farmout Option Agreement**") with Reconnaissance Energy Corp., a company wholly-owned by Mr. Craig Steinke (the "**Farmee**") who, at the time of the transaction, had beneficial ownership of more than 10% of the outstanding Common Shares.

The Farmee had previously evaluated and was in the process of obtaining the Botswana Licence in the name of the Farmee. The Farmee offered ReconBotswana a farm-in interest in the Botswana Licence; however, it was determined that it would be more beneficial to all parties concerned if ReconBotswana acquired the Botswana Licence directly and granted the Farmee the Farmout Option (as defined below) due to ReconBotswana's ability to better satisfy certain government technical requirements.

Under the terms of the Farmout Option Agreement, ReconBotswana granted the Farmee an option (the "**Farmout Option**") to acquire a 50% participating interest (the "**Farmout Interest**") in the Botswana Licence and, in exchange, the Farmee agreed to assist ReconBotswana in acquiring the ReconBotswana Licence and to fund $100,000 (the "**Farmout Option Fee**") towards (a) ReconBotswana's costs of applying for and acquiring the Botswana Licence; and (b) a portion of the initial work program for the ReconBotswana Licensed Property. The Farmout Option Fee was paid on September 15, 2020.

Under the terms of the Farmout Option Agreement, the Farmee may exercise the Farmout Option by providing written notice to ReconBotswana on or before the third anniversary of the date the Botswana Licence was awarded to ReconBotswana. Upon ReconBotswana's receipt of such written notice, ReconBotswana and the Farmee will apply to Botswana's Department of Mines, Ministry of Mineral Resources, Green Technology and Energy Security ("**MMR**") for approval to transfer the Farmout Interest to the Farmee (the "**Transfer**"). If the Farmout Option is exercised on or before the 18 month anniversary of the date the Botswana Licence was awarded to ReconBotswana, the Farmee will pay ReconBotswana $1,000,000. If the Farmout Option is exercised after the 18 month anniversary of the date the Botswana Licence was awarded to ReconBotswana, the Farmee will pay ReconBotswana $1,500,000. Such cash payments will be payable on the 10th business day following the date that MMR provides its approval to the Transfer.

Upon the exercise of the Farmout Option, ReconBotswana and the Farmee will negotiate in good faith to enter into a joint operating agreement to govern the joint venture between ReconBotswana and the Farmee, which will be based on the AIPN 2012 Model International Operating Agreement. The Company will be the operator upon formation of the joint venture and all costs related to the joint venture will be borne in proportion to the parties' participating interests.

The Farmout Option Agreement may be terminated if the Transfer is not completed within six months following the exercise of the Farmout Option, if the MMR does not provide its approval to the Transfer, or by mutual agreement.

The Farmout Option Agreement constitutes a "related party transaction", as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). In respect of the requirements of MI 61-101, the Company relied on the exemptions from the formal valuation and minority shareholder approval requirements under MI 61-101. The Company was exempt from the formal valuation requirements of MI 61-101 as no securities of the Company are listed on the specified markets outlined therein. Additionally, the Company was exempt from the minority shareholder approval requirements of MI 61-101 as the fair market value of the transaction is less than 25% of the Company's market capitalization.

On June 25, 2020, Nick Steinsberger was appointed as the Senior Vice President, Drilling and Completions of the Company.

On July 7, 2020, the Company announced the completion of a further comprehensive subsurface evaluation delineating large scale, prospective conventional hydrocarbon bearing structures, throughout the Kavango Basin. The primary objective of ReconAfrica's initial three well drilling program is to confirm an active petroleum system in the Kavango Basin. Specifically, the wells were designed to test source rocks, potential reservoir rocks and conventional hydrocarbon traps.

On July 8, 2020, Doug Allen was appointed as the Senior Vice President, Investor Relations of the Company.

On July 27, 2020, the Company announced that on July 24, 2020 ReconAfrica received from the Namibia Ministry of Mines and Energy (the "**MME**") a letter which declared the planned drilling operations to be undertaken in Q4, 2020 by ReconAfrica in the Kavango basin as "essential services".

On August 20, 2020, the Company completed a brokered public offering of 32,855,409 units at a price of $0.70 per unit for gross proceeds of $22,998,786.30 with each unit comprising one Common Share and one common share purchase warrant and each such warrant being exercisable into one Common Share at a price of $1.00 until August 20, 2025, subject to acceleration to a date 30 calendar days following notice to be provided to the warrantholders by the Company in the event that the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds $3.00 (the "**Warrant Acceleration**").

On August 25, 2020, Scot Evans was appointed as the Chief Executive Officer of the Company.

On August 26, 2020, the Company provided a Kavango Basin operations update on progress on the preparation and upgrades to the Company's Crown 750 drilling rig, and the intention to acquire its first 2D seismic program.

On September 30, 2020, the Company became quoted on the OTCQX.

On October 20, 2020, the Company provided a Kavango Basin operations update, highlighting the near completion of updates to the Crown 750 drilling rig, launching of the building of the drill site for the first well (6-2), completion of the design phase of the 2D seismic program and initiation of the EIA.

On December 21, 2020, the Company provided the following operations updates:

- The well-site for the first well (6-2) in the Kavango Basin and the associated camp were completed, on schedule, in mid-December 2020.
- Utilizing a smaller local rig, the initial leg of the well-bore had been drilled, with the first casing string set and cemented.
- The Company-owned Crown 1,000 HP drilling rig (Jarvie-1), along with ancillary equipment and spare parts, were successfully shipped from the Port of Houston and arrived on schedule, in the Port of Walvis Bay, on December 11, 2020.
- The drilling of a new water well to improve the supply of fresh drinking water to the community in the Kavango region.

Subsequent to Financial Year Ended December 31, 2020

On January 11, 2021, the Company and the Government of Botswana announced an amendment to the Exploration License to ReconAfrica excluding ReconAfrica's entire Core and Buffer areas of the Tsodillo Hills, an UNESCO World Heritage Site.

On January 18, 2021, the Company announced it had commenced drilling operations on the first well (6-2) of an initial three well program.

On February 10, 2021, the Company announced the Warrant Acceleration to March 18, 2021 and the Warrants were subsequently de-listed from the TSXV.

On February 17, 2021, Mark Gerlitz was appointed as a director of the Company.

On February 25, 2021, the Company provided a drilling operations update in the Kavango sedimentary basin in the Kalahari Desert and announced that it had qualified as the Canadian TSX Venture 50 Exchange 2021 top performing energy company.

On March 22, 2021, the Company announced that Doug Allen had retired.

On April 15, 2021, the Company and the MME announced preliminary analysis of the data from 6-2 well, the first of the three well drilling program, providing clear evidence of a working conventional petroleum system in the Kavango Basin. The well sample log of the 6-2 provides over 200 metres (over 660 feet) of oil and natural gas indicators/shows over three discrete intervals in a stacked sequence of reservoir and source rock. Extraction of oil from these samples and subsequent fingerprinting for key characteristics of the liquids, supports an active petroleum system with multiple source intervals.

On April 19, 2021, the Company announced that it had entered into a non-binding letter of intent to acquire all of the issued and outstanding common shares and convertible securities of Renaissance Oil Corp. by way of a statutory plan of arrangement under the *Business Corporations Act* (British Columbia). This transaction remains subject to a number of conditions, including but not limited to, entering into a definitive agreement, approval of the shareholders of Renaissance Oil Corp. at a duly called meeting, and acceptance by the TSXV. There is no assurance that this transaction will be completed.

On April 25, 2021, Diane McQueen was appointed as the Company's Senior Vice President, Corporate Communications and Stakeholder Relations.

Significant Acquisitions

The Company did not complete any significant acquisition during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

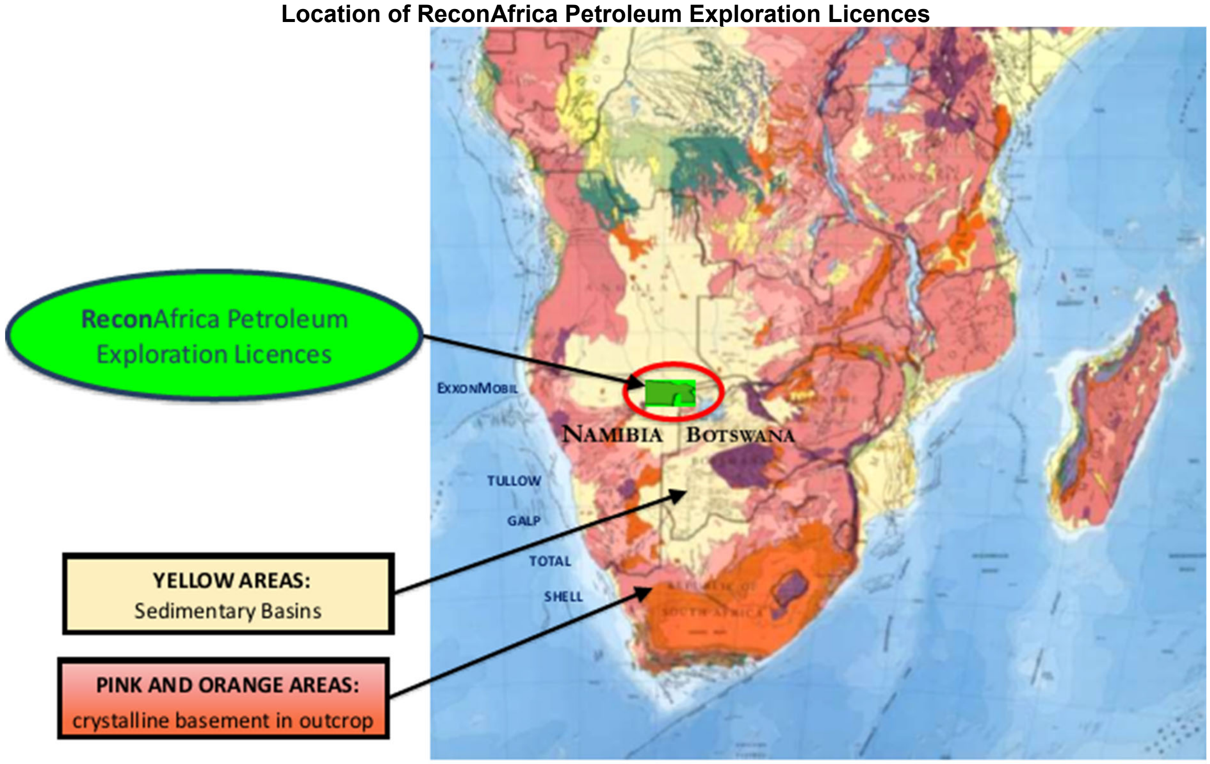
DESCRIPTION OF THE BUSINESS

As described above under *"General Development of the Business"*, the principal business of the Company is the identification, exploration and development of oil and/or gas assets via drilling and/or acquisition with a focus on Namibia and Botswana, two stable democracies located in Africa with a strong adherence to the rule of law.

Namibia, a former colony of Germany and then administered by South Africa pursuant to the Treaty of Versailles, gained independence from South Africa in 1990, has infrastructure comparable to that located in Western, developed countries. As of the date of this AIF, major industry competitors such as ExxonMobil Corporation, Tullow Oil plc, Royal Dutch Shell plc, Total S.A. and Galp Energia, SGPS, S.A. all have active operations in Namibia.

Botswana, a former colony of the United Kingdom and sovereign nation since 1966, is Africa's longest standing democracy.

Location of ReconAfrica Petroleum Exploration Licences



The Namibia Licensed Property includes six licensed blocks, namely 1719, 1720, 1721, 1819, 1820 and 1821 (all of the Namibia Licence), with a total area of approximately 6.3 million acres (25,341.33 km^2). The Botswana Licensed Property includes the Botswana Licence of approximately 2.2 million acres (8,990 km^2) in size. Both licences are located within the Okavango River Basin. The terrain is flat to slightly rolling. Summer is from October to April and temperatures range from 20º C to 34º C during these months. Average winter temperatures range between 18°C and 22°C. The average annual rainfall varies from 350mm in the central interior and 700mm in the Caprivi Strip. The rainy season is from October until April. Paved and gravel roads exist on the Namibia Licensed Property and the Botswana Licensed Property and paved roads are present from the Namibia Licensed Property to the capital Windhoek and to the port at Walvis Bay. It is 225 kilometres from the Namibia Licensed Property to the railhead at Grootfontein, which connects to Walvis Bay. There is an airport on the Namibia Licensed Property with connections to the other Namibia airports including Windhoek. Road access to the Botswana Licensed Property is by paved road from the Namibia Licensed Property in the Caprivi Strip, or by paved and gravel roads from Gabarone, the capital of Botswana.

The Petroleum Agreement and its related Namibia Licence are the Company's primary assets. On June 9, 2020, the Company, through ReconBotswana, was granted the Botswana Licence.

The Company's core operating objectives are to identify and develop oil and/or gas assets through exploration conducted pursuant to the Namibia Licence, which was obtained by REN, now a wholly owned subsidiary of the Company following the RTO Transaction, in 2015. During 2015, ROG acquired a high-resolution geomagnetic survey of the Namibia Licensed Property and conducted a detailed analysis of the resulting data and other available data related to the Namibia Licensed Property, including reprocessing and reinterpretation of all existing geological and geophysical data. This led to the identification on the Namibia Licensed Property of the Kavango Basin, as a sub-basin of the Greater Owambo Basin in northeastern Namibia.

To date, the Namibia Licensed Property has seen no historical drilling or 2D seismic acquisition, with the closest subsurface well control 385 km to the west. This critical control point, Stratigraphic Test #1, was drilled to a depth of 1878 metres by Etosha Petroleum Co. in 1964, and encountered Kalahari

Sequence, Karoo Supergroup – lower Karoo and Damara Sequence – Otavi and Mulden Groups.

The Company's geologic team has defined a beneficial structural framework and depositional basin configuration utilizing a high-resolution aero-magnetic database. The Company has developed a fully integrated structural inversion model for the entirety of the Namibia Licensed Property defining a pull-apart basin with targetable half grabens capable of housing substantial thickness of Karoo-Aged sediments and reef-prone Lower Paleozoic Units. Regional geologic investigations of the Permian Karoo Seaway, including Main Karoo Basin, Botswana Kalahari Basin and Namibian basins Karasburg, Nama, Waterberg, Huab and Owambo support potential for adequate thickness of resource-prone sediments. Preliminary analyses indicate basin depths supportive of oil and/or gas thermal maturation levels.

ROG hired an in-country environmental assessment firm who initiated an environmental impact assessment in the fourth quarter of 2018 for the purpose of obtaining the necessary governmental permits and approvals to allow drilling operations to occur. The Company identified a number of possible drilling locations for stratigraphic test wells, the drilling of which would provide critical and useful information about the stratigraphy of the Namibia Licensed Property and whether hydrocarbons exist on the Namibia Licensed Property. The Drilling Permit was obtained on October 7, 2019 and the Company commenced drilling operations on the Namibia Licensed Property in January 2021.

The first well ("6-2") of the three well program in the deep Kavango Basin of North East Namibia achieved total depth in early April 2021. There was no hydraulic fracturing or other stimulation in the well program, as all targets for the drilling program are conventional reservoirs. The well sample log of the 6-2 provides over 200 metres (over 660 feet) of oil and natural gas indicators/shows over three discrete intervals in a stacked sequence of reservoir and source rock. Extraction of oil from these samples and subsequent fingerprinting for key characteristics of the liquids, supports an active petroleum system with multiple source intervals.

With drilling, coring and logging operations completed on the 6-2 location, the rig will be moved approximately 16 kilometres (10 miles) north to the second well site in the program, the 6-1 location. Preparation of the 6-1 site has been proceeding in parallel to the 6-2 drilling operations. This second well is designed to evaluate the petroleum systems discovered in the first well in an area of maximum thickness.

The Company's growth strategy is to first explore the Kavango Basin and convert anticipated exploration successes there into appraisal and development operations prior to considering blocks elsewhere in Africa. Advancing exploration successes into appraisal and development operations may involve joint ventures with other companies if attractive farm-out opportunities can be identified, so that the Company can focus its operations on its exploration expertise.

Petroleum Agreement

In Namibia, all rights in relation to the exploration for, the production and disposal of, and the control over petroleum vest in the state. The *Petroleum (Exploration and Production) Act 2 of 1991* (Namibia), together with the *Petroleum (Taxation) Act 3 of 1991* (Namibia) are the principal laws regulating the granting and transfer of petroleum licences to explore for and produce petroleum within the Republic of Namibia. Prior to a petroleum licence being granted, the *Petroleum (Exploration and Production) Act 2 of 1991* (Namibia) requires that the Namibian Minister of Mines and Energy enter into a petroleum agreement with the licence applicant containing the terms and conditions applicable to such licence and possible future licences, including production licences. On January 26, 2015, prior to the grant of the Namibia Licence to the Company, the Minister of Mines and Energy entered into the Petroleum Agreement with REN, now a wholly-owned subsidiary of ReconAfrica.

The following summary of key terms of the Petroleum Agreement is qualified in its entirety by the full text of the Petroleum Agreement, a copy of which is available on the Company's SEDAR profile at www.sedar.com. Under the Petroleum Agreement, ReconAfrica was granted a 90% participation interest in the Namibia Licensed Property, with NAMCOR retaining a 10% participation interest. The Petroleum Agreement describes an eight-year exploration work program and accompanying minimum expenditures on the Namibia Licensed Property related thereto. Such exploration program consists of the following three phases:

Initial Exploration Period (4 years)

- Collection of existing surface and subsurface exploration data including, without limitation potential fields, remote sensing, satellite imagery, geomorphological, geochemical, radiometric and well data.
- Reprocessing and reinterpretation of all geological and geophysical data.
- Geochemical soil sampling and analysis.
- Initial integral assessment of the hydrocarbon potential of the area.
- Environmental impact assessment for both drilling and seismic acquisition activities.
- A minimum 500 kilometres of 2D seismic data for assessment of geology and basin structural configuration (with an option to replace the seismic program with two stratigraphic test wells to the base of the Karoo Super group sequences with total depth at the top of Damara belt related sequences).
- Full integral assessment of the hydrocarbon potential of the area and gross resources estimates.
- Planning for drilling two stratigraphic tests or exploration wells.

Minimum expenditures for the initial exploration phase, as prescribed by the Petroleum Agreement, total US$5,000,000. Additionally, the Company is required to spend US$50,000 per year (benchmarked to inflation) for the purposes of funding the education and training of Namibians, of which US$35,000 is to be paid to the Namibian Petroleum Training and Educational Fund and US$15,000 is to be paid in connection with the in-house training of Namibian citizens in the field of oil and/or gas exploration.

On October 22, 2018, the MME granted a one-year extension to the Initial Exploration Period of the Namibia Licence.

Pursuant to an adjustment letter dated February 25, 2019, the MME agreed to adjust the work commitment, minimum expenditure requirement, and timing of relinquishment under the Petroleum Agreement and the Namibia Licence such that the Company's work and expenditure commitments under the Initial Exploration Period will be deemed to have been satisfied provided that, by January 29, 2020, the Company drills one stratigraphic test well, rather than two. The drilling of one stratigraphic test well will fulfil the Company's work and expenditure obligation to the end of the Initial Exploration Period.

Pursuant to such adjustment letter, ReconAfrica's obligation to drill the second stratigraphic test well has been deferred to and becomes a part of the work commitments that must be satisfied during the First Renewal Exploration Period. Further, the relinquishment obligation which arises at the end of the Initial Exploration Period has been deferred into the First Renewal Exploration Period.

On December 24, 2019, the Company announced that Namibia's Minister of Energy and Mines had confirmed that the Namibia Licence had been approved for its First Renewal Exploration Period, and accordingly the exploration phase of the Namibia Licence was renewed and continued until January 25, 2022. The MME's approval included recognition that the proposed work program for the First Renewal Exploration Period included the drilling of two stratigraphic test wells.

First Renewal Exploration Period (2 Years, subject to possible one-year extension)

- Acquire 250 kilometres of 2D seismic data.
- Drill and evaluate two stratigraphic and/or exploration wells.
- Design and plan 3D seismic acquisition program for continued exploration and drilling

program.

Minimum expenditures for the First Renewal Exploration Period, as prescribed by the Petroleum Agreement, total US$10,000,000 plus an additional US$50,000 per year (benchmarked to inflation) for the purposes of funding the education and training of Namibians, of which US$35,000 is to be paid to the Namibian Petroleum Training and Educational Fund and US$15,000 is to be paid in connection with the in-house training of Namibian citizens in the field of oil and/or gas exploration.

Second Renewal Exploration Period (2 Years, subject to possible one-year extension)

- Acquire 200 square kilometres of 3D seismic, in support of further exploration and development program.
- Process and interpret acquired 3D seismic data.
- Design and delineation program.
- Drill and evaluate initial delineation test.

Minimum expenditures for the Second Renewal Exploration Period, as prescribed by the Petroleum Agreement, total US$10,000,000 plus an additional US$50,000 per year (benchmarked to inflation) for the purposes of funding the education and training of Namibians, of which US$35,000 is to be paid to the Namibian Petroleum Training and Educational Fund and US$15,000 is to be paid in connection with the in-house training of Namibian citizens in the field of oil and/or gas exploration.

Other Material Provisions

In addition to the aforementioned minimum exploration expenditure, the Company is required to pay to the Government of Namibia an annual licensing fee ranging from NAD$60 to NAD$150 per square kilometre of Namibia Licensed Property, depending on the applicable stage of exploration. Should the Namibian Minister of Energy and Mines grant a production licence over any part of the Namibia Licensed Property (as further described below), the annual licensing fee will increase to NAD$1,500 per square kilometre to which such production licence relates.

In accordance with the Petroleum Agreement, as adjusted by the February 25, 2019 adjustment letter, the Company must relinquish at least 50% of the exploration area covered by the Namibia Licence no later than either (i) 60 days following the completion of the drilling of the second stratigraphic test well; or (ii) at the end of the First Renewal Exploration Period, to be agreed upon between the MME and the Company. A further 25% of the exploration area covered by the Namibia Licence must also be relinquished by the Company no later than 30 days before the end of the First Renewal Exploration Period following the grant of the Namibia Licence. In determining the relinquished area, any areas of the Namibia Licensed Property that have been identified as potentially productive are excluded from the relinquishment requirements.

In the event the exploration work at the Namibia Licensed Property leads to the discovery of an economically viable petroleum reservoir, the Company may, pursuant to the terms of the Petroleum Agreement, make an application for a production licence. Within six months after making such application, subject to the provisions of the *Petroleum Act* (Namibia), the Namibian Minister of Mines and Energy may grant to the Company a 25-year production licence. The Company is required to pay, to the benefit of the Government of Namibia on a quarterly basis, a 5% production royalty based on the market value, as determined in accordance with the provisions of the Petroleum Agreement, of any natural gas or crude oil produced under a production licence granted pursuant to the Petroleum Agreement. An incremental three-tiered Additional Profits Tax ("**APT**") is charged on the after-tax net cash flow from petroleum operations in the Namibia Licensed Property. Exploration, development and operating expenditures, as well as royalty and corporate income tax, are all fully deductible in the year they are paid in the computation of the APT net cash flow for the year. APT will only be paid if the petroleum operations in the Namibia Licensed Property earn an after-tax real (i.e. inflation-adjusted) rate of return of 15%. The second and third tiers of APT become payable once the profitability level exceeds 20% and 25% respectively. The first-tier rate of APT is established in the legislation (through a formula) at 25%. The incremental second and third tier APT rates are determined in the Petroleum Agreement, and in the case of the Company, are 28% and 29% respectively.

A copy of the Petroleum Agreement is available on SEDAR under ReconAfrica's profile at www.sedar.com. See "*Material Contracts*".

Botswana Licence

On June 9, 2020, the Company, through ReconBotswana, was granted the Botswana Licence. The terms of the Botswana Licence are as follows:

- 100% working interest in all petroleum rights from surface to basement;
- an initial 4-year exploration period, with renewals up to an additional 10 years, in accordance with the *Botswana Petroleum (Exploration and Production) Act*;
- upon declaration of commercial production, the operator holds the right to enter into a 25-year production licence with a 20-year renewal period, in accordance with the *Botswana Petroleum (Exploration and Production) Act;*
- royalties associated with the production licence will be subject to negotiation, in accordance with the *Botswana Petroleum (Exploration and Production) Act*, and generally range from 3 to 10% of gross revenue from production;
- the Company has committed to a minimum work program of US$432,000 over the first 4-year exploration period; and
- the corporate tax rate of Botswana is 22%.

The fiscal regimes of both Namibia and Botswana are both globally competitive. In the most recent "African Investment Index" published in 2018 by Quantum Global Research Lab, the independent research arm of the Quantum Global Group, a group of companies operating in the areas of investment management, private equity, active management and research with a focus on Africa, Quantum Global Research Lab ranked Botswana as the fourth most attractive investment destination in Africa.

On June 10, 2020, ReconBotswana and the Farmee entered into the Farmout Option Agreement pursuant to which ReconBotswana granted the Farmee the option to acquire a 50% participating interest in the Botswana Licence. For further details regarding the Farmout Option Agreement, see "General Development of the Business – Three Year History – Financial Year Ended December 31, 2020".

Trends

Other than as disclosed in this AIF, there are no current trends in ReconAfrica's business that are likely to impact ReconAfrica's performance.

Specialized Skills and Knowledge

The Company relies on the specialized skill and knowledge of its permanent staff to compile, interpret and evaluate technical data, drill and complete wells, design and operate production facilities and numerous additional activities required to explore for and produce oil and natural gas. From time to time, the Company employs consultants and other service providers to provide complementary experience and expertise to carry out its oil and natural gas operations effectively. It is the belief of management that the Company that its officers and employees, who have significant technical, operational and financial experience in the oil and/or gas industry, hold the necessary skill sets to successfully executed the Company's business strategy in order to achieve its corporate objectives.

Competitive Conditions

The oil and natural gas industry is intensely competitive in all its phases. The Company competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties, in the marketing of oil and natural gas and in attracting skilled personnel. The Company's competitors include resource companies that have greater financial resources, staff and facilities than those of the Company. The Company's ability to discover reserves in the future will depend on its ability to successfully explore its present properties, to select and acquire suitable producing properties or prospects on which to conduct future exploration and to respond in a cost-effective manner to economic and competitive factors that affect the distribution and marketing of oil and natural gas. Competitive factors in the distribution and marketing of oil and nature gas include price and methods and reliability of delivery. The Company's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon the development and maintenance of close working relationships with its future industry partners and joint operators and its ability to select and evaluate properties and to consummate transactions in a highly competitive environment. The Company believes that its competitive position is equivalent to that of other oil and/or gas issuers of similar size and at a similar stage of development. See *"Risk Factors"*.

Cyclical and Seasonal Nature of Industry

The Company's operational results and financial condition will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on the Company's financial condition.

Employees

As at December 31, 2020, ReconAfrica did not have any employees and had 11 contractors. Field work and drilling services are provided by contractors on a seasonal and as-needed basis.

Foreign Operations

The Company currently owns or has an interest in oil and/or gas assets in Namibia and Botswana. The Company's operations are exposed to various levels of political, economic and social risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; military repression; expropriation; political corruption, extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; war or civil unrest; renegotiation or termination of existing licences, permits and contracts; ability of governments to unilaterally alter agreements; surface land access issues; changes in taxation policies, laws and regulations; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Any changes in regulations or shifts in political attitudes in such foreign countries are beyond the Company's control and may adversely affect the Company's business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to restrictions on production, export controls, import restrictions, such as restrictions applicable to, among other things, equipment, services and supplies, taxes, expropriation of property, repatriation of profits, environmental legislation, land use, surface land access, land claims of local people and worksite safety. The effect of these factors cannot be accurately predicted. See *"Risk Factors"*.

Environmental Protection

Environmental legislation imposes certain restrictions, obligations, and liabilities on companies in the oil and/or gas industry. Drilling for and production, handling, transporting and disposing of oil and/or gas and petroleum by-products are subject to extensive regulation under national and local environmental laws, including those of the countries in which the Company currently operates. Environmental regulations may impose, among other things, restrictions, liabilities and obligations in connection with water and air pollution control and permitting requirements and restrictions on operations in environmentally sensitive areas. Environmental regulations may also impose restrictions on the handling of, storing, transporting, and disposing of waste. In addition, the Company could potentially be liable for contamination on properties acquired and it attempts to mitigate the risk of inheriting environmental liabilities by conducting due diligence on acquisition opportunities.

Environmental protection requirements have not, to date, had a significant effect on the capital expenditures, financial performance and competitive position of the Company. However, environmental regulations are expected to become more stringent in the future and costs associated with compliance are expected to increase. In addition, as the Company's exploration and operating activities expand, new and more rigorously enforced environmental regulations may come into play, which could impact those activities and the cost of compliance. Any penalties or other sanctions imposed on the Company for non-compliance with environmental regulations could have a material adverse effect on the Company's business, prospects and financial performance, or could result in restrictions or cessation of operations and the imposition of fines and penalties.

Economic Dependence

The Company's interests in Namibia and Botswana are dependent on the terms of the Namibia Licence and the Petroleum Agreement, and the Botswana Licence, respectively.

Social and Environmental Policies and Responsibility

Effective March 1, 2020, the Company adopted an Environmental, Health & Safety Policy (the "**EHS Policy**"). The purpose of the EHS Policy is to assist the Company in accomplishing its goal of preventing all injuries and protecting human life and the environment throughout all locations where the Company operates by specifying uniform, minimum safety rules and standards applicable in all areas of the Company's operations. To accomplish this objective, pursuant to the EHS Policy, the Company will, among other things, (i) advise each manager, supervisor and employee of all applicable safety, health and environmental requirements, (ii) design and manage operations to minimize environmental and human health impacts; (iii) comply with all laws and regulations governing safety, health and environmental protection; (iv) monitor, evaluate and report the Company's performance in safety, health and environmental protection; and (v) provide training necessary to protect human, environmental and physical resources. The EHS Policy establishes the responsibilities of managers, supervisors, employees and contractors as they relate to health, safety and environmental matters, including requirements to report any injuries or unsafe working conditions, and provides rules for safety and the use of personal protective equipment at the Company's operations. The EHS Policy also contains prohibitions on the possession of firearms and the consumption of alcohol or drugs at the Company's properties or in carrying out operations for the Company.

ReconAfrica respects the integrity of all designated protected and environmentally sensitive areas, such as the Tsodilo Hills in Botswana. We have a collaborative agreement with the Government of Namibia that excludes the Tsodilo Hills from the Company's license area and we will respect all exclusionary areas. Our wells will be drilled with organic and biodegradable water-based drilling fluids and we will use the most effective casing and materials to ensure complete protection of all water sources and aquifers. Additionally, the project has set no-go buffer zones to protect water that include a 10-km setback from the Okavango River and a 20-km setback from the Okavango Delta. ReconAfrica's water-management plan includes groundwater assessments, hydro census, monitoring and mitigation.

Consultation sessions regarding our seismic and stratigraphic programs were completed directly with communities. ReconAfrica continues to engage interested and affected stakeholders on an ongoing basis. ReconAfrica reaches out to traditional authorities, community leaders and community members both in formal consultation community meetings and also in what are locally known as "cluster village interaction" sessions, which are all translated into the local stakeholders' languages.

ReconAfrica is committed to protecting the region's wildlife. As part of this commitment, ReconAfrica is implementing the most advanced drilling practices available. We are avoiding ecologically sensitive areas, migratory routes and national preserve areas.

Our project aims to prove a potential reserve that could lead to economic stimulus, funding local and regional jobs and other socio-economic benefits such as increased infrastructure, potable water access and investments in environmental and wildlife conservation.

Reorganization

Other than the below, neither the Company nor any of its subsidiaries have been the object of any reorganization within the three most recently completed financial years.

In connection with, and as a condition to, completing the RTO Transaction, 1163631 completed a corporate restructuring (the "**Reorganization**") with a group of related companies – being (i) 0408861 B.C. Ltd. (formerly, Reconnaissance Energy Corp.) ("**Recon**"), a company incorporated under the *Business Corporations Act* (British Columbia); (ii) Reconnaissance Energy International Corp. ("**REI**"), a corporation incorporated under the laws of the British Virgin Islands; (iii) Reconnaissance Oil & Gas Corp. ("**ROG**"), a corporation incorporated under the laws of the British Virgin Islands; and (iv) ReconNamibia, a company incorporated under the laws of the Republic of Namibia. Upon completion of the Reorganization and the RTO Transaction, 1163631, Recon, REI, ROG and ReconAfrica became wholly-owned subsidiaries of the Company.

OIL AND GAS INFORMATION

As at December 31, 2020, ReconAfrica had no reserves and hence no related future net revenue. Consequently, ReconAfrica did not engage an independent evaluator to review its reserves or associated future net revenues for the period ended December 31, 2020.

See the amended Statement of Reserves Data and Other Oil and Gas Information of ReconAfrica in Form 51-101F1 dated May 19, 2021 and related amended Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 dated May 19, 2021 filed under the Company's profile on the SEDAR website at www.sedar.com which are incorporated by reference herein and form a part of this AIF.

RISK FACTORS

The Company is subject to both risks that directly affect our business and operations, as well as indirect risks that impact third parties or industry generally. Investors should carefully consider the risk factors set out below and consider all other information contained herein and, in the Company's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all of the risks associated with ReconAfrica's business, the business of third parties with whom the Company conducts business and the crude oil and natural gas business generally. If any event arising from the risk factors set forth below occurs, ReconAfrica's business, prospects, financial condition, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected.

Risks Related to the Company's Business

Nature of Business

An investment in the Company should be considered highly speculative due to the nature of the Company's involving in the exploration for, and the acquisition, production and marketing of oil and natural gas reserves and its current stage of development. Oil and/or gas operations involve many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Company.

Exploration and Production Risks

Oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on exploration by the Company will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The Company currently has a limited number of specific identified exploration or development prospects. Management of the Company will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards and past practices. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and/or gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Weakness and Volatility in the Oil and Gas Industry

Recent market events and conditions, including global excess oil and natural gas supply, actions or inactions taken by the Organization of the Petroleum Exporting Countries ("**OPEC**"), announcements by Saudi Arabia to relax quotas and resulting price wars, sanctions against Iran and Venezuela, slowing growth in China and emerging economies, weakened global relationships, conflict between the U.S. and Iran, isolationist and punitive trade policies, U.S. shale production, sovereign debt levels and political upheavals in various countries including a growing anti-fossil fuel sentiment and the continuing impact of the COVID-19 pandemic, have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and/or gas companies and a decrease in confidence in the oil and/or gas industry.

The Company's plan is to explore for and/or appraise oil and/or gas properties that could then lead to eventual development. Crude oil and natural gas are commodities that are sensitive to numerous worldwide factors, many of which are beyond the Company's control, and are generally sold at contract or posted prices. Changes in world crude oil and natural gas prices may significantly affect the Company's financial performance and cash generated from operating activities. Consequently, such prices may also affect the value of the Company's oil and/or gas properties and the level of spending for oil and natural gas exploration and development.

The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of the Company's reserves. The Company might also elect not to produce from certain wells at lower prices. A prolonged period of adverse market conditions may impede the Company's ability to finance its operations. Given the current market conditions and the current lack of confidence in the global oil and natural gas industry generally, the Company may have difficulty raising additional funds in the future or if it is able to do so, it may be on unfavourable and highly dilutive terms. If these conditions persist, ReconAfrica's cash flow may not be sufficient to continue to fund operations and to satisfy obligations when due and will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory or at all. Similarly, there can be no assurance that the Company will be able to realize any or sufficient proceeds from asset sales to discharge its obligations. See "*Substantial Capital Requirements*". All of these factors could result in a material decrease in the Company's net production revenue. All of the Company's expenditures are subject to the effects of inflation and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation.

Crude oil prices are influenced by various reference prices, primarily Brent Crude. Adjustments are made to the reference price to reflect quality differentials and transportation. Reference prices are affected by numerous and complex worldwide factors such as supply and demand fundamentals, economic outlooks, production quotas set by OPEC and political events. Quality differentials are affected by local supply and demand factors.

Substantial Capital Requirements

ReconAfrica anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity financings, the Company's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- the Company's credit rating (if applicable);
- commodity prices;
- interest rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and ReconAfrica's securities in particular.

Further, if the Company's estimated resources are adjusted downward or revenues or future discovered reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. The current conditions in the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies to access additional financing. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. ReconAfrica may be required to seek additional equity financing on terms that are highly dilutive to existing shareholders. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on its business financial condition, financial performance and prospects.

Permits, Licences, Approvals and Authorizations

The operations of the Company require permits, licences, approvals and authorizations from various governmental and nongovernmental authorities. Such permits, licences, approvals and authorizations are subject to the discretion of the applicable governmental and non-governmental authorities. The Company must comply with existing standards, laws and regulations, as applicable that may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and the permitting authority. There can be no assurance that the Company will be able to obtain all necessary permits, licences, approvals or authorizations. Failure to obtain such licences, permits, approvals or authorizations may have a material adverse effect on the Company's business, prospects, financial condition or financial performance. The Company's intended activities will be dependent on such permits, licences, approvals and authorizations which, if obtained, could subsequently be withdrawn or made subject to limitations. There can be no guarantee as to the terms of any such permits, licences, approvals and authorizations that future permits, licences, approvals and authorizations will be renewed or, if so, on what terms when they come up for renewal. Properties in the jurisdiction in which the Company currently carries on business are subject to licence requirements, which generally include, inter alia, certain financial commitments which, if not fulfilled, could result in the suspension or ultimate forfeiture of the relevant licences. Government action, which could include non-renewal of licences, may result in any income receivable by the Company or licences held by the Company being adversely affected. In particular, changes in the application or interpretation of laws and/or taxation provisions in the regions in which it carries on business could adversely affect the value of the Company's interests.

Infectious Diseases and COVID-19

Outbreaks or the threat of outbreaks of viruses or other infectious diseases, pandemics or similar public health threats, such as the novel coronavirus (COVID-19) pandemic, and the response thereto, could have a material adverse effect on the Company, both operationally and financially. The global response to the COVID-19 pandemic has resulted in, among other things, border closures, severe travel restrictions and extreme fluctuations in financial and commodity markets. Additional measures may be implemented by one or more governments in jurisdictions where the Company operates. Labour shortages due to illness, Company or government imposed isolation programs or prevention measures, or restrictions on the movement of personnel or possible supply chain delays or disruptions could result in a reduction or interruption of the Company's operations. While the Company's operations have not been materially impacted to date, there can be no assurance that the Company will remain materially unaffected by the current COVID-19 pandemic or potential future public health crises, which could cause operational and supply chain delays and disruptions (including as a result of government regulation and prevention measures), labour shortages and shutdowns, breach of material contracts, government or regulatory actions or inactions, increased insurance premiums, decreased demand or the inability to sell oil and natural gas, declines in the price of oil and natural gas, capital markets volatility, or other unknown but potentially significant impacts. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain the COVID-19 pandemic or remedy its impact, among others.

Negative Operating Cash Flow

The Company has negative cash flow from operating activities, has no history of earnings, has earned no revenue since commencing operations, has no source of operating cash flow, and there is no assurance that additional funding will be available to it for continued exploration and development. In addition, the Company has work obligations and fixed payment obligations to maintain its properties but no source of revenue. The only sources of future funds presently available to ReconAfrica are the sale of equity capital, or the offering by the Company of an interest in its properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be acceptable. Failure to obtain such financing could result in delay or indefinite postponement of further exploration and development of ReconAfrica's projects. There is also no assurance that the Company can generate revenues, operate profitably, or provide a return on investment or that it will successfully implement its plans.

Possible Failure to Realize Anticipated Benefits of Acquisitions

The Company has acquired the Namibia Licence and the Botswana Licence. The Company may complete other acquisitions in the future with a view to strengthening its position in the oil and natural gas industry and to create the opportunity to realize certain benefits. Achieving the benefits of these acquisitions depends in part on factors outside of the Company's control.

The consideration and rationale for acquisitions is based in large part on engineering, environmental and economic assessments made by the Company, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and/or gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and/or gas and operating costs, future capital expenditures and royalties and other government levies which may be imposed. Many of these factors are subject to change and are beyond the control of the Company. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as ReconAfrica's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of so that ReconAfrica can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of ReconAfrica, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Company.

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that a defect in the chain of title will not arise. The actual interest of the Company in properties may accordingly vary from ReconAfrica's records. If a title defect does exist, it is possible that the Company may lose all or a portion of the properties to which the title defect relates, which may have a material adverse effect on the Company's business, financial condition, financial performance and prospects. There may be valid challenges to title or legislative changes, which affect the Company's title to the oil and natural gas properties ReconAfrica controls that could impair the Company's activities on them and result in a reduction of the revenue received by ReconAfrica.

Economic Dependence

The Company's interests in Namibia and Botswana are dependent on the terms of the Namibia Licence and the Petroleum Agreement, and the Botswana Licence, respectively.

Currently, the Company does not have cash inflows and/or adequate financing to develop profitable operations. ReconAfrica is pursuing exploration projects and contracts that will require substantial additional financing before they are able to generate positive operating cash flows. Accordingly, the Company's continued successful operations and its ability to carry on its exploration and developmental activities and obligations in respect of Namibia Licence and the Botswana Licence, both now and in the future are and will be dependent on its ability to obtain additional financing.

Reliance on Key Individuals

Although the Company has experienced senior management and personnel, the Company is substantially dependent upon the services of a few key personnel. The loss of services of these individuals could have a material adverse effect on the business of the Company. Competition for qualified personnel in the oil and/or gas industry markets is intense, and the Company may be unable to attract or retain highly qualified individuals, or its key personnel, in the future. The rate of growth of the Company's operations and personnel may strain operating and control systems.

Marketability of Crude Oil and Natural Gas

The marketability and price of oil and natural gas will be affected by numerous factors beyond the control of the Company. The Company will be affected by the differential between the price paid by refiners for light quality oil and the medium grades of oil which may be produced by the Company. The ability of the Company to market its oil and natural gas may depend upon its ability to acquire access to production facilities and space on pipelines. The Company will also be subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of its reserves to pipeline and processing facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Project Risks

The Company may manage in the future a variety of prospective small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Company’s ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Company’s control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the supply of, and demand for, oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

As a result of these factors, the Company could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Global Financial Instability

In the autumn of 2007 and again in 2008, a severe crisis in some of the world’s largest banks and other financial institutions led to sharp contractions in the availability of credit for debt financing in the years that followed. A number of banks and financial institutions around the world either failed or required massive government bailouts to continue operating, including several major banks in the US and the UK. The crisis ushered in a severe recession across the globe that also led to a sharp drop in the price of oil. Similar shocks to the global financial system could again increase the volatility of commodity prices and adversely impact oil companies’ revenues and ability to access debt and equity financing. Any such occurrence may have a material adverse effect on the Company’s business, prospects, financial condition or financial performance.

Risks of Foreign Operations

The Company carries on its business in Namibia and Botswana, where exploration for and exploitation, production and sale of oil and/or gas are subject to extensive laws and regulations, including complex tax laws and environmental laws and regulations. As such, the Company’s business, prospects, financial condition or financial performance could be significantly affected by risks over which it has no control. These risks may include risks related to economic, social or political instability or change, government intervention relating to the oil and/or gas industry, expropriation, actions by terrorist or insurgent groups, war, civil unrest, security issues, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership or foreign investors, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, and investment restrictions, working conditions, rates of exchange, exchange control, exploration licensing, petroleum and export licensing and export duties, government control over domestic oil and/or gas pricing, currency fluctuations, devaluation or other activities that limit or disrupt markets and restrict payments or the movement of funds, the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licences to operate and concession rights in countries where the Company currently operates, and difficulties in enforcing the Company's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Problems may also arise due to the quality or failure of locally obtained equipment or technical support, which could result in failure to achieve expected target dates for exploration operations or result in a requirement for greater expenditures.

Inherent Risks relating to Fraud, Bribery and Corruption in Namibia and Botswana

Fraud, bribery and corruption are more common in some jurisdictions than in others. Doing business in international developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. In addition, the oil and/or gas industries have historically been shown to be vulnerable to corrupt or unethical practices.

The Company uses its best efforts to prevent the occurrence of fraud, bribery and corruption, but it may not be possible for the Company to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located. The Company may therefore be subject to civil and criminal penalties and to reputational damage. Participation in corrupt practices, including the bribery of foreign public officials, by the Company, its subsidiaries or other predecessors in interest, whether directly or indirectly (through agents or other representatives or otherwise) may also have serious adverse consequences on the rights and interests of the Company, including but not limited to title to government contracts, licences and concessions, including Namibia Licence and the Botswana Licence.

Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Company operates, could have a material adverse effect on its business, prospects, financial condition or financial performance. In addition, as a result of the Company's anti-corruption training programs, codes of conduct and other safeguards, there is a risk that the Company could be at a commercial disadvantage and may fail to secure contracts within jurisdictions that have been allocated a low score on Transparency International's "Corruption Perceptions Index" to the benefit of other companies who may not have or comply with such anti-corruption safeguards.

Changes in Government Policy

Governments of oil and/or gas producing jurisdictions typically exercise significant influence over their domestic oil and/or gas industries, as well as many other aspects of their respective economies. Government policy may change to discourage foreign investment or restrictions and requirements not currently foreseen may be implemented. There can be no assurance that the Company's assets and properties will not be subject to nationalization, expropriation, requisition or confiscation, whether legitimate or not, by any authority or body. Similarly, the Company's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property or environmental legislation. Any government action concerning the economy, including the oil and/or gas industry (such as a change in oil or gas pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts or oil and/or gas exploration policy, laws or practice), could have a material adverse effect on the Company. Sovereign or regional governments could also require the Company to grant to them larger shares of oil and/or gas or revenues than previously agreed to, or postpone or review projects, nationalize assets, or make changes to laws, rules, regulations or policies, in each case, which could adversely affect the Company's business, prospects, financial condition or financial performance.

Royalty Regimes

There can be no assurance that the jurisdictions where ReconAfrica's projects are located will not adopt new royalty regimes or modify the existing royalty regimes which may have an impact on the economics of the Company's projects. An increase in royalties would reduce the Company's earnings and could make future capital investments, or ReconAfrica's future operations, less economic.

"Resources" vs. "Reserves"

The Company currently has no reserves. Throughout this AIF, the Company has attempted to provide an appreciation of the potential that the Company's asset base offers. In doing so, the Company often uses the terms "resource" or "resources". These terms refer to the estimated original resource size of a particular prospect and it should be distinguished from reserves. Reserves are the amount of hydrocarbons that are estimated to be economically recoverable from a particular resource base from a given date forward. Ultimate recoverable reserves can range widely depending on resource characteristics, available technologies and economic and contractual parameters.

Estimates of Resources

The resource estimates presented in the Sproule Report have been classified as prospective resources. The resource estimates in the Sproule Report are estimates only. There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids resources, including many factors beyond ReconAfrica's control. The information concerning resources set forth in this AIF represents estimates only and should not be construed as being exact quantities. As noted under the heading "*Properties of the Company*" above, the estimates of the Company's Undiscovered Petroleum Initially-In-Place and prospective resources are based upon limited information, a number of variable factors and assumptions, the use of analogous data and the use of the probabilistic method to estimate such resources. There is no certainty that any portion of the prospective resources will be discovered. Additionally, if discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources. The Company's proposed exploration program must be considered as a high risk exploration play. Accordingly, there is a risk that the volume of actual resources, if discovered, will be materially different than as estimated.

Status and Stage of Development

The Company currently has no production. There can be no assurance that any of the Company's properties will commence production, generate earnings, operate profitably or provide a return on investment in the future.

There is a risk that none of the proposed exploration, appraisal or development of the Company's assets will be completed on time or within the applicable capital cost estimates or at all. Additionally, there is a risk that proposed projects may experience delays, interruption of operations or increased costs due to many factors, including, without limitation:

- breakdown or failure of equipment or processes;
- construction performance falling below expected levels of disruptions or declines in productivity;
- design errors;
- contractor or operator errors;
- non-performance by third party contractors;
- labour disputes;
- disruptions or declines in productivity;
- increases in materials or labour costs;
- inability to attract sufficient numbers of qualified workers;
- delays in obtaining, or conditions imposed by, regulatory approvals;

- changes in project scope;
- violation of permit requirements;
- disruption in the supply of energy and other inputs, including natural gas and diluents;
- catastrophic events such as fires, earthquakes, storms or explosions; and
- numerous factors, many of which are beyond the Company's control, could impact the Company's ability to explore and develop these assets and the timing thereof, including the risk factors set forth elsewhere in this AIF.

Insurance

Oil and/or gas operations will be subject to the risks normally associated with the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, blowouts, cratering and fires, all of which could result in personal injuries, loss of life and damage to the property of the Company and others. Although ReconAfrica has obtained insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, ReconAfrica may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to ReconAfrica. The occurrence of a significant event that ReconAfrica is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on ReconAfrica's financial position, financial performance or prospects.

Availability of Equipment and Access Restrictions

Oil and natural gas exploration and development activities are dependent on the availability of drilling equipment in the particular areas where such activities will be conducted as well as production equipment, such as pipe for pipelines, manifolds, valves, compressors and other equipment, which may be unavailable or subject to long lead times between order and delivery. Similarly, installation of production equipment and operation of drilling rigs is highly dependent on a wide range of service providers, many of which are in limited supply. Demand for such limited equipment, access restrictions and availability of service providers may delay exploration, development and production activities.

Nature of Reserves and Additional Funding Requirements

Obtaining future production from proven undeveloped, probable and possible reserves, and the development of properties where oil is discovered, are each conditional on the availability of additional financing to fund the specific capital expenditures necessary to develop the reserves or develop the properties. Such additional financing may not be available in the near term or, if available, may not be available on favourable terms. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions. There can be no assurance that the Company will be successful in its efforts to arrange additional financing in the near term. If adequate funds are not available, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Third Party Credit Risk

The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, financial performance and prospects. In addition, poor conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner.

Operating Hazards and Other Uncertainties

Acquiring, developing, exploring for and producing oil and natural gas involves many risks. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents, craterings, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions and environmental risks. Should the Company be successful at acquiring properties, it will maintain insurance in accordance with customary industry practice, though the Company cannot fully insure against all of these risks. Losses resulting from the occurrence of these risks could have a material adverse impact on the Company's business, prospects, financial condition and/or financial performance.

Competition

The oil and/or gas industry is highly competitive, particularly as it pertains to the search for and development of, new sources of crude oil and natural gas reserves, the construction and operation of crude oil and natural gas pipelines and facilities, and the transportation and marketing of crude oil, natural gas, sulphur and other petroleum products. Competitors include major integrated oil and/or gas companies and numerous other independent oil and/or gas companies, many of which have greater financial and other resources than the Company. The oil and natural gas industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other companies which may have greater technical or financial resources.

The Company competes for the acquisition, exploration, production and development of oil and natural gas properties, for capital to finance such activities and for skilled industry personnel and the Company's competitors include companies that have greater financial and personnel resources available to them. The Company's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The Company's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators, and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. Hiring and retaining technical and administrative personnel continues to be a competitive process.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar effect on the demand for oil and natural gas products. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, prospects, financial condition or financial performance.

Geo-Political Change

The marketability and price of oil and natural gas that may be acquired or discovered by the Company is, and will continue to be, affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle East, and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Company's future net production revenue.

Joint Property Ownership

It is common for more than one company to have an equity stake in a licence or a project, as could potentially become the case with the Company's interest in the Botswana Licence if the Farmout Option is exercised. The Company and its potential partners may experience differences of opinion on topics such as geological interpretation, timing for actions, financial resources and commitments and preferred courses of action.

Joint Venture Risks

If the Farmout Option is exercised, the Company may enter into a joint venture arrangement with respect to the Botswana Licence. Pursuant to the terms of any joint venture arrangement, the Company may have a lesser degree of control over the joint venture that may expose the Company to additional operational, financial, compliance and legal risks.

Generally:

- the Company (or relevant person) may be dependent on the joint venture counterparty for capital, product distribution, local market knowledge, or other resources;
- the Company's (or relevant person's) ability to exercise management control or influence over the joint venture and the success of its investments in it will depend on the cooperation between the joint venture participants and the terms of the joint venture agreement, which allocates control among the joint venture participants;
- if the Company (or relevant person) is unable to effectively manage the joint venture; and/or
- the joint venture counterparty fails to meet its obligations under the joint venture arrangement, encounters financial difficulty, elects to alter, modify or terminate the relationship, or a joint venture does not comply with local legislation or regulations,

the Company (or relevant person) may be unable to achieve its objectives and its financial performance may be negatively impacted.

Cyber Attacks or Terrorism

ReconAfrica depends upon the availability, capacity, reliability and security of its information technology infrastructure, and its ability to expand and continually update this infrastructure, to conduct daily operations. The Company may be threatened by problems such as cyber attacks, computer viruses, or terrorism that may disrupt operations and harm operating results. While the Company expects that the probability of a targeted attack is low, security measures have been implemented to protect the Company's information technology systems and network infrastructure. Despite the implementation of security measures, technology systems may be vulnerable to disability or failures due to hacking, viruses, acts of war or terrorism, and other causes. Additionally, the Company is reliant on third party service providers for certain information technology applications. While the Company believes that these third party service providers have adequate security measures, there can be no assurance that these security measures will prevent any cyber events or computer viruses from impacting the Company. If the Company is unable to recover from such cyber events in a timely way, the Company might be unable to fulfil critical business functions, which could have a material adverse effect on the business, financial condition, and financial performance.

The Company's oil and natural gas properties, wells and facilities could be the subject of a terrorist attack which may have a material adverse effect on its business, financial condition, financial performance and prospects. The Company may be required by regulators or by the future terrorist threat environment to make investments in security that cannot be predicted. The implementation of security guidelines and measures and maintenance of insurance, to the extent available, addressing such activities could increase costs. These types of events could materially adversely affect the Company's business and financial performance. ReconAfrica does not have insurance to protect against the risk of terrorism.

Non-Governmental Organizations and Eco-Terrorism Risks

The crude oil and natural gas industry may, at times, be subject to public opposition. Such public opposition could expose ReconAfrica to the risk of higher costs, delays or even project cancellations due to increased pressure on governments and regulators by special interest groups including Aboriginal groups, landowners, environmental interest groups (including those opposed to oil and/or gas production operations) and other non-governmental organizations, blockades, legal or regulatory actions or challenges, increased regulatory oversight, reduced support of governments, and delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences. There is no guarantee that the Company will be able to satisfy the concerns of the special interest groups and non-governmental organizations and attempting to address such concerns may require significant and unanticipated capital and operating expenditures which may negatively impact the Company's business, financial condition, financial performance and prospects.

Risks Related to the Company

Disclosure Controls and Procedures

TSXV-listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"). In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of: (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Environmental Regulations

Oil and/or gas operations in which the Company is or may in the future be involved with in other foreign jurisdictions, are subject to stringent environmental laws and regulations. These laws and regulations generally require the Company to limit, remove or remedy the effect of its activities on the environment at present and former operating sites, including limiting emissions to the environment, dismantling production facilities, and decommissioning and remediating damage caused by the disposal or release of specified substances. The Company intends to operate in a manner intended to ensure that its projects meet appropriate environmental standards. There can be no assurance that application of existing environmental laws and regulations will not have a material adverse effect on future financial conditions or financial performance.

It is expected that other changes in environmental legislation may also require, among other things, reductions in emissions to the air from operations and could result in increased capital expenditures. Although the Company does not expect that future changes in environmental legislation will result in materially increased costs, such changes could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on the Company's financial condition or financial performance.

Climate Change

In December of 2015, 197 countries that were members of the United Nations Framework Convention on Climate Change (the "Convention") met in Paris, France and signed the Paris Agreement on climate change. The stated objective of the Paris Agreement is to hold "the increase in global average temperature to well below 2º Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5º Celsius". The countries which agreed to the Paris Agreement committed to meeting every five years to review their individual progress on greenhouse gas emissions reductions and to consider amendments to non-binding individual country targets. These countries are required to report and monitor their greenhouse gas emissions, though the implementation of such reporting and monitoring has yet to be determined. The Paris Agreement also contemplates that by 2020 the parties thereto will develop a new market-based mechanism related to carbon trading, which is expected to be based largely on lessons learned from the Kyoto Protocol.

Many countries are developing country-wide approaches to implementing the Paris Agreement. Namibia and Botswana are Non-Annex I Parties to the Convention and accordingly do not have commitments under the Convention; however, the governments of both Namibia and Botswana support climate initiatives. The Company is unable to predict the impact of the Paris Agreement on its operations. It is possible that mandatory emissions reduction requirements may have a material adverse effect on the Company's financial condition, financial performance and cash flow.

The Company's proposed exploration activities and production activities will emit greenhouse gases and require the Company to comply with greenhouse gas emissions legislation and policy. The direct or indirect costs of these regulations may have a material adverse effect on the Company's business, prospects, financial condition or financial performance. The future implementation or modification of greenhouse gases regulations, whether to meet the limits required by the Paris Agreement, Kyoto Protocol, the Copenhagen Accord or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including those of the Company. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Company and its operations and financial condition.

Market Access Constraints and Transportation

Any production resulting from the Company's projects will need to be transported to market. Disruptions in, or restricted availability of, pipeline service and/or marine or rail transport, could adversely affect crude oil and natural gas sales from the markets in which we operate, projected production growth, upstream or refining operations and cash flows.

Interruptions or restrictions in the availability of adequate transportation systems, or the interruption of existing transportation systems, may limit the ability to deliver production volumes and could adversely impact commodity prices, sales volumes and/or the prices received for any products we may produce. Upon commencing any production, we will need to rely on local infrastructure and the availability of transportation for storage and shipment of our products. This infrastructure, including storage and transportation facilities, is less developed than that in North America and may be insufficient for our needs at commercially acceptable terms in the localities in which we operate. Some of these transport methods may result in increased levels of risk and could lead to operational delays which could affect our ability to add to our resource base or produce oil, or serious injury or loss of life and could have a significant impact on our reputation or cash flow. Additionally, some of this equipment is specialized and may be difficult to obtain in our areas of operations, which could hamper or delay operations, and could increase the cost of those operations.

Insufficient transportation infrastructure for our potential production will impact our ability to efficiently access end markets. This may negatively impact our financial performance by way of higher transportation costs, wider price differentials, lower sales prices at specific locations or for specific grades of crude oil, and, in extreme situations, production curtailment.

Conflicts of Interest

Certain directors of ReconAfrica are also directors or officers of corporations which are in competition to the interests of ReconAfrica. No assurances can be given that opportunities identified by such directors will be provided to ReconAfrica. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as applicable under, the *Business Corporations Act* (British Columbia). See "*Directors and Executive Officers – Conflicts of Interest*".

Operating in African Countries

The Company currently carries on business solely in African countries such as Namibia and Botswana and may carry on business in other African countries in the future. Social, political and economic conditions in Africa are in varying stages of development and are volatile. Volatility may be caused, without limitation, by the following:

- significant governmental influence over many aspects of local economies;
- unexpected or radical changes in legislation, regulatory requirements, labour conditions or other government policies, and changes in interpretations or enforcement of existing laws or regulations;
- governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or otherwise benefit residents of that country or region;
- changes in tax laws and conflicting national or local interpretations of tax laws;
- political, social and economic instability, terrorism, war and civil disturbances;
- damage to equipment or violence directed at employees, including kidnapping;
- lack of law enforcement;
- imposition of trade barriers;
- wage and price controls;
- foreign currency fluctuations and devaluation;
- restrictions on currency conversion and repatriation;
- renegotiation, nullification, or unilateral termination of concessions, licences, permits and agreements by government-owned entities;
- seizure, expropriation or nationalization of assets or industries;
- difficulty in collecting international accounts receivables;
- changing political conditions;
- solicitation by government officials for improper payments or other forms of corruption;
- regional economic downturns;
- inflation and adverse economic conditions stemming from governmental attempts to reduce inflation, such as the imposition of higher interest rates; the burden of complying with multiple and potentially conflicting laws; and
- other forms of governmental regulation and economic conditions that are beyond our control.

This volatility could create difficulty for the Company in executing its business strategy, which could have a material adverse effect on its business and financial performance. These factors may impact on the profitability and viability of the Company's business in these countries.

Tax Regimes

Tax regimes in the jurisdictions in which the Company operates can be subject to differing interpretations and are often subject to legislative change and changes in administrative interpretation in those jurisdictions. The interpretation by the Company's relevant subsidiaries of relevant tax law as applied to their transactions and activities (including farm-ins and farm-outs) may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities and any profits of the Company's subsidiaries from activities in those jurisdictions may be assessed to additional tax or additional transactional taxes (e.g. stamp duty or value added taxes), which, in each case, could result in significant additional taxes, penalties and interest, any of which could have a material adverse impact on the Company's business, prospects, financial condition or financial performance.

Foreign Currency Exchange Risk

A significant amount of the Company's proposed activities will be transacted in or referenced to various currencies including Canadian dollars, US dollars, Namibian dollars and Botswana pula. As a result, fluctuations in currencies could result in unanticipated fluctuations in the Company's financial results, which are reported in Canadian dollars. The Company may choose to manage a portion of its exposure to fluctuations in exchange rates, however, if it chooses to do so, there can be no assurance that such management will fully offset the fluctuations. To the extent that ReconAfrica engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which ReconAfrica may contract.

Governmental Regulation

The industry in which the Company operates is subject to regulation, intervention and certain approvals by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possibly expropriation or cancellation of contract rights. As well, governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and/or gas industry could reduce demand for natural gas and crude oil, increase costs and may have a material adverse effect on the Company.

Management of Growth

ReconAfrica may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of ReconAfrica to manage future growth and integration of additional lands, assets and acquisitions effectively will require it to continue to implement and improve its operations and financial systems and to expand, train and manage its employee base. The inability of ReconAfrica to deal with this integration growth could have a material adverse impact on its business, financial condition, financial performance and prospects.

Litigation

In the normal course of ReconAfrica's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to ReconAfrica and as a result, could have a material adverse effect on ReconAfrica's assets, liabilities, business, financial condition and financial performance. Even if ReconAfrica prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Company's business operations, which could adversely affect its financial condition.

Canada's Extractive Sector Transparency Measures Act

The Canadian Extractive Sector Transparency Measures Act ("**ESTMA**"), which became effective June 1, 2015, requires public disclosure of payments to governments by entities engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments, including Indigenous groups. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments and any other prescribed payment over $100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to $250,000 (which may be concurrent). The Company is currently compliant with its obligations under ESTMA.

Risks Related to Common Shares

Discretion in Use of Proceeds

The Company intends to use proceeds of any offerings of securities in the manner described in the offering document for any offering. However, there may be circumstances where, in the judgement of management of the Company, a different use of such proceeds is in the best interests of the Company. The Company has discretion concerning the use of the proceeds of any offerings of securities completed by the Company, as well as the timing of the expenditure of such proceeds. As a result, purchasers of such securities will be relying on the judgment of the Company for the application of the proceeds of any offerings of securities once completed. The Company may use the net proceeds of any offerings in ways that purchasers may not consider desirable. The results and the effectiveness of the application of the net proceeds are uncertain. If the proceeds are not applied effectively, the results of the Company’s operations may suffer.

Share Price Volatility

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control, including the following: (i) actual or anticipated changes in oil and natural gas prices; (ii) the COVID-19 pandemic; (iii) actual or anticipated fluctuations in the Company’s quarterly financial performance; (iv) recommendations by securities research analysts; (v) changes in the economic performance or market valuations of other companies that investors deem comparable to the Company; (vi) the addition or departure of the Company’s executive officers and other key personnel; (vii) sales or perceived sales of additional Common Shares; (viii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and (ix) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company’s industry or target markets.

Financial markets have experienced significant price and volume fluctuations in the last several years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

As well, certain institutional investors may base their investment decisions on consideration of the Company’s environmental, governance and social practices and performance against such institutions’ respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in the price and volume of publicly traded equity securities will not occur. If such increased levels of volatility and market turmoil continue, the Company’s operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

Liquidity of Common Shares and Realization of Investment in Common Shares

Investors and potential investors should be aware that the value of the Common Shares and income from the Common Shares can go down as well as up, and that there may not be a liquid market in the

Common Shares.

An investment in the Common Shares may thus be difficult to realize. The ability of an investor to sell Common Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realize on their investment in the Company and they may lose all of their investment. In the event of a winding-up of the Company, the Common Shares will rank behind any liabilities of the Company and therefore any return for shareholders will depend on the Company's assets being sufficient to meet prior entitlements of creditors.

Dilution and Further Sales

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive.

There are no restrictions on the Company issuing or selling Common Shares other than those pursuant to applicable securities laws and stock exchange policies. The sale of a substantial number of the Common Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Common Shares and negatively impact the Company's ability to raise equity capital in the future.

Dividends

The Company has never declared or paid any cash dividends on the Common Shares. The Company currently intends to retain future earnings, if any, for future operations, expansion and/or debt repayment, if necessary. The Board does not anticipate paying dividends in the near future. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Company's financial performance, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may consider relevant.

In addition to the foregoing, the Company's ability to institute and pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Company may incur in the future including the terms of any credit facilities the Company may enter into with third party lenders. It is not uncommon that credit facilities will prevent a borrower from declaring or paying any dividends (excluding stock dividends) to any of its shareholders or returning any capital (including by way of dividend) to any of its shareholders.

As a result of the foregoing factors, purchasers of Common Shares may not receive any return on an investment in Common Shares held or purchased by them unless they sell such Common Shares for a price greater than that which they paid for them.

DIVIDENDS

The Company has not paid any dividends on the Common Shares since incorporation and currently intends to retain future earnings, if any, to finance further business development. The declaration of dividends on Common Shares will be dependent on a number of factors, including earnings, capital requirements, operating and financial condition and a number of other factors that the Board considers to be appropriate. There are no restrictions in the Company's Articles on the ability of the Company to pay dividends in the future.

DESCRIPTION OF SHARE CAPITAL

ReconAfrica's authorized share capital consists of an unlimited number of Common Shares without par value. As at the date of this AIF, there are 156,159,803 Common Shares issued and outstanding.

All of the issued Common Shares rank equally as to voting rights, participation and a distribution of the

Company's assets on liquidation, dissolution or winding-up and the entitlement to dividends. Holders of Common Shares are entitled to receive notice of, attend and vote at all meetings of shareholders of the Company. Each Common Share carries one vote at such meetings. Holders of Common Shares are entitled to dividends if and when declared by the Board and, upon liquidation, to receive such portion of the assets of the Company as may be distributable to such holders. There are currently no other series or class of shares which rank senior, in priority to, or *pari passu* with the Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSXV under the symbol "RECO", on the OTCQX under the symbol "RECAF" and on the Frankfurt Stock Exchange under the symbol "0XD". The following table sets forth the market price ranges and the trading volumes of the Common Shares on the TSXV since January 1, 2020, the commencement of the Company's most recently completed financial year ended December 31, 2020:

Month	High ($)	Low ($)	Volume
January 2020	0.93	0.43	4,672,610
February 2020	0.90	0.51	2,475,011
March 2020	0.60	0.27	1,142,736
April 2020	0.40	0.26	978,030
May 2020	0.64	0.33	2,802,304
June 2020	0.86	0.51	3,150,665
July 2020	0.93	0.67	3,428,372
August 2020	0.89	0.56	21,719,255
September 2020	1.23	0.69	13,055,384
October 2020	1.19	0.91	6,295,068
November 2020	1.85	0.86	11,954,844
December 2020	2.45	1.37	15,389,760

The closing price of the Common Shares on the TSXV on December 31, 2020 was $2.22.

Prior Sales

The following table sets forth details of stock options and common share purchase warrants (the "**Warrants**") granted or issued by the Company since January 1, 2020, the commencement of the Company's most recently completed financial year ended December 31, 2020:

Date of Issuance	Securities	Number of Common Shares Issuable	Exercise Price ($)
February 4, 2020	Warrants (1)	5,000,000	1.00
February 18, 2020	Stock Options (2)	1,050,000	0.76
April 29, 2020	Stock Options (2)	300,000	0.31
August 20, 2020	Broker Warrants (3)	1,543,786	0.70
August 26, 2020	Stock Options (2)	3,750,000	0.70
August 26, 2020	Stock Options (2)	200,000	0.76
October 7, 2020	Stock Options (2)	250,000	1.00
November 27, 2020	Stock Options (2)	100,000	1.72

Notes:

(1) Each Warrant entitles the holder thereof, upon exercise, to acquire one Common Share until February 4, 2025.
(2) Each stock option entitles the holder thereof, upon exercise, to acquire one Common Share in accordance with the stock option plan of the Company.
(3) Each Broker Warrant entitles the holder thereof, upon exercise, to acquire one Common Share and one common share purchase warrant until August 20, 2022.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table summarizes ReconAfrica's securities that remain in escrow or subject to restrictions on transfer as of the date hereof:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	% of Class (1)
Common Shares (2)	6,057,254	3.9%
Common Shares (3)	4,846,377	3.1%
Total	**10,903,631**	**7.0%**

Notes:

(1) Percentages based on 156,159,803 Common Shares issued and outstanding as of the date of this AIF.

(2) On August 30, 2019, the RTO Transaction was completed which constituted a reverse takeover under the policies of the TSXV. As part of the RTO Transaction, 13,460,568 Common Shares were deposited in escrow with Computershare Investor Services Inc. pursuant to the terms of a Tier 2 Value Security Escrow Agreement in the form prescribed by the TSXV. Upon the issuance by the TSXV of their final bulletin on September 4, 2019, approving, among other things, the RTO Transaction, 10% of such Common Shares were released from escrow, an additional 15% were released on the dates that were 6, 12 and 18 months following September 4, 2019, with the balance to be released as to 15% on the dates that are 24, 30 and 36 months following September 4, 2019.

(3) In accordance with the TSXV's Seed Share Resale Restrictions, 10,769,714 Common Shares issued to Non-Principals are legended in accordance with a Tier 2 Value Security Escrow Agreement release schedule to be released over a 36-month period. Upon the issuance by the TSXV of their final bulletin on September 4, 2019, approving, among other things, the RTO Transaction, 10% of such Common Shares were released from escrow, an additional 15% were released on the dates that were 6, 12 and 18 months following September 4, 2019, with the balance to be released as to 15% on the dates that are 24, 30 and 36 months following September 4, 2019.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out the names, province or state and country of residence of each of the directors and executive officers of the Company, their present positions and offices with the Company, their principal occupations during the last five years and, for the directors, their date of appointment. All directors have been elected or appointed to serve as such until the Company's next annual general meeting of shareholders, or until his successor is duly elected, unless his office is vacated earlier in accordance with the Articles of the Company or applicable law.

Name and Municipality of Residence	Position with the Company	Principal Occupation within the past five years (2)
J. Jay Park, QC (1) London, United Kingdom	Chairman of the Board and Director since August 30, 2019	Former Chief Executive Officer of the Company from September 2019 to August 2020; Lawyer, Managing Partner, Park Energy Law and Petroleum Regimes Advisory Ltd. since 2013.
Mark Gerlitz (1) Alberta, Canada	Director since February 17, 2021	Principal, MonteLago Consulting since 2013.
James Granath (1) Colorado, United States	Director since August 30, 2019	Geologist; Independent minerals and petroleum consultant since 1999.
Scot Evans Texas, United States	Chief Executive Officer	Chief Executive Officer of the Company since August 2020; Chief Operating Officer of the Company from April 2020 to August 2020; Vice President of Halliburton Company from 1994 to November 2019; Consultant of the Company from November 2019 to April 2020.

Name and Municipality of Residence	Position with the Company	Principal Occupation within the past five years (2)
Carlos Escribano British Columbia, Canada	Chief Financial Officer	Chartered Professional Accountant; Chief Financial Officer of the Company since January 2020; Chief Financial Officer of Renaissance Oil Corp. since January 2017; Chief Financial Officer of Benz Mining Corp. since November 2011.
Nick Steinsberger Texas, United States	Senior Vice President, Drilling and Completions	Senior Vice President, Drilling and Completions of the Company; Chief Operating Officer of ValPoint Operating, LLC since June 2012; Drilling and Completions Engineer of Renaissance Oil Corp. since September 2015; director of Lilis Energy, Inc. since May 2019; director of Citizen Energy, LLC since December 2018; founder of Steinsberger Tight Gas Consulting LLC since July 2003; director of Resource Energy Partners LLC since 2014; advisor of INEOS Shale Limited since 2014.
Diana McQueen Alberta, Canada	Senior Vice President, Corporate Communications and Stakeholder Relations	Senior Vice President, Corporate Communications and Stakeholder Relations of the Company since April 2021; President and Chief Executive Officer, DMC Consulting & Business Development, since 2015; Advisor, Business Development, HATCH (multi-national engineering firm) since 2017; director of MEG Energy Calgary (oil sands company) since 2015; Governance Coach, Calgary Board of Education, July 2020 to March 2021; Alberta MLA & Cabinet Minister, Government of Alberta, from March 2008 to May 2015; member of the Institute of Corporate Directors.
Anna Tudela British Columbia, Canada	Corporate Secretary	Independent consultant; Corporate Secretary of ReconAfrica and Renaissance Oil Corp. since January 2020; Vice President, Diversity, Regulatory Affairs and Corporate Secretary of Goldcorp Inc. from 2005 to 2019; Ms. Tudela is a director of Sabina Gold & Silver Corp., Regulus Resources Inc. and the Canadian Centre for Diversity and Inclusion, is an accredited director and has a Global Competent Board designation.

Notes:

(1) Member of the audit committee (the "**Audit Committee**") and corporate governance committee of the Board.
(2) The information as to principal occupation, business or employment may not be within the knowledge of the management of the Company and has been furnished by the respective directors and executive officers.

As at the date of this AIF, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 4,251,507 Common Shares, representing approximately 2.7% of the issued and outstanding Common Shares.

Corporate Cease Trade Orders

To the knowledge of management, no director or officer of the Company is, as at the date of this AIF, or was, within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) was the subject to an order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this part, "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Penalties or Sanctions

To the knowledge of management, no director or officer of the Company, nor any shareholder holding a sufficient number of Common Shares to affect materially the control of the Company, has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to make an investment decision.

Bankruptcies

Except as set out below, to the knowledge of management, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is, as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. On June 29, 2020, Lilis Energy, Inc. ("**Lilis**"), an exploration and production company, of which Mr. Nick Steinsberger, the Senior Vice President, Drilling and Completions of the Company, is a director, announced that it had filed petitions under Chapter 11 of the United States Bankruptcy Code to initiate voluntary cases in the United States Bankruptcy Court for the Southern District of Texas, Houston Division. The Chapter 11 petitions were filed in accordance with a Restructuring Support Agreement (the "**RSA**") entered into among Lilis and certain of its subsidiaries, certain investment funds and entities affiliated with Värde Partners, Inc. (collectively, the "**Värde Funds**"). Under the RSA, the Lilis and its subsidiaries, certain lends under Lilis' second amended and restated senior secured revolving credit agreement and the Värde Funds have agreed, subject to certain conditions set forth in the RSA, to support a restructuring of Lilis and its subsidiaries under a Chapter 11 plan of reorganization (a "**Plan**") to be proposed with terms set forth in the RSA. Consummation of the Plan or any restructuring plan will be subject to confirmation by the the United States Bankruptcy Court for the Southern District of Texas, Houston Division and the satisfaction, or waiver by appropriate parties, of any conditions set forth in such plan and related transaction documents.

To the knowledge of management, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is, as of the date of this AIF, or has been within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Conflicts of Interest

To the best of the Company's knowledge, information and belief, and other than as disclosed herein, there are no known or existing or potential conflicts of interest among the Company and its directors, officer or other members of management as a result of their outside business interests except that certain of the directors or officers of Company serve directors or officers of companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. As required by law, each of the directors of the Company is required to act honestly, in good faith and in the best interests of the Company. In the event of a conflict of interest, the Company will follow the requirements and procedures of applicable corporate and securities legislation and applicable exchange policies, including the relevant provisions of the *Business Corporations Act* (British Columbia).

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

A copy of the Audit Committee Charter is attached hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee is currently comprised of James Granath (Chair), Mark Gerlitz and J. Jay Park. Mr. Gerlitz is an independent member of the Audit Committee as defined under National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Mr. Park is not independent for the purposes of the Audit Committee as he served as the Chief Executive Officer of the Company from August 30, 2019 until August 24, 2020. Mr. Granath is not independent for the purposes of the Audit Committee as, during the financial year ended December 31, 2020, he received a one-time fee from the Company, in the amount of $33,537, in consideration for authoring a report for the Company entitled "Kavango Basin Structural Framework". All of the members of the Audit Committee are financially literate as defined under NI 52-110.

Relevant Education and Experience

Set out below is a brief description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

(a) an understanding of the accounting principles used by ReconAfrica to prepare its financial statements;

(b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

(c) experience preparing, auditing, analysing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.

Name of Member	Education	Experience
James Granath	PhD, MSc and BSc	Advisor for several companies.
Mark Gerlitz	MBA (Banking), JD, BA and BSc.	Legal advisor for several public companies. Board and audit committee member for several companies. Completed ICD Audit Program.
J. Jay Park	LLB	Legal advisor for several public companies.

A general description of the education and experience of each Audit Committee member which is relevant to the performance of their responsibilities as an Audit Committee member is contained in their respective biographies set out under "*Director and Executive Officer Biographies*".

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of ReconAfrica's external auditors not been adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 *(De Minimis Non-audit Services)*, or an exemption from NI 52-110, in whole or in part, granted under Part 8 *(Exemptions)* of NI 52-110.

Exemption for Venture Issuers

The Company is relying on the exemption in section 6.1 of NI 52-110 regarding the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

External Auditor Service Fees (By Category)

Prior to the completion of the RTO on August 30, 2019, Davidson & Company LLP was the auditor of the Company. Following completion of the RTO and effective August 31, 2019, Davidson & Company LLP resigned as auditor of the Company in connection with the completion of the RTO and Ernst & Young LLP was appointed as the Company's successor auditor. Upon completion of the RTO, the Company changed its financial year end from June 30 to December 31.

Effective September 27, 2019, Ernst & Young LLP resigned as auditor of the Company at its own initiative. Ernst & Young LLP did not bill any fees to the Company for the period that it acted as the Company's external auditor. Davidson & Company LLP was appointed as the Company's successor auditor. The resignation of Ernst & Young LLP and the appointment of Davidson & Company LLP was considered and approved by the Audit Committee and by the Board.

Effective December 17, 2019, Davidson & Company LLP resigned as auditor of the Company at the request of the Company. Deloitte LLP was appointed as the Company's successor auditor. The resignation of Davidson & Company LLP and the appointment of Deloitte LLP was considered and approved by the Audit Committee and by the Board.

The following table sets out, by category, the fees billed by (a) Deloitte LLP, the Company's external auditor, for the financial year ended December 31, 2020, and (b) Davidson & Company LLP, the Company's former external auditor, for the financial year ended December 31, 2019.

Fee Category	**Fees Billed**	
	Financial Year ended December 31, 2020	Financial Year ended December 31, 2019 (1)
Audit Fees	$84,262.50	$9,565.29
Audit-Related Fees (2)	$30,559.20	Nil
Tax Fees (3)	$73,027.50	$1,575.00
All Other Fees (4)	$82,464.90	Nil
TOTAL	$270,314.10	$11,140.29

Notes:

(1) Represents fees billed for the period from July 1, 2019 to December 17, 2019. No fees were billed by Deloitte LLP for the financial year ended December 31, 2019.

(2) "Audit-Related Fees" include the fees billed in each of the law two financial years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" above, and include professional services to review financial affairs, financial statements and all incidentals of the Company, preparation of letters to various governmental and regulatory authorities and stock exchanges and Canadian Public Accountability Board participation fees.
(3) "Tax Fees" include the fees billed in each of the law two financial years for professional services rendered to the Company's external auditor for tax compliance, tax advice and tax planning, and include fees billed to the Company in connection with the preparation of its annual corporate tax returns.
(4) "All Other Fees" include the fees billed in each of the last two financial years for products and services provided by the Company's external auditor, other than "Audit Fees", "Audit-Related Fees" and "Tax Fees" above, and include interest payments paid in respect of late payment of invoices for services rendered.

PROMOTERS

No person or company has been, within the two most recently completed financial years or during the current financial year, a promoter (within the meaning of applicable securities legislation) of the Company or of a subsidiary of the Company, other than Mr. Steinke.

As of the date of this AIF, Mr. Steinke beneficially owns, directly or indirectly, 7,636,000 Common Shares, representing approximately 4.9% of the issued and outstanding Common Shares.

Mr. Steinke has not received anything of value from the Company nor has there been any asset, services or other consideration received or expected to be received by the Company other than (a) the exchange of shares of 1163631 held by Mr. Steinke for Common Shares pursuant to the RTO Transaction, (b) the grant of the Farmout Option to the Farmee (a company wholly-owned by Mr. Steinke) pursuant to the Farmout Option Agreement, and (c) a monthly consulting fee of US$15,000 paid to Mr. Steinke for consulting services rendered by Mr. Steinke to the Company. From September 2019 to the date of this AIF, the Company has paid Mr. Steinke consulting fees in an aggregate amount of US$540,000.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Since the beginning of the most recently completed financial year ended December 31, 2020, there have been no legal proceedings material to the Company to which it is or was a party or of which any of its assets is or was the subject of, nor are any such proceedings known by ReconAfrica to be contemplated.

Since the beginning of the most recently completed financial year ended December 31, 2020, ReconAfrica has not had any penalties or sanctions imposed on it by, or entered into any settlement agreements with, a court or a securities regulatory authority relating to securities laws, nor has ReconAfrica been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No (a) director or executive officer, (b) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares, or (c) associate or affiliate of any of the persons or companies referred to in (a) or (b) has during the current financial year, or has had within the three most recently completed financial years ended December 31, 2020, any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company, other than (i) certain directors, executive officers and persons that beneficially own, or control or direct, directly or indirectly, more than 10% of the Common Shares who were officers, directors and/or securityholders of 1163631, and in such capacity(ies) had a material interest in the RTO Transaction, and (ii) Mr. Steinke, who had beneficial ownership of more than 10% of the outstanding Common Shares, who has a material interest in the Farmout Option Agreement.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. acts as the transfer agent and registrar for the Common Shares at its offices in Vancouver and Toronto, located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9; and 100 University Avenue, 11th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

The only material contracts, other than contracts entered into in the ordinary course of business, that was entered into by the Company during the most recently completed financial year or before the most recently completed financial year but is still in effect, are the Petroleum Agreement, the Namibia Licence and the Botswana Licence.

INTERESTS OF EXPERTS

Sproule is the petroleum consulting firm who has prepared the Sproule Report and which is referred to under "Properties of the Company". As of the date hereof, to the knowledge of the Company, the directors, officers, employees and consultants of Sproule who participated in the preparation of the Sproule Report who were in a position to directly influence the preparation or outcome of the preparation of the Sproule Report, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares. In addition, none of the directors, officers, employees or consultants of Sproule are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or any of the Company's associates or affiliates.

Deloitte LLP, Chartered Professional Accountants, is the auditor of the Company and is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to ReconAfrica may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the management information circular dated April 26, 2021 prepared in connection with the annual general and special meeting of the Company to be held on June 8, 2021, which is available on SEDAR at www.sedar.com. Additional financial information about ReconAfrica can be found in ReconAfrica's financial statements and management's discussion and analysis for the financial year ended December 31, 2020.

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

PURPOSE

The overall purpose of the Audit Committee (the "**Committee**") of Reconnaissance Energy Africa Ltd. (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

COMPOSITION, PROCEDURES AND ORGANIZATION

(1) The Committee shall consist of at least three members of the Board of Directors (the "**Board**").

(2) At least two (2) members of the Committee shall be independent and the Committee shall endeavor to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

(3) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

(4) Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.

(5) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

(6) The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

(7) Meetings of the Committee shall be conducted as follows:

   (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;

(b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and

(c) management representatives may be invited to attend all meetings except private sessions with the external auditors

(8) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

ROLES AND RESPONSIBILITIES

(1) The overall duties and responsibilities of the Committee shall be as follows:

(a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;

(b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;

(c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and

(d) to report regularly to the Board on the fulfillment of its duties and responsibilities.

(2) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

(a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;

(b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

(c) review the audit plan of the external auditors prior to the commencement of the audit;

(d) to review with the external auditors, upon completion of their audit:

i. contents of their report;

ii. scope and quality of the audit work performed;

iii. adequacy of the Company's financial and auditing personnel;

iv. cooperation received from the Company's personnel during the audit;

v. internal resources used;

vi. significant transactions outside of the normal business of the Company;

vii. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and

viii. the non-audit services provided by the external auditors;

(e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and

(f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

(3) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

(a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

(b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;

(c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and

(d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

(4) The Committee is also charged with the responsibility to:

(a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;

(b) review and approve the financial sections of:

i. the annual report to Shareholders;

ii. the annual information form, if required;

iii. annual and interim MD&A;

iv. prospectuses;

v. news releases discussing financial results of the Company; and

vi. other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;

(c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;

(d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

(e) review and report on the integrity of the Company's consolidated financial statements;

(f) review the minutes of any audit committee meeting of subsidiary companies;

(g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;

(h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

(i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

(5) The Committee shall have the authority:

(a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,

(b) to set and pay the compensation for any advisors employed by the Committee; and

(c) to communicate directly with the internal and external auditor.