

RECONNAISSANCE ENERGY AFRICA LTD.
(the “Corporation” or “Recon Africa”)

AUDIT COMMITTEE’S TERMS OF REFERENCE

1. Mandate

The primary function of the audit committee (the “**Committee**”) is to assist the board of directors (the “**Recon Africa Directors**”) of Reconnaissance Energy Africa Ltd. (“**Recon Africa**”) in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by Recon Africa to regulatory authorities and shareholders, Recon Africa’s systems of internal controls regarding finance and accounting, and Recon Africa’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, Recon Africa’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- a. Serve as an independent and objective party to monitor Reconnaissance Energy Africa Ltd. and its related entities, including partnerships which it may manage as General Partner or otherwise financial reporting and internal control system and review Recon Africa’s financial statements.
- b. Review and appraise the performance of Recon Africa’s external auditors.
- c. Provide an open avenue of communication among Recon Africa’s auditors, financial and senior management and the Recon Africa Directors.

2. Composition

- a. The Committee shall be comprised of three directors as determined by the Recon Africa Directors, the majority of whom shall be independent directors. If the Board is not able to comprise the Committee with a majority of independent directors then the Committee shall be comprised of a minimum of one independent Board member.
- b. At least one member of the Committee shall have accounting or related financial management expertise. It is the goal of Recon Africa that all members of the Committee are financially literate. 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. For the purposes of these Terms of Reference, the definition of “financially literate” is 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 presumably be expected to be raised by Recon Africa’s financial statements.
- c. The members of the Committee shall be elected by the Recon Africa Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the Recon Africa Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

3. Meetings

- a. The Committee shall meet at least four time per year on a quarterly basis, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least quarterly with management and annually with the external auditors in separate sessions.

- b. The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Audit Committee members with copies to the Recon Africa Directors, the Chief Financial Officer or such other officer acting in the capacity and the external auditor.

4. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- a. Review and consider the update of these Terms of Reference annually.
- b. Review entity financial statements, MD&A and any annual and interim earnings, press releases before Recon Africa publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- a. Require the external auditors to report directly to the Committee.
- b. Review annually the performance of the external auditors who shall be ultimately accountable to the Recon Africa Directors and the Committee as representatives of the shareholders of Recon Africa.
- c. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and Recon Africa and confirming their independence from Recon Africa.
- d. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- e. Take, or recommend that the Recon Africa Directors take, appropriate action to oversee the independence of the external auditors.
- f. Recommend to the Recon Africa Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
- g. Review with management and the external auditors the terms of the external auditors' engagement letter.
- h. Consult with the external auditors, without the presence of management, about the quality of Recon Africa's accounting principles, internal controls and the completeness and accuracy of Recon Africa's financial statements.
- i. Review and approve Recon Africa's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of Recon Africa.
- j. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

- k. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by Recon Africa's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - l. the aggregate amount of all such non-audit services provided to Recon Africa constitutes not more than five percent of the total amount of revenues paid by Recon Africa to its external auditors during the fiscal year in which the non-audit services are provided;
 - i. such services were not recognized by Recon Africa at the time of the engagement to be non-audit services; and
 - ii. such services are promptly brought to the attention of the Committee by Recon Africa and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of Recon Africa Directors to whom authority to grant such approvals has been delegated by the Committee.
 - iii. Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- a. In consultation with the external auditors, review with management the integrity of Recon Africa's financial reporting process, both internal and external.
- b. Consider the external auditors' judgments about the quality and appropriateness of Recon Africa's accounting principles as applied in its financial reporting.
- c. Consider and approve, if appropriate, changes to Recon Africa's auditing and accounting principles and practices as suggested by the external auditors and management.
- d. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- e. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- f. Review any significant disagreement among management and the external auditors regarding financial reporting.
- g. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- h. Review certification processes.
- i. Establish procedures for:
 - j. the receipt, retention and treatment of complaints received by Recon Africa regarding accounting, internal accounting controls, or auditing matters; and
 - k. the confidential, anonymous submission by employees of Recon Africa of concerns regarding questionable accounting or auditing matters.

Other

- a. Review any related-party transactions.

5. Authority

The Committee may:

- a. engage independent outside counsel and other advisors as it determines necessary to carry out its duties;
- b. set and pay the compensation for any advisors employed by the Committee; and
- c. communicate directly with the internal and external auditors.

The Committee shall have unrestricted access to Recon Africa's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.