

# INSIDER TRADING AND REPORTING POLICY

## RECONNAISSANCE ENERGY AFRICA LTD.

The purpose of the Insider Trading and Reporting Policy (the "**Policy**") is to summarize the insider trading restrictions to which directors, officers and certain employees are subject under applicable securities legislation, and to set forth a policy governing investments in the securities, including common shares (the "**Shares**") in the capital of Reconnaissance Energy Africa Ltd. (the "**Corporation**") and the reporting thereof which is consistent with the applicable legislation.

This Policy is not intended to discourage investment in the Corporation's Shares. Rather, it is intended to highlight the obligations and the restrictions imposed on insiders by applicable securities legislation.

### 1. Summary of Legislation

- a. Securities legislation prohibits any person in a "**Special Relationship**" (defined below) with the Corporation from either:
  - i. purchasing or selling the Corporation's Shares with the knowledge of a material fact or material change concerning the Corporation that has not been generally disclosed to the public; or
  - ii. informing (also known as "tipping"), other than when necessary in the course of business, another person or corporation of a material fact or material change concerning the Corporation before the material fact or material change has been generally disclosed. A "**material change**" to the business or affairs of the Corporation or a "**material fact**" is one which would reasonably be expected to have an effect on the market price or value of any securities of the Corporation. A Material Change is specifically defined to include any decision by a Board of Directors to implement a material change, as well as any decision made to implement such a change by senior management, if Board of Director approval is probable.
- b. This prohibition applies to any of the following persons who are deemed to have a "**Special Relationship**" with the Corporation:
  - i. directors, officers, employees and consultants of the Corporation; and
  - ii. persons or corporations who learn of a material fact or material change concerning the Corporation.

While the penalties for a breach of this prohibition vary among jurisdictions, a breach may render you personally liable to prosecution and, upon conviction, to a fine not exceeding one million dollars (CAD\$1,000,000), two (2) years in jail, or both. Further, you may be subject to civil actions at the instance of certain security holders, the companies whose securities were traded, various securities commissions, or any combination of these.

You should note that any person who is associated with you, including any member of your family, including your spouse or any person living with you, is also deemed to be a person in a Special Relationship with the Corporation, and is subject to the same legal obligations and duties.

Although not intended to be a comprehensive list, the following are examples of information that could be material, depending on scale and magnitude:

- iii. quarterly or annual earnings or operational results or projections;
- iv. mergers, acquisitions or joint ventures or changes in the corporate structure;

- v. changes to the Board of Directors or executive management of the Corporation;
- vi. take-over bids, issuer bids, or insider bids;
- vii. changes in dividend payments or policies;
- viii. share consolidations, splits, or exchanges or changes in capital structure; and
- ix. significant acquisitions or dispositions of assets, property or joint venture interests.

## **2. Trading Prohibitions**

In light of the foregoing, all directors, officers and employees of the Corporation will be subject to the following prohibitions relating to investments in the Corporation's securities and securities of other public issuers. A director, officer, or employee shall not:

- a. if he or she has knowledge of a material fact or material change related to the affairs of the Corporation or any public issuer involved in a transaction with the Corporation which is not generally known, purchase or sell until the information has been generally disclosed to the public and the blackout periods set forth below have expired;
- b. if he or she has knowledge of a material fact or change, convey such knowledge to any other person for the purpose of assisting that person in trading securities;
- c. enter into any financial instrument or other transaction that is designed to "hedge" or offset a decrease in the market value of the Corporation's Shares is not permitted;
- d. engage in the practice of selling "short" securities of the Corporation at any time;
- e. engage in the practice of selling a "call" or buying a "put" or any other prepaid forward contracts, equity swaps, collars, units of exchange funds, or derivative security in respect of any securities of the Corporation;
- f. trade in the event that the Corporation has provided notice of a pending material fact or material change until the information has been generally disclosed to the public and the blackout periods set forth below have expired; and
- g. enter into any other derivative instruments, agreements, arrangements or understanding (commonly known as equity monetization transactions) the effect of which is to alter, directly or indirectly, the executive officer's or director's economic interest in the Corporation's securities, or the director's or officer's economic exposure to the Corporation, is not permitted.

Notwithstanding the above, a director, officer or employee of the Corporation may sell a security which such individual does not own if such individual owns another security convertible into the security sold or an option or right to acquire the security sold and, within ten (10) days after the sale, such individual: (i) exercises the conversion privilege, option or right and delivers the security so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable, to the purchaser.

For purposes of this Policy, a "**Public Issuer**" includes any issuer, whether a corporation or otherwise, whose securities are traded in a public market, whether on a stock exchange or "over the counter". The above prohibitions and the insider reporting obligations provided below applies equally to the trading or exercising of options of the Corporation.

### 3. Insider Reporting Obligations

Under current Alberta securities legislation, a person or corporation who becomes an Insider of the Corporation (defined below) must file an insider report within ten (10) days of the date of becoming an Insider. In addition, an Insider whose direct or indirect beneficial ownership of, or control or direction over, securities of the Corporation changes, must file an insider report of the change within five (5) days of the date of the change.

Some other Canadian jurisdictions require the filing of the insider report within ten (10) days of the end of the month during which the person became an Insider or the change occurred. By complying with the Alberta legal requirements in this regard, Insiders will also be in compliance with the laws of other relevant jurisdictions.

Generally, securities legislation defines "**Insiders**" as:

- a. every director or "Senior Officer" (as defined below) of a Public Issuer;
- b. every director or Senior Officer of an issuer that is itself an insider of a Public Issuer, which includes its subsidiaries;
- c. any person or corporation that:
  - i. beneficially owns, directly or indirectly, voting securities of a Public Issuer, or
  - ii. exercises control or direction over voting securities of a Public Issuer, or
  - iii. beneficially owns, directly or indirectly, certain voting securities of a Public Issuer and exercises control or direction over certain other voting securities of a Public Issuer,
  - iv. carrying more than 10% of the voting rights attached to all voting securities of the Public Issuer for the time being outstanding other than voting securities held by the person or corporation as underwriter in the course of distribution.
- d. Generally, a "**Senior Officer**" is:
  - i. the Chairperson or Vice-Chairperson of the Board of Directors, the President, Vice-President, Secretary, Controller, Treasurer or General Manager or any other individual who performs functions for the issuer similar to those performed by an individual occupying that office; and
  - ii. each of the five highest paid employees of the Corporation, including any individual referred to above.

A copy of the insider report may be obtained from the Corporation and is required to be filed electronically on the System for Electronic Disclosure by Insiders (SEDI).

It is each insider's personal responsibility to ensure that all requisite insider trading reports are filed with the appropriate securities commissions within the statutory time limits.

### 4. Blackout Periods

In order to ensure uniform compliance with securities legislation, the Corporation has made the following provision for blackout periods during which Insiders, Senior Officers, restricted persons,

directors, officers and employees who are routinely in possession of undisclosed material information, are prohibited from trading in the Corporation's securities.

a. Periodic, Regular Disclosure (Quarterly and Annual Financial Results):

- i. For each quarter, the blackout period is the five (5) days immediately preceding the day of the Board or Audit Committee meeting at which the financial statements are to be reviewed and/or approved and terminating after the financial statements have been widely disseminated into the marketplace or at such time as the Board may determine at its discretion. If the Board has made no determination, then the blackout period is deemed to terminate at the end of one (1) clear trading day following the release.
- ii. Financial results release dates are approximate and will vary on a yearly basis.

b. Unscheduled Developments

- i. Blackout periods may also be prescribed from time to time by the Chief Executive Officer (“**CEO**”) or Chief Financial Officer (“**CFO**”) in consultation with the General Counsel (“**GC**”) as a result of unscheduled developments such as significant corporate acquisitions, divestitures, contract negotiations or similar transactions that will generally result in a material change in the affairs of the Corporation.
- ii. The blackout period begins as soon as management is aware of the development and has communicated such development to the Insiders and employees with knowledge of such special circumstances and continues until the information has been widely disseminated into the marketplace or at such time as the Board may determine at its discretion. If the Board has made no determination, then the blackout period is deemed to terminate at the end of one (1) clear trading day following the news release disclosing the material information.
- iii. If you are unsure whether or not you may trade in a given circumstance, you should contact the GC, CEO or CFO to determine if the particular information is or is not material.

Any person whose employment (or other relationship) with the Corporation terminates for any reason while that person was subject to a trading blackout period shall remain subject to the restrictions set forth in this Section 4 until the end of such trading blackout.

**5. Exceptions to the Blackout Periods.**

Given the unique stage of the Corporation, in particular its lack of meaningful revenue from operations, there may be situations where the Blackout Period described above is not implemented. Senior management of the Corporation, using their business judgment, may not give effect to the Blackout Period if it is believed that so doing would unnecessarily compromise the operations of the Corporation. As a general rule, the Blackout Period will be complied with, however, providing any financial filing does not contain any material information, senior management has discretion to waive the applicable Blackout Period if it believes doing so to be in the best interest of the Corporation and its shareholders.

**6. Contravention of this Policy**

All directors, officers, employees, consultants, contractors and agents of the Corporation, from time to time, will be provided with a copy of this Policy. It is a condition of their appointment or employment that each of these individuals at all times abide by the standards, requirements and procedures set out in this Policy. Any such individual who violates this Policy may face disciplinary action up to and including termination of his or her employment or appointment with the Corporation without notice. The violation of this Policy may also violate certain securities laws.