

ReconAfrica

RECONAFRICA ANNOUNCES A NEW PETROLEUM LICENCE COVERING THE EASTERN EXTENSION OF THE DEEP KAVANGO BASIN & FARM-OUT OPTION AGREEMENT

June 11, 2020 - Vancouver, BC – Reconnaissance Energy Africa Ltd. (the “Company” or “ReconAfrica”) (TSX-V: RECO) (OTC: RECAF) (Frankfurt: 0XD) is pleased to announce it has been granted a petroleum licence in northwestern Botswana for 2.45 million acres (9,921 km²) (the “Licence”) and has entered into a farm-out option agreement on these lands. The Botswana lands are contiguous to the Company’s 6.3 million acre petroleum licence in northeast Namibia.

Eastern Extension of the Kavango Basin

As a result of acquiring and interpreting additional tight grid regional aeromagnetic data, ReconAfrica feels it has definitively established the eastern boundary of the Kavango basin, where a deep and high potential section of the basin extends from northeast Namibia into northwest Botswana. As a consequence, ReconAfrica has successfully acquired the Licence covering the eastern part of the entire Kavango basin.

Terms of the 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
- The corporate tax rate in Botswana is 22%

A new and more regional isometric of the deep Kavango basin can be seen on the Company’s website - [Isometric](#)

Farm-out Option Agreement

The acquisition and analysis process of the Botswana lands and initial data set used to define the most eastern portion of the Kavango basin in Botswana was initiated over the past several years by a private company, controlled by Mr. Craig Steinke, a related party to ReconAfrica.

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While Mr. Steinke was proceeding with the application process, he proposed a joint venture with ReconAfrica. In consideration of Mr. Steinke allowing ReconAfrica to lead the acquisition and operate the Botswana lands, the Company, through its wholly-owned Botswana subsidiary, has entered into a farm-out option agreement (the “Agreement”) with a private company wholly-owned by Mr. Steinke (the “Farmee”) under the following terms:

- The farm-out option will carry a 3-year term providing the Farmee with the right to acquire a 50% working interest in the Licence (the “Option”)
- Initial payment from the Farmee to ReconAfrica is C\$100,000
- If the Option is exercised within 18 months of the date the Licence was awarded, the Farmee will pay ReconAfrica C\$1,000,000 upon transfer of the Licence following exercise
- If the Option is exercised between 18 months and 36 months from the date the Licence was awarded to ReconAfrica, the Farmee will pay ReconAfrica C\$1,500,000 upon transfer of the Licence following exercise

The Agreement is subject to certain conditions, including the approval of the Botswana Department of Mines and Ministry of Mineral Resources, Green Technology and Energy Security (“MMR”) to the transfer of the Licence upon exercise of the Option.

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

Drilling Update

Due to travel restrictions precipitated by the COVID-19 pandemic, the Company has deferred drilling operations which were originally scheduled to commence by June 30, 2020. As Namibia was only lightly affected by the COVID-19 virus, with only 29 confirmed cases (16 recoveries and 13 active cases) as of the date of this news release, guidance from Namibia on the timing of lifting international travel restrictions suggests international travel will commence in July or August, 2020. As a result, ReconAfrica’s revised drilling schedule, subject to the lifting of travel restrictions in a timely manner, includes shipping the Company’s Crown 750 drilling rig from Houston, Texas to Walvis Bay, Namibia on or before the second week of September with an anticipated spud, of the first of the three initial wells, late October, 2020.

Regulatory

The Agreement is not an “Arm’s Length Transaction” as such term is defined by the TSX Venture Exchange (the “TSXV”) and therefore 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”). Craig Steinke, the sole director and shareholder of the Farmee, has beneficial ownership of more than 10% of ReconAfrica’s common shares.

In respect of the requirements of MI 61-101 and TSXV Policy 5.9, 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.

In addition, the Agreement constitutes a "Reviewable Transaction" in accordance with TSXV Policy 5.6 and is subject to acceptance of the TSXV.

A material change report respecting the Agreement will be filed less than 21 days before the anticipated closing date. This abbreviated period is reasonable and necessary in the circumstance as the Company wishes to complete the transaction in a timely manner. A copy of such material change report will be provided to any shareholder of the Company upon request, without charge.

ReconAfrica is a junior oil and gas company engaged in the opening of the newly discovered deep Kavango Sedimentary Basin, in northeastern Namibia and northwestern Botswana where the Company holds petroleum licences comprising approximately 8.75 million contiguous acres.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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***Cautionary Note Regarding Forward-Looking Information:** Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. Such statements include, without limitation: the receipt of the MMR approval to the transfer upon exercise of the Option, the entry of the Company and the Farmee into a joint operating agreement, the receipt of the TSXV's acceptance of the Agreement and the anticipated recommencement of drilling. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated", "suggests" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on ReconAfrica's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to ReconAfrica. The forward-looking information contained in this release is made as of the date hereof and ReconAfrica undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.*