MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

The following is management's discussion and analysis ("MD&A"), dated April 28, 2022, of Reconnaissance Energy Africa Ltd.'s ("ReconAfrica" or the "Company") operating and financial results for the year ended December 31, 2021, as well as information and expectations concerning the Company's outlook based on currently available information.

This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020 (the "Audited Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Unless otherwise noted, references to dollar amounts are in Canadian dollars. Throughout this report we refer from time to time to "ReconAfrica", "the Company", "we", "us", "our" or "its". All these terms are used in respect of Reconnaissance Energy Africa Ltd. which is the reporting issuer in this document.

We recommend that readers consult the "Cautionary Statement Regarding Forward-Looking Information" on the last page of this MD&A.

OVERVIEW, OVERALL PERFORMANCE AND OPERATIONS

ReconAfrica is a Canadian-based oil and gas company working collaboratively with national governments to explore oil and gas potential in Northeast Namibia and Northwest Botswana – the Kavango basin. In July 2021, the Company completed the acquisition Renaissance Oil Corp. ("Renaissance") by way of plan of arrangement as described further below. In all aspects of its operations, ReconAfrica is committed to minimal disturbances in line with international best standards and will implement environmental and social best practices in all of its project areas. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "RECO" and quoted on the OTCQX under the trading symbol "RECAF".

NAMIBIA LICENCE

ReconAfrica, through its wholly owned Namibian subsidiary, holds a 90% interest in a petroleum exploration licence in northeast Namibia which covers the entire Kavango sedimentary basin (the "Namibia Licence") within Namibia. National Petroleum Company of Namibia ("NAMCOR"), a Namibian state-owned entity, holds the remaining 10% interest in the Namibia Licence on a carried interest basis. The Namibia Licence, which is governed by the terms of a Petroleum Agreement among the Company, NAMCOR and the Namibian Ministry of Mines and Energy ("MME") dated January 26, 2015, provides the Company with the exclusive right and obligation to conduct exploration activities on certain licensed property covering an area of approximately 25,341.33 sq km (6.3 million acres) and based on commercial success, it entitles ReconAfrica to obtain a 25-year production licence. The Kavango basin offers large scale conventional play types.

Namibia's Petroleum (Exploration and Production) Act No. 2, 1991 provides that the MME may grant petroleum exploration licences having a duration comprised of three periods: Initial Period, First Renewal Period and Second Renewal Period, having terms of four years, two years and two years respectively. Each period may be extended for an extension period of one year by application to MME. A commercial discovery of oil or gas made during the exploration period entitles the holder of the exploration licence to a production licence with a 25-year term, and renewal period of up to ten years. On December 24, 2019, the MME approved the Namibia Licence for ReconAfrica's First Renewal Period and on September 23, 2021, the First Renewal Period was extended such that it now continues until January 29, 2023. ReconAfrica's agreement with MME and NAMCOR calls for a minimum work program during the First Renewal Period comprised of the drilling and exploration of stratigraphic wells and 250km of 2D seismic, with an aggregate expenditure for exploration activities of US$10,000,000. The work requirements for both 2D seismic and aggregate expenditure have been satisfied, as discussed further below.

BOTSWANA LICENCE

In June 2020, the Company through its wholly owned Botswana subsidiary, was granted a petroleum licence (the "Botswana Licence") in northwestern Botswana for 2.22 million acres (8,990 km^2). 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
- The Company has committed to a minimum work program of US$432,000 over the first 4-year exploration period

In June 2020, the Company, through its wholly owned Botswana subsidiary, entered into a farm-out option agreement (the "Option Agreement") with a private company, who originally generated the opportunity, which subsequently assigned its interest in the Option Agreement to Renaissance. The Option Agreement provided Renaissance with the right to acquire a 50% working interest in the Botswana Licence (the "Option"), exercisable at any time for up to a period of 36 months upon: (i) payment of $1.0 million, if the Option was exercised within 18 months of the date the Botswana Licence was awarded to the Company, or $1.5 million if the Option was exercised between 18 months and 36 months from the date the Botswana Licence was awarded to the Company; and (ii) the approval of the Botswana Department of Mines and Ministry of Mineral Resources, Green Technology and Energy Security to transfer the Botswana Licence upon the exercise of the Option. Upon completing the acquisition of Renaissance as discussed below, ReconAfrica regained full operational control over exploration and development as permitted by the Botswana Licence and continues to hold its rights over the full 2.22 million acres.

ReconAfrica has excluded a number of environmentally sensitive areas from the area of the Botswana License, including the Tsodilo Hills. Additionally, the project has set no-go and buffer zones to protect water that include a 10-km setback from the Okavango River and a 20-km setback from the Okavango Delta.

DRILLING PROGRAM

Despite travel bans and logistical restrictions in Namibia and elsewhere resulting from the novel coronavirus pandemic ("COVID-19"), Jarvie-1, the Company's Crown 750 drilling rig, initiated drilling of the first well (6-2) of ReconAfrica's drilling program in the Kavango basin of North-East Namibia on January 11, 2021. On April 19, 2021, the 6-2 well was successfully, temporarily capped and the rig was moved approximately 16 kilometers (10 miles) north to the second well site in the program, the 6-1 location, where drilling commenced on May 5, 2021. The 6-1 was drilled to a final depth of 2,780 meters (9,121 feet) with casing set to total depth. Both wells were left in a state that allows potential testing of possible production zones later. These first two wells are within one of several major sub-basins of the larger, more laterally extensive, Kavango sedimentary basin. There was no hydraulic fracturing or other stimulation in the well programs, as all targets for the drilling program are conventional reservoirs.

In keeping with the Company's policy of implementing environmental best practices, ReconAfrica used an advanced water-based drilling fluid system to protect the environment. This Polyamine system, provided by Valence Drilling Fluids LLC., uses freshwater as the base fluid. The plant-based products added to the base fluid are created through an organic process and are biodegradable. This water-based drilling fluid is environmentally safe and provides improved samples (cuttings and core), which can be utilized to determine a range of petroleum properties and locations for future exploration and production wells.

Highlights from the drilling of the 6-2 and 6-1 wells are as follows:

- The 6-2 well and the 6-1 well reached total depths of 2,294 meters (7,526 feet) and 2,780 meters (9,121 feet) respectively.
- The 6-2 well had over 250 meters (820 feet) of hydrocarbon shows while the 6-1 well had over 350 meters (1,148 feet) of hydrocarbon shows.
- Both wells had full logging suites, extensive sidewall cores in addition to the full sample analysis of cuttings, and hydrocarbon shows, and were completed to enable the running of vertical seismic, and potential for re-entry production testing at a later date.

- The Company has now completed all drilling components required to satisfy the work program requirements for an extension of the exploration period on the Namibia Licence.
- The Company will begin the second phase of drilling in 2022 using locations that were identified through the recently acquired Phase 1, 2D seismic data.

Kawe 6-2 Well:

The first stratigraphic test well, the 6-2 in Kawe, Namibia, was drilled to a final depth of 2,294 meters (7,526 feet). The well was left in a state that allows it to be re-entered to run a Vertical Seismic Profile ("VSP") and test potential zones of interest. A total of over 250 meters (820 feet) of conventional migrated light oil, natural gas and natural gas liquids were encountered over three zones. Work completed by Worldwide Geochemistry, Houston, on the 6-2 well highlighted three potential hydrocarbon bearing zones, fluid types, hydrocarbon migration, characteristics, and the potential for production testing.

In September 2021, Core Laboratories ("Core Lab") provided initial analysis of the cores taken from the 6-2 well, and Netherland Sewell & Associates Inc. used this data to calibrate log analysis to provide the first petrophysical study of the Kavango basin. The petrophysical study identified what the Company believes are five potential conventional reservoir zones in the 6-2 well, of which three are clastic zones (sandstone) and two are carbonate zones (limestone, dolomite) based on the first set of core analysis and mineralogical data from Core Labs. The Company believes this study, which brings together wireline log data, core data, and sample and hydrocarbon show data from the 6-2 well, confirms 198 meters (650 feet) of net conventional reservoir over five separate intervals.

The Company ran a VSP in the 6-2 well. The VSP obtains high resolution seismic information from the wellbore and is used to integrate the wellbore data into the nearby 2D Phase 1 seismic line. The VSP confirmed evidence of a significant fault observed while drilling the well. The combined 6-2 wellbore data and 2D seismic interpretation have identified 6-2 as a viable sidetrack candidate targeting an up-dip porosity interval with potential hydrocarbon accumulation.

Mbambi 6-1 Well:

The second stratigraphic test well, the 6-1 in Mbambi, Namibia, was drilled to a final depth of 2,780 meters (9,121 feet). Casing is set to total depth. A VSP was run in this well with a seismic line shot across its wellbore, indicating the well was drilled on a significant intra-rift fault block that was very fractured and faulted. It will be left in a state that allows it to be re-entered to run potential testing of possible production zones. A preliminary total of 350 meters (1,148 feet) of oil and natural gas shows were encountered over seven potential zones. After significant shipping issues related to global supply chains, the well core data is now in the process of being analyzed.

Continuing Operations:

With the confirmation of a working conventional hydrocarbon system within the first of a potential five sub basins, the Company, and its joint venture partner NAMCOR, will be using drilling and 2D seismic data to determine the planning and execution of future drilling locations. In addition to potential production testing results from the 6-2 and 6-1 wells, future drilling locations will target potential hydrocarbon bearing structures from the seismic program with the purpose of achieving commercial levels of oil and natural gas production. It is expected that drilling will recommence in the second quarter of 2022.

SEISMIC OPERATIONS

The Company completed nearly 500 linear kilometers of seismic acquisition and processing in 2021. This 2D seismic program is the first seismic acquisition project to ever be conducted in the Kavango Basin. The program was designed using very low environmental impact seismic equipment; Accelerated Weight Drop (AWD) and cable-less sensors.

With the success of the first two recently drilled stratigraphic wells confirming an active conventional petroleum system within the basin, this seismic program was designed to delineate potential traps and hydrocarbon reservoirs. Third party processing of the data by DownUnder GeoSolutions (America) LLC in Houston, Texas, and Absolute Imaging Inc. in Calgary, Canada, was completed and finalized.

Subsequent to December 31, 2021, the Company received the final processing results of the 2021 seismic program. These seismic sections show good quality seismic images of structural and stratigraphic features, which provides a target rich environment for the upcoming drilling program scheduled for the second quarter of 2022. The seismic data, integrated with the processed VSPs results for wells 6-1 and 6-2, is being interpreted in-house, and will be augmented by third party interpretation for the selection of well locations for the next round of drilling.

Where possible, this seismic campaign made use of local suppliers and businesses such as lodges, hotels, industrial yards, equipment rental agencies, vehicle rentals, communications providers, fuel distributors, PPE suppliers, and caterers.

Early processing results illustrate:

1. The overall good quality of the seismic data.
2. Significant extensional grabens with normal fault systems connected by steep wrench-related shear zones.
3. Well-developed expansion of stratigraphic section in the grabens.
4. Clear stratigraphic resolution of a variety of depositional geometries.
5. Good fault resolution, some major faults extending over several thousand meters to near surface, and potential for multiple styles of trapping.
6. Consistency with the rift basin origin of the Kavango basin.
7. Adjacent thrust faulted and folded basin.

The Company has embarked on a second seismic acquisition campaign in Q1 2022. In parallel, interpretation of the 2021 seismic data is continuing apace.

ENVIRONMENT, SOCIAL AND GOVERNANCE

ReconAfrica's environmental, social and governance ("ESG") approach to business is designed to ensure we conduct our business activities responsibly and to align with the expectations of communities, governments, and other stakeholders. Our ESG key sectors provide a basis for measuring our performance against global standards.

ReconAfrica is committed to protecting the environment, avoiding environmentally sensitive areas, minimizing disturbances, and implementing best practices according to international standards. We have conducted comprehensive Environmental Impact Assessments ("EIAs") for both our stratigraphic wells and our 2D seismic programs. We have our Environmental Clearance Certificate (ECC) for our stratigraphic well and our 2D seismic program. These two ECCs have allowed ReconAfrica, in Namibia, to continue our ongoing operational work. The strict and fully developed Namibian regulatory regime inclusive of legal, regulatory standards, policies and practices are followed and we work with all levels of government to ensure these important steps are valued.

In Q2 2021, ReconAfrica announced its commitment to ESG and a carbon neutral approach that would support the net zero carbon emission goals of Namibia and Botswana. ReconAfrica is also developing plans to implement its own carbon-neutral objectives to address national net zero carbon emissions targets and to align with the goals of Namibia and Botswana. The Company has initiated analysis of greenhouse gas emissions tracking for ongoing and planned operations. Future goals are also likely to be shaped by carbon-reduction. To date, ReconAfrica has committed N$112 million ($10 million) to ESG initiatives in Namibia, of which approximately $1.3 million has been expended on various programs as of December 31, 2021. Subsequent to the year ended December 31, 2021, ReconAfrica continued to advance on several of its ESG targets, including:

- Community Outreach - Health and Wellness: The Company is drilling and installing community water wells for several communities within Kavango East and Kavango West. This is a key focus area for ReconAfrica. We are also providing school materials and sports equipment to schools within the Phase Two 2D seismic route. The Company has also provided funding for organization such as Project Never Walk Alone, whose primary purpose is to eradicate bare footedness in Namibia by raising funds to ensure that Namibian children and those in need do not go barefoot to and from school and otherwise. Finally, the Company participation in nationwide drive, We Race Together, is making a social difference in Namibia. This is an ongoing, established, and well-known project in Namibia and assists in various socio-economic initiatives including supporting gender-based violence and low-cost-housing initiatives.

- Community Outreach - Education sponsorship and assistance: Ten Science, technology, engineering, art, and mathematics ("STEAM") scholarships for new graduates from Kavango East and Kavango West have been granted. ReconAfrica also provided emergency funding for Namibian students who were impacted by the war in Ukraine and stranded as a result of the conflict.

- Operational Performance: ReconAfrica is working on the Kawe demonstration project that includes conducting studies to review the impacts of the drilling fluids and mud pit soils on agricultural product growth patterns including enhancing agricultural yields. It is important to review a variety of testing aspects and to see how the drilling fluids and mud pit soils interact with key agricultural crops for livelihood aspects for potential community gardens, assisting local communities.

- Biodiversity - Wildlife monitoring: ReconAfrica is establishing an extensive project on wildlife monitoring with collaring initiatives with elephants, crocodiles and other important and valued wildlife in the Kavango East and Kavango West areas. This is a highly important initiative for both ReconAfrica and the Government of Namibia.

Our ESG goals include: Implement regulatory compliance and include regulatory bodies in a proactive manner; engage openly with stakeholders and work collaboratively to address and manage community impacts; protect the environment, land, water & wildlife; implement a carbon-neutral program; enhance the livelihoods of the people of Namibia and Botswana and create socio-economic opportunities; and support positive environmental, economic and social outcomes for all Namibians and Botswanans. Our key areas within ESG include: climate change and carbon emissions, operational performance, water and air quality, biodiversity, reforestation, waste management. regulatory consultation, stakeholder and indigenous engagement, issues & concerns (grievance) management, human rights standards, labour standards & human resource processes, data protection and privacy (for shareholders and project data); management of information, gender and diversity, community outreach projects (agriculture, health & wellness and education) and corporate governance processes. ReconAfrica will track each of the key areas with key performance indicators. These indicators are influenced by both operational developments and feedback from a range of Namibian, Botswanan and international stakeholders and ESG experts.

ReconAfrica is working closely with local community members and the Namibian government to contribute to their Rural Water Management Plan and drill community water wells allowing local community members to access potable water. ReconAfrica's community water wells are drilled and installed with water tanks and solar power. As at December 31, 2021, thirteen community water wells were drilled and accessibility to the two site water wells was made available. In early 2022, ReconAfrica has drilled an additional 11 wells and will have 22 community water wells drilled and installed, with the community water wells also accessible from their sites. ReconAfrica continues to work on access to potable water in the communities and with the relevant government authorities in identifying optimum locations for more water wells in both Kavango East and Kavango West regions.

As part of the ESG program, ReconAfrica responded to calls for assistance by the Government of Namibia with its commitment of a N$15 million contribution to the country's COVID-19 vaccine rollout campaign, supporting various aspects tied to the COVID-19 virus and its associated health risks in Namibia. The Ministry of Health and Social Services authorities implemented our vaccine roll-out program in both Kavango East and Kavango West, focused on hard-to-reach communities. We are also supporting regional health initiatives tied to impacts due to the COVID-19 virus.

We are working on agricultural projects and are also developing reforestation projects. We have engaged experts, along with gathering data on feasible nursery and agricultural product and soil testing projects for potential longer-term community impact driven projects. we will work in collaboration with governments, traditional authorities, and other stakeholders to develop both agricultural outreach and reforestation plans. As part of our ESG biodiversity sector, we have wildlife survey and environmental management teams for wildlife surveying and monitoring actions that demonstrate the respect to protection of wildlife. ReconAfrica is working closely with businesses, tourism, government authorities, multi-national conservation groups for the protection of wildlife. Our wildlife team continues to share and work collaboratively with the Ministry of Environment, Forestry and Tourism and the national- based conservancies on survey data gathering. We completed wildlife surveying during Phase 1 of our 2D seismic. We are working in collaboration with conservancies and to counter effects of poaching and support efforts to promote wildlife monitoring in the Kavango region.

ReconAfrica continues to implement industry leading drilling practices to protect the environment, both above and below the surface. We are avoiding ecologically sensitive and national preserve areas, and working collaboratively with national, regional and local governments, using our drilling expertise to provide potable water from the region's considerable aquifer systems. When drilling, ReconAfrica protects its wells with one of the most important components in the drilling process – casing. The multiple layers of cement and steel casing provide the foundation of the wells, sealing them to prevent any fluids from escaping. Additionally, our wells are drilled with organic and biodegradable water-based drilling fluids. We implement these measures to protect water sources and aquifers. The system is also used as a soil enhancement/fertilizer by farmers and the agricultural industry around the world, as the mud will biodegrade, yielding no toxic or damaging by-product. We have commenced steps on using this fertilizer and other enhanced agricultural green products as part of the Company's agricultural and reforestation projects and we continue to engage with national and international experts to move them forward in a sustainable approach.

Our water-management plan includes groundwater assessments, hydro census, monitoring, and mitigation and the Company has completed a comprehensive water survey data report. This report was completed in conjunction with input from representatives from the various government ministries, parastatals, regional authorities, traditional authorities, and other experts and interested stakeholders to protect Namibia's water. The Company has conducted, and is continuing to conduct, extensive water sampling for both our Operations activities and also for its key ESG areas, water quality and community outreach programs. The findings of the hydrology reports are also used to work alongside the regional authorities to review the options on where the ESG community borehole projects are placed assisting the communities within our licence areas. This hydrology reports inclusive of the water sampling data is important for the national, regional and local authorities in both Kavango East and Kavango West.

ReconAfrica has conducted various consultation and engagement initiatives with impacted and interested stakeholders, including: regulatory consultation, community engagement in various formats including with national, regional and traditional authorities and with community headmen and headwomen, interested stakeholders and stakeholder organisations with all communications being translated into the local stakeholders' languages. We also have sessions targeted at women and young adults as part of our consultation and fact-finding process. We conduct extensive engagement sessions for our ongoing seismic program. We have engaged community liaison officers as part of our ongoing engagement and ongoing management seismic EMP activities and we continue to share project information with such officers as we move forward. We have also completed engagement sessions with the San communities and other indigenous communities, around our seismic program areas. We continue to update the communities and engage with the communities on our stratigraphic wells, our seismic activities, and any other project-related activities. ReconAfrica updates key parties in international organisations like, The Permanent Okavango River Basin Water Commission ("OKACOM") and Kavango Zambezi Transfrontier Conservation Area ("KAZA TFCA") along with the Canadian government representatives amongst other interested stakeholder groups. We are also directly engaging with the established conservancies, Farmer's Unions, Community Forest representatives, amongst other key interest groups throughout Namibia.

ReconAfrica works with local, regional and national business suppliers and service providers in a broad range of sectors, including water well drilling; construction; logistics and transport; telecom; camp management; training; medical services and supplies; human resources and contracting; engineering and project management; and environmental services. We also strive to maximize local and national hiring and provide training in key technical areas associated with our business. In the Kavango area, ReconAfrica is currently supporting the growth of the agriculture, tourism and service industries through improved water and power access and the use of dual-purpose infrastructure.

ReconAfrica places strong emphasis on hiring locally and nationally whenever possible. In 2021, more than 500 Namibian residents worked in such roles as: electricians; rig floorhands; project managers; material technical specialists (construction, environment, wildlife surveying, water and hydrology); health, safety and environmental experts; administrative assistants; garden site workers; and general laborers. Local and national employment numbers will increase as we move forward with our conventional exploratory well program. The local and national employment numbers continue to increase as the Company moves forward with its conventional drilling and seismic programs. Additionally, ReconAfrica is working with Namibian educational institutions to enhance training programs directly related to the environment and to drilling and seismic activities. The Company has a strong commitment to gender diversity and continues to increase the number of women hired locally. We have our skills transfer initiative, under which Namibian residents are receiving basic training in a wide range of practical disciplines. ReconAfrica is also completing on-site technical training for both our stratigraphic wells and 2D seismic program and have completed training with MME and NAMCOR professional staff; and University of Namibia MSc Petroleum Geology students. We are committed to sustainable development and employ best practices wherever we operate to protect the environment, including support to wildlife monitoring and other related efforts.

We continue to work in Botswana and are increasing our on the ground team of Botswana personnel. We are finalising office space in Gabarone. We continue to submit quarterly and annual reports to the Government of Botswana, as part of our licence requirements, and respect the integrity of all designated protected and environmentally sensitive areas, such as the exclusion of Tsodilo Hills in Botswana as part of our collaborative agreement with the Republic of Botswana. This important milestone has been shared with impacted and interested stakeholders, in our efforts to remain transparent. We also have conducted engagement with national, regional and local traditional and community authorities in both Namibia and Botswana.

ReconAfrica has been working collaboratively with national, regional and local governments, traditional authorities and communities of Namibia since 2019 and proactively with the government of Botswana since 2020. We are grateful for the support and trust we have earned over this period, and we are committed to retaining their confidence as we move forward, together, to explore the vast potential of the Kavango basin. Our goal is to ensure ReconAfrica is a positive contributor to Namibia and Botswana in all ways – environmentally, socially and economically.

ACQUISITION OF RENAISSANCE

On July 27, 2021, the Company completed the acquisition of 100% of the common shares of Renaissance (the "Renaissance Shares") pursuant to a plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement"). Renaissance had the right to acquire a 50% working interest in the Botswana Licence which ReconAfrica felt was potentially valuable to the Company. By completing the Arrangement, ReconAfrica retained full operational control over exploration and development as permitted by the Botswana Licence and continues to hold its rights over the full 2.22 million acres.

Pursuant to the Arrangement, the holders of Renaissance Shares received 0.046 of a common share of ReconAfrica (each whole common share, a "ReconAfrica Share") for each Renaissance Share held at the effective time of the Arrangement. All outstanding options and warrants of Renaissance which were not exercised prior to the effective time of the Arrangement were exchanged for economically equivalent options and warrants to purchase ReconAfrica Shares. The value of the consideration represented a 1.45% premium over the closing price of the Renaissance Shares on the TSXV on April 16, 2021, the last day of trading prior to the announcement of the transaction and based on the closing price of the ReconAfrica Shares on the TSXV on April 16, 2021.

In determining the purchase price, the Company considered the market valuation of its shares compared with those of Renaissance and the resulting ratio at the time of announcement was 0.046 shares of the Company for each Renaissance Share. The entire Kavango Basin (Namibia and Botswana licences) covers 8.5 million acres with the Company having rights to 7.4 million acres (6.77 million acres after adjusting for NAMCOR's 10% interest) and Renaissance having rights to 1.1 million acres which represented approximately 16.3% of the Company's acreage. At the time the acquisition was announced, Renaissance shareholders would have held approximately 11.4% of the fully-diluted issued and outstanding shares of the Company, a value the Company considered a reasonable discount considering the net liabilities of Renaissance's Mexican assets.

Upon closing of the Arrangement on July 27, 2021, ReconAfrica issued an aggregate of 17,533,264 ReconAfrica Shares to former holders of Renaissance Shares valued at $189,534,584 based on the closing price of the ReconAfrica Shares on the TSXV of $10.81 on July 26, 2021. ReconAfrica also issued 1,124,835 replacement options valued at $6,802,735 ($6.05 per option) and 1,655,733 replacement warrants valued at $6,795,573 ($4.10 per warrant). The options and warrants of Renaissance assumed by ReconAfrica were valued using a Black-Scholes pricing model.

In June 2020, the Company, through its wholly owned Botswana subsidiary, entered into a farm-out option agreement (the "Option Agreement") with a private company, who originally generated the opportunity, which subsequently assigned its interest in the Option Agreement to Renaissance. The Option Agreement provided Renaissance with the right to acquire a 50% working interest in the Botswana Licence (the "Option"), exercisable at any time for up to a period of 36 months upon: (i) payment of $1.0 million, if the Option was exercised within 18 months of the date the Botswana Licence was awarded to the Company, or $1.5 million if the Option was exercised between 18 months and 36 months from the date the Botswana Licence was awarded to the Company; and (ii) the approval of the Botswana Department of Mines and Ministry of Mineral Resources, Green Technology and Energy Security to transfer the Botswana Licence upon the exercise of the Option.

The Option Agreement represents a pre-existing contractual relationship between the Company and Renaissance. The completion of the Arrangement resulted in the effective settlement of the Option Agreement as the contract between the Company and Renaissance became an intragroup arrangement. In accordance with IFRS 3, a loss is recognized on the settlement of a pre-existing arrangement when the consideration for the acquisition is greater than the value of the net assets acquired. Any such loss is required to be recognized in the consolidated statement of loss. Consequently, the consideration for the acquisition is $92,790,892 when excluding the portion of the consideration relating to the settlement of this arrangement. A value of $105,299,108 was attributed to goodwill representing the difference between the consideration for the acquisition and the net liabilities acquired, ($12,508,216), which was allocated to the Mexican CGU (as defined below). Immediately following the closing of the Arrangement, the Company identified an impairment indicator, which was the net liability position of the Mexican cash generating unit ("CGU"). Therefore, management calculated the recoverable amount of the Mexican CGU, which was based on its fair value less costs of disposal, resulting in recognizing an impairment on the full balance of goodwill in the consolidated statement of loss. The goodwill recognized is not deductible for income tax purposes.

Management obtained estimates from two third-party advisors of the fair value of the Botswana Licence; using both an income and market approach. In addition, management compared these estimates to the terms of the Option, to determine the amount to which the consideration exceeds the net asset value. The excess value of $105,299,108, attributed to goodwill, primarily resulting from the share price of the Company being $7.62 at the time the transaction was announced compared with $10.81 on the closing date of the transaction. This resulted in a significant increase in the fair value of the shares issued to acquire Renaissance (approximate increase of $55.9 million). Further, in recording the purchase price allocation, management reassessed the fair value of the assets and liabilities and concluded to not include drill results in Namibia to value the Botswana Licence. Therefore, the ascribed value was predominantly based on land values considered comparable.

For further information on the business combination and purchase price allocation, please refer to Note 5 of the Audited Financial Statements.

PROPERTIES IN MEXICO

Amatitlán

In February 2017, Renaissance partnered with Lukoil on the Integrated Exploration and Production Contract for the 243 km2 (60,000 acres) Amatitlán block, near Poza Rica Veracruz, Mexico (the "Amatitlán Contract"). As at the date of this document, the balance of ownership in the Amatitlán Contract is 75% indirectly held by Lukoil, and 25% by the Company (through Renaissance). The Company, through Renaissance, has an option agreement to acquire a further 25% interest in the Amatitlán Contract from Lukoil. Should the option be exercised, the Company, through Renaissance, would hold a participating interest of 50% in the Amatitlán Contract. The option is exercisable during a sixty-day exclusivity period, commencing upon the migration of the Amatitlán Contract to an exploration and extraction contract.

The Company, through Renaissance, in conjunction with its partner Lukoil, has completed the field evaluation program for the Amatitlán Contract. Renaissance drilled and completed the seventeen wells approved under the expanded Chicontepec well appraisal program and drilled and cored a deep 3,550 meter well to test the deeper Upper Jurassic formations. Renaissance also completed workovers and repair operations on eight wells of the scheduled workover program. Renaissance and Lukoil continue to work towards migrating the Amatitlán Contract into a contract of exploration and extraction with an improved fiscal regime, pursuant to the constitutional amendments of December 20, 2013 reforming the Mexican energy industry. To date, Renaissance has not been successful in migrating the Amatitlán Contract and there is no assurance it will be able to do so in the future. The Company is currently evaluating strategic alternatives for the Amatitlán block.

Chiapas Blocks

In December 2015, the Company was awarded three petroleum blocks in the Call 3 of Round 1 auction of 25 on-shore "Mature Field" petroleum blocks (the "Mature Field Auction") administered by the Comisión Nacional de Hidrocarburos (the "CNH") in Mexico. The Mature Field Auction was Mexico's first award of on-shore petroleum blocks in 78 years to independent companies. Renaissance executed the license contracts for the awarded blocks on May 10, 2016. The blocks amount to approximately 74 km² (18,335 acres) of total surface area and are located in the state of Chiapas, Mexico.

Renaissance submitted the initial development plans (the "Appraisal Plans") for three contractual areas, Mundo Nuevo, Topén and Malva, to the CNH for their approval which was received in April 2017. Further modifications to the Appraisal Plans were submitted by Renaissance and approved by the CNH in the 3rd quarter of 2018. Pursuant to the initial and modified Appraisal Plans, Renaissance is required to undertake work programs at each of the three petroleum blocks that may include geological and geophysical surveys, repairs and work overs to existing wells, drilling of new development wells and other related studies. Under the terms of the licences, monetary penalties could result if the required work programs are not completed. Due to COVID-19, the CNH issued diverse administrative decrees suspending the exploration, appraisal and development periods for 124 days, 3 months and 9 months with an independent application required for each extension. Renaissance applied for and received all three extensions giving it a deadline for completion of the work programs of April 26, 2022.

Prior to the COVID-19 pandemic, Renaissance progressed on several initiatives to meet its obligations under the work programs. These include the repair and maintenance of several access roads, topographic & geomechanical surveys and the repair of a communications tower servicing the nearby communities. To date US$10.6 million ($13.4 million) in work program costs have been submitted to the CNH, however, the Company has not met the April 26, 2022, deadline for completion of the work programs. In failing to meet these commitments the CNH may seek remedy through direct payment of the obligations or by acting on the surety bonds and/or seeking further action against the Company (see Commitments and Contingencies).

Mundo Nuevo

The Mundo Nuevo block is located onshore 42 km southwest of the city of Villahermosa, Tabasco with an areal extent of 27.7 km2 (6,845 acres). The Mundo Nuevo field, a middle Cretaceous fractured carbonate reservoir, was discovered in 1977. This field was developed by Mexico's state-owned oil and gas company, Pemex, through the drilling of 14 wells, reaching peak production of over 15,000 barrels per day (bbls/day) of light crude oil, in the early 1980's, with an average reservoir depth of 3,580 meters. The Mundo Nuevo field is currently producing light crude oil and natural gas from one well which is transported from the field in a pipeline for sale. The Mundo Nuevo field is delineated with 3D seismic data and was awarded to Renaissance with an additional royalty amount of 80.69%.

Malva

The Malva block is located onshore 61 km southwest of the city of Villahermosa, Tabasco with an areal extent of 21.2 km2 (5,239 acres) The Malva field, an upper Cretaceous limestone reservoir, was discovered in 2003. This field was developed by Pemex through the drilling of 4 wells, reaching peak production of over 2,000 barrels bbls/day of light crude oil, in the late 2000's, with an average reservoir depth of 2,680 meters. The Malva field is currently producing light crude oil and natural gas from one well which is transported from the field in a pipeline for sale. The Malva field is delineated with 3D seismic data and was awarded to Renaissance with an additional royalty amount of 57.39%.

Topén

The Topén block is located onshore 45 km southwest of the city of Villahermosa, Tabasco with an areal extent of 25.3 km2 (6,251 acres). The Topén field, an upper Cretaceous fractured carbonate reservoir, was discovered in 1978. This field was developed by Pemex through the drilling of 5 wells, reaching peak production of over 1,500 barrels bbls/day of medium crude oil, in the mid 1980's, with an average reservoir depth of 3,300 meters. The Topén field is delineated with 3D seismic data and was awarded to Renaissance with an additional royalty amount of 78.79%.

Ponton Block

The Pontón block is located onshore 25 km southeast of Panuco city, Veracruz, with an areal extent of 12 km2 (2,965 acres). The Pontón field was discovered and put into production in 1971 in the Upper Jurassic San Andres formation. In May 1991, production commenced in the Lower Cretaceous Tamaulipas Inferior formation. This field was developed by Pemex, through the drilling of 14 wells in the 1970s. Although not currently producing, Pontón has cumulatively produced approximately 800,000 barrels of light oil (34° API). The Upper Jurassic San Andres formation has an average reservoir depth of 1,266 meters and the Lower Cretaceous Tamaulipas Inferior formation has an average reservoir depth of 925 meters. On July 13, 2017, the Company was awarded its request for force majeure for the Pontón block, allowing for a temporary suspension of development operations to facilitate the remediation by the previous operator of certain areas of the Pontón block that incurred surface contamination from previous oil field activities. Under the terms of the licenses for all of Renaissance's operated blocks in Mexico, previous operators are responsible for the remediation of all pre-existing damages identified and documented by the Company. The Company is continuing to evaluate strategic alternatives for Pontón. Renaissance was awarded the Pontón block with an additional royalty amount of 21.39%.

PRODUCTION FROM THE CHIAPAS BLOCKS

The Company currently produces crude oil and natural gas from one well at each of the Mundo Nuevo and Malva blocks. Production has been shut-in at the Topén block pending further negotiations on land access requirements. Below is a summary of the Company's production and net revenue figures from the closing date of the Arrangement.

Average Production by Product	**July 27 to December 31**	
	2021	**2020**
Crude oil (Bbl/d)	318	-
Natural gas (Mcf/d)	5,034	-
Total (Boe/d)	1,157	-

Revenue From Product Sales	**July 27 to December 31**	
	2021	**2020**
Crude oil	$ 4,288,175	$ -
Natural gas	6,121,538	-
Total	$ 10,409,713	$ -

Average Prices	**July 27 to December 31**	
	2021	**2020**
Crude oil ($/bbl)	85.97	-
Natural gas ($/mcf)	7.75	-

Royalties	**July 27 to December 31**	
	2021	**2020**
Charge for the period	$ 8,217,849	$ -
Percentage of revenue	78.9%	-
Per Boe	$ 45.25	$ -

Production Costs	**July 27 to December 31**	
	2021	**2020**
Charge for the period	$ 669,983	$ -
Percentage of revenue	6.4%	-
Per Boe	$ 3.69	$ -

The Arrangement closed on July 27, 2021, and all production figures are effective from this date with no comparative figures from prior periods.

CORPORATE DEVELOPMENT & FINANCING

On March 18, 2021, ReconAfrica received approximately $34.3 million from the exercise of approximately 34.3 million common share purchase warrants (the "Warrants") issued pursuant to the Company's public offering of 32,855,409 units of the Company, which closed on August 20, 2020, for aggregate gross proceeds of approximately $23 million (the "August 2020 Offering"). The Warrants were subject to acceleration of their expiry date, to the date that was 30 calendar days following the date notice of such acceleration was delivered to the holders of the Warrants, in the event that the daily volume weighted average trading price of the Company's common shares on the TSXV equaled or exceeded $3.00 for a period of 20 consecutive trading days. The expiry date of the Warrants was accelerated to March 18, 2021.

On May 27, 2021, the Company completed a bought deal financing (the "May 2021 Offering") of 4,358,040 units for aggregate gross proceeds of $41,401,380. Each such unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $14.00 until May 27, 2024, subject to acceleration in the event the moving volume weighted average trading price of the common shares on the TSXV over any period of 20 consecutive trading days equals or exceeds $20.00. The Company incurred share issuance costs of $2,916,324 in the form of commissions and professional fees associated with the May 2021 Offering.

On July 27, 2021, the Company completed the acquisition of Renaissance as previously discussed in this MD&A.

Subsequent to the year ended December 31, 2021

On March 1, 2022, the Company completed a bought deal financing (the "February 2022 Offering") of 7,475,000 units for gross proceeds of $47,466,250. Each such unit consisted of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $9.00 until October 31, 2022, subject to acceleration in the event the moving volume weighted average trading price of the common shares on the TSXV over any period of 20 consecutive trading days equals or exceeds $14.00.

On October 28, 2021, the Company, along with certain of its current and former officers and directors, were named as defendants in the first of three almost identical purported class action lawsuits filed by Company shareholders in the United States District Court in Brooklyn, New York. One of the lawsuits was voluntarily dismissed and the other two were consolidated by the court, which appointed a lead plaintiff and lead counsel to represent the purported class members. On April 11, 2022, the lead plaintiff filed a consolidated amended complaint that alleges that the defendants made misleading statements about the Company's business, operations and prospects. In support of those allegations, the lead plaintiff repeats claims about the Company's oil exploration projects in Namibia and Botswana made by a short-seller of the Company's stock and free-lance writers for National Geographic magazine. The lead plaintiff claims that the alleged misleading statements caused investors who purchased the Company's stock between February 28, 2019, and September 7, 2021 to suffer unspecified monetary damages. The Company disputes the lead plaintiff's allegations and intends to vigorously defend the lawsuits.

On February 6, 2022, the Company announced that it had entered into a letter of intent with its partner, NAMCOR to acquire half of NAMCOR's 10% carried participating interest in the approximate 6.3 million acres petroleum exploration license in the Kavango basin. The consideration for the 5% interest comprises of (a) 5,000,000 common shares of the Company having an aggregate value of $31,750,000 with a deemed price per share of $6.35 and (b) US$ 2,000,000 in cash. The deadline to complete a definitive agreement was extended from the original date of March 1, 2022, such that the parties will now work towards entering into a mutually acceptable agreement and other related documents containing the terms and conditions of the transaction, including those that are customary in international oil and gas transactions, by June 6, 2022.

Use of proceeds reconciliation

The following two tables set out a comparison of the Company's use of proceeds disclosure set out in the Company's final short form prospectuses dated August 12, 2020, and May 19, 2021, for the August 2020 Offering and the May 2021 Offering, respectively, to the actual use of proceeds as at December 31, 2021:

August 2020 Offering - Use of Proceeds	**Approximate Amount ($)**	**Actual ($)**
First Well (Kawe 6-2)		
Mobilization of drilling rig to Namibia	936,110	3,091,677
Drilling single stratigraphic test well (35 days / 12,000 feet)	2,942,060	11,382,168
Mudlogging and communications (50 days)	133,730	727,495
Wireline logging	401,190	827,326
Sampling and analysis	133,730	583,423
Geological and project management consulting	267,460	500,998
Water supply well	28,083	82,932
Tubulars	208,619	1,508,577
	5,050,982	18,704,595
Second Well (Mambi 6-1)		
Mobilization of drilling rig to Namibia	42,794	88,702
Drilling single stratigraphic test well (30 days / 12,000 feet)	2,674,600	11,248,184
Mudlogging and communications (50 days)	133,730	432,190
Wireline logging	401,190	499,077
Sampling and analysis	133,730	595,373
Geological and project management consulting	267,460	389,443
Water supply well	28,083	64,110
Tubulars	208,619	1,164,144
	3,890,206	14,481,223
Third Well (not drilled)		
Mobilization of drilling rig to Namibia	42,794	-
Drilling single stratigraphic test well (30 days / 12,000 feet)	2,674,600	-
Mudlogging and communications (50 days)	133,730	-
Wireline logging	401,190	-
Sampling and analysis	133,730	-
Geological and project management consulting	267,460	-
Water supply well	28,083	-
Tubulars	208,619	-
	3,890,206	-
Seismic Acquisition and Processing (500-1,000 kilometres)		
Program design	267,460	20,822
Mobilization and vibroseis	936,110	4,498,316
Acquisition of 2D seismic data	1,471,030	2,544,999
Processing of 2D seismic data	668,650	232,579
	3,343,250	7,296,716
Total:	**16,174,644**	**40,482,534**

The Company's drilling program commenced at the beginning of 2021, with the objective of confirming an active, conventional petroleum system throughout the Kavango Basin. Specifically, the initial wells were the first two wells in the basin with the nearest well over 300 kilometers away. They were designed to test organic rich source rocks, evidence of migrated hydrocarbons and conventional traps through the sedimentary basin. The Company completed the first two wells of an initial three well drilling program in the third quarter of 2021. The third well, of the original three-well drilling program, was not drilled given that the first two wells achieved the stated purpose of the drilling program, the establishment of a working conventional petroleum system. During the nine months ended September 30, 2021, the Company incurred costs totaling $1,577,157 that were originally assigned to the third well as contemplated in the August 2020 use of proceeds. As this well is no longer to be drilled, these costs have been reallocated to future drilling as described below and included in the table for the May 2021 use of proceeds.

The first well, the 6-2, was drilled between February and May of 2021 and encountered over 200 meters of oil and gas shows. Third party core analysis (completed in September 2021) and wireline log analysis indicate 198 meters of conventional reservoir rock. The second well, the 6-1, was drilled between May and August of 2021, encountering over 300 meters of oil and gas shows.

The Phase 1 450-kilometer 2D seismic program provided good data quality and validated the basic geologic premise of the Company's program, that the Kavango is a rift basin, the same geologic origin as the majority of onshore hydrocarbon basins in Sub-Saharan Africa. The processed and interpreted seismic data have been integrated with the well data and used to identify a set of potential new well locations. The data was also used to identify additional 2D seismic lines for refinement of identified geologic sub-basins and potential drilling locations. This program is being followed by a Phase 2 seismic program which is now underway. The interpretation of the well and seismic data is being accomplished with an experienced staff of internal and third-party geoscientists. The Company plans to resume the drilling program in the second quarter of 2022, with new locations based on the first phase of seismic data acquisition in late 2021.

The COVID-19 pandemic and resulting supply chain disruptions and travel bans significantly contributed to cost overruns on the first two wells. These impacts were magnified by the need to source drilling tools, parts and equipment primarily from the United States, making the Company dependent on international shipping which was severely impacted by the pandemic. This resulted in significant non-productive time and increased transportation costs. The pandemic also increased costs due to challenges for corporate staffing including the necessity for testing protocols, creating staff 'bubbles' to keep employees and contractors separated from infected individuals, and donations to area hospitals. See "Risk Management and Risk Factors – Infectious Diseases and COVID-19".

Drilling time was further impacted as the drilling rate was slowed due to the presence of significant hydrocarbon shows and the need to capture additional samples above plan. Further, it was determined additional "science" was merited in the form of wireline logs and analysis. Drilling has yet to commence on the third well, though the Company has incurred expenditures in planning and supplies as it prepares to restart drilling operations.

May 2021 Offering - Use of Proceeds	Approximate Amount ($)	Actual ($)
Fourth Well		
Road and location	725,700	433,410
Drilling single test well (45 days / 12,000 feet)	7,982,700	2,661,406
Fifth Well (sidetrack of 6-2)		
Road and location	483,800	-
Drilling single test well (45 days / 12,000 feet)	7,982,700	-
Sixth Well (will not be drilled)		
Road and location	362,850	-
Drilling single test well (45 days / 12,000 feet)	7,982,700	-
Unallocated Drilling Costs	-	350,472
Integrated Subsurface Interpretation Project	483,800	532,809
Environmental Impact Assessment	846,650	110,232
Seismic Acquisition and Processing		
Program designs	483,800	-
Mobilization	846,650	-
Acquisition of 2D seismic data	4,233,250	-
Processing of 2D seismic data	423,325	-
Total:	**32,837,925**	**4,088,329**

Due to the impacts of COVID-19 and resulting cost overruns as discussed above, the Company relied on funding from the May 2021 Offering and warrant exercises to complete the drilling of the 6-2 and 6-1 wells. Remaining funds are expected to cover the cost of one additional well, a sidetrack of the 6-2 well (new wellbore drilled directionally from the original location) and a Phase 2 seismic acquisition. The Phase 2 seismic acquisition is underway with the next well expected to spud in the second quarter of 2022. The Company had delayed further drilling until data from the first phase of seismic was available. The Company also lost approximately two months of activity in December 2021 and January

2022 due to the Omicron outbreak. The costs of the additional scientific tools and health and safety protocols are expected to continue.

The cumulative drilling and seismic programs funded by the August 2020 Offering, and the May 2021 Offering are summarized as follows:

- Drilling of the 6-2 and 6-1 wells (no 3rd well): completed
- Phase 1 seismic acquisition: completed
- Phase 2 seismic acquisition: underway and funded with existing capital (from the May 2021 Offering)
- Drilling of one new well and drilling of a sidetrack of the 6-2 well: commencing in the second quarter of 2022 and funded by the May 2021 Offering

On completion of the drilling and seismic programs described above, the Company will have drilled a total of three wells, drilled a sidetrack of the 6-2 well and completed two phases of seismic operations in contrast to the six wells originally contemplated.

The Company anticipates that negative operating cash flows will continue, as long as it remains in an exploration and development stage. In addition to uses of net proceeds as described herein, to the extent that the Company has negative operating cash flow in future periods, the Company may need to use some of the net proceeds from future offerings to fund such negative operating cash flow.

However, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above and will depend on a number of factors. Until applied, the net proceeds will be held as cash balances in the Company's bank account or invested in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of Canada or any province thereof.

SELECTED ANNUAL INFORMATION

The following table provides a summary of the Company's financial results for each of the three most recently completed financial years.

	Years Ended December 31,		
	2021	2020	2019
Total assets	$ 133,928,578	$ 30,519,358	$ 8,348,398
Promissory note payable	-	-	287,354
Total revenue	10,409,713	-	-
Net loss	263,406,976	7,479,675	3,121,578
Net loss per share, basic and diluted	$ 1.60	$ 0.09	$ 0.12

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended							
	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20
	$	$	$	$	$	$	$	$
Revenue	6,558,724	3,850,989	nil	nil	nil	nil	nil	nil
Net loss	(11,972,974)	(236,767,648)	(11,774,335)	(2,892,019)	(3,069,239)	(2,313,407)	(720,472)	(1,376,557)
Loss per share	(0.06)	(1.33)	(0.07)	(0.02)	(0.07)	(0.03)	(0.01)	(0.02)

Revenue of $6,558,724 was earned during the three months ended December 31, 2021. Net loss was $11,972,974 for the three-months ended December 31, 2021, compared with $3,069,239 in the fourth quarter of 2020. The primary expenses contributing to the increase in net loss were general and administrative expenses and share-based payments. In addition, the Company had production costs and resource property evaluation expenses in the fourth quarter of 2021, which were not incurred in the fourth quarter of 2020. Further increases from the comparable period are detailed in the following table:

		Three Months Ended		
		December 31, 2021		December 31, 2020
Production costs	$	484,534	$	-
Resource property evaluation		1,110,142		-
General and administration		4,477,976		2,495,100
Depreciation		20,372		-
Share-based payments		4,787,824		391,818
	$	**10,880,848**	**$**	**2,886,918**

Production costs are associated with operations in Mexico commencing on July 27, 2021. Resource property evaluation primarily include exploration and community services costs, which are being expensed. General and administrative costs increased in Q4 2021 compared with the same quarter in 2020 due to increased staffing, advisory and travel costs as the Company's operating activities grew significantly. In addition, general and administrative costs also increased in the fourth quarter due to the acquisition of Renaissance as mentioned above.

Net loss was $263,406,976 for the year ended December 31, 2021 (2020: $7,479,675), with changes from the comparable period of 2020 ensuing primarily from the acquisition of Renaissance, which resulted in the settlement of consulting and option agreements and the impairment of goodwill. In addition, the significant increase in operating activities related to the drilling program and the additional staffing requirements, are reflected in the table of expenses below:

		Year Ended		
		December 31, 2021		December 31, 2020
Production costs	$	669,983	$	-
Resource property evaluation		1,325,888		-
General and administration		14,757,680		5,797,124
Depreciation		34,383		-
Share-based payments		17,873,077		1,469,467
Settlement of consulting agreement		11,855,983		-
Settlement of option agreement		110,342,000		-
Impairment		105,299,108		-
	$	**262,158,102**	**$**	**7,266,591**

EXPLORATION AND EVALUATION ASSETS

The following table reconciles the changes in the Company's exploration and evaluation assets:

Balance at December 31, 2020	**$**	**17,187,272**
Addition to Namibia property		37,160,987
Addition to Botswana property		69,481
Effect of exchange rate changes		(29,539)
Balance at Dectember 31, 2021	**$**	**54,388,201**

Additions to exploration and evaluation assets reflect the drilling costs incurred on the 6-2 and 6-1 wells in Namibia. As at December 31, 2021, no indicators of impairment have been identified for the exploration and evaluation assets.

PROPERTY, PLANT AND EQUIPMENT

On February 10, 2020, the Company completed the acquisition of a Crown 750 drilling rig and during 2020 upgraded it with a top drive system and ancillary equipment to acclimate the rig for drilling in the Kalahari Desert.

Depreciation expense is recognized to allocate the cost of capital assets over the useful life of the respective assets. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment (repair and maintenance) are recognized in profit or loss as incurred. Property, plant, and equipment are depreciated as follows:

	Expected Life	Salvage Value	Basis of Depreciation
Drilling rig equipment	10 years	10%	straight-line
Vehicles	5 years	20%	straight-line
Lease assets	2 years	0%	straight-line
Computer Equipment	3 years	33%	straight-line
Office Equipment	3 years	33%	straight-line

At December 31, 2021, no indicators of impairment have been identified for the drilling rig, vehicles and other equipment.

ROYALTIES PAYABLE

The following table reconciles the changes in the Company's royalty liabilities:

Balance at December 31, 2020	$	-
Business combination (Note 5)		28,855,659
Addition		8,492,248
Finance expense		3,580,930
Effect of exchange rate changes		84,511
Balance at December 31, 2021	**$**	**41,013,348**

The Company's royalty balance is in relation to the Chiapas properties and royalty amounts have been due since October 2019. The continued delay in making royalty payments may result in penalties and further action against the Company.

SEGMENTED INFORMATION

The following tables highlight the Company's operating segments:

December 31, 2021	**Corporate**	**Mexico**	**Africa**	**Total**
Total assets	49,449,779	28,974,126	55,504,673	133,928,578
Total liabilities	(2,013,054)	(45,209,455)	(1,481,348)	(48,703,857)
Crude oil revenue	-	4,288,175	-	4,288,175
Natural gas revenue	-	6,121,538	-	6,121,538
Total revenue	-	10,409,713	-	10,409,713
Royalties	-	(8,217,849)	-	(8,217,849)
Production costs	-	(669,983)	-	(669,983)
Resource property evaluation	(12,918)	-	(1,312,970)	(1,325,888)
General and administration	(10,984,869)	(1,403,946)	(2,368,865)	(14,757,680)
Other income (expense)	1,128	740	6,446	8,314
Finance expense	-	(3,549,410)	-	(3,549,410)
Realized exchange gain (loss)	503,613	(87,631)	21,812	437,794
Fund flows from operations	(10,493,046)	(3,518,366)	(3,653,577)	(17,664,989)

December 31, 2020	**Corporate**	**Mexico**	**Africa**	**Total**
Total assets	23,370,641	-	7,148,717	30,519,358
Total liabilities	(1,908,227)	-	(24,273)	(1,932,500)
General and administration	(5,596,390)	-	(200,734)	(5,797,124)
Finance expense	(15,547)	-	-	(15,547)
Realized exchange gain (loss)	(154,551)	-	(3,332)	(157,883)
Fund flows from operations	(5,766,488)	-	(204,066)	(5,970,554)

Upon the closing of the acquisition of Renaissance, the Company is considering both its African and Mexican assets as separate reportable operating segments. Further, due to the acquisition, the Company now has a decentralized business unit structure designed to manage assets in each country the Company operates. As a result, the Company's operating segments are: (i) the exploration and evaluation of its African assets; (ii) the oil and gas operations in Mexico; and (iii) the corporate segment. The Mexico segment derives its revenues solely from the production and sale of oil and natural gas from one customer. The corporate segment primarily aggregates costs incurred at the Company's head office in Vancouver and operations office in Calgary. The Company's fund flows from operations is a measure that provides the chief operating decision maker with the ability to assess the cash flows generated or utilized in each operating segment and correspondingly, the ability to fund its share of expenses. The Company's chief operating decision maker is the CEO.

LIQUIDITY

The Company's working capital consists of the following:

		December 31, 2021		December 31, 2020
Cash	$	61,153,991	$	6,793,395
Trade receivables		9,825,608		-
Receivables and prepaids		2,617,318		180,920
Accounts payable		(6,638,213)		(1,932,500)
Royalties payable		(41,013,348)		-
Working Capital	**$**	**25,945,356**	**$**	**5,041,815**

The Company's current production revenue is not sufficient to fund ongoing operations. However, the Company was able to successfully raise additional financing for gross proceeds of $47,466,250, subsequent to year end, to fund the Company's planned drilling program in 2022.

During the year ended December 31, 2021, ReconAfrica received $14,243,206 through the Arrangement, $2,733,590 from the exercise of options, $547,946 from the exercise of compensation options and $45,666,352 from the exercise of warrants. Per conditions of the August 2020 Offering, the expiry date of the Warrants was accelerated to March 18, 2021. On May 27, 2021, the Company completed the May 2021 Offering for gross proceeds of $41,401,380.

The Company expects to fund operating costs of the Company over the next 12 months with existing cash on hand, exercise of options and warrants and with further equity or debt financings, as required. Historically, the Company's primary source of funding has been the issuance of equity securities for cash through prospectus offerings and private placements to sophisticated investors and institutions, and from the exercise of warrants and options. While the Company believes its ability to raise further funding will continue, its access to financing is always uncertain, and there can be no assurances of continued access to sources of significant equity or debt funding until it can generate cash from operations.

CAPITAL RESOURCES

The Company has commitments related to its petroleum exploration licence in northeast Namibia as follows. On December 24, 2019, the Company received approval for its application to extend the Namibia Licence into the First Renewal Period. During the first renewal exploration period, the Company is obliged to expend US$10,000,000 in exploration and evaluation activities plus an additional US$50,000 per year (benchmarked to inflation) for the purposes of funding the education and training of Namibians. The First Renewal Period continues until January 29, 2023, following receipt of the extension to the First Renewal Period from MME in September 2021.

Pursuant to the terms of the Botswana Licence, ReconAfrica is committed to a minimum work program of US$432,000 over the first 4-year exploration period from June 1, 2020.

To meet these commitments, the Company completed the August 2020 Offering, the May 2021 Offering and the previously discussed warrant exercises, purchased and upgraded a Crown 750 drilling rig, and commenced drilling operation in January 2021. With the funding from these financings and the exercise of options and warrants, the Company is well positioned to complete its planned six-well drilling program, 2D seismic operations, and meet the Licence commitments associated with the First Renewal Period.

On July 27, 2021, the Company completed the acquisition of Renaissance. Pursuant to the Arrangement, the holders of Renaissance Shares received 0.046 of a common share of ReconAfrica for each share held at the close of business on July 26, 2021. All outstanding options and warrants of Renaissance which were not exercised prior to the effective time of the Arrangement were exchanged for economically equivalent options and warrants to purchase shares of ReconAfrica.

The Company incurred share issuance costs of $2,949,349 in the form of commissions and professional fees associated with the May 2021 Offering. The net proceeds from the May 2021 Offering are expected to be used to fund the Company's fourth through sixth wells in its drilling program commenced earlier this year, with the objective of continuing to confirm a thick, active, petroleum system throughout the Kavango basin. Specifically, the wells are designed to test organic rich source rock and more shallow conventional traps through the sedimentary basin. In addition, the net proceeds from the May 2021 Offering are also expected to be used for seismic studies and some working capital.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

Transactions with related parties are summarized in the table below:

	Year ended			
	December 31, 2021		December 31, 2020	
Directors' fees	$	57,000	$	54,000
Management salaries and benefits		3,559,733		1,139,068
Share-based payments		11,497,989		813,626
	$	15,114,722	$	2,006,694

The Company's related party transactions consisted of compensation payable to its directors and officers. Other than compensation in the form of salaries or directors' fees, termination benefits and share based payments, there were no other material transactions with related parties.

PROPOSED TRANSACTIONS

On February 6, 2022, the Company announced that it had entered into a letter of intent with its partner, NAMCOR to acquire half of NAMCOR's 10% carried participating interest in the approximate 6.3 million acres petroleum exploration license in the Kavango basin. The consideration for the 5% interest comprises of (a) 5,000,000 common shares of the Company having an aggregate value of $31,750,000 with a deemed price per share of $6.35 and (b) US$ 2,000,000 in cash. The deadline to complete a definitive agreement was extended from the original date of March 1, 2022, such that the parties will now work towards entering into a mutually acceptable agreement and other related documents containing the terms and conditions of the transaction, including those that are customary in international oil and gas transactions, by June 6, 2022.

As is typical of the energy industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates. Critical accounting estimates are those estimates, which requires assumptions to be made about matters that are highly uncertain at the time the estimate is made and a different estimate could have been made in the current period or the estimate could change period-to-period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are described in Note 2 of the audited consolidated financial statements for the year ended December 31, 2021.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The Company did not adopt any new accounting pronouncements as at December 31, 2021.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, trade receivables, other receivables, accounts payable and royalties payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, foreign currency or credit risks arising from these financial instruments. Since these items have short maturities, the fair values of these financial instruments are approximately equal to their carrying values, unless otherwise noted.

RISK MANAGEMENT AND RISK FACTORS

The Company is engaged in the exploration, development and production of oil and natural gas in Namibia, Botswana and Mexico. The Company is exposed to a number of risks, both financial and operational, through the pursuit of its strategic objectives. Actively managing these risks improves the ability to effectively execute its business strategy. Financial risks associated with the petroleum industry include fluctuations in commodity prices, interest rates, currency exchange rates and the cost of goods and services. Financial risks also include third party credit risk, and liquidity risk. Operational risks include reservoir performance uncertainties, competition and regulatory, environmental and safety concerns. Operating in multiple countries introduces legal, political and currency risks that must be thoroughly evaluated to ensure that the level of such risks is commensurate with the Company's assessment of a specific project subject to those risks.

These and additional risk factors are discussed further below:

COMMODITY PRICE RISK

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and natural gas have fluctuated widely in recent years. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include economic conditions in the United States and Canada, the actions of the Organization of Petroleum Exporting Countries, governmental regulation, political stability, the fallout from Russia and Ukraine war, the foreign supply of oil and natural gas, the price of foreign imports, storage capacity, pipeline capacity and availability and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Company's carrying value of its borrowing capacity, revenues, profitability and cash flows from operations.

THIRD PARTY CREDIT RISK

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due, causing a financial loss. The Company may be exposed to third party credit risk through its contractual arrangements with current or future industry partners, marketers of its production, counterparties to financial derivative contracts 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, results of operations and prospects.

LIQUIDITY AND FUNDING RISKS

Liquidity risk arises through excess financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient capital in order to meet its current and future liquidity requirements. The Company's cash is held on deposit in business bank accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing. Under current market and economic conditions funding risk is considered high.

NEGATIVE OPERATING CASH FLOW

The Company is a junior oil and gas company and had negative cash flow from operations for the year ended December 31, 2021. The Company is devoting significant resources to the development and acquisition of its properties; however, there can be no assurance that it will generate positive cash flow from operations in the future. The Company's oil and natural gas interests which it considers to be material are on projects that are not yet in production. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. There can be no assurance that the Company will be able to generate a positive cash flow from its operations.

OPERATIONAL RISKS

The Company is engaged in the development and exploration of oil and natural gas. The oil and gas business is inherently risky and there is no assurance that hydrocarbon reserves will be discovered and economically produced. Operational risks include estimation of oil and gas reserves, estimation of the value of acquisitions, reservoir performance uncertainties, pipeline restrictions, facility capacity restrictions and operational risk related to non-operated properties. The Company operates within a highly competitive area and may face competition for acquisition of reserves and undeveloped land, access to supplier services and for qualified personnel. The Company mitigates these risks by employing qualified personnel and management, utilizing current technology for reserve identification and estimation, utilizing independent engineering consultants and maintaining operational control over the majority of the Company's operations.

CLAIMS AND LEGAL PROCEEDINGS

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities, including claims relating to ex-employees, commercial disputes with contractors, lessors or vendors, claims by local communities or land owners relating to property rights or environmental issues, claims that purport to be class actions and claims relating to its licences and permits. Specifically, certain of the Company's current and former officers and directors have been named as defendants in three substantially identical purported class action lawsuits filed by shareholders of the Company in the United States District Court in Brooklyn, New York. The Company identified the first of these lawsuits in an October 28, 2021 news release. The first lawsuit was voluntarily dismissed by that plaintiff on November 9, 2021, and the other two were consolidated by the court, which appointed a lead plaintiff and lead counsel to represent the purported class members. On April 11, 2022, the lead plaintiff filed a consolidated amended complaint that alleges that the Company and the individual defendants made untrue statements of material fact or omitted to state material facts or engaged in acts that operated as a fraud upon the purchasers of the Company's stock in violation of Section 10(b) and Section 20(a) of the U.S. Securities Exchange Act of 1934, as amended, and Rule 10b-5, thereunder. The claims are alleged on behalf of a class of shareholders who purchased or otherwise acquired shares of the Company between February 28, 2019 and September 7, 2021. The lead plaintiff generally alleges that the defendants made misleading statements about the Company's oil exploration projects in Namibia and Botswana that rely in part on allegations by a short-seller of the Company's stock and free-lance writers for National Geographic magazine. The lead plaintiff seeks unspecified monetary damages. The Company disputes the allegations and intends to vigorously defend the lawsuits. These matters may give rise to legal uncertainties, liabilities or have unfavorable results and divert management's attention and resources. In addition, the Company may be involved in disputes with other parties in the future that may result in litigation or unfavorable resolution which could materially adversely impact the Company's financial position, stock price, cash flow and results of operations.

EXPLORATION RISKS

The exploration for oil and natural gas reserves involve a number of uncertainties that even thorough evaluation, experience and knowledge of the industry cannot eliminate. The expenditures to be made by the Company in respect of its exploration properties may not result in discoveries of oil and natural gas in commercial quantities in respect of such exploration properties. Oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. The commercial viability of a hydrocarbon pool is dependent upon a number of factors which are inherent to the industry, such as the content and the proximity of infrastructure, as well as oil and natural gas prices which are subject to considerable volatility, regulatory issues such as price regulation, taxes, royalties, land tax, import and export of oil and natural gas, and environmental protection issues. Many exploration projects do not result in the discovery of commercially recoverable oil and gas reserves.

OBTAINING AND RENEWING LICENCES AND PERMITS

The Company is and will be required to obtain, maintain and renew governmental licences or permits for the exploration and production activities it is pursuing. Obtaining or renewing the necessary governmental licences, permits or credentials is a complex and time-consuming process involving multiple jurisdictions and sometimes involving public comment periods and costly undertakings on the part of the Company. The duration and success of the Company's efforts to obtain and renew licences, permits and credentials are contingent upon many variables not within the Company's control, including local politics, legal challenges and the interpretation of applicable requirements implemented by the licensing authority. Any unexpected disruption to the Company's licences or permits may materially hurt the Company's business.

INFRASTRUCTURE, ENERGY AND WATER SUPPLIES

The Company's business activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect capital and operating costs. If adequate infrastructure becomes unavailable in the future there can be no assurance that operations will be able to proceed as anticipated; or that the anticipated ongoing operating costs will not be higher than anticipated. Furthermore, unusual or infrequent weather phenomena, sabotage, government neglect or other interference in the maintenance or provision of necessary infrastructure could adversely affect the Company's operations and profitability.

RESERVE ESTIMATES AND RESERVE REPLACEMENT RISKS

Estimates of economically recoverable oil and natural gas reserves and natural gas liquids, and related future net cash flows, are based upon a number of variable factors and assumptions. These include commodity prices, production, future operating, transportation, development and facility as well as decommissioning costs, access to market, and potential changes to the Company's operations or to reserve measurement protocols arising from regulatory or fiscal changes. All of these estimates may vary from actual circumstances, with the result that estimates of recoverable oil and natural gas reserves attributable to any property are subject to revision. In future, the Company's actual production, revenues, royalties, transportation, operating expenditures, finding, development, facility and decommissioning costs associated with its reserves may vary from such estimates, and such variances may be material.

The Company's oil and natural gas reserves, production and cash flows are highly dependent on the Company successfully exploiting a current reserve base and acquiring or discovering additional reserves. Without reserve addition, through acquisitions or development activities, any existing reserves the Company may have at any particular time and the production therefrom will decline over time as such existing reserves are produced. A future increase in the Company's reserves will depend not only on the Company's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that the Company's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

SUBSTANTIAL CAPITAL REQUIREMENTS RISK

The Company anticipates making substantial capital expenditures for the exploration, development, production and acquisition of oil and natural gas reserves in the future. If the Company's future revenues or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by future 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. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition and/or its results of operations.

REGULATORY RISKS

The Company is subject to regulation pursuant to a variety of federal, provincial and local laws and regulations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material.

The petroleum industry is subject to regulation and intervention 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 gas industry could reduce demand for natural gas and oil, increase costs and may have a material adverse impact on the Company. Development of reserves and rates of return are also susceptible to changes in governmental fiscal policy. Generally, government and other regulatory licences and permits are required to conduct exploration, rehabilitation, development and production activities. The issuance of such licences and permits is subject to the discretion of the applicable governments or governmental agencies and offices, and there can be no assurance that the Company will be able to obtain all necessary licences and permits that may be required to carry out its exploration, rehabilitation, development and production activities at its properties.

Development of the Company's properties requires the approval by applicable regulatory authorities of the plans of the Company with respect to the drilling and development of such properties. A failure to obtain such approval on a timely basis or the imposition of material conditions by such authority in connection with the approval may materially affect the prospects of the Company.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations, often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment.

ENVIRONMENTAL AND SAFETY RISKS

All phases of the oil and natural gas business present environmental and safety risks and hazards that can result in damage to property and the environment, and which may cause personal injury. Environmental legislation provides for, among other things, restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation requires that well and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable authorities. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of fines and penalties any of which may materially adversely affect the Company's financial condition and results of operations.

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. No assurance can be given that environmental legislation will not result in a curtailment of production or a material increase in the costs of exploration, development or production activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

FAILURE TO COMPLY WITH ANTI-BRIBERY AND ANTI-CORRUPTION LAWS

The Company's activities are subject to a number of laws that prohibit various forms of corruption, including local laws that prohibit both commercial and official bribery and anti-bribery laws that have a global reach. The increasing number and severity of enforcement actions in recent years present particular risks with respect to the Company's business activities, to the degree that any employee or other person acting on the Company's behalf might offer, authorize or make an improper payment to a foreign government official, party official, candidate for political office, or political party, an employee of a foreign state-owned or state-controlled enterprise, or an employee of a public international organization. A failure to comply with anti-bribery and anti-corruption laws could have an adverse impact on the Company's reputation, future profitability and financial condition.

DILUTION RISK

The Company has been dependent on financing through debt and equity issuances for the acquisition and exploration of resource properties and for general and administrative expenses. The ongoing exploration of the Company's properties is dependent upon the Company's ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. Such sources of financing may not be available on acceptable terms, if at all. Failure to obtain such financing may result in delay or indefinite postponement of exploration work on the Company's exploration properties, as well as the possible loss of its interest in such properties. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, could result in dilution, possibly substantial, to present and prospective holders of common shares. These financings may be on terms less favourable to the Company than those obtained previously.

CAPITAL MARKET VOLATILITY RISK

The market for the Company's common shares may be highly volatile for reasons both related to the performance of the Company or events pertaining to the industry (e.g. commodity price fluctuation/high production costs/accidents) as well as factors unrelated to the Company or its industry. In particular, market demand for products incorporating resource commodities fluctuate from one business cycle to the next. The Company's common shares can be expected to be subject to volatility in both price and volume arising from market expectations, announcements and press releases regarding the Company's business, and changes in estimates and evaluations by securities analysts or other events or factors.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly small-capitalization companies such as the Company, have experienced wide fluctuations that have not necessarily been related to the operations, performances, underlying asset values, or prospects of such companies. For these reasons, the price of the Company's common shares can also be expected to be subject to volatility resulting from purely market forces over which the Company will have no control. Further, despite the existence of a market for trading the Company's common shares in Canada, shareholders of the Company may be unable to sell significant quantities of Company's common shares in the public trading markets without a significant reduction in the price of the shares.

CURRENCY RISK

The Company's reporting currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain operations, exploration and administrative expenses in Namibia on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. The Company maintains US dollar bank accounts in Canada, and US dollar and Namibian dollar bank accounts in Namibia. The Company is subject to gains and losses from fluctuations in the US dollar and Namibian dollar against the Canadian dollar. The Company's cash assets and liabilities are denominated in Canadian dollars, US dollars, Mexican pesos, and other currencies on occasion. As such, the Company's results of operations are subject to foreign currency fluctuation risks and these fluctuations may adversely affect the financial position and operating results of the Company. As of December 31, 2021, the Company does not use derivative instruments to reduce its exposure to currency risk.

POLITICAL RISK

The Company's primary assets are held in Namibia and the Company believes that the Namibian government supports the development of their oil and gas properties by foreign companies. There is no assurance however that future political and economic conditions of this country will not result in their government adopting different policies respecting foreign ownership of oil and gas properties, taxation, rates of exchange, environmental protection, labour relations, repatriation of income or return of capital, restrictions on production, price controls, export controls, local beneficiation of oil and gas production, expropriation of property, foreign investment, maintenance of claims and safety. The possibility that a future government in Namibia may adopt substantially different policies, which might include the expropriation of assets, cannot be ruled out. There is also a risk of limitations being placed on the ability to repatriate funds.

KEY PERSONNEL RISK

The Company strongly depends on the business and technical expertise of its management and key personnel, including Chief Executive Officer, Scot Evans. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required. The Company may not be able to attract and retain additional qualified personnel and this would have a negative effect on the Company's operations.

CONFLICTS OF INTEREST RISK

Certain of the directors and officers of the Company are also directors and/or officers and/or shareholders of other natural resource companies. While the Company is engaged in the business of acquiring and exploring resource properties, such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict must disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

TITLE RISK

Unforeseen title defects or litigation may result in a loss of entitlement to production, reserves and resources. The Company conducts title reviews in accordance with industry practice prior to purchases of assets. However, if conducted, these reviews do not guarantee that an unforeseen defect in the chain of title will not arise and defeat the Company's title to the purchased assets. If this type of defect were to occur, the Company's entitlement to the production and reserves (and, if applicable, resources) from the purchased assets could be jeopardized. Furthermore, from time to time, the Company may have disputes with industry partners as to ownership rights of certain properties or resources.

COMPETITION RISK

The oil and natural gas industry is intensely competitive. Competition is particularly intense in the acquisition of prospective oil properties and oil and gas reserves. The Company's competitive position depends on its geological, geophysical and engineering expertise, its financial resources, its ability to develop its properties and its ability to select, acquire and develop proved reserves. The Company competes with a substantial number of other companies having larger technical staff and greater financial and operational resources. Many such companies not only engage in the acquisition, exploration, development and production of oil reserves, but also carry on refining operations and market refined products. The Company also competes with major and independent oil companies and other industries supplying energy and fuel in the marketing and sale of oil to transporters, distributors and end users, including industrial, commercial and individual consumers. The Company also competes with other oil companies in attempting to secure drilling rigs and other equipment necessary for drilling and completion of wells. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. Finally, companies not previously invested in oil may choose to acquire reserves to establish a firm supply or simply as an investment. Such companies may also provide competition for the Company.

MARKETING RISKS

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 numerous factors beyond its control. The Company's ability to market its oil and natural gas may depend upon its ability to build or acquire space on pipelines or ships that deliver crude oil and natural gas to commercial markets. The Company may also be affected by deliverability uncertainties related to the proximity of its projects to pipelines and processing facilities, and related operational problems with such pipelines and facilities as well as 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.

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of the Company's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of its oil and gas and a reduction in the volumes of the Company's reserves. These factors could result in a material decrease in the Company's net production revenue causing a reduction in its oil and gas acquisition, development and exploration activities.

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 oil and other liquid hydrocarbons. 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, financial condition, results of operations and cash flows.

ABSENCE OF DIVIDENDS RISK

The Company has not paid any dividends and is unlikely to pay dividends in the immediate or foreseeable future. The future payment of dividends on the Company's common shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Board of Directors may consider appropriate in the circumstances.

PRODUCTION RISKS

Production of oil and natural gas reserves at an acceptable level of profitability may not be possible during periods of low commodity prices. The Company will attempt to mitigate this risk by focusing on higher netback opportunities and will act as operator where possible, thus allowing the Company to manage costs, timing, method and marketing of production. Production risk is also addressed by concentrating field activity in regions where infrastructure is or will be Company owned. In periods of low commodity prices, the Company will shut in production, either temporarily or permanently, if netbacks are sub-economic.

Production is also dependent in part on access to third party facilities and pipelines with the result that production may be reduced by outages, accidents, maintenance programs and similar interruptions outside of the Company's control. Transportation of gas to processing facilities and to market is similarly exposed to the extent that the required capacity is not covered by contract.

Changes in productivity in wells and areas developed by the Company could result in termination or limitation of production, or acceleration of decline rates, resulting in reduced overall corporate volumes and revenues.

INFECTIOUS DISEASES AND COVID-19

The current and ongoing COVID-19 global pandemic and efforts to contain it may have an impact on the Company's business. The Company continues to monitor the situation and the impact the virus may have on the Company's exploration and production activities in Namibia, Botswana and Mexico.

To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in a number of countries, including Namibia, Botswana and Mexico. The rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having direct impacts on businesses around the world and could result in travel bans, work delays, restrictions on or shutting down of drilling operations, difficulties for contractors and employees getting to site, restrictions related to other oil and gas related businesses and operations and the diversion of management attention. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether, or to what extent, this outbreak, government responses to it, and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for oil and gas, global supply chains and government and consumer responses to them, and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, exchange rates, credit ratings, credit risk, share prices, inflation and the Company's ability to raise additional financing.

The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

At this point, the full extent to which COVID-19 will or may further impact the Company is uncertain and these factors are beyond the Company's control. The Company was specifically impacted by COVID-19 when there was a specific travel ban imposed by Namibia and Botswana for travel from Canada and most other countries from November 26, 2021 to December 18, 2021. This had, and other impacts of COVID-19 may have, a material adverse effect on the Company's business, financial performance and financial condition and the market price of the Common Shares.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had the following issued and outstanding common shares and unexercised stock options and common share purchase warrants:

OUTSTANDING SHARE DATA

	Shares and Potential Shares
Common shares outstanding	199,481,178
Warrants (average exercise price $8.37)	16,435,181
Compensation options (exercise price $6.70)	625,714
Share options (average exercise price $5.10)	13,860,312
Total common shares and potential common shares	**230,402,385**

On January 5, 2021, The Company granted to directors, officers and consultants of the Company options to purchase an aggregate of 475,000 common shares of the Company at a price of $2.19 per share for a period of up to five years.

On January 5, 2021, The Company granted to consultants of the Company options to purchase an aggregate of 350,000 common shares of the Company at a price of $2.19 per share for a period of up to three years.

On April 25, 2021, the Company granted to directors, officers and consultants of the Company options to purchase an aggregate of 4,750,000 common shares of the Company at a price of $6.88 per share for a period of up to five years.

On May 27, 2021, the Company completed a bought deal public offering (the "May 2021 Offering") of 4,358,040 units of the Company at a price of $9.50 per unit for aggregate gross proceeds of $41,401,380, including the full exercise of the over-allotment option in the amount of $5,400,180. Each such unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $14.00 until May 27, 2024, subject to acceleration in the event the moving volume weighted average trading price of the common shares on the TSXV over any period of 20 consecutive trading days equals or exceeds $20.00.

On July 14, 2021, the Company granted to directors, officers and consultants of the Company options to purchase an aggregate of 800,000 common shares of the Company at a price of $11.39 per share for a period of up to five years.

On July 14, 2021, in connection with the completion of the acquisition of Renaissance, the Company entered into a settlement agreement with a former director of Renaissance by granting 1,200,000 fully vested options to purchase 1,200,000 common shares of the Company at a price of $12 per share, which expire on July 27, 2023; and 1,800,000 non-transferable common share purchase warrants of the Company exercisable at a price of $12.00 per share which expire on July 27, 2023.

On July 27, 2021, the Company completed the acquisition of Renaissance by way of plan of arrangement under the Business Corporations Act (British Columbia), pursuant to which ReconAfrica issued to each holder of a Renaissance share 0.046 of a common share of ReconAfrica.

On September 8, 2021, the Company granted to consultants of the Company options to purchase an aggregate of 360,000 common shares of the Company at a price of $6.23 per share for a period of up to five years.

On December 3, 2021, the Company granted 500,000 stock options to a contractor, exercisable at price of $6.00 per share for a period of up to five years.

During the year ended December 31, 2021, ReconAfrica received approximately $34.3 million from the exercise of approximately 34.3 million Warrants issued pursuant to the August 2020 Offering. The expiry date of the Warrants was accelerated to March 18, 2021. 32,213 Warrants expired without being exercised.

Subsequent to the period end, the Company received $792,000 from the exercise of 1,542,000 warrants and $555,625 from the exercise of 1,225,000 options.

On March 1, 2022, the Company completed a bought deal financing (the "February 2022 Offering") of 7,475,000 units for gross aggregate proceeds of $47,466,250. Each such unit consisted of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $9.00 until October 31, 2022, subject to acceleration in the event the moving volume weighted average trading price of the common shares on the TSXV over any period of 20 consecutive trading days equals or exceeds $14.00.

COMMITMENTS AND CONTINGENCIES

The Company has certain commitments in relation to its Namibia and Botswana licenses. The Namibia License calls for a minimum work program during the First Renewal Period comprised of the drilling and exploration of stratigraphic wells and 250km of 2D seismic, with an aggregate expenditure for exploration activities of US$10 million. The work requirements for both 2D seismic and aggregate expenditure have been satisfied. The Botswana License requires the Company to complete a minimum work program in the amount of US$0.4 million over the first 4-year exploration period, ending June 2024.

As a result of the Arrangement, ReconAfrica has become a party to certain commitments related to the Chiapas properties in Mexico. Per the terms of the associated licence agreements, the Company is committed to the completion of certain work programs with a total estimated cost of US$37.8 million ($47.9 million) with approximately US$31.0 million ($39.3 million) due April 26, 2022, and US$6.8 million ($8.6 million) due October 1, 2022. Renaissance entered into four surety bond agreements with a global financial company in aggregate of approximately US$15.3 million ($19.4 million), as required by the Comisión Nacional de Hidrocarburos (the "CNH"), towards the guarantee of performance of the minimum work programs. To date US$10.6 million ($13.4 million) in work program costs have been submitted to the CNH, however, the Company did not meet the April 26, 2022 deadline. Failure to complete the work programs may result in the CNH seeking remedy through direct payment of the obligations or by acting on the surety bonds and/or seeking further action against the Company.

The nature of the Company's petroleum exploration business sometimes results in individuals, groups or regulatory bodies, including parties that are opposed to the Company's business, making allegations that could lead to future legal proceedings that might ultimately be resolved in a way that could materially adversely impact the Company's financial position, stock price, cash flow and results of operations.

OTHER SPECIFIED MEASURE

This MD&A includes references to a financial measure which does not have a standardized meaning and may not be comparable to similar measures presented by other issuers. The financial measure includes fund flows from operations, a total of segments measure of profit or loss in accordance with IFRS 8 "Operating Segments" (please see Segmented Information in the Notes to the Audited Financial Statements).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information within the meaning of applicable Canadian securities regulations, including the Company's future plans. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking information. Such forward-looking information includes, but is not limited to, statements pertaining to the Company's future plans and management's belief as to the Company's potential, the Company's interpretation of data, models and samples relating to its assets, the amount of expenditures to be incurred or spent on the Company's assets, converting exploration successes into appraisal and development operations, the size, characteristics and features of the Company's oil and gas properties, present and future oil, natural gas and natural gas liquids reserves and the ability to commercially exploit them, present and future oil and gas production levels from the Company's properties, the Company identifying additional drilling opportunities, the Company's proposed exploration, drilling and exploitation activities and the timelines, locations and results related thereto, the potential acquisition of additional properties and the development of the Company's assets and the byproducts of such development, the Company's estimates of exploration investments, the Company's expectations of ongoing administrative costs, the first two stratigraphic wells confirming an active conventional petroleum system within the basin, the interpretation and analysis of data, results and samples from the 6-1 and 6-2 wells and the Company's 2D seismic program, production testing being performed on the 6-1 and 6-2 wells at a future date, the extension of the exploration period on PEL 73, the Company beginning the second phase of drilling in 2022 using locations that integrated in the recently acquired 2D seismic data, work completed by Worldwide Geochemistry, Houston on the 6-2 well highlighting three potential hydrocarbon bearing zones, the petrophysical study of the Kavango basin by Netherland Sewell & Associates Inc. identifying five potential conventional reservoir zones and the characteristics of such zones, interpretations of the combined 6-2 wellbore data and 2D seismic data identifying 6-2 as a viable sidetrack candidate with potential hydrocarbon accumulation, results following further analysis of well core data from the 6-1 well, the number, location and timing of additional wells to be drilled in 2022 and the objectives of such additional wells, including production testing and targeting potential hydrocarbon bearing structures with the purpose of achieving commercial levels of oil and natural gas production, the seismic data providing the Company with a target rich environment for its upcoming drilling program, interpretations of the integrated seismic data and processed VSPs, early processing results of the seismic program, the Company's commitment to ESG and a carbon neutral approach that would support the net zero carbon emission goals of Namibia and Botswana, the Company developing plans to implement its own carbon-neutral objectives and its future goals being shaped by carbon-reduction, the Company's commitment of Canadian $10 million to ESG initiatives in Namibia and N$15 million to Namibia's COVID-19 vaccine rollout campaign, the Company's ESG targets, goals, objectives and key areas, how the Company will track and measure its ESG progress and develop its ESG program, the Company locating and drilling additional community waters well, the Company ongoing development of, and collaboration with governments, traditional authorities and other stakeholders to develop, agricultural and reforestation projects, the Company's implementation of environmental and social best practices and use of technology and equipment aimed at protecting the environment, including the use of cement and steel casings and water-based drilling fluids, the use of the biodegradable water-based drilling fluids as a soil-enhancement/fertilizer as part of the Company's agriculture and reforestation projects, the Company's avoidance of environmentally sensitive areas, such as national preserve areas, and minimization of disturbances, the Company continuing to conduct water sampling, the Company continuing to update communities on the Company's seismic program, stratigraphic well program and other project related activities, the Company's current and future use and employment of local, regional and national suppliers and service providers, the Company's current and future work with Namibian educational institutions to enhance training programs related to the environment and drilling and seismic activities, the Company's current and future commitment to gender diversity and hiring of women, the Company completing on-site technical training for its stratigraphic wells and 2D seismic programs, the Company's commitment to sustainable development and employment of best practices wherever its operators to protect the environment, including support to wildlife monitoring and other related efforts, the increase of the Company's presence in Botswana, including finalizing office space in Gabarone, the exercise of the option to acquire an additional 25% interest in the Amatitlán Contract, the Company plans in respect of Amatitlán, including migrating the Amatitlán Contract into a contract of exploration and extraction and the negotiations related thereto, the type of work programs that the Company may undertake at the Chiapas Blocks, the Company being required to pay monetary penalties under the terms of its licences for the Chiapas Blocks, remedies that the CNH may seek as a result of the Company failing to complete the necessary work programs on the Chiapas Blocks, the Company continuing the evaluate strategic alternatives for the Pontón block, the outcome of the class action lawsuit filed by Company shareholders in the United States District Court in Brooklyn, New York, the completion of the acquisition of half of NAMCOR's 10% carried participating interest in PEL 73, the Company's use of proceeds from its financing activities, the Company's expectations on how it will fund its operating costs over the next 12 months, the sufficiency of the Company's current capital resources to fund its near term working capital requirements, the ability of the Company to secure the required capital to conduct the Company's planned exploration, drilling and exploitation activities and the effect on the

Company's financial statements of any liability from the Company's various legal proceedings and claims. Forward-looking information is based on management's expectations regarding future growth, results of operations, future capital and other expenditures (including the amount, nature and sources of funding for such expenditures), business prospects and opportunities. Forward-looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risk and uncertainties include, but are not limited to: the risks associated with the acquisition of oil and gas rights over properties which the Company has submitted applications and believes to be prospective, risks relating to oil and gas productions (including, but not limited to, operational risks with resource processing), delays or changes in plans with respect to licences for oil and gas rights on such properties, costs and expenses, health, safety and environmental risks, reliance on key personnel, the absence of dividends, competition, market volatility, the risk of commodity price and foreign exchange rate fluctuations, risks and uncertainties associated with securing necessary regulatory approvals and financing the proceed with any planned work programs, risks and uncertainties related to carrying on business in foreign countries, risks and uncertainties regarding the existence or potential oil or gas reserves or the ability to economically extract any such reserves from exploration properties, and risks and uncertainties related to infectious diseases or outbreaks of viruses, as well as those additional risk factors described under the heading "Risk Management & Risk Factors" of this MD&A and the Audited Financial Statements and management discussion and analysis for the year ended December 31, 2021. Although the Company has attempted to take into account important factors that could cause actual results to differ materially from those anticipated, there may be other factors that cause the results of the Company's business not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information.

The Company undertakes no obligation to publicly update or review the forward-looking information whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.