MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2022

The following is management's discussion and analysis ("MD&A"), dated March 1, 2023, of Reconnaissance Energy Africa Ltd.'s ("ReconAfrica" or the "Company") operating and financial results for the twelve months ended December 31, 2022, 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 unaudited condensed consolidated interim financial statements for the three and twelve months ended December 31, 2022, and 2021 (the "Financial Statements") and the audited consolidated financial statements for the year ended December 31, 2021. Additional information is available on the Company's profile on SEDAR at www.sedar.com.

Unless otherwise noted, references to dollar amounts are in Canadian dollars. Throughout this MD&A 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 (to commerciality) 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. Based on the initial exploration results, 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 comprising 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. On September 2, 2022, the first renewal period was extended to January 29, 2024. ReconAfrica's agreement with MME and NAMCOR calls for a minimum work program during the First Renewal Period consisting 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 in addition to the design and plan of a 3D seismic acquisition program. The work requirements for both 2D seismic and aggregate expenditure have been satisfied, as discussed further below.

On August 11, 2022, the Company received a three-year extension to its Environmental Clearance Certificate ("ECC") from the Office of the Environmental Commissioner, Ministry of Environment, Forestry and Tourism of the Republic of Namibia, covering the entire PEL 73 permit. The extended ECC is valid for three years from August 26, 2022 until August 26, 2025.

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, that 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 Ministry of Minerals and Energy 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.

SEISMIC OPERATIONS

Entering the second year of seismic operations, the Company is benefiting from safe, efficient operations from acquisition through processing. Key digital technologies including wireless nodes with GPS, cloud data management and high-end computing help shorten the time from field acquisition to interpretation. As an example, data acquired in December was being used in January to de-risk a current drilling location.

Seismic data acquired in Phase 1 and Phase 2 programs, conducted in 2021 and the first half of 2022, has been processed and interpreted. The latest Phase 2 Extension acquisition program commenced in November 2022 and is currently ongoing. Phase 1 comprised 497 linear kilometres and Phase 2 comprised 761 linear kilometres. The Phase 2 Extension program, if completed as planned, will amount to nearly 1,400 linear kilometres which when combined with the previous phases, could total approximately 2,650 linear kilometres of 2D seismic.

The first two phases identified a number of leads and considerably expanded the Company's portfolio of opportunities. The current seismic program is designed to better define these leads, de-risk potential drilling targets, and add new leads. The program is also designed to confirm the identified lateral extension of the Karoo Rift Basin to the south-east potentially to the edge of PEL 73, and to delineate a potential new play identified in Phase 1, the Damara fold belt.

As a result of recent seismic and drilling operations a new play has developed to the southwest of the Karoo Rift Basin, the Damara fold belt. The Damara fold belt is an area of extensive folding and associated faulting. This compressional system is of Pre-Karoo Proterozoic age and offers a large area of anticlinal traps. One of the expectations of the latest seismic acquisition is to define four-way dip closures across these anticlinal structures and over the Karoo Rift structures as well.

Mapping the extent of these anticlines and defining the four-way dip closures could result in consequentially large structures, possibly hundreds of square kilometres in aerial extent. In addition to structural traps, there could be significant stratigraphic entrapment of hydrocarbons in this Proterozoic Fold Belt.

The good quality of seismic imaging of the Damara fold belt, especially when not overlain by the Karoo Rift Graben, should make it easier to define and target four-way anticlinal dip closures. Combining this sub-surface data with the surface geological maps and outcrop data should further enhance prospect definition. It is significant that the Proterozoic rocks have been penetrated in each of the previous three wells, notably the 6-2 well which contained two intervals with significant oil shows and reservoir porosity.

As in the previous phases, the Company has contracted Polaris Natural Resources Inc., based in Calgary, Alberta. Working with Polaris, ReconAfrica is able to prioritize and maintain minimal environmental footprint of the seismic program using miniaturized source and wireless receiver equipment, and sensitivity and awareness in all operational activities.

ENHANCED FULL TENSOR GRAVITY ("EFTG") SURVEY

ReconAfrica engaged a leading airborne geophysical survey provider to conduct an eFTG survey over an area of nearly 2,200 square kilometres (540,000 acres) in northeastern Namibia. The eFTG is the advanced high resolution airborne gravity survey which specifically allows earth scientists to identify changes in sub surface rock density with the goal of highlighting stratigraphic or structurally controlled hydrocarbon traps. More specifically, this more recently advanced technology is a sophisticated application of gravity techniques that not only adds three-dimensional detail to subsurface gravity images but is also capable of differentiating the geometry at different lithostratigraphic levels (layers of rock) below the Earth's surface. When calibrated by existing 2D seismic data, the eFTG imaging can greatly enhance the Company's capacity to extrapolate structural geometry in three dimensions.

The eFTG survey will be carried out using a Twin engine survey aircraft which has been specially fitted with the eFTG instrumentation. This instrument is a state-of-the-art 4^{th} generation gravity gradiometer designed and manufactured by Lockheed Martin, an American aerospace company, and represents a significant enhancement in sensitivity and resolution compared to its nearest competitor. In addition, the aircraft will collect complimentary data including magnetic, topographic (LiDAR), and video data. Survey lines will be flown every 600m in a northwest/southeast direction, and tie lines will be spaced every 3km in a northeast/southwest direction. This airborne exploration approach has a low environmental footprint with minimal impact expected on the local communities.

The permitting process for the eFTG survey by the third-party provider (AustinBridgeporth, working with the Namibian aviation agency NCAA) has been significantly delayed beyond initial estimates. The eFTG survey is in the final phase of permitting and will require approximately two weeks from the receipt of permit for data availability.

DRILLING PROGRAM

The Company's initial drilling program, which commenced at the beginning of 2021, was designed to test organic rich source rocks, evidence of migrated hydrocarbons and conventional traps. ReconAfrica completed the first two wells of the initial three well drilling program in the third quarter of 2021. The third well 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 in the Kavango Basin. Upon completion of the first two wells, the rig was stacked temporarily while the initial phase of seismic acquisition began. This allowed the Company some time to go through the rig, make repairs and buy more equipment in preparation of the next drilling program which began in June 2022.

Well 1819/8-2 ("8-2"), located in the Kavango East region, 6.5 kilometres west of Kawe 6-2, began drilling on June 25, 2022 and finished at total depth on August 15, 2022. The well encountered intervals rich with gas (Methane) and hydrocarbon gas liquids ("HGLs"), specifically, Ethane, Butane and Propane as well as smaller quantities of heavier hydrocarbons. Hydrocarbon gas/HGLs were sampled in Isotubes during drilling and analysed by GeoMark Research (Houston, TX), revealing the presence of thermogenic hydrocarbons, which were generated from organic matter under high temperatures. Between the depths of 1,300 and 1,335 meters below surface, a significant proportion of these samples were HGLs. Additionally, hydrocarbon gases were recorded in various intervals between 838m and 1,807m, and between 1,990m and 2,058m, the total depth of the well. Although geologically a successful well, economic accumulations of hydrocarbons were not encountered.

The well produced additional valuable geological information intersecting the predicted Karoo stratigraphy and pre-Karoo stratigraphy, which included promising source, seal and reservoir rock lithologies. Cuttings samples were collected at 5m intervals, and 38 sidewall cores were brought to surface. Sample analysis and other analytical work is ongoing. Geochemical analysis of samples rich in organic matter is currently being conducted by Geomark Research (Houston, TX) to establish the extent of source rock potential. Petrophysical logs will be calibrated with core analyses to determine the thickness and quality of potential reservoir intervals.

The Vertical Seismic Profile ("VSP") for the Makadina well, which is critical for carrying out an improved time to depth conversion of the seismic data, has been completed and integrated into the seismic interpretation. The apparent lack of closure and potential oil source-maturation issues at this location highlight the need for multiple seismic line confirmation and/or eFTG to support all new drilling decisions. ReconAfrica has extended its seismic acquisition program with the target to have acquired a cumulative total of over 2,000km within the first half of this year.

The Company has built the access road and drilling pad for the next rift basin well, the Wisdom 5-1 ("5-1"). The rig is ready to drill, awaiting additional seismic data interpretation and acquisition of eFTG data which will provide further risk mitigation for this well and other surveyed areas of interest, including a portion of the Damara fold belt.

The main objective of the 5-1 well is to penetrate an extended Karoo stratigraphy, comprising stacked source rocks, reservoir, and trapping intervals. An additional objective is to penetrate the deeper Pre-Karoo to test the source and reservoir intervals. With the goal of maximizing the chance of success for the 5-1 and other potential locations, including the Damara fold belt, the Company believes it is prudent to use all available and expected data, including the aforementioned 2D seismic and eFTG. Given the potentially significant near-term impact that the above geophysical data can provide on risk mitigation and well path optimization, the Company will delay the target commencement date for drilling until it completes its review of this data.

ENVIRONMENT, SOCIAL AND GOVERNANCE

ReconAfrica's environmental, social and governance ("ESG") approach to business is designed so that we conduct our business activities responsibly while working with communities, governments – local, regional, and national, traditional authorities and other key stakeholders. This includes complying with regulatory standards, policies and practices. Our ESG approach takes into account operational developments and feedback from a range of Namibian, Botswanan, and international stakeholders and ESG experts.

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") and Environmental Management Plans ("EMPs") for both our stratigraphic wells and our 2D seismic operations. On September 29, 2022, the Company obtained an approved amendment to the ECC from Ministry of Environment, Forestry and Tourism ("MEFT") to acquire up to an additional 1,500 kilometres of 2D seismic data. Environmental Impact Assessment and Environmental Management Plan for 12 exploration and appraisal wells has commenced and the initial notification process with stakeholders has been completed.

ReconAfrica has committed $10 million (N$112 million) to ESG-focused initiatives including:

- Community Outreach – Health and Wellness: The Company is drilling and installing community water wells, a key area of focus for the $10 million ESG commitment, in numerous communities within Kavango East and Kavango West to allow community members safer access to potable water. ReconAfrica is working closely with local community members and the Namibian government to contribute to their Rural Water Management Plan to obtain the most effective results. While we work directly with the Ministry of Agriculture, Water and Land Reform ("MAWLR") who are responsible for placement and permitting of the water wells, we have drilled and donated solar-powered community water wells at 26 locations to date (late 2022) in our license area, with 10 additional wells planned and under way.

  The Company responded to calls for assistance from 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 to make it an overall Health and Wellness targeted effort. 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. The medical equipment including oxygen and breathing-related equipment for medical facilities for the populations of Kavango East and Kavango West have been handed over.

- 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 by the Company. ReconAfrica also provided emergency funding for Namibian students who were impacted by the war in Ukraine and stranded because of the conflict. The Company, in cooperation with the Ministry of Gender Equality, Poverty Eradication and Social Welfare is funding seven nursing students from the San communities in Kavango East and Kavango West regions. We also collaborated with the Namibia University of Science and Technology for an initiative to educate interested stakeholders in Namibia on the oil and gas sector. These initiatives are all ongoing.

- Community Outreach – Other Wellness Initiatives: We are providing school materials and sports equipment to numerous schools within the Phase Two 2D seismic program area. The Company provided funding for organizations 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. As well, the Company participated in the nationwide drive, We Race Together, which assists with social initiatives nationally.

The Company continues to advance on several of its ESG targets including:

- Operational Performance: Our company continues to collaborate on operational performance research assistance, supporting agriculturally focused projects in the critical area of livelihood enhancements.
- Biodiversity – Wildlife Monitoring: Supporting MEFT with their wildlife monitoring with collaring initiatives on elephants, crocodiles and other important and valued wildlife in the Namibian National Parks and their surrounding areas. Further wildlife monitoring with MEFT and Reconnaissance Energy Namibia representatives, including wild game counts outside of our lease area and other conservancies is taking place as part of our mutual data gathering exercises.
- Water and Air Quality: Our water management plan, including water sampling and data gathering continues to provide the Namibian government with pertinent information.
- Reforestation: Through engagement with forestry and tree experts from MEFT and other conservancy and community forest representatives, the types of local and indigenous trees for the MEFT/ReconAfrica reforestation project have been determined. Collaboration continues on plans for implementing these initiatives.
- Governance: ReconAfrica rolled out corporate governance training programs for in-country employees and contractors which creates a structure and culture that fosters and commits to responsible and ethical behaviour throughout the company.

ReconAfrica has completed engagement sessions with the San communities and other indigenous communities around our seismic program areas. We continue to update and engage with the communities on our drilling plans, our seismic activities, and any other project-related activities. We are also directly engaging with the established conservancies, Farmer's Unions, Community Forest representatives, SAN (Indigenous) representatives amongst other key interest groups throughout Namibia.

The Company 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 within our operations. 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. The Company has hired and/or contracted over 1,300 Namibians residents in such roles as: electricians; rig floorhands; project managers; seismic panga crew, material technical specialists (construction, environment, wildlife surveying, water, and hydrology); health, safety, government relations, socio-economic and environmental experts; administrative assistants; garden site workers; and general and casual laborers and more.

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. In collaboration with the Namibia University of Science and Technology, ReconAfrica is supporting an initiative to provide an oil-and-gas educational option for Namibian students

Through our office in Gabarone, Botswana, we continue to submit quarterly and annual reports to the Government of Botswana as part of our licence requirements. The licence granted to ReconAfrica excludes National Parks, the Tsodilo Hills, and the Okavango Delta. The Company also self-imposes additional buffer zones to avoid environmentally sensitive areas.

PROPERTIES IN MEXICO

Amatitlán

In February 2017, the Company's wholly owned subsidiary, Renaissance, partnered with Lukoil PJSC ("Lukoil") on the Integrated Exploration and Production Contract for the 243 km^2 (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. As a result of changes in the political climate in Mexico, Renaissance and Lukoil have not been successful in migrating the Amatitlán Contract and there is no assurance it will be possible to do so in the future. The Company is currently evaluating strategic alternatives for the Amatitlán block.

Chiapas Blocks

Renaissance executed licence contracts for the Chiapas 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. Pursuant to the licence agreements, 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. The work programs have a total estimated cost of approximately US$37.8 million ($51.6 million) with approximately US$31.0 million ($42.3 million) due February 27, 2024, and approximately US$6.8 million ($9.3 million) due August 1, 2024. In failing to meet these commitments the Comisión Nacional de Hidrocarburos (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

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 for the three and twelve months ended December 31, 2022:

Average Production by Product	**Three months ended December 31**		**Twelve Months Ended December 31**	
	2022	**2021**	**2022**	**2021**
Crude oil (Bbl/d)	277	318	296	318
Natural gas (Mcf/d)	4,539	5,037	4,866	5,034
Total (Boe/d)	1,033	1,158	1,107	1,157

Revenue From Product Sales	**Three months ended December 31**		**Twelve Months Ended December 31**	
	2022	**2021**	**2022**	**2021**
Crude oil	$ 2,440,366	$ 2,626,048	$ 12,451,202	$ 4,288,175
Natural gas	3,075,161	3,932,676	15,295,741	6,121,538
Total	$ 5,515,527	$ 6,558,724	$ 27,746,943	$ 10,409,713

Average Prices	**Three months ended December 31**		**Twelve Months Ended December 31**	
	2022	**2021**	**2022**	**2021**
Crude oil ($/bbl)	95.87	89.88	115.35	85.97
Natural gas ($/mcf)	7.36	8.49	8.61	7.75

Royalties	**Three months ended December 31**		**Twelve Months Ended December 31**	
	2022	**2021**	**2022**	**2021**
Charge for the period	$ 4,731,727	$ 5,128,074	$ 22,531,096	$ 8,217,849
Percentage of revenue	85.8%	78.2%	81.2%	78.9%
Per Boe	$ 49.78	$ 48.18	$ 55.78	$ 45.25

Production Costs	**Three months ended December 31**		**Twelve Months Ended December 31**	
	2022	**2021**	**2022**	**2021**
Charge for the period	$ 438,136	$ 484,534	$ 1,377,053	$ 669,983
Percentage of revenue	7.9%	7.4%	5.0%	6.4%
Per Boe	$ 4.61	$ 4.55	$ 3.41	$ 3.69

CORPORATE DEVELOPMENT & FINANCING

On March 1, 2022, the Company completed a bought deal financing (the "February 2022 Offering") of 7,475,000 units (the "Units") for aggregate gross proceeds of $47,466,250. Each Unit consists 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 of the expiry date to a date 30 calendar days following notice to be provided to the holders of the warrants by the Company in the event that the moving daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange (the "Exchange") over any period of 20 consecutive trading days equals or exceeds C$14.00. The Company incurred share issuance costs of $3,395,277 in the form of finders 'fees and professional fees and 19,685 Units associated with the February 2022 Offering.

On September 22, 2022, the Company announced that it had entered into a definitive purchase and sale agreement with its partner, NAMCOR, to acquire half of its 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. Completion of this transaction was originally anticipated for the end of 2022, however, delays have pushed potential completion to later in 2023.

USE OF PROCEEDS RECONCILIATION – MAY 2021 OFFERING

The following table provides a comparison of the Company's use of proceeds disclosure as set out in the Company's final short form prospectus dated May 19, 2021, for the May 2021 Offering, to the actual use of proceeds:

May 2021 Offering - Use of Proceeds	Approximate Amount ($)	Actual ($)
Long-term Standby Costs(1)	-	8,421,258
Fourth Well (8-2)		
Road and location	725,700	855,561
Drilling single test well (45 days / 12,000 feet(2))	7,982,700	9,500,184
Cost overruns due to the impacts of COVID-19	-	1,627,859
Fifth Well		
Road and location	483,800	-
Drilling single test well (45 days / 12,000 feet(2))	7,982,700	-
Sixth Well		
Road and location	362,850	-
Drilling single test well (45 days / 12,000 feet(2))	7,982,700	-
Sidetrack of 6-2 Well	-	2,809,384
Integrated Subsurface Interpretation Project	483,800	721,615
Environmental Impact Assessment	846,650	1,302,871
Seismic Acquisition and Processing		
Program designs	483,800	761,626
Mobilization	846,650	44,531
Acquisition of 2D seismic data	4,233,250	5,931,713
Processing of 2D seismic data	423,325	718,548
Total:	**32,837,925**	**32,695,150**

(1) These costs were previously reflected within drilling costs.

(2) Represents the depth permitted by the Company. Actual drill depth may vary for each well drilled.

The Fourth Well in the table above reflects costs incurred on the 8-2 well but not the number of wells drilled by the Company. The Fourth Well title is preserved as originally represented in the use of proceeds section of the May 19, 2021, prospectus. Due to cost overruns and additional seismic operations as discussed further below, the Company incurred significant additional fees on standby drilling costs as it prepares for drilling of the next well.

The Company has incurred excess costs related to the drilling program which resulted in the total cost significantly exceeding the $8,708,400 estimated for the Fourth Well (8-2) in the table above. The COVID-19 pandemic and resulting supply chain disruptions and travel bans significantly contributed to these cost overruns. 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 estimated at $1,627,859. Further, $8,421,258 as reflected in the table above under "Long-term Standby Costs", was incurred to maintain work crews, camps, service providers and equipment pending the completion of seismic studies and the resumption of drilling. These costs were significantly increased due to delays in the permitting of the eFTG survey experienced by the Company's third-party contractor.

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. 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. See "Risk Management and Risk Factors – Infectious Diseases and COVID-19" in Company's management discussion and analysis for the year ended December 31, 2021.

While costs have been incurred on preparation of the 6-2 sidetrack, drilling has been deferred as the Company has prioritized other locations and operations including the acquisition of the eFTG data to better determine the prospect geometry.

The Phase 2 Seismic Program contemplated in the May 2021 Offering was originally planned to acquire and process 450km of 2D seismic in the licence area. However, due to the success of the program, to increase the sub-surface imaging and to enhance well and seismic data ties, it was prudent to increase the seismic coverage. The total program was increased to 761km to enhance the Company's ability to image and map the sub-surface. This resulted in increased costs compared to what was originally contemplated in the May 2021 Offering. Further, costs were anticipated for only one processing contractor, however, the Company elected to use two competing processing contractors to enhance data quality through competition and transfer of best practices. Between the phase 1 and 2 seismic programs, ReconAfrica acquired a total of 1,258km of seismic data.

USE OF PROCEEDS RECONCILIATION – FEBRUARY 2022 OFFERING

The following table provides a comparison of the Company's use of proceeds disclosure as set out in the Company's final short form prospectus dated February 24, 2022, for the February 2022 Offering, to the actual use of proceeds as at December 31, 2022:

February 2022 Offering - Use of Proceeds	Approximate Amount ($)	Actual ($)
Well 1		
Road and location	381,540	1,002,447
Drilling single test well (45 days / 12,000 feet[(1)])	9,360,448	2,771,291
Well 2		
Road and location	1,653,340	1,000,505
Drilling single test well (45 days / 12,000 feet[(1)])	9,360,448	3,796,218
Well 3		
Road and location	826,670	-
Drilling single test well (45 days / 12,000 feet[(1)])	9,360,448	-
Surface Geochemistry	50,872	-
Integrated Subsurface Interpretation Project	210,000	288,488
Seismic Acquisition and Processing		
Mobilization and program designs	959,119	326,991
Acquisition of 2D seismic data	2,891,526	2,811,219
Processing of 2D seismic data	335,755	313,165
Vertical seismic profile processing	500,000	573,969
Enhanced full tensor gravity survey ("eFTG")[(2)]	-	243,957
Contingency for COVID-19 related costs	1,600,000	-
Working capital for affiliates (in country)	908,334	4,964,923
Total:	**38,398,500**	**18,093,174**

(1) Represents the depth permitted by the Company. Actual drill depth may vary for each well drilled.

(2) Potential cost approx. US $1mil. Conducted to complement Phase 2 extension.

Costs included for Well 1 above relate to preparatory work including access roads, as well as the cost of prepaid supplies and materials, for a potential future well location. Well 2 in the table above relates to costs incurred at the 5-1 location including the building of an access road and drilling pad. Drilling of the 5-1 is pending the results from seismic and eFTG studies as previously discussed. Costs for materials and supplies purchased in advance that are currently allocated to Well 1 may be reallocated to another well location. Due to supply chain issues and resulting shipping challenges, materials and supplies are often purchased in larger quantities for intended future use at multiple locations.

Importantly, the results of the Phase 2 seismic acquisition have led to the identification of a new hydrocarbon province in PEL 73, the Damara fold belt, which has a working hydrocarbon system proven in the initial three stratigraphic test wells. The need to evaluate the extent and scale of this new opportunity area will require the Company to acquire additional 2D seismic and other geophysical data. The approved amendment to the ECC allows the Company to acquire up to an additional 1,500 kilometres of 2D seismic data. This Phase 2 extension, which includes the Damara fold belt, is underway with the data acquisition having commenced in November 2022 and is expected to continue until April 2023. Management will be conducting an eFTG survey to complement the seismic Phase 2 extension. The potential cost of using eFTG is estimated at approximately US$1.0 million and was not originally contemplated in the use of proceeds for the February 2022 Offering.

The net proceeds of the February 2022 Offering originally contemplated a further 600 kilometres of 2D seismic data. The need to acquire an additional 1500km to delineate the Damara fold belt and an identified extension of the Karoo Rift to the southeast, as well as provide prospect de-risking, will result in seismic costs significantly above those originally contemplated in this offering and will require the reallocation of funds from drilling operations. This added cost results from the need for additional data coverage with the actual cost per kilometre unchanged. A further reallocation of funds will be required to proceed with the contemplated eFTG operations.

On September 22, 2022, the Company entered into a definitive purchase and sale agreement with its partner, NAMCOR. See "Overview, Overall Performance and Operations – Corporate Development & Financing" for further details. Closing on this transaction will require the Company to pay US$2.0 million. This and the operations discussed in the preceding paragraphs will impact the Company's ability to drill all three wells originally contemplated in the February 2022 Offering. It is estimated that the February 2022 Offering will fund the Phase 2 extension, the eFTG survey, the drilling of one well and working capital in Namibia.

Working capital for affiliates (in country) includes general and administrative costs in Namibia. Increases in staffing and related costs, in addition to community services and initiatives have resulted in a higher need of funding for these areas compared to amounts originally considered in the February 24, 2022, prospectus.

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, given the Company is in the exploration phase, 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.

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended							
	Dec-22	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21
	$	$	$	$	$	$	$	$
Revenue	5,515,527	7,737,129	8,029,162	6,465,125	6,558,724	3,850,989	nil	nil
Net loss	(14,624,402)	(12,931,859)	(14,323,430)	(10,662,302)	(11,972,974)	(236,767,648)	(11,774,335)	(2,892,019)
Loss per share	(0.07)	(0.06)	(0.07)	(0.06)	(0.06)	(1.33)	(0.07)	(0.02)

Revenue of $5,515,527 was earned during the three months ended December 31, 2022. Net loss was $14,624,402 for the three months ended December 31, 2022, compared with $11,972,974 in the fourth quarter of 2022. The major reasons contributing to the increase in net loss in the current period were the finance expense incurred on royalties payable, general and administration expense due to increased operating activities, lower revenue (net of royalties) earned from Mexican assets, partially offset by lower share-based payments and resource property evaluation expenses. Further variances from the comparable period are detailed in the following table:

	Three Months Ended	
	December 31, 2022	December 31, 2021
Production costs	$ 438,136	$ 484,534
Resource property evaluation	335,098	1,110,142
General and administration	5,245,800	4,477,976
Depreciation	1,105	20,372
Share-based payments	3,608,092	4,787,824
Finance expense	6,288,584	2,206,065
Exchange (gain) loss	(183,873)	26,010
	$ 15,732,942	**$ 13,112,923**

Production costs are associated with operations in Mexico and are comparable with the previous quarter. Resource property evaluation primarily includes exploration and community services costs, which are being expensed. They are lower in the current period as compared to prior quarter, due to increased community service costs towards the end of

2021. General and administrative costs increased in Q4 2022 compared with the same quarter in 2021 due to increased staffing, advisory and travel costs as the Company's operating activities grew significantly. Finance expense primarily includes interest recorded on royalties payable in relation to Renaissance's Chiapas properties.

Net loss was $52,541,993 for the twelve-months ended December 31, 2022 (2021 – $263,406,976), with changes from the comparable period of 2021, resulting from the option agreement settlement expense, settlement of consulting agreement and impairment expense incurred during 2021. This was partially offset by increased general and administration costs, community services costs and finance expense in the current year. The primary expenses contributing to the net loss for twelve-months ended December 31, 2022, and comparable periods are detailed in the following table:

		Twelve Months Ended		
		December 31, 2022		**December 31, 2021**
Production costs	$	1,377,053	$	669,983
Resource property evaluation		3,143,852		1,325,888
General and administration		23,437,985		14,757,680
Depreciation		37,056		34,383
Share-based payments		18,868,381		17,873,077
Finance expense		16,858,265		3,549,410
Settlement of consulting agreement		-		11,855,983
Settlement of option agreement		-		110,342,000
Impairment		-		105,299,108
Exchange (gain) loss		(5,565,304)		(394,470)
	$	**58,157,288**	**$**	**265,313,042**

EXPLORATION AND EVALUATION ASSETS

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

Balance at December 31, 2021	**$**	**54,388,201**
Addition to Namibia property		44,675,496
Effect of exchange rate changes		3,640,363
Balance at December 31, 2022	**$**	**102,704,060**

Additions to exploration and evaluation assets reflect the drilling and seismic costs incurred on the exploration program in Namibia. As at December 31, 2022, no indicators of impairment have been identified for the exploration and evaluation assets.

ROYALTIES PAYABLE

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

Balance at December 31, 2021	$	41,013,348
Addition		23,647,868
Finance expense		16,807,398
Effect of exchange rate changes		4,003,374
Balance at December 31, 2022	**$**	**85,471,988**

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 significant penalties and action against the Company. Of the $85.4 million balance above, the principal royalties payable balance is $57.9 million, while the remaining balance of $27.6 million is associated with estimated interest fees.

The Company engaged an arm's length third party to assist in obtaining exemption from all potential penalty and interest amounts resulting from non-payment of royalties. If successful, the Company will be required to pay US$1.5 million ($2.0 million) to the arm's length third party. Further strategic alternatives are being evaluated for the Chiapas properties and outstanding royalties. See "Commitments and Contingencies" in this MD&A.

The royalties may also be subject to further fines from the Tax Administration Service of Mexico for up to 45% of the principal amount outstanding, though any such charges have not been received. The Company is currently in discussions regarding a potential repayment plan on the principal outstanding balance and the forgiveness of the accumulated interest including these potential penalties.

DECOMMISSIONING LIABILITIES

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

Balance at December 31, 2021	$	758,184
Accretion		56,514
Additions		1,347,030
Change in estimate		41,758
Effect of exchange rate changes		54,380
Balance at December 31, 2022	**$**	**2,257,866**

The Company's decommissioning liabilities were previously only related to its Mexican assets. In the current quarter, the Company also recognized decommissioning liabilities on its African assets. The decommissioning liabilities were based on total undiscounted future liability, after inflation adjustment, of $2.5 million. The Company calculated the present value of the obligations using discount rates between 4.46% - 9.39% (December 31, 2021 – 7.3%) to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The inflation rates used in determining the cash flow estimates were between 3.50% - 7.82% (December 31, 2021 – 3.0%). These payments are expected to be made between 2023 – 2027.

LIQUIDITY

The Company's working capital consists of the following:

		December 31, 2022		**December 31, 2021**
Cash	$	47,016,517	$	61,153,991
Restricted cash		17,113,585		-
Trade receivables		12,336,070		9,825,608
Receivables and prepaids		6,620,270		2,617,318
Accounts payable		(7,271,546)		(6,638,213)
Royalties payable		(85,471,988)		(41,013,348)
Working Capital	**$**	**(9,657,092)**	**$**	**25,945,356**

During the year, ReconAfrica received $1,842,421 from the exercise of options, $1,103,779 from the exercise of warrants and $2,362 from the exercise of compensation options. Further, the Company raised net proceeds of $38,398,500 from the February 2022 Offering. The Company's current production revenue from Mexican operations is not sufficient to fund ongoing operations.

ReconAfrica's current cash is sufficient to fund its upcoming operations including the drilling of the 5-1 well, the seismic phase 2 extension, and eFTG operations, however, additional funding will be necessary for ongoing working capital, any drilling delays and future exploration activities. The Company's subsidiary, Renaissance, does not have sufficient funds to completely repay the outstanding royalty balance. Additional funding will be necessary should payment be required on the balance of the royalties payable. Initial results from the upcoming operations will influence management's strategy for further drilling locations and exploration activities, including the 5-1 well location, 6-2 sidetrack, and Damara fold belt.

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 sufficient cash from operations. Further, market trends and other factors such as the Company's share price may impact the ability to raise funds on terms advantageous to the Company. See "Risk Management and Risk Factors" in this MD&A.

CAPITAL RESOURCES

The Company has commitments related to its petroleum exploration licence in northeast Namibia. 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, 2024, following receipt of the extension to the First Renewal Period from MME in September 2022. The work requirements for aggregate expenditure of US$10,000,000 have been satisfied.

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.

As previously discussed, ReconAfrica completed the February 2022 Offering during the year. The Company incurred share issuance costs of $3,395,277 in the form of commissions and professional fees associated with the February 2022 Offering. The net proceeds from the February 2022 Offering and previous financings are expected to be used to fund the Company's ongoing seismic and drilling operations, with the objective of continuing to confirm a thick, active, petroleum system and potential commerciality throughout the Kavango basin.

On August 11, 2022, the Company received a three-year extension to its ECC, from the Office of the Environmental Commissioner, Ministry of Environment, Forestry and Tourism of the Republic of Namibia, covering the entire PEL 73 permit. The extended ECC is valid for three years from August 26, 2022 until August 26, 2025.

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:

	Period Ended December 31, 2022	Year Ended December 31, 2021
Directors' fees	$ 1,113,412	$ 57,000
Management salaries and benefits	1,685,175	3,559,733
Share-based payments	10,323,239	11,497,989
	$ 13,121,826	$ 15,114,722

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 and share-based payments, there were no other material transactions with related parties.

PROPOSED TRANSACTIONS

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. This includes the definitive purchase and sale agreement with NAMCOR, previously discussed.

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. There have been no material changes to our critical accounting estimates used in applying accounting policies for the twelve months ended December 31, 2022.

Further information, including a discussion of critical accounting estimates, can be found 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 during the twelve months ended December 31, 2022.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, restricted 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.

For a detailed discussion of these and other risks, including Infectious diseases and COVID-19, please see ReconAfrica's audited annual financial statements and management's discussion and analysis for the year ended December 31, 2021, and Annual Information Form for the year ended December 31, 2020. Other risks include:

RUSSIAN/UKRAINIAN CONFLICT

In February 2022, Russian military forces invaded Ukraine. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member 52 countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. In addition, certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which sanctions may have far reaching effects on the global economy. As part of the sanctions package, the German government paused the certification process for the 1,200 km Nord Stream 2 natural gas pipeline that was built to carry natural gas from Russia to Germany. Russia is a major exporter of oil and natural gas. Disruption of supplies of oil and natural gas from Russia could cause a significant worldwide supply shortage of oil and natural gas and have a significant impact on worldwide prices of oil and natural gas. A lack of supply and high prices of oil and natural gas could have a significant adverse impact on the world economy. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain.

INFLATION

Consumer price inflation has risen significantly in 2022 and if it continues will mean much higher costs for the Company's expenditure programs. The Company's program cost estimates could rapidly become out-of-date. If this happens, the Company will need to either raise additional funds causing equity dilution or reduce its expenditures and reduce progress. Increases in inflation usually result in central bank interest rate hikes which can trigger negative capital market conditions making financing difficult. While inflation increases have often led to higher commodity prices, there can be no assurance of that, and the Company's operations and its share price could be adversely affected by increased inflation.

RISKS OF FOREIGN OPERATIONS

The Company's exploration activities are located in Namibia, Botswana and Mexico. As such, these operations are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to: expropriation; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; protests; roadblocks or other forms of public expression; war, civil or social unrest; crime or other violence; renegotiation or nullification of existing concessions, licences, permits and contracts; ability of governments to unilaterally alter agreements; government imposed supply laws, including laws, establishing, among other things, profit margins, production quotas, maximum and minimum price, levels and the ability to confiscate merchandise in certain circumstances; surface land access issues; political, judicial and business corruption; changes in policies, regulations and laws, including but not limited to those concerning taxation, environmental protection, and resource development; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. The occurrence of regime changes adds uncertainties that cannot be accurately predicted and any future material adverse changes in government policies or legislation in the jurisdictions in which we operate that affect foreign ownership, natural resource exploration, development or mining activities, may affect the Company's viability and profitability.

RISKS OF OPERATING THROUGH FOREIGN SUBSIDIARIES

The Company conducts operations through foreign (including Namibian, Botswanan and Mexican) subsidiaries, and a majority of the Company's assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have a material adverse effect on the Company's business, financial performance and financial condition and the market price of the common shares.

GEO-POLITICAL CHANGE

The marketability and price of oil and natural gas that may be acquired or discovered by the Company is, and will continue to be, affected by political events throughout the world that cause disruptions in the supply of oil, including the continuance or escalation of the military conflict between Ukraine and Russia and the economic sanctions imposed on Russia in connection therewith, which have and may continue to result in increased prices for a variety of commodities, including oil and natural gas, and which could have other long-term effects on the global economy in addition to the near-term effects on Ukraine and Russia. Conflicts, or conversely peaceful developments, arising in the Middle East, Ukraine, Russia and other areas of the world, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of the Company's future net production revenue.

The Company's assets held in Mexico requires the continued support from the Mexican government for 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 mine safety. The possibility that a future government in Mexico may adopt substantially different policies, which might include the expropriation of assets.

POSSIBLE FAILURE TO REALIZE ANTICIPATED BENEFITS OF ACQUISITIONS

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

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

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

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

GOVERNMENTAL LAWS AND REGULATION

The Company's exploration and development activities are subject to the laws and regulations of Namibia, Botswana and Mexico that govern various matters, including: environmental protection; management and use of toxic substances and explosives; management of natural resources; exploration, development, production and post-closure reclamation of oil and gas exploration and production sites; imports and exports; price controls; taxation; royalties; labor standards and occupational health and safety, and historic and cultural preservation. The costs associated with legal compliance are substantial. In addition, possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and royalties which have been, or may be, implemented or threatened) or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and planned operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety impacts of the Company's operations, or possibly even those actions of parties from whom the Company acquired its properties. Such legal actions could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. It is difficult to strictly comply with all regulations that may be imposed on the Company. Even with the application of considerable skill, the Company may inadvertently fail to comply with certain laws. Failure to comply with laws and regulations could lead to financial restatements, fines, penalties, loss, reduction or expropriation of entitlements, revocation of permits and licences, the imposition of additional local, foreign or governmental parties as joint venture partners with carried or other interests and other material negative impacts on the Company.

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:

	Shares and Potential Shares
Common shares outstanding	201,978,806
Warrants (average exercise price $8.64)	14,578,799
Compensation options (exercise price $7.88)	219,269
Share options (average exercise price $5.89)	16,995,000
Total common shares and potential common shares	**233,771,874**

On March 1, 2022, the Company completed the February 2022 Offering. See "Overview, Overall Performance and Operations – Corporate Development & Financing" for further details.

During the twelve months ended December 31, 2022, the Company issued 2,092,029 (2021 – 53,026,794) common shares pursuant to the exercise of 2,092,029 (2021 – 53,026,794) warrants for cash proceeds of $1,103,779 (2021 - $45,621,652), nil (2021 – 223,500) broker warrants for cash proceeds of $Nil (2021 - $44,700) and 3,375 (2021 – 780,215) compensation options for cash proceeds $2,362 (2021 – $547,946).

During the twelve months ended December 31, 2022, the Company issued common shares pursuant to the exercise of 2,836,871 (2021 – 3,549,523) stock options for cash proceeds of $1,842,421 (2021 - $2,733,590).

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. According to the terms of the associated licence agreements and extensions received, the Company is committed to the completion of certain work programs with a total estimated cost of approximately US$37.8 million ($51.6 million) with approximately US$31.0 million ($42.3 million) due February 27, 2024, and approximately US$6.8 million ($9.3 million) due August 1, 2024. Renaissance entered into four surety bond agreements with a global financial company in aggregate of approximately US$15.3 million ($20.9 million), as required by the CNH, towards the guarantee of performance of the minimum work programs. A deposit of US$12.6 million ($17.2 million) has been made to the surety bond provider as collateral for the value of the bonds. This amount is recorded as restricted funds on the balance sheet. To date, US$10.8 million ($14.8 million) has been expended in operations at the blocks of which US$1.1 million ($1.5 million) relate to work program costs submitted to the CNH. The Company engaged an arm's length third party to assist in obtaining the February 27, 2024 extension and to provide support during the extension. With receipt of the latest extension, Renaissance incurred costs of US$1.5 million ($2.1 million) to this third party and also committed to pay a monthly fee of US$56,250 ($76,849) for the duration of the 20-month extension, aggregating a further US$1.125 million ($1.5 million). Further, the Company incurred additional consulting costs to support the extension process in the current quarter. 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.

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 filed a motion to dismiss the consolidated amended complaint that is briefed and awaiting a ruling from the court. The Company disputes the lead plaintiff's allegations and intends to vigorously defend the lawsuits.

CHANGE IN YEAR-END

On December 28, 2022, the Company changed its year-end from December 31 to March 31 to better facilitate the audit process. The Company's transition financial year will consist of a 15-month period ending March 31, 2023.

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 by-products 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 and the objective that the ongoing drilling operations will continue to confirm such a system or its potential commerciality, the interpretation and analysis of data, results and samples from the 6-1, 6-2 and 8-2 wells and the Company's 2D seismic program, the

Company's current drilling campaign, which commenced in June 2022, including the locations and number of wells to be drilled during such campaign, the seismic data providing the Company with additional prospects and leads and to get further confirmation of existing drilling targets, the processing of seismic data, 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, the Company locating and drilling additional community waters well and working on access to potable water in the communities in which its operates, the Company continuing to work on data gathering and training of agricultural technical students, 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 review projects, the Company's reforestation projects, including the conducting of ongoing meetings with subject experts in connection therewith, the completion of a tree planning program and engagement with national and international experts on reforestation initiatives, the Company's avoidance of environmentally sensitive areas, such as national preserve areas, and minimization of disturbances, 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 it operates to protect the environment, including support to wildlife monitoring and other related efforts, the increase of the Company's presence in Botswana, the exercise of the option to acquire an additional 25% interest in the Amatitlán Contract, the Company's 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, 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 to 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 and discussions relating thereto, the expiry date of the stock options of the Company that were originally set to expire on July 27, 2022, 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, the management's discussion and analysis for the year ended December 31, 2021 and the audited annual financial statements 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.