



ReconAfrica – No Oil? Pump Stock



Drilling blind for oil in Namibia: ReconAfrica is a stock-promoted junior explorer drilling imaginary oil basins in a fragile ecosystem. A disaster waiting to happen.

JUNE 24, 2021 – Viceroy Research is short **Reconnaissance Energy Africa Ltd (TSXV:RECO)**, a junior oil miner specializing in stock promotion and insider enrichment. RECO's mining assets are not highly speculative: they are borderline imaginary. Despite a CAD ~2bn market cap, RECO has a **near-zero chance of finding any asset of value in their exploration site, and an even lower chance to capitalize on any find.**

RECO management (including shadow directors we identify) have a long and checkered history of bribery and corporate and environmental scandals. More recently, **RECO have formally engaged a Namibian businessman who has been implicated in dozens of bribery investigations.**

This piece follows exceptional investigative journalism and whistleblower reporting from the National Geographic, the Globe and Mail, and The Namibian, which we will cite and tie in to our findings.

Once RECO's promotional veil has been pulled back, we believe the company will revert to trading as a speculative, but highly unimpressive, penny-stock.

Drilling Blind

- Since its inception, **RECO has consistently marketed its exploration allotment as a potential shale (unconventional) play**, highlights the drilling campaign is to confirm “organic rich shales”, showcases a scenario valuation based on shale, and commissions engineering reports on unconventional basis.
 - Unconventional exploration is banned by the Namibian Government. Namibia's Petroleum Commissioner, Maggy Shino, confirms **“there is no way we will license RECO or any other company to carry out fracking or unconventional hydrocarbon exploration in Namibia”.**
- Management hinge promotional market updates on references to **“high-resolution aeromagnetic data”**. Industry standard is to **confirm aeromagnetic data with 2D or 3D seismic data before drilling**. The company is years and tens-of-millions of dollars away from drilling an exploratory drill with any chance of discovering commercial oil or gas.
 - RECO's drilling of 3 stratigraphic wells is to justify overly optimistic press releases, swindle investors, and fulfil their immediate commitments to the government to retain their leases.
- RECO appear to have no intention on releasing any meaningful well data because they were likely colossal failures. **What is clear is that RECO do not have a discovery well. RECO's first and second wells failed to encounter oil or gas.**
- RECO's promotional resource estimates are aimed at **intentionally deceiving unsophisticated investors**. RECO caveat statistical data with small print that states:
 - “Certain resource estimate volumes disclosed herein and in the Sproule Report are arithmetic sums of multiple estimates of UUPIP and prospective resources, which **statistical principles indicate may be misleading as to volumes that may actually be recovered.**”
- **The Kavango Basin was discovered and entirely described by RECO insiders using legacy data.** We find it more likely that the license area is over the Owambo basin: a well-explored but disappointing basin in Northern Namibia.

The Sproule Report

- External reserves auditor, **Sproule**, was commissioned by RECO to prepare a prospective resources report on license areas in Namibia and Botswana.
 - **Sproule point out that there is no real data supporting their report. It is a purely conceptual model based on potential analogues in other countries, or even other continents.**



- Sproule references **RECO exploring for unconventional oil and gas resources**. The potential for these resources is the basis for Sproule's report. **Unconventional resources would require fracking which is currently banned by the Namibian government**.
- Sproule's assignation of **commercial success to RECO's operations is just 3.3% and inflated by their assumption of unconventional exploration**. Penny stock junior explorers in Canada report 30% chances of commercial success and contingent resources.

Management: Bribes, Shadow Directors, Incompetence

- RECO's management does not inspire confidence.
 - **Chairman J. Jay Park has been implicated in the bribery of officials at previous exploration ventures in Chad, Tunisia and Somalia. These ventures promised huge strikes but failed to deliver, leaving investors holding the bag, as we believe will happen with RECO.**
 - RECO's apparent **shadow director, Craig Steinke**, similarly leaves a slew of failed ventures in his wake ranging from unrehabilitated methane wells in the USA to being refused mining permissions in Spain.
- RECO engaged Namibian businessman **Knowledge Katti** who has **previously profited from the perception that Namibia has oil deposits and bragged about his ability to bribe Namibian officials in connection to oil, gas and mining operations**. The company claims it hired Katti for "media relations" but there is next to no evidence of this in the period Katti was employed.

Looting and Undisclosed Related Party Transactions

- RECO's acquisition of its Botswana stake and Renaissance Energy was an insider transaction which enriched major shareholder Craig Steinke. Steinke formed a Botswana JV with RECO, only to sell a 50% stake option to Renaissance. RECO later acquired Renaissance to reclaim that option leading to a CAD15m windfall for Steinke at current prices.

The Hype Men

- **The rise in RECO's share price has been accompanied by several shill pieces either commissioned by RECO or written by parties with a clear conflict of interest. These campaigns are clearly aimed at unsophisticated investors unfamiliar with oil and gas exploration.**
 - Every "analyst report" on RECO's website has been paid for by the company for favorable coverage.
- **RECO has spent, at least, in the high 6-digit figures promoting their stock through YouTubers and other unlicensed stock promoters.**
 - These include a FINRA-sanctioned broker who purports to measure the total percentage of shares sold short in order to engineer a short squeeze. This is not actually possible, and just a smokescreen to hide a paid-for shill.
 - **One such promoter hilariously claimed that Namibia has the prospect of being oil-rich because of "dinosaurs" – no joke.** This promoter was paid CAD120k in cash (not stock – shocker).

ESG Concerns

- **RECO has rightfully found itself at the center of an ESG and conservationist storm.**
 - RECO appears to be in breach of its water and waste management obligations, disposing of wastewater in unlined pits.
 - Water resources are only really significant to unconventional mining, which RECO cannot conduct, but given enough time, they will no doubt try. This will be an ESG disaster.

RECO is not only an overinflated oil and gas explorer, but one with no clear path forward and a penchant for publishing self-promoting press releases.

RECO is a clear example of a bad operator both on the ground and in the markets.



Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Reconnaissance Energy Africa Ltd, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

Viceroy Research LLC is not associated with any environmental activists.

Viceroy Research LLC has made this report available to the SEC, CSA, The UK SFO, The Namibian Government, BaFin and IIROC.

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1. Introduction

ReconAfrica is a junior oil and gas explorer founded in 2015 and reverse-listed onto the TSX in early 2019¹. The company is engaged in oil and gas exploration in northern Namibia and northwest Botswana but so far has fallen short of commercial discovery. RECO claims to have found a previously undiscovered oil and gas basin in the Okavango region but has little evidence and no independent studies to confirm this.

Nonetheless the company's share price has risen 1,600% in the past 12 months due to a concerted campaign of paid stock promotion and opaque press releases aimed at unsophisticated investors. The management team behind RECO have a colorful history including bribery, environmental damages and systemic overselling of early-stage oil and gas prospects.

RECO checks every box in the SEC's guidelines as to what constitutes an oil and gas scam, and in addition to these red flags we believe there is a near-zero chance of commercial success. The two wells drilled so far have been unsuccessful – we believe drilled solely to fulfil lease requirements.

2. Drilling Blind

Making up its mind

RECO is effectively “drilling blind”. **Even with creative license**, Sproule estimates that **the chance of commercial success to be just 3.3%. This is not a figure to be proud of, a figure of ~50% is considered good.**

(GCoS), as well as the chance of development (CoD) if a discovery is made, as described above. Sproule estimated the chance of discovery of the prospective resources to be 8.8 percent (Table 2). Combined with the above chance of development risk (37 percent), a 3.3 percent chance of commerciality (CoC) should be applied to the unrisks best estimate prospective resources volumes to reflect the risk for chance of commerciality prospective resources.

Figure 1 Sproule Report dated June 30, 2020

RECO's value proposition is its so-called exploration of the Kavango Basin, which they are conducting in an irresponsible and ineffective manner. The data the company currently is at an extremely early stage of basin evaluation and not sufficient for drilling exploratory wells.

The company has presented no information that could be used for well-based oil and gas exploration. Effectively RECO has integrated surface geology analysis, geochemical sniffing, and aeromagnetic data to indicate the **possibility** of a basin that **might justify** real oil and gas exploration.

We believe this severe overreaction is the equivalent to justifying a gold mine at a beach because a metal detector pinged.

Aeromagnetic data is the first step in exploration. The next step, which occurs before drilling, is to acquire a 2D seismic analysis in a grid over areas with the most interest. Industry experts consulted by Viceroy Research estimated a requirement of between 5,000 - 15,000km² of 2D seismic analysis for RECO's 24,341km² stake, which would take several years to acquire and process. The company is current acquiring just 450km².

Following 2D and 3D seismic analysis, an image of the subsurface can be used to confirm the model of the basin and more importantly find clear structural locations for well drilling.

¹ <https://reconafrika.com/wp-content/uploads/ReconAfrica-Press-Release-032919.pdf>



Unconventional methods

Since its inception, RECO has consistently marketed its exploration allotment as a potential shale (unconventional) play, highlights the drilling campaign is to confirm “organic rich shales”, showcases a scenario valuation based on shale, and commissions engineering reports on unconventional basis.

This is a massive problem.

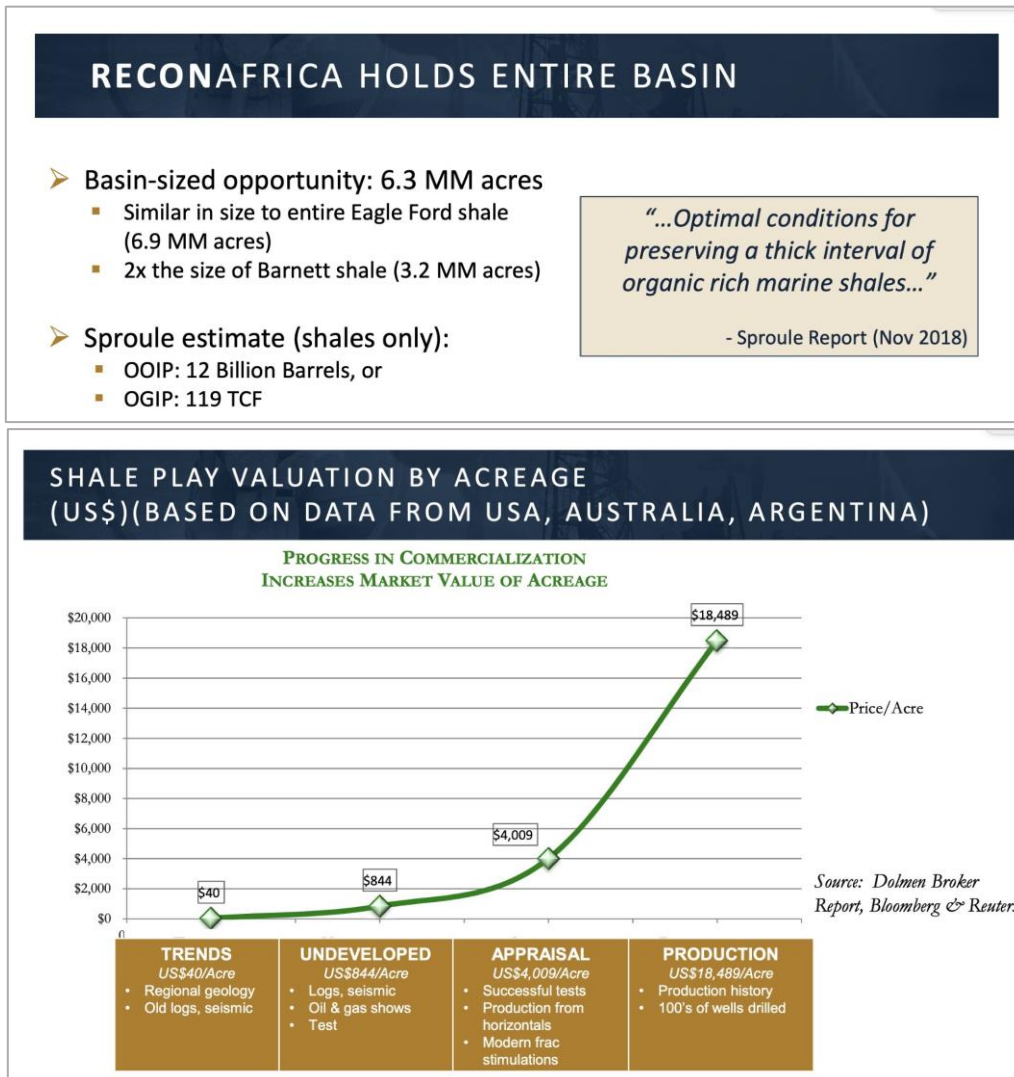


Figure 2 & 3 RECO Investor Presentation dated September 2019

Unconventional exploration is banned by the Namibian Government.

Namibia’s Petroleum Commissioner, Maggy Shino, confirmed to Viceroy “there is no way we will license RECO or any other company to carry out fracking or unconventional hydrocarbon exploration in Namibia”.

Among immense public backlash and obvious legal hurdles, RECO backflipped, stating they have no intention of extracting unconventional oil.

RECO continues to falsely market unconventional studies and scenario valuations to investors, without any corrections. It pays stock promoters to push this false narrative. RECO also has no engineering studies with any conventional basis.

To be clear: RECO does not have permission to conduct shale exploration in Namibia.



Convenient Conventional Backflip

Having an invalid engineering study, facing immense public scrutiny for unconventional promotion, and no geographic analysis: RECO announced April 15, 2021, that they had “clear evidence of a working conventional petroleum system”². This means a lot less than it seems. A petroleum system is any indication of oil or gas in an area, **excluding any economic considerations of exploration**.


What is a petroleum system? A petroleum system encompasses a pod of active source rock and all genetically related oil and gas accumulations. It includes all the geologic elements and processes that are essential if an oil and gas accumulation is to exist.

Figure 4 Extract from “Petroleum Systems by Leslie B. Magoon and Edward A. Beaumont

Drill deep enough in any basin on the planet and you will find a “petroleum system”. These press releases are akin to announcing RECO found a shell at the beach.

By comparison, BP’s Ghadames³ blocks in Libya required 30,000km² of 3D seismic, 5,500km² of 2D seismic and 17 exploration wells for an exploration area of 54,000km². **The total commitment was set at a minimum of US\$900m**. The data took several years to acquire and was never used due to the First Libyan Civil War⁴.

RECO board member and advisor **Shiraz Dhanani was BP’s geophysicist in Libya** and is **undoubtedly aware of the cost and time associated with proper exploration of RECO’s stake**. We note that Dhanani was appointed two weeks after RECO announced their drilling rig purchase, in which they state that they had already chosen their first drilling location⁵. Dhanani had no input over where they drilled.

 **Technical Director**
 BP · Full-time
 Jun 2004 – Mar 2009 · 4 yrs 10 mos
 London & Tripoli, Libya
 Technical Director, BP Libya: Leading a team of geoscientists evaluating new and frontier acreage access in Libya, part of a team negotiating and facilitating access, and providing support to the start-up of seismic and drilling operations.

Houston to the Port of Walvis Bay, Namibia. Once in Walvis Bay the rig will be transported over land by way of the paved highway directly to the Company’s Kavango Basin license area in NE Namibia. **It is anticipated the rig will be on the first drilling location in the Kavango Basin by the second half of June.**

Figures 5 & 6 Shiraz Dhanani LinkedIn Profile & RECO drilling rig purchase announcement^{6,7}

According to Westwood Global Energy Group, **commercial success rates for all exploration wells stood at 34% and wildcat drilling, the practice of exploring outside of known fields, has an estimated success rate of 10%**⁸.

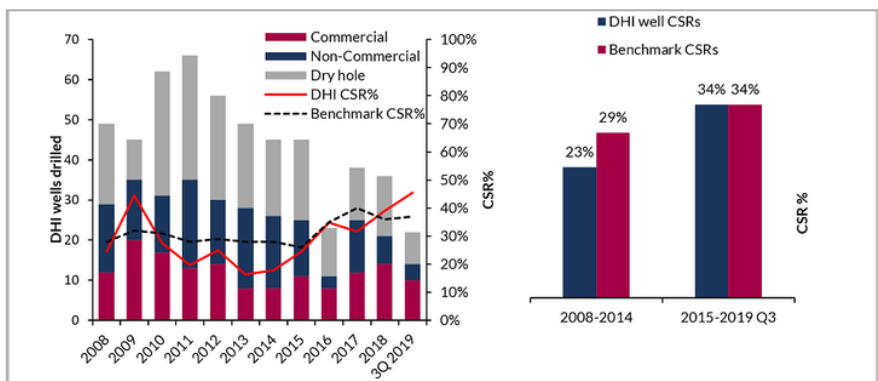


Figure 7 Success rates rise for DHI-driven exploration drilling

² <https://reconafrika.com/wp-content/uploads/ReconAfrica-Press-Release-041521.pdf>

³ Alternate spelling: “Ghadamis”

⁴ <https://www.wsj.com/articles/SB10001424052702303309504579182020273051800>

⁵ <https://securservercdn.net/198.71.233.72/jka.272.myftpupload.com/wp-content/uploads/ReconAfrica-Press-Release-020420.pdfv>

⁶ <https://www.linkedin.com/in/shiraz-dhanani-88b54052/?originalSubdomain=uk>

⁷ <https://securservercdn.net/198.71.233.72/jka.272.myftpupload.com/wp-content/uploads/ReconAfrica-Press-Release-020420.pdf>

⁸ <https://www.offshore-technology.com/features/wildcat-drilling-worth-the-risk/>



Well, Well, Well

Viceroy's belief is that the 3 "stratigraphic" wells drilled have virtually 0% chance for commercial discovery. Of the two wells drilled so far, both have come up dry and RECO's announcements have left out key information including:

- Any mention of mud logs, which are records of the drilling unit, subsurface geology and oil and gas encountered⁹.
- Any mention of drill depth.
- Any mention of hydrocarbon intercept depth.

We find RECO's omission of any mud log data to be a tacit admission of failure as these are easily readable and most companies include mentions of mud logs in their drilling updates¹⁰. RECO's prospectus laid out a budget for "mudlogging and communications" for both wells but have not mentioned them since.

Use of Proceeds	Approximate Amount under Minimum Offering (\$) ⁽¹⁾	Approximate Amount under Maximum Offering (\$) ⁽²⁾
First Well		
Mobilization of drilling rig to Namibia	936,110	936,110
Drilling single stratigraphic test well (35 days / 12,000 feet)	2,942,060	2,942,060
Mudlogging and communications (50 days)	133,730	133,730
Wireline logging	401,190	401,190
Sampling and analysis	133,730	133,730
Geological and project management consulting	267,460	267,460
Water supply well	28,083	28,083
Tubulars	208,619	208,619
Second Well		
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
Working capital	189,018	58,812
Total:	5,240,000	9,000,000

Figure 8 RECO Short-form prospectus dated July 29 2020¹¹

Our skepticism is shared by several in the oil and gas industry, some of which have already made their feelings known to the press, casting doubt on RECO's share price increases and the prospect of success.

ReconAfrica "certainly didn't provide any technical information . . . which could be evaluated independently or which could be used to value the resource. And yet we have a tripling of the share price," says Stephen MacSearraigh, an oil industry expert who did a World Bank study on corruption in the petroleum sector.

"They are aggressively pumping the stock price, but if the resource they're strongly hinting at isn't actually there, or isn't of the magnitude they're suggesting, this is a house of cards."

Until more data is made public, Totten says, "I think the public and local officials should remain cautious about the project".

Figure 9 Oil exploration company in Kavango wilderness 'misled investors' – the Namibian¹²

⁹ <https://www.slb.com/resource-library/oilfield-review/defining-series/defining-mud-logging>

¹⁰ https://polaris.brighterir.com/public/president_energy/news/rns/story/xq1elkw

¹¹ <https://www.sedar.com/GetFile.do?lang=EN&docClass=9&issuerNo=00008235&issuerType=03&projectNo=03091128&docId=4771907>

¹² <https://www.namibian.com.na/101948/read/Oil-exploration-company-in-Kavango-wilderness-misled-investors>



In an interview with Viceroy Research, Namibia's Petroleum Commissioner, Maggy Shino confirmed that the government had received cuttings and mud logs but these were proprietary data. We challenge RECO to release these logs to clarify the actual results of their drilling.

RECO has announced that it has planned 450km² of 2D seismic analysis¹³ with planning beginning in January 2021: too little, too late. We estimate this will take ~6 months to complete and cost ~CAD50m.

Accurate quotes are hard to come by for seismic analysis on an area this small. By the time 2D seismic data is available **RECO will have relinquished 75% of the original lease and only performed 2D seismic analysis over 1.03% of their original block.**

This approach of drilling blind was common in the 1940's to the 1960's among the oil and gas giants who had billions to burn; for a smaller company with limited cash and time this is last-ditch effort.

RECO's approach to exploration is at odds with industry practice and focused entirely on retaining its lease and issuing promotional press releases. Many industry experts agree that the company has a near-zero chance of finding a commercial deposit.

“Significant Partnering Potential”

RECO's cheerleading includes the ridiculous proposition that big oil is lining up to partner with them.

- **Catalyst-rich near term**

 - 1st of 3 wells spuds in Dec 2020
 - Drilling program to confirm active petroleum system
 - Significant partnering potential

Figure 10 RECO investor presentation – November 2020¹⁴

Industry partners will want to review well data and, given that RECO are not releasing this information (because the wells were failures), a partner proposition is ludicrous. Even if there were some positive early indications of a working petroleum system and they found a farm-in partner, the value of any industry-based deal would be at a tiny fraction of Recons value and (rightfully) destroy their valuation. The last thing RECO want is an industry valuation of their asset.

Joint Operating Agreement

RECO have tried to spin the recent signing of a Joint Operating Agreement with Namibia's oil company NAMCOR as a legitimizing action. In our interview with Namibia's Petroleum Commissioner, Maggy Shino clarified that "...its not only for this operation; it's a standard document that every license, 90 days after it has been issued...[parties] need to agree and come together with a JOA..."

To be abundantly clear: every explorer in Namibia has a “standard document” JOA with NAMCOR.

Just to touch on more recent press releases. What is the NAMGOV's obligation in regards to the JOA, and how does RECO interact with that.

The JOA is not unique to RECO operation. This is what you need to understand. Every license holder, if you look at the Namibian license map, both offshore and onshore, every license that is issued, by law, needs to have a JOA, which is an agreement that dictates the relationship between the venture partners, so the company operating under that license. In this case, this license we have RECO and NAMCOR. The JOA is the document that guides the relationship and how should they interact with each other, manage the license, and how – together with the NAMGOV – should the license be managed. So it's not only for this operation: it's a standard document that every license, 90 days after it has been issued, all JV partners need to agree and come together with a JOA which covers an operation.

Figure 11 Transcript of interview between Viceroy Research & Maggy Shino

¹³ <https://reconafrika.com/wp-content/uploads/ReconAfrica-Press-Release-011821.pdf>

¹⁴ <https://reconafrika.com/wp-content/uploads/ReconAfrica-Investor-Presentation-5-1.pdf>



3. A License to Drill

RECO's license requires them to forfeit 75% of the lease area by January 2022, at which time it is unlikely that the company will have enough data to decide which areas to keep, and which to relinquish.

RECO's main license is Petroleum Exploration License (PEL) No. 73, Kavango Basin (henceforth PEL 73) was acquired on January 25, 2015. PEL 73 covers an area of 24,341km² and is split into several exploration periods. In addition to the customary spending commitments and extensions, the license specifies relinquishment milestones when RECO must forfeit large parts of the license once milestones are met.

Initial exploration period (4 years)

- 4-year term with a possible one-year extension.
- Spending commitments of USD5m plus USD50k per year for the purpose of local training and education.
- In lieu of obtaining 500km² of 2D seismic data, RECO opted for the drilling and evaluation of 2 stratigraphic wells. This program was postponed due to "general market conditions".

First renewal period (2 years)

- 2-year period with a possible one-year extension. This first renewal period was announced to have started in December 2019, continuing to January 25, 2022¹⁵.
- Spending commitments of USD10m plus USD50k per year for the purpose of local training and education.
- Drilling and evaluation of the 2 stratigraphic wells postponed in the previous period.
- **Relinquishment of 50% of the license area at the end of the first renewal period or 60 days after completion of the 2nd well (forecast for the end of July 2021).**
- **Relinquishment of 25% of the license area no more than 30 days before the end of the first renewal period.**

Second renewal period (2 years)

- 2-year period with a possible one-year extension.
- USD10m in exploration expenses
- 200km² of 3D seismic analysis
- Drilling and evaluation of an initial delineation test.

While the company has been able to fulfil its commitments to their license, and the Namibian government has been supportive so far, **they are rapidly running out of time to do anything that would yield a commercial discovery.**

Regarding the company's Botswana lease, it appears that little to no exploratory work has been done whatsoever.

¹⁵ <https://reconafrika.com/wp-content/uploads/ReconAfrica-Press-Release-122419.pdf>



4. The Sproule Report

The Sproule report is a work of geo-fantasy; completely unsupported by any data from wells or seismic analysis. Sproule even acknowledge that their work on the basin is a work of fiction with no real application:

These resources have not yet been discovered and there is no certainty that any portion will be discovered. Even if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Figure 12 Sproule Report dated June 30, 2020

For those who have not been following the story, RECO commissioned reserve auditors Sproule International Limited for the creation of a report estimating the resources of their Namibia lease in 2018. This report was updated in July 2020 to include the newly acquired Botswana lease. Note that at this time no wells had been drilled; Sproule were operating off RECO's assumptions.

As mentioned above, **Sproule estimate RECO's chances of commercial success at just 3.3%.**

(GCoS), as well as the chance of development (CoD) if a discovery is made, as described above. Sproule estimated the chance of discovery of the prospective resources to be 8.8 percent (Table 2). Combined with the above chance of development risk (37 percent), a 3.3 percent chance of commerciality (CoC) should be applied to the unrisks best estimate prospective resources volumes to reflect the risk for chance of commerciality prospective resources.

Figure 13 Sproule Report dated June 30, 2020

The report is based on extrapolation from potential analogues from other basins unsupported by any real data. In some cases, these basins are not even on the same continent. This applies to both the Namibian and Botswanan leases.

Gas/Oil Saturation

Sproule could not find any information about hydrocarbon saturation in the Karoo Basin. To build a saturation distribution, Sproule used internal data and general knowledge of similar deposits in North America such as the Montney, Bakken, Eagle Ford, and Niobrara.

Figure 14 Sproule Report dated June 30, 2020

Experts consulted by Viceroy stated that these calculations would be done at the preliminary stage for internal use only. They stated that they **could not believe that an external reserves auditor would produce a report such as this.**

The report states clearly that **there are no reserves on the block** and that there can be **no contingent resources as both require the discovery and testing of hydrocarbons.** While this is clearly visible in the report the company has chosen to highlight the massive imaginary volumes and downplay the significant risk of inaccuracy.

The report is at odds with Sproule's other work which is generally based on drill records and real data¹⁶. The Sproule report is a work of geofantasy and little more than a veneer of legitimacy on RECO's guesswork.

¹⁶ https://www.ledevoir.com/documents/pdf/rapport_sproule_bourque.pdf



Unconventional Resources

The Sproule report is based on **unconventional** resources, which is to say resources that require fracking to exploit. Meanwhile RECO has always asserted they are exploring for conventional resources; fracking is banned in Namibia and the Botswanan government has denied that RECO is approved for fracking¹⁷:

BOTSWANA claims that no mining, drilling or fracking activities are taking place in its protected areas of Tsodilo Hills and the Okavango Delta.

This was detailed in a statement issued by the country's ministry of mineral resources, green technology and energy on Wednesday.

Mines permanent secretary Mmetla Masire said the ministry was concerned about misleading information regarding Reconnaissance Energy Botswana's (Recon Botswana) exploration in the Okavango Delta area.

"Recon Botswana was issued an exploration licence under the Petroleum Act to explore for petroleum in the North West District of Botswana by the ministry on 1 June 2020 for a period of four years.

Figure 15 The Namibian – Botswana Denies Fracking Claims – Feb 11, 2021

RECO's website states that is targeting conventional resources:

ReconAfrica is targeting conventional hydrocarbon reservoirs with source rocks in the hydrocarbon prone deposits within the Karoo Group of the main Karoo Basin in South Africa. These organic rich intervals within the Main Karoo Basin are the Prince Albert, Whitehill and Collingham, and all of the Lower Ecca Group.

Figure 16 ReconAfrica – Kavango Basin¹⁸

While the Sproule report is based on unconventional resources:

The undiscovered PIIIP and prospective resources included in this report represent the unconventional (tight gas, shale gas and tight oil) resources on the Company's lands and do not include potential conventional prospective resources. There could be additional potential conventional hydrocarbon accumulations on Company lands that will be better defined after drilling one or several wells on the Company lands.

Figure 17 Sproule Report dated June 30, 2020

Separate to ESG concerns and shadow director Craig Steinke's disastrous environmental record, which we touch on later in this report, is that the Sproule report is based on the wrong type of resource in a basin that may not exist based on assumptions with no supporting evidence. **RECO intends to use these findings to underpin their exploration and raise capital.**

¹⁷ <https://www.namibian.com.na/208619/archive-read/Botswana-denies-fracking-claims>

¹⁸ <https://recon africa.com/operations/kavango-basin/>



5. The “Kavango” Basin

The center of RECO’s operations is the Kavango basin. The basin itself was identified by RECO’s Bill Cathey in 2018 by reinterpreting legacy data gathered in 2015. All mentions of the Kavango basin prior to this relate to the region’s water table.

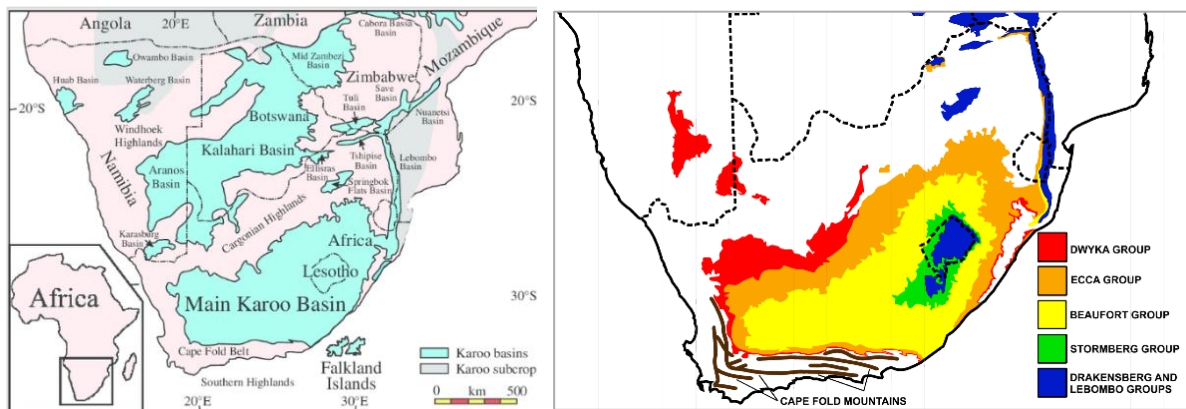
The Kavango Basin was discovered during a Werner inversion of the regional high-resolution aeromagnetic survey obtained by Reconnaissance as a legacy data set when the contract was signed. Bill Cathey of Earthfield Technology (Houston) performed the inversion

Figure 18 Why Not Both Conventional and Unconventional Exploration in Sub-Saharan Africa? By James Granath and William Dickson¹⁹

We find it interesting that every proponent of the Kavango basin’s existence works for RECO: there is not a single study or mention of the basin that does not originate from RECO or its directors and management.

The company is claiming the existence of a “previously unrecognized” Karoo basin. RECO believes, **with no real supporting evidence**, that this basin will be equivalent to that of the Lower Ecca Group in South Africa.

To Viceroy’s knowledge, **there has never been a suggestion of such a deposit in the area.** Even Sproule, RECO’s reserve auditor, note that at best they find “this concept to be reasonable” in a section peppered with qualifying language.



As per the Company’s concept, the formational equivalents to the Lower Ecca Group will be preserved in the untested deeper portions of the Kavango Basin. The Company suggests that these target sediments lie in a previously unrecognized Karoo Basin along major trans-African lineaments that link northeast Namibia to the better-known Karoo rift basins in eastern Africa. After reviewing the available data and literature, Sproule found this concept to be reasonable.

Figures 19, 20 & 21 Illustrations of the Karoo Basin and its associated groups & Sproule Report²⁰

What we believe is more likely is that RECO’s lease is on the Owambo basin, which was explored in the 1960’s with some operations today²¹. RECO’s neighbour²² Monitor Oil and Gas state clearly that they are operating in the Owambo basin.

¹⁹ https://www.searchanddiscovery.com/documents/2018/30551granath/ndx_granath.pdf

²⁰ *The distribution of the Karoo basins containing upper Paleozoic strata in southern Africa* (from Catuneanu et al., 2005)

²¹ <https://www.geoexplor.com/articles/2019/10/the-hydrocarbon-potential-of-onshore-namibia>

²² https://www.namcor.com.na/wp-content/uploads/2020/06/Lic_Map_01112019-Received-22012020.pdf

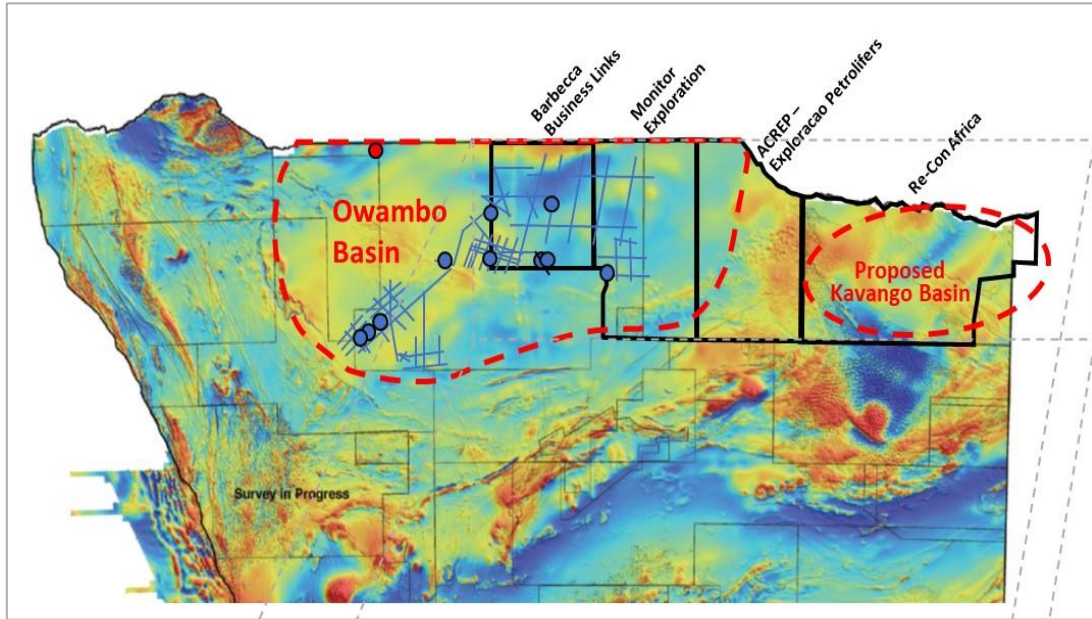


Figure 22 Aeromagnetic dataset with wells and 2D Seismic data, annotations added

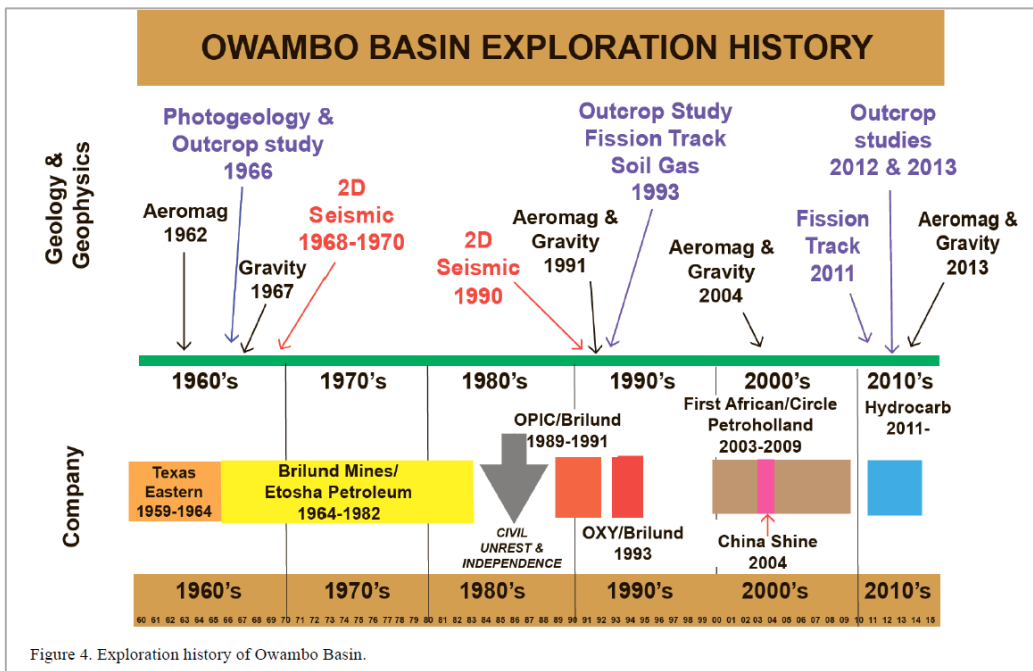
Even Namcor, Namibia's national oil company, delineates the entire region as part of the Owambo basin in a March 2020 slideshow.

	<p>Basic Information</p> <p>Blocks 1717 and 1817</p> <p>Area 17,000 km²</p> <p>Location Africa onshore North Namibia Owambo Basin</p> <p>Petroleum Agreement Since October 2018 75% MEL 15% Local partner 10% State oil company</p> <p>Duration 4 years + 2 year ext + 2 year ext</p> <p>PEL 93</p>	<p>Sedimentary Basins</p>
--	---	----------------------------------

Figures 23 & 24 Monitor Exploration Owambo Basin Page & Namcor APPEX 2020 presentation ^{23,24}

The reason behind this rebranding of the basin is clear: despite what RECO tells investors, this part of Namibia has been extensively prospected, in particular after the 1960's during South Africa's oil embargo.

²³ <https://www.monitorexploration.com/owambo-basin-project/>
²⁴ http://www.internationalpavilion.com/APPEX2019/APPEX_2019_Namibia.pdf



OPERATOR	WELL NAME	DATE	TD (meters)	FORMATION	RESULT
Etoshia Petroleum	Strat Test #1	1964	1878	Mid-Owambo	Dry hole
Etoshia Petroleum	Etoshia West #1-1	1970	1584	Lower Owambo	Dry hole
Etoshia Petroleum	Etoshia West #2-1	1970	1228	Tschudi	Dry hole
Etoshia Petroleum	Etoshia West #5-1A	1970	2509	Upper Otavi	Dry hole**
OPIC	Oponono-1	1991	700	L. Owambo?	Dry hole

* one test to uppermost part of targeted reservoir horizons in entire basin
 **while waiting for larger rig to drill deeper, after one year of unsuccessful waiting, prior to abandonment, approximately 40-50 gallons of oil discovered in wellbore.
 Historical and recent (2012) analyses indicate that oil is biodegraded crude from a carbonate source rock and is inconsistent with diesel or any refined products

Figures 25 & 26 Integrated Exploration of the Owambo Basin, Onshore Namibia²⁵

~12 wells have been drilled and 2000km² of 2D seismic undertaken in the Owambo basin, with no success²⁶.

Recent RECO presentations have also presented the following cross-section of the license area:

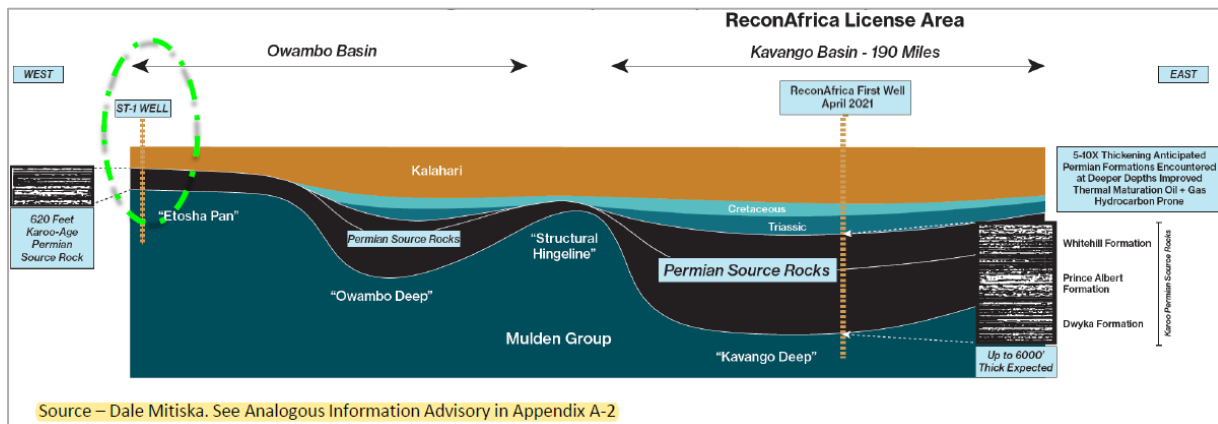


Figure 27 RECO License Area cross-section

²⁵ Note that the list of wells refers only to HC wells

²⁶ http://www.internationalpavilion.com/APPEX2019/APPEX_2019_Nambia_Ansgar.pdf



The implication is that Dale Mitiska or his firm Lamplight Oil & Gas are independent, but as late as January 22, 2021, Mitiska was a part of RECO's Technical Team²⁷. The above figure originally appeared in a presentation dated November 2020²⁸, when Mitsika was an insider.

RECO's own marketing materials are rife with qualifying language stating clearly that these "facts" are not facts at all, but projections, interpretations and estimates based on legacy data:

"Certain resource estimate volumes disclosed herein and in the Sproule Report are arithmetic sums of multiple estimates of UUIIP and prospective resources, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained under this Resource Definitions section.

In this presentation, the Company provides certain historical information concerning reserves or resources, estimates of the volume of reserves or resources, production estimates, historical production amounts, well tests and other information relating to areas in geographical proximity to the Company's property interest, which may be "analogous information" as defined by applicable securities laws. This analogous information is derived from publicly available information sources that the Company believes are predominantly independent in nature and for which references to such information sources have been provided in such sections. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with the COGE Handbook. In addition, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. The Company believes that the provision of this analogous information is relevant to the Company's activities, given its ownership interests and operations (either ongoing or planned) in the areas in question, however, readers are cautioned that there is no certainty that any of the Company's activities in these areas will be successful to the extent in which operations in the areas in which the analogous information is derived from were successful, or at all. Such information is not an estimate of the reserves or resources attributable to the lands held or to be held by the Company and there is no certainty that the reserves and resource data and economics information for the lands held or to be held by the Company will be similar to the information presented herein."

Certain resource estimate volumes disclosed herein and in the Sproule Report are arithmetic sums of multiple estimates of UUIIP and prospective resources, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained under this Resource Definitions section.

In this presentation, the Company provides certain historical information concerning reserves or resources, estimates of the volume of reserves or resources, production estimates, historical production amounts, well tests and other information relating to areas in geographical proximity to the Company's property interest, which may be "analogous information" as defined by applicable securities laws. This analogous information is derived from publicly available information sources that the Company believes are predominantly independent in nature and for which references to such information sources have been provided in such sections. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with the COGE Handbook. In addition, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. The Company believes that the provision of this analogous information is relevant to the Company's activities, given its ownership interests and operations (either ongoing or planned) in the areas in question, however, readers are cautioned that there is no certainty that any of the Company's activities in these areas will be successful to the extent in which operations in the areas in which the analogous information is derived from were successful, or at all. Such information is not an estimate of the reserves or resources attributable to the lands held or to be held by the Company and there is no certainty that the reserves and resource data and economics information for the lands held or to be held by the Company will be similar to the information presented herein.

Figure 28 RECO Kavango Basin presentation dated June 2021²⁹

There is limited independent evidence of the existence and nature of the Kavango basin despite extensive exploration activities in the past.

²⁷ <https://web.archive.org/web/20210122122104/https://reconafrika.com/about/technical-team/>

²⁸ <https://reconafrika.com/wp-content/uploads/ReconAfrica-Investor-Presentation-5-1.pdf>

²⁹ <https://reconafrika.com/wp-content/uploads/ReconAfrica-Investor-Presentation.pdf?fbclid=IwAR0Xy-ELVI5gsKI9Us83iIM8zXaO9Df21NC6c2-dHukZvNzmfTk2fb4nudl0>

6. ESG

We encourage readers to read the **fantastic investigative journalism below from Jeffrey Barbee and Laurel Neme at the National Geographic**. We will do our best to briefly summarize some of their findings and tie it back to our research.

<https://www.nationalgeographic.com/animals/article/oil-company-reconafrika-accused-of-ignoring-communities-concerns>

RECO's licensed prospecting areas **encompass vast areas of the Okavango Delta and surround the Tsodilo Hills World Heritage Site**. It is home to endangered wildlife including Africa's largest remaining population of the endangered Savanna Elephant.

By Namibian law, RECO was required to manage drill cuttings, which are the runoff waste from test drilling, so that they do not seep back into the ground via lined pits. **NatGeo investigations show this was not the case:**



Figure 29 Extract from "Test drilling for oil in Namibia's Okavango region poses toxic risk" – National Geographic – Mar 13, 2021³⁰

The major implication of RECO's obsession with promoting water resources is that water resources are only really significant to unconventional mining, which RECO cannot conduct, but given enough time, they will no doubt try.

The Capitalists

Viceroy Research extensively detail in our report:

1. RECO's vivid imagination and ludicrous forecasts for the Kavango Basin, which they seem to have made up. **(Sections 1 – 4)**
2. The basis of RECO's imaginary aspirations is based on the fracking on the delicate environment, as evidenced in the Sproule Report and NatGeo investigations. **(Section 3)**
3. Management's paid shilling of RECO stock to unsophisticated investors, and shameless compensation structure. **(Section 6)**
4. The trail of destruction that follows senior RECO personnel in previous ventures, particularly Steinke and Park. **(Section 7)**

Viceroy strongly believe that left to this 3rd rate management team, RECO's environmental consequences will be severe, and (like Steinke's previous ventures), Namibia & Botswana will be left holding the bag.

³⁰ <https://www.nationalgeographic.com/animals/article/test-drilling-oil-namibia-poses-water-risk>



7. The Hype Men

Two factors are responsible for RECO's extraordinary retail interest and fast-and-loose operations:

1. The retainer of controversial Namibian businessman Knowledge Katti, who privately brags about using political connections to "do the magic" with government officials and previously profited from the perception that Namibia has oil deposits; and
2. An apparently bottomless stock-promotion slush-fund, employing crooked analysts, stock promoters, YouTubers, and ClickBait masters to promote 1,000%+ stock price targets.

This strategy has clearly paid off, duping unsophisticated investors into sending the company's share price soaring.

Knowledge Katti – Doing the Magic

In 2017, a joint investigation by The Namibian and the amaBhugane Centre for Investigative Journalism shed light on the underhanded deals and puppeteering of Namibian oil fields by Namibian businessman Knowledge Katti, a friend of now-Namibian President Hage Geingob.

Leaked emails from Katti show that he used political connections to push through plans to flip oil blocks for a quick payday. Emails suggest Katti greased politicians to ensure the government did not pull concessions:

The two partnered in a company registered in September 2005 called the Namibia Industrial Development Group (NIDG), which included Mbetse's Industrial Development Group with 70%, and two Katti-owned companies, Cumoxi Investments and Knowledge Resources, which had 30%.

Former mines minister Erkki Nghimtina announced on 23 September 2006 that a black-owned empowerment firm, the NIDG, had been awarded exploration rights on onshore blocks 2815, 2195 and an offshore block, 2816, to prospect for oil in Namibia with a three-year licence.

The joint venture was on the verge of losing three oil blocks in June 2008 because it had not paid licence fees, and also failed to carry out exploration work.

The government gave the company until August 2008 to invest, or risk losing the concessions.

In an email to his South African partners, Katti suggests that he would convince the government not to cancel the NIDG's exploration licence.

"I will hit them with the following: I will announce the UNX-Cumoxi deal immediately. Then use some funds to work the magic."

Figure 30 Extract from *The Namibian* - Katti's 'magic' leaked – Aug 18, 2017³¹

The exposé also details bills Katti paid on behalf of Geingob when he was trade minister, and large transactions with several ministers:

³¹ <https://www.namibian.com.na/168262/archive-read/Katti&39s-&39magic&39-leaked>



The ACC also investigated Mulunga for receiving close to N\$2 million from Katti between 2009 and 2010.

The prosecution alleges that the price of the scanners was inflated to facilitate the company's payment of a 'commission' of at least US\$12,8 million (over N\$120 million) to a close corporation owned by Lameck. She pleaded not guilty.

Weekly newspaper Informanté reported in 2009 that some of the N\$120 million was laundered to the bank accounts of several people, including Katti. He reportedly admitted receiving N\$500 000 from Lameck, saying it was meant to repay money he had loaned her.

Katti also reportedly paid N\$200 000 towards Geingob's medical bills and airfares when he was trade minister – a payment the Presidency confirmed, but said he declared to parliament.

Figures 31, 32 & 33 Extract from The Namibian - Katti's 'magic' leaked – Aug 18, 2017

Make of it what you will. Katti's latest "consulting" arrangement was exposed by The Globe and Mail to be with RECO:

In Mr. Park's latest venture, analysts have pointed to a different kind of connection between the oil company and the government. ReconAfrica has confirmed that last year it retained the services of a controversial Namibian businessman, Knowledge Katti, who has been the frequent subject of local media reports for his close links to senior Namibian officials, including President Hage Geingob.

In an interview with The Globe, Mr. Park initially said ReconAfrica had no involvement with Mr. Katti. But a company spokesperson later said Mr. Katti was "briefly engaged as a media relations consultant for ReconAfrica in Namibia, starting in October 2020" and no longer has any business relationship with the company.



Jay Park, shown in Calgary in 2006, is one of the Canadian founders of ReconAfrica.

TODD KOROL/THE GLOBE AND MAIL

Figure 34 As Calgary's ReconAfrica drills for Namibian oil, a global outcry over endangered elephants grows – The Globe and Mail³²

Given J. Jay Park's run in with bribery scandals in the past which we detail in Section 8, this is not shocking. What is shocking to us is how RECO played dumb when asked of their association with Katti, then claimed that Katti was engaged as a "media relations consultant".

We question what "media relations" consulting Katti did: the only mention of RECO involving Katti in the October 1, 2020 to May 28, 2021 period we could find are 2 retweets and 1 post mentioning RECO on his @knowledgekatti Twitter profile.

We believe that any consulting relationship with Katti was entered into with full knowledge of his political "magic" – it is not a secret. As we detailed above, the association raises significant doubt to the veracity of objective due diligence undertaken by government stakeholders, who hold a precious and delicate environment in their hands. We challenge RECO to disclose the KYBC and AML checks conducted prior to entering to the consulting relationship with Katti.

³² <https://www.theglobeandmail.com/business/article-as-calgarys-reconafrika-drills-for-namibian-oil-a-global-outcry-over/>



Dinosaurs, Rockets & Blatant Stock Promotion

Bull-Markets

As with any overhyped mining play, there is a chorus of stock promoters at the trough amplifying RECO's starry-eyed fiction. These schemes target unsophisticated investors with no experience in the energy space.

RECO have already run into issues with regulators over a German-language pump piece authored by (we kid you not) Bull Markets Media GmbH³³.

The pump piece was so successful RECO had to address unusual trading activity on the publication. Initially, RECO announced it had no idea why trading volumes spiked. RECO was then immediately "requested" by the Investment Industry Regulatory Organization of Canada (IIROC) to disclose a **CAD120k payment for a year-long "public relations" campaign** (which RECO did not think was relevant to "business affairs").

January 17, 2020 – Vancouver, BC – Reconnaissance Energy Africa Ltd. (the "Company" or "ReconAfrica") (TSX-V: RECO) (OTC: LGDOF) (Frankfurt: 0XD), at the request of the Investment Industry Regulatory Organization of Canada ("IIROC"), announces that, on January 14, 2020, the Goldherz Report, a German investment publication, published a Company-sponsored article in the German language which provides a corporate overview of the Company and reports on its activities in northeast Namibia to date.

A copy of the original German article is posted on the Goldherz Report website (Link: <https://www.goldherzreport.de/sonderausgabe-nr12020>). The Company has posted an English translation of the original German article on its corporate website (Link: www.reconafrika.com). The Company confirms that the German article does not contain any undisclosed material information pertaining to the business and affairs of ReconAfrica.

The article was published as part of a European public relations campaign that is being conducted by Bull Markets Media GmbH ("Bull Markets") on behalf of the Company. Bull Markets is a leading German online publishing house focused on providing information services about small cap investment opportunities. The arrangement with Bull Markets is for an initial term of twelve months, which expires in September 2020. The Company agreed to pay Bull Markets a sum of Cdn\$120,000 in connection with the public relations campaign. The arrangement with Bull Markets is subject to and conditional upon the approval of the TSX Venture Exchange.

As disclosed in its press release dated January 15, 2020, the Company reported experiencing an unusual amount of trading activity during the course of the trading day on January 14, 2020 and advised that there has been no material changes in relation to its business affairs, operations or assets which has not been previously disclosed that would have caused such trading activities.

Figure 35 ReconAfrica provides response to IIROC request³⁴


The piece itself contains several "hints" that it is intended for unsophisticated investors. Bull Markets report suggests the prospects for oil in Namibia are high because of Dinosaurs:

You will understand better why I believe in Namibia's oil-rich future.

It's all about dinosaurs.

You have read correctly, oil is, as we know, from the remains of dinosaurs.

ARD explains the formation of oil on Youtube



It is known that oil comes from peat, and the peat comes from the processed organic remnants of what was once alive: **animals and plants.**







Figure 36 Gunther Goldherz Special edition 1/2020 – The oil of the dinosaurs (translated)

³³ <https://secureservercdn.net/198.71.233.72/jka.272.myftpupload.com/wp-content/uploads/Goldherz-Report-ReconAfrica-January-2020.pdf>

³⁴ <https://secureservercdn.net/198.71.233.72/jka.272.myftpupload.com/wp-content/uploads/ReconAfrica-Press-Release-011720.pdf>



Valuethemarkets.com, the trading name of UK firm Digitonic Ltd, have produced a series of overenthusiastic pump pieces about or mentioning RECO, the latest of which states that it was paid USD250k thus far for their work. The promotional drive appears to have started on September 30, 2020. On that same day RECO shares started trading on the OTCQX exchange under the ticker RECAF³⁵.

 <p>ReconAfrica's share price soars 1,881% in a year! Is there further upside? May 6, 2021</p>	 <p>ReconAfrica: The Key To Unlocking 120 Billion Barrels Of Oil Potential In The Kavango Basin Oct 9, 2020</p>	 <p>ReconAfrica - Opening Up One Of The Largest Onshore Hydrocarbon Basins In The World Sep 30, 2020</p>
 <p>Left for dead: Are oil and gas stocks preparing to soar in 2021? Feb 16, 2021</p>	 <p>Did The Majors Miss The Last Great Onshore Oil Discovery? Jan 22, 2021</p>	 <p>Unlocking One Of The Last Undeveloped Onshore Oil Basins In The World Jan 21, 2021</p>

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Figures 37 & 38 valuethemarkets.com

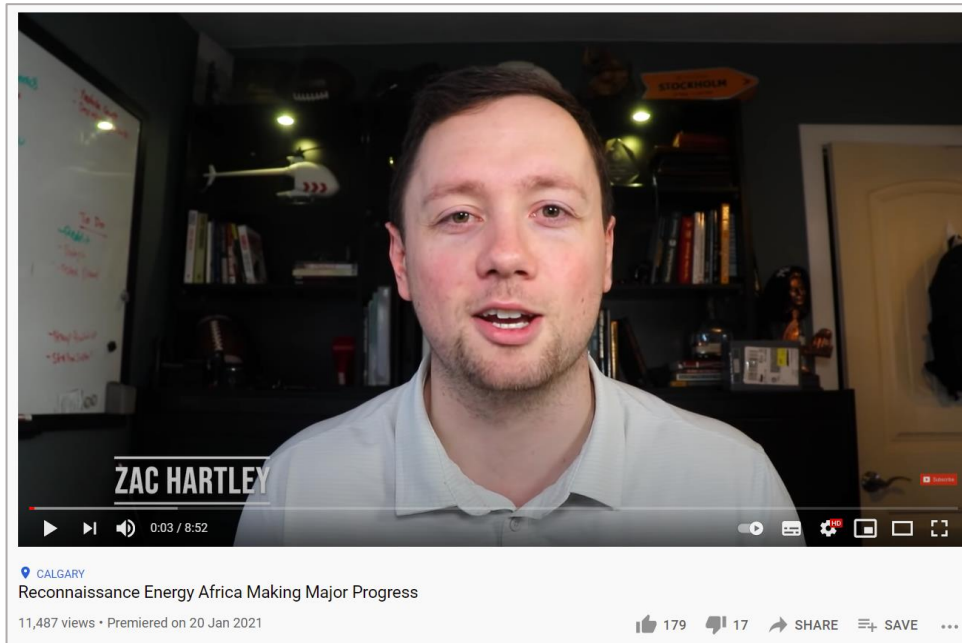
Note that this amount differs from article to article, clearly showing that RECO is actively soliciting promoters to pump their stock price through paid advertisements.

³⁵ <https://reconfrica.com/wp-content/uploads/ReconAfrica-Press-Release-093020.pdf>



YouTube-ing

To capture the day-trading retail crowd, Digitonic enlisted YouTube user Zac Hartley to pump the stock on his channel for the low price of CAD1,000 (the currency is not specified but based on his location in Calgary we assume CAD).



IMPORTANT NOTICE AND DISCLAIMER

This video is a paid advertisement from ValueTheMarkets t/a Digitonic Ltd on behalf of Reconnaissance Energy Africa Ltd., the profiled company. In this case, the creator of the video has been paid in cash in the amount of \$1000 to create it. This video was published in [20 January 2021] and the information shared here may become outdated shortly after publication. The individual appearing in the video is not a financial or tax advisor, a CPA or a finance or accounting professional.

Figure 39 Reconnaissance Energy Africa Making Major Progress – Zac Hartley³⁶

Newsletters

RECO also engaged the services of **disgraced broker Thomas C Ronk** through his “newsletter” at buyins.net which purports to monitor short selling and naked short selling of a specific security intending to engineer a short squeeze. Having asked many market participants, many found this to be technically impossible. Ronk received ~USD40k for his services which include advertising.

Ronk’s license was suspended by FINRA in 2002³⁷ for failing to pay a USD50k fine relating to undisclosed trading.

BUYINS.NET affiliates, officers, directors and employees have not bought shares of stock discussed in this opinion but ReconAfrica has paid BUYINS.COM \$3,333 per month for data provided in 12 monthly reports and advertising services. Market commentary provided by Tom Ronk.

INVESTMENTS & TRADING

- SqueezeTrigger – 40 billion cell database tracks EVERY short sale (not just total short interest) in all US stocks and calculates volume weighted price that a short squeeze will begin in each stock
- Earnings Edge – predicts probability, price move and length of move before and after all US stock earnings reports
- Seasonality – predicts probability, price move and length of move based on exact time of year for all US stocks
- Group Trader – tracks sector rotation and stock correlation to its sector and predicts future moves in ALL sectors and industry groups
- Pattern Scan – automates tracking of every technical pattern and predicts time and size of move in all stocks
- GATS (Global Automated Trading System) – tracks all known trading strategies and qualifies and quantifies which are working best in real time

Figure 40 RECO/RECAF SHORT SELLERS – Buyins.net dated May 25, 2021³⁸

³⁶ <https://www.youtube.com/watch?v=mFH4wnnBI90>

³⁷ <https://brokercheck.finra.org/individual/summary/2293671>

³⁸ <https://www.buyins.com/reports/recaf5-25-21.pdf>



Analysts for Hire

RECO's "Analyst Reports" page on its website features only two firms: Haywood Securities and Quester Advisors. Haywood Securities make the following disclosures showing significant conflicts of interest:

- ◆ The Analyst(s) preparing this report (or a member of the Analysts' households) have a financial interest in ReconAfrica (RECO-V).
- ◆ As of the end of the month immediately preceding this publication either Haywood Securities, Inc., one of its subsidiaries, its officers or directors beneficially owned 1% or more of ReconAfrica (RECO-V).
- ◆ Haywood Securities Inc. or one of its subsidiaries has managed or co-managed or participated as selling group in a public offering of securities for ReconAfrica (RECO-V) in the last 12 months.
- ◆ Haywood Securities, Inc. or one of its subsidiaries has received compensation for investment banking services from ReconAfrica (RECO-V) in the past 12 months.

Figure 41 Haywood Securities RECO Important Disclosures³⁹

Haywood securities analysts and managers have been involved in several misdemeanors including:

- **Failing to detect pump and dump schemes, all of which were junior oil and gas explorers**⁴⁰: Sun Cal Energy Inc, Fox Petroleum Inc and Petrosouth Energy.
- Inappropriately investing a widow's funds into junior mining stocks causing a loss of half her investment⁴¹.
- Failing to observe Know Your Client rules, effecting trades in client accounts without authorization⁴².
- An upcoming hearing for an advisor accused of engaging in excessive trading in client accounts not within the bounds of good business practices⁴³.

Haywood have also assigned the Kavango Basin a 27% chance of commercial success without justification.

	Field Interest	Oil mmbbl ¹	Unrisked \$/boe	Unrisked USSMM ²	Risk Factor CoC% ³	Riskd USSMM	Riskd C\$/share ⁴
Exploration Assets							
Kavango Basin							
Namibia - aggregate working interest	90%	831					
Botswana - aggregate working interest	50%	212					
Total net mmbbl		1,044	\$6.39	\$6,672	27%	\$1,801	\$12.50

Figure 42 Haywood Securities – Exploration Agreement with NAMCOR a Positive⁴⁴

The other firm, Quester Advisors, has only one report with the following disclosures:

Important disclosures

The recommendations and opinions expressed in this report accurately reflect the author's personal, independent and objective views about any and all the companies and securities that are the subject of this report.

This report was commissioned by ReconAfrica. No part of the author's compensation was, is, or will be, directly or indirectly, related to the views expressed in this report.

Figure 43 Namibia: Africa's next oil and gas frontier awaits – Quester Advisors

Quester Advisors appears to be a one-woman show run by former Canaccord Genuity analyst Jenny Xenos, and the author of the report is listed as "jenny" in its document properties. Xenos had previously covered Renaissance Oil at Canaccord, where she assigned a CAD0.80 per share target price. This was never achieved.

This concerted effort to shape investment in RECO as a "sure thing", especially targeting unsophisticated investors, is a clear sign that **RECO is aiming to entice those without the depth of knowledge required to analyze their investment.**

³⁹ <https://secureservercdn.net/198.71.233.72/jka.272.myftpupload.com/wp-content/uploads/Haywood-Report-Jun-3-2021.pdf>

⁴⁰ <https://www.pressreader.com/canada/vancouver-sun/20111203/289553811752306>

⁴¹ <https://www.pressreader.com/canada/stockwatch-daily/20190325/281492162659239>

⁴² <https://www.investmentexecutive.com/news/from-the-regulators/former-haywood-broker-fined-40000-for-breach-of-kyc-rule/>

⁴³ https://www.iiroc.ca/Documents/2021/2aacdf8c-3153-4b40-a9f5-4f9b389de0c7_en.pdf

⁴⁴ <https://reconafrika.com/wp-content/uploads/Haywood-Report-June-14-2021.pdf>



8. Management: Bribes, Shadow Directors, Incompetence

Viceroy was entirely unsurprised to find checkered histories and a slew of failed oil ventures in the wake of RECO management. This is a *summary* of our findings. We will make the entirety of our findings available to regulators.

J. Jay Park – Chairman & Former CEO

Griffiths Energy International – Bribery of Chad Ambassador

Park was formerly director of LSE-listed Caracal Energy (formerly **Griffiths Energy International**)⁴⁵. Griffiths Energy plead guilty to bribing foreign officials in Chad to obtain oil licenses. **The bribe was transferred through Griffiths' law firm, MacLeod Dixon, where Park was a senior partner, and stopped by the UK's Serious Fraud Office.**

In early 2011, Griffiths Energy hired a small team of Calgary-based lawyers at Macleod Dixon led by Jay Park as its outside counsel. Norm Steinberg, global chairman of Norton Rose, confirmed that the Calgary office did transfer the \$2-million payment to the Chadian ambassador's wife, but he said the lawyers thought they were paying a long-standing consultant.

Figure 44 Bay Street law firms advised Griffiths on Chad deal⁴⁶

Griffiths announced it intended to produce 23,000bbl/d by the end of 2013, and 36,000bbl/d by the end of 2014. In April 2014 Glencore acquired Caracal Energy for ~GBP800m⁴⁷, it was a massive failure. Glencore has had their Chadian assets up for sale since mid-2019 and cannot find a buyer at ~10,000bbl/d.

Park appears to have been quietly forced out of Norton Rose (who acquired MacLeod Dixon prior to the conclusion of the bribery case), and subsequently established Petroleum Regimes Advisory (**PRA**), a law firm advising oil companies in Africa.

UN Sanctions Investigation & UK Serious Fraud Office Investigation

PRA was quickly involved in a case with UN sanctions experts who questioned Park's conflict of interest acting as an advisor to the Somali government, while being concurrently paid by British company Soma Oil and Gas, which was actively negotiating an oil and gas contract with Somalia. Park was paid nearly half a million dollars by Soma, triggering an investigation by the UK's Serious Fraud Office.

The monitors also queried why “despite the apparent conflict of interest”, Soma had paid nearly half a million dollars to J. Jay Park, a Canadian lawyer who was acting as an official legal adviser to the Somali government when it was negotiating its contract with the British company.

According to the report, Soma confirmed to the monitors that it had paid Park's firm, Petroleum Regimes Advisory (PRA), but said it did so because the Somali government was unable to cover its own legal fees.

Figure 45 Glencore in spotlight over £800m African oil deal – The Times⁴⁸

⁴⁵ <https://www.lseg.com/markets-products-and-services/our-markets/london-stock-exchange/equities-markets/raising-equity-finance/market-open-ceremony/welcome-stories/caracal-energy-joins-main-market-premium-listing>

⁴⁶ <https://www.theglobeandmail.com/report-on-business/industry-news/the-law-page/bay-street-law-firms-advised-griffiths-on-chad-deal/article7890162/>

⁴⁷ <https://www.reuters.com/article/glencore-caracal-energy-idUKL6N0N62TX20140414>

⁴⁸ <https://www.thetimes.co.uk/article/glencore-in-spotlight-over-pound800m-african-oil-deal-7gcp0tn767x>



Advisory Member in Guyana, feat. Former Alberta Senator

Park's UK firm, Park Energy Law, has drawn wide criticism in Guyana over participation in the assessment, headed by Former Alberta Senator Alison Redford, of a proposed Exxon Mobil oil project⁴⁹. Ms. Redford resigned as Premier of Alberta following investigations surrounding improper use of public funds.

Craig Steinke – Shadow Director

Craig Steinke is the founder and largest shareholder of RECO. Viceroy's investigations suggest Mr. Steinke is a RECO shadow director.

Despite having no formal managerial or board position at RECO, Steinke appears to retain significant influence over RECO, frequently briefing media and facing criticisms on behalf of the board. Steinke displays frequent insider knowledge and appears to make legal representations of the company to the press:

The image shows two side-by-side screenshots. On the left is a screenshot of the RECO website's 'Project Updates' section. It lists four items with dates and titles, each with a button to 'READ ARTICLE' or 'WATCH VIDEO'. The most recent item, dated March 30, 2021, is titled 'Namibia Broadcasting Corporation Onsite Interview with Craig Steinke'. On the right is a screenshot of a YouTube video. The video features Craig Steinke, identified as 'Co-Founder, Recon Africa', speaking at an outdoor site. The video player shows a progress bar at 0:19 / 2:32 and a view count of 4,431 views as of March 31, 2021. A caption below the video reads: 'Recon Africa says oil and gas exploration activities in Kavango basin are above board - NBC'.

Figure 46 Extracts: RECO website⁵⁰ & Youtube⁵¹

Renaissance Oil Corp

Steinke is also the largest shareholder, founder, CEO and director of **Renaissance Oil Corp (TSX:ROE)**, which was acquired by RECO in May 2021. Through this relationship, he has shamelessly pushed large RECO transactions to enrich himself (see Section 9).

Storm Cat Energy & Marcellus Fracking

Steinke's Biography on Renaissance Oil Corp's website notes experience with the Marcellus Shale projects, which continue to face environmental scrutiny since operators were put under the spotlight in the 2010 documentary Gasland⁵². **The only relevant experience we can find for Steinke anywhere near this is a brief Chairman position in Storm Cat Energy⁵³**, who developed gas reserves in Wyoming. Storm Cat filed for bankruptcy when the price of natural gas collapsed and left over 2,000 methane wells unrehabilitated in Wyoming.

⁴⁹ <https://www.kaieteurnewsonline.com/2020/08/17/appointment-of-canadian-consultant-has-all-the-hallmarks-of-the-oil-curse-intl-lawyer/>

⁵⁰ <https://web.archive.org/web/20210607121946/https://reconafrica.com/>

⁵¹ <https://www.youtube.com/watch?v=47nFOaDKUds>

⁵² <https://www.youtube.com/watch?v=dZe1AeH0Qz8>

⁵³ https://www.sec.gov/Archives/edgar/data/0001178818/000110465907001008/a06-23900_320fa.htm



Storm Cat reaches deal with state over more than 2,000 wells and \$10 million in unpaid bonds

Heather Richards Jun 14, 2017 Updated Oct 4, 2018 0

Figure 47 Storm Cat reaches deal with state over more than 2,000 wells and \$10 million in unpaid bonds⁵⁴

A stalking-horse bidder acquired the assets of Storm Cat for a nominal cash sum and assumed its estimated US\$35m of environmental obligations.

R2 Energy Limited

Steinke was the CEO of R2 Energy Limited, who procured fracking projects in Spain to no avail. Steinke appeared before the Castellón Provincial Council to promote fracking to the area amid vast social disapproval. Steinke claimed the risk to groundwater was “impossible” and said 10 “safe” fracking fluids would be used but refused to disclose any of these as they were “proprietary”.⁵⁵

R2 was eventually bought out by another competitor, and the project was eventually completely abandoned⁵⁶. It is unfathomable that, should these fracking projects have commenced, that they would be financially viable after the collapse of natural gas prices. The rehabilitation would again be left to the Spanish taxpayer.

Ian Telfer

Ian Telfer was the co-founder of Renaissance Oil, which we deal with in Section 9, but also a likely shadow director of RECO from its inception. Telfer is married to Nancy Burke, one of RECO’s major and founding shareholders⁵⁷.

Strategic Shareholders

Pursuant to the Transaction, Ms. Nancy Burke, a party to the share exchange agreement, acquired 2,000,000 common shares of the Company in exchange for 2,000,000 shares of Reconnaissance. Pursuant to the Concurrent Financing, Ms. Burke also acquired 4,500,000 Units at a price of \$0.20 per Unit for total cash consideration of \$900,000. In aggregate following the completion of the Transaction and Concurrent Financing, Ms. Burke’s holdings represent 10.6% of the issued and outstanding common shares of the Company, on a non-diluted basis, and 16.7% on a partially diluted basis, assuming the exercise of the Warrants forming part of the Units. Ms. Burke did not beneficially own any securities in the Company prior to the Transaction.

Figure 48 Reconnaissance Energy Africa Ltd. Announces Closing of Reverse Takeover Transaction⁵⁸

It is clear to us that Telfer’s holding of shares in RECO through his wife is to obscure the related party issues that may arise from the Renaissance acquisition. Telfer has somewhat of a checkered history usually involving putting his interests before those of shareholders.

In 2004 Telfer arguably shut out Fidelity Investments, a 14% shareholder of Wheaton River Minerals, from voting against an acquisition by Iamgold. The deal clearly benefited Telfer who stood to gain an executive co-chairman position and benefits for himself and associates⁵⁹.

In 2013 he settled with the Ontario Securities Commission for CAD200k over an insider trading case wherein he advised a GMP securities executive assistant to purchase shares in a shell company which would later become Gold Wheaton Corp⁶⁰.

⁵⁴ https://trib.com/business/energy/storm-cat-reaches-deal-with-state-over-more-than-2-000-wells-and-10-million/article_a680b9f3-729c-5423-98f3-0a6ef2064a8b.html

⁵⁵ <https://frackingvinaros.wordpress.com/2013/04/01/r2-energy-dice-que-hay-tres-o-cuatro-puntos-con-gas-o-petroleo-en-castellon/>

⁵⁶ https://english.elpais.com/elpais/2017/03/14/inenglish/1489505343_720028.html

⁵⁷ <https://www.theglobeandmail.com/report-on-business/careers/careers-leadership/ian-telfer-im-more-of-an-opportunist-than-a-visionary/article582085/?page=all>

⁵⁸ <https://www.globenewswire.com/en/news-release/2019/08/31/1909336/0/en/Reconnaissance-Energy-Africa-Ltd-Announces-Closing-of-Reverse-Takeover-Transaction.html>

⁵⁹ <https://www.theglobeandmail.com/report-on-business/a-foul-stench-is-wafting-in-from-clock-watching-wheaton-river/article18266656/>

⁶⁰ <https://financialpost.com/commodities/mining/goldcorp-chairman-to-pay-200000-to-settle-osc-allegations>



In 2019 research group Shareholders' Gold Council objected to additional payments to Telfer arguing "While Goldcorp is telling its shareholders to sell their shares close to a 13-year low, Goldcorp management stands to reap over US\$33 million in potential change of control payments."⁶¹.

Honorable mentions:

Carlos Javier Escribano – Chief Financial Officer

Almost every enterprise Escribano has been involved in has gone south, whether by bad luck or incompetence.

Company	Tenure	Description
Canadian Zinc Corporation	Jun 2010 – Feb 2011	Canadian owner of the Prairie Creek mine, which has been in permitting since 1990 due to regulatory and environmental headaches. Now trades under the name NorZinc.
Oracle Mining Corp	Feb 2011 – Apr 2013	Vancouver copper miner focused on reopening the Oracle Ridge mine in Tuscon. Drilling ceased in May 2014 and was placed in receivership in 2016 ⁶² .
Aurcana Corporation	Aug 2014 – Jan 2016	Underwent restructuring in 2015 resulting in key La Negra Mine being acquired by creditors. The Shafter silver mine was placed on hold due to declining silver prices

Escribano is concurrently CFO at Benz Mining Corp (TSXV:BZ) and Renaissance Oil Corp (TSXV:ROE – pre acquisition). It is of serious concern that Escribano sat at both sides of the Renaissance transaction in the financial head of the table. **This does not make an arms-length transaction possible.**

Doug Allen – Former VP of Investor Relations Jul 2020 – Mar 2021

RECO's former SVP of Investor Relations Doug Allen was former VP of Investor Relations at Northern Dynasty Minerals. Following significant blowback from environmental agencies and conservationists Anglo American, Teck, Rio Tinto and Mitsubishi all pulled out of Northern Dynasty's Pebble development, leaving Dynasty investors holding the bag in a short-lived stock promote. The company continues to limp on through the permitting process, but market consensus is that the mine is unlikely to ever be operational⁶³.

⁶¹ <https://www.globenewswire.com/news-release/2019/03/11/1751084/0/en/Shareholders-Gold-Council-Condemns-Goldcorp-s-Board-of-Directors.html>

⁶² <https://www.mining.com/web/oracle-mining-corp-vancouver-headquartered-junior-mining-company-has-gone-into-receivership/>

⁶³ <https://www.reuters.com/article/usa-alaska-pebblemine-history-idUKL1N2FR1JK>



9. Looting & Undisclosed Related Party Transactions

Viceroy will highlight egregious looting, round tripping transactions, and undisclosed related party transactions conducted by RECO management. We note that the journalists at the National Geographic have covered the round-tripped transactions in some detail via an anonymous whistleblower complaint (which we have not seen). We will elaborate on this.

RECO's acquisition of Renaissance Oil announced on April 19, 2021, is a clear example of management looting and insider dealing involving RECO founder Craig Steinke, shadow director Ian Telfer and CFO Carlos Escribano:

Renaissance Oil Acquisition: Shameless Enrichment

Renaissance Oil was a reverse-listed pure-play Mexican oil and gas explorer which acquired several of Mexico's onshore assets when they were auctioned off in 2015. Unable to capitalize, Renaissance has limped on since: every auditor report has expressed uncertainty about the company as a going concern.

The deathblow came in June 2020 when Mexico's government banned fracking: Renaissance's assets were largely unconventional.

RECO would then come to acquire Renaissance in early 2021.

In June 2020, Renaissance announced the **purchase of an option to acquire a 50% working interest in 2.45m acres** in Botswana from a RECO subsidiary for CAD100k cash and CAD2.85m in shares (at date of transaction).

RECO, in-turn, had acquired the working rights for this Botswana allotment from an unnamed private entity controlled by Renaissance CEO and RECO founder Steinke.

The Option Agreement will provide Renaissance with the option to acquire a 50% working interest in the Licence, exercisable at any time for up to a period of 36 months upon: (i) payment of C\$1M, if exercised within 18 months, or C\$1.5 M if exercised after 18 months; and (ii) the approval of the Botswana Department of Mines and Ministry of Mineral Resources, Green Technology and Energy Security.

Pursuant to the Letter Agreement, a private company controlled by Mr. Steinke, CEO of Renaissance, has agreed to assign its interest in a farm-out option agreement (the "Option Agreement") with a subsidiary of Reconnaissance Energy Africa Ltd. (TSXV: RECO) ("ReconAfrica"), for C\$100,000 cash and the issuance of 30 million common shares of the Company at a deemed price of \$0.04 per share (using the 30 day volume weighted trading average) for an aggregate purchase price of C\$1.3 million.

Figures 49 & 50 Renaissance Announces Binding Agreement to Acquire Option for 50% Interest in 2.45 Million Acres in Botswana, Participating in the Opening of the Kavango Sedimentary Basin⁶⁴

The transaction and its terms were (in our view, deliberately) kept opaque, and vastly inconsistent across reporting by both companies; neither side got the full picture. What effectively happened was:

1. Steinke's unnamed private company began the "acquisition and analysis process of the Botswana lands". No company name or date is given, and it is unclear how much work Steinke's company actually did.
2. Steinke "proposed a joint venture with ReconAfrica" to lead the acquisition and operate the Botswana lands.
3. As consideration for allowing RECO to lead the project, RECO entered a farm-out option agreement with Steinke for CAD100k to acquire a 50% interest in the Botswana license under certain conditions.

⁶⁴ <http://renaissanceoil.com/news/renaissance-announces-binding-agreement/>



4. Steinke then assigned this option to Renaissance for CAD100k and 30m Renaissance shares worth ~CAD3m total at the date of issue. The close of the option agreement was announced on September 16, 2020⁶⁵.
5. RECO then acquires Renaissance, at which point Steinke shares from this undisclosed related party transaction are now worth ~CAD10m.

All told, Steinke walked away with 30m Renaissance shares and CAD75k investment and took his holding of Renaissance from 1.9% to 10.3%.

Steinke's real windfall came on April 19, 2021 when RECO entered into its LOI to acquire Renaissance for equity at a ratio of 1 Renaissance share for 0.046 RECO shares⁶⁶ turning Steinke's 30m share windfall into 1.38m RECO shares worth CAD10.5m⁶⁷ at the time of transaction.

What did Steinke bring to the table? The updated Sproule report states simply that the Botswana block is assumed to be an extension of the Namibian block. It is unclear what actual analysis was conducted on the Botswana lands.

estimate of the prospective resources within the Company's land in Botswana. Since the lands in Botswana are a continuation of the same Kavango Basin, Sproule used the same methodology and reservoir parameters (except area distribution) as for the Namibia lands for estimation of the prospective resources in Botswana. The undiscovered PIIP and prospective resources included in this report represent the

Figure 51 Sproule Report dated June 30, 2020

There is no assumption of an arm's length transaction. The same assets have swapped hands with no value add for extraordinarily different prices between insiders:

- Craig Steinke – Co-Founder of RECO, CEO of Renaissance; and
- Ian Telfer- Co-Founder of Renaissance Oil, husband of RECO Director Nancy Burke

⁶⁵ <http://renaissanceoil.com/news/renaissance-closes-option-agreement-participating-in-the-opening-of-the-kavango-sedimentary-basin/>

⁶⁶ <https://reconafrica.com/wp-content/uploads/ReconAfrica-Press-Release-041921.pdf>

⁶⁷ Prices as of market close on the day of the announcement.



Botswana MMR Department

Date: [?] Grants petroleum license to 2.45m acres to:

Craig Steinke

June 20, 2020 Sells 100% of working interest in petroleum asset to:

ReconAfrica (RECO)

June 20, 2020 Farmout Agreement & option to acquire 50% of working interest to:

Renaissance Oil (REN)

30m shares (~\$14m @ takeover)

\$100k

7. EXPLORATION AND EVALUATION ASSETS

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

Balance at December 31, 2018	\$ -
RTO transaction	5,586,509
Additions	69,199
Effect of exchange rate changes	(6,109)
Balance at December 31, 2019	\$ 5,649,599
Additions to Namibia property	11,650,712
Additions to Botswana property	26,615
Farm-out of Botswana property	(100,000)
Effect of exchange rate changes	(39,654)
Balance at December 31, 2020	\$ 17,187,272

Botswana ReconAfrica was **not** granted the license.

In June 2020, the Company was granted a petroleum licence in northwestern Botswana for 2.45 million acres (9,921 km²). Terms of the licence are as follows:

- 100% working interest in all petroleum rights from surface to basement
- An initial 4-year exploration period, with renewals up to an additional 10 years, in accordance with the Botswana Petroleum (Exploration and Production) Act
- Upon declaration of commercial production, the operator holds the right to enter into a 25-year production licence with a 20-year renewal period, in accordance with the Botswana Petroleum (Exploration and Production) Act
- Royalties associated with the production licence will be subject to negotiation, in accordance with the Botswana Petroleum (Exploration and Production) Act
- The Company has committed to a minimum work program of US\$432,000 over the first 4-year exploration period

The Company, through its wholly owned Botswana subsidiary, entered into a farm-out option agreement (the "Agreement") with a private company under the following terms:

- The farm-out option will carry a 3-year term providing the farmee with the right to acquire a 50% working interest in the Licence (the "Option") Undisclosed related party.
- Initial payment from the farmee to ReconAfrica is \$100,000, which has been received
- If the Option is exercised within 18 months of the date the licence was awarded, the farmee will pay the Company \$1,000,000 upon transfer of the licence following exercise
- If the Option is exercised between 18 months and 36 months from the date the licence was awarded to the Company, the Farmee will pay the Company \$1,500,000 upon transfer of the licence following exercise

In June 2020, the Company entered into a binding letter agreement (the "Letter Agreement") to acquire an option for a 50% working interest, in all rights from surface to basement, in a large Petroleum Licence, comprising 2.22 million acres in the Kavango sedimentary basin, in Botswana, Africa (the "Licence").

Pursuant to the Letter Agreement, a private company controlled by an insider of Renaissance, assigned its interest in a farm-out option agreement (the "Option Agreement") with a subsidiary of Reconnaissance Energy Africa Ltd. (TSXV: RECO) ("ReconAfrica"), for \$100,000 cash and the issuance of 30 million common shares of the Company at a deemed price of \$0.04 per share (using the 30-day volume weighted trading average).

Renaissance Extract: intentionally vague disclosure suggests farmout rights acquired from RECO.

RECO only received the \$100k. Steinke received the 30m shares.



Management Compensation: Options issue proceeded by paid stock shilling

Section 6 of this report details the astonishing amount of capital outlaid by RECO to promote its stock through YouTube shills and pump-and-dump campaign managers.

RECO management have quietly pre-emptively issued themselves tens-of-millions worth of stock options, exercisable as low as CAD0.51. Here are CEO Scot Evans' options grants in February:

Filed 2021-02-05 17:06 Tx date 2020-04-29	\$RECO Reconnaissance Energy Africa Ltd.	Evans, William Scot S - Senior Officer of Issuer Direct Ownership	Options 50 - Grant of options	\$102,000 +200,000 vol \$0.51 each	
Filed 2021-02-05 17:03 Tx date 2021-01-05	\$RECO Reconnaissance Energy Africa Ltd.	Evans, William Scot S - Senior Officer of Issuer Direct Ownership	Options 50 - Grant of options	\$328,500 +150,000 vol \$2.19 each	1,250,000
Filed 2021-02-05 13:44 Tx date 2020-08-26	\$RECO Reconnaissance Energy Africa Ltd.	Evans, William Scot S - Senior Officer of Issuer Direct Ownership	Options 50 - Grant of options	\$420,000 +600,000 vol \$0.70 each	1,300,000
Filed 2021-02-05 13:32 Tx date 2020-04-29	\$RECO Reconnaissance Energy Africa Ltd.	Evans, William Scot S - Senior Officer of Issuer Direct Ownership	Options 50 - Grant of options	\$102,000 +200,000 vol \$0.51 each	
Filed 2021-02-05 13:32 Tx date 2020-04-29	\$RECO Reconnaissance Energy Africa Ltd.	Evans, William Scot S - Senior Officer of Issuer Direct Ownership	Options 50 - Grant of options	\$102,000 +200,000 vol \$0.51 each	700,000

Figures 52 Extract from SED Insider Filing Browser⁶⁸

This theme is repeated across board and executive team members.

Majority of on-market activity is similarly uninspiring, as management appear to be offloading stock at its current unrealistic highs:

Date	Issuer	Insider	Transaction	Amount	New Balance (Q)	
Filed 2021-05-13 01:19 Tx date 2021-05-07	\$RECO Reconnaissance Energy Africa Ltd.	Escribano, Carlos Javier S - Senior Officer of Issuer Direct Ownership	Common Shares 10 - Acquisition or disposition in the public market	\$-100,000 -10,000 vol \$10.00 each	90,000	+
Filed 2021-05-10 14:24 Tx date 2021-05-07	\$RECO Reconnaissance Energy Africa Ltd.	Tudela, Anna Maria S - Senior Officer of Issuer Direct Ownership	Common Shares 10 - Acquisition or disposition in the public market	\$-47,436.48 -4,706 vol \$10.08 each	10,000	+
Filed 2021-05-06 19:05 Tx date 2021-05-04	\$RECO Reconnaissance Energy Africa Ltd.	Evans, William Scot S - Senior Officer of Issuer Direct Ownership	Common Shares 10 - Acquisition or disposition in the public market	\$-264,600 -35,000 vol \$7.56 each	85,713	+
Filed 2021-05-01 19:59 Tx date 2021-04-29	\$RECO Reconnaissance Energy Africa Ltd.	Tudela, Anna Maria S - Senior Officer of Issuer Direct Ownership	Common Shares 10 - Acquisition or disposition in the public market	\$-104,625 -12,500 vol \$8.37 each	14,706	+
Filed 2021-04-29 15:44 Tx date 2021-04-22	\$RECO Reconnaissance Energy Africa Ltd.	Tudela, Anna Maria S - Senior Officer of Issuer Direct Ownership	Common Shares 10 - Acquisition or disposition in the public market	\$-181,250 -25,000 vol \$7.25 each	14,706	+

Figures 53 Extract from SED Insider Filing Browser⁶⁹

Viceroy find it astonishing that management brazenly promote company stock while concurrently selling stock on the open market and issuing fat bonuses with opaque benchmarks⁷⁰.

When pushed for answers relating to spikes in stock movement, it is unfathomable that management failed to disclose that it had paid MILLIONS to stock promoters to pump company stock.

Investors will be left holding the bag, in some ways they already are.

⁶⁸ <https://ceo.ca/api/sedi/?insider=Evans,%20William%20Scot>

⁶⁹ <https://ceo.ca/api/sedi/?symbol=RECO&amount=&transaction=buy-sell-public&insider=>

⁷⁰ Ref: 2021 AGM Notes



10. Comps & Financials

To put the hype behind RECO into perspective, we compare it to the largest market cap exploration-only company, Falcon Oil and Gas (TSX:FO) which at the time of writing has a market cap of CAD103m.

Falcon's main asset is the Beetaloo sub-basin in Australia which they have been exploring for 5 years. The company's Stage 1 drilling of four wells is complete and it is partnered with Origin, a major energy operator in Australia. While they are a long way from commercial success, we believe Falcon's valuation can be justified.

What's more interesting is Falcon's past which we believe mirror's RECO's present day situation.



The company's share price skyrocketed in 2006/2007 due to its interest in Hungary's Mako trough where they reported sizable unconventional gas deposits in the area. The spike was accompanied by several vague but promising press releases⁷¹.

This promise never materialized and the rally was all but finished in the space of a year and half. Their partner ExxonMobil Hungary recommended ceasing operations in 2009 due to low flow rates and sour gas⁷². The share price never recovered, and while the company still retains its license, its focus has largely moved on.

We see clear parallels with RECO's current situation and believe that such a collapse is the most likely outcome.

⁷¹ <https://www.sedar.com/GetFile.do?lang=EN&docClass=8&issuerNo=00006234&issuerType=03&projectNo=00888821&docId=1645314>

⁷² Sour gas contains high concentrations of highly toxic hydrogen sulphide and is usually left undeveloped due to challenges and costs with extraction and processing.



11. Conclusion

RECO is a tale as old as time: roping in unsophisticated investors with the promise of “sure-thing” returns by significantly misrepresenting the true situation of the company. The company, despite its protestations, is at an extremely early stage of exploration with no real knowledge of the Kavango basin, or if any commercial resources reside within. The Sproule report is a work of geofantasy built on hypotheticals and assumptions that have no basis in reality: even this fiction only assigns a 3.3% probability of success.

The company will have to forfeit 75% of its lease area with insufficient data on which blocks to retain. Even then, commercial exploration will take years given the lack of 2D seismic analysis undertaken so far, and the sheer size of the lease area. Data from drilled wells thus far lacks concrete conclusions and is a purely cosmetic exercise to rope in unsophisticated investors and fulfil license requirements.

RECO’s use of paid and conflicted promotional agencies is a bald-faced admission that they intend to deceive unsophisticated investors. We believe such investors are the driving force behind RECO’s current share price and will ultimately be burned when the fiction is revealed as such.

Given the egregiousness with which RECO have distorted the truth, Viceroy have submitted our full data room to the relevant Canadian regulatory authorities who we expect to take swift action to rein in such malfeasance. We do not believe that RECO will achieve commercial discovery and therefore value its shares at net cash.

Viceroy believe RECO will revert to trading as a speculative, but unimpressive, penny stock.