

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Introductory Comment and Overview

Reconnaissance Energy Africa Ltd. (formerly Lund Enterprises Corp.) (“RECO” or the “Company”) is a junior oil & gas exploration company listed on the TSX Venture Exchange under the trading symbol “RECO”. This MD&A document is filed in respect of the Company’s unaudited condensed consolidated interim financial statements as at September 30, 2019 and for the nine months then ended (“Interim Financial Statements”).

However, it is fundamental that readers of this document be aware that effective August 30, 2019 the Company underwent a reverse takeover transaction (the “RTO”) as set out in Note 3 to the Interim Financial Statements. The RTO resulted in numerous highly material changes to the Company’s business, including changing its name from Lund Enterprises Corp. (“Lund”) and acquiring all the shares of 1163631 BC Ltd. (“116”) an arm’s length private company holding as its principal asset an oil & gas exploration licence (the “Licence”) in the Republic of Namibia in southern Africa.

As a consequence of the RTO, 116 became the parent company of the group for accounting purposes, and RECO adopted the fiscal year of 116 which is December 31.

This MD&A is dated November 29, 2019 and discloses specified information up to that date. RECO is classified as a “venture issuer” for the purposes of National Instrument 51-102. Unless otherwise cited, references to dollar amounts are Canadian dollars. Throughout this report we refer from time to time to “RECO”, “Lund”, “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 Statements” on the last page of this report.*** Additional information related to RECO is available for view on SEDAR at www.sedar.com. Readers are in particular referred to the SEDAR posting dated February 28, 2019 of a management information circular (the “Circular”) under the SEDAR heading “Proxy Circular”. The Circular provides extensive information about the RTO.

Overall Performance

Lack of meaningful comparability

Prior to the Corporate Restructuring set out in Note 2 to the Interim Financial Statements, 116 was part of a group of private companies related by having certain common directors and shareholders but not related in an accounting sense under IFRS. With the Corporate Restructuring these companies became wholly-owned subsidiaries of 116. The principal activities of 116 were in financing itself and planning and carrying out the Corporate Restructuring and the RTO. The expenses and cash flows of 116 for periods prior to August 30, 2019, as set out in the Statements of Loss and Comprehensive Loss, and Statements of Cash Flows, for periods ending in fiscal 2018 are for 116 on a standalone basis. The statements dated September 30, 2019 essentially represent 116’s standalone activities until the date of the Corporate Restructuring in late August 2019, and for the consolidated entity from the dates of August 22, 2019 in respect of the Corporate Restructuring and August 30, 2019 in respect of the RTO.

Accordingly, management does not believe users of this document are likely to derive much useful information or insight in any analysis of changes from the 2018 period to the 2019 period.

Summary of measures of overall performance

Management believes that some of the most significant information in the Interim Financial Statements is set out in Notes 2, 3, 7 and 11(a); namely, *Acquisition of Renaissance Subsidiaries, Reverse Take-over, Exploration and evaluation asset and Commitments related to the Licence.*

Because the Corporate Restructuring and the RTO were concluded shortly prior to the date of the Interim Financial Statements, management believes that the principal measure of the Company’s overall performance lies in the successful conclusion of the Corporate Restructuring and the RTO

Selected Two-Year Information

The following table provides a brief summary of RECO's financial operations for the most recent two fiscal years¹. For more detailed information, refer to the Interim Financial Statements.

	Period Ended September 30, 2019	Period Ended September 30, 2018
Total revenues	nil	nil
Net loss	\$1,736,425	\$23,833
Basic and diluted loss per share	0.13	0.00
Total assets	8,248,106	790,589 ²

There were no long-term financial liabilities or cash dividends declared in any of these periods. Loss per share amounts have been retroactively adjusted for the share consolidation of August 30, 2019.

Discussion of interim financial statement components

During the fiscal nine months ended September 30, 2019, total assets increased to \$8.248 million from \$0.790 million as at December 30, 2018, primarily due to the cash proceeds of the financing set out in the statement of cash flows, diminished by the cash used in operations also therein set out.

The increase in net loss during the nine months ended September 30, 2019 compared to the period ended September 30, 2018 was approximately \$1.7 million. This is attributable principally to the cost centres *Listing expense, Professional fees and Transaction costs*, all of which were incurred associated with the the Corporate Restructuring and the RTO and whose total is approximately the entire \$1.7 million of the increase.

Summary of Quarterly Results

The Company was formed in May 2018. No financial statements were prepared at June 30, 2018. Accordingly, quarterly information is available for five fiscal periods.

	Three Months Ended September 30, 2018 \$	Three Months Ended June 30, 2019 \$	Three Months Ended March 31, 2019 \$	Three Months Ended December 31, 2018 \$	Three Months Ended September 30, 2018 \$
Total assets	8,248,106	871,517	868,874	790,589	649,906
Exploration and evaluation assets	5,586,509	nil	nil	nil	nil
Working capital (deficiency)	1,737,060	(531,479)	(228,972)	(324,344)	600,058
Shareholders' equity (deficiency)	7,323,569	340,038	371,085	466,245	649,906
Revenues	nil	nil	nil	nil	nil
Net loss	(1,610,218)	(31,047)	(95,160)	(150,921)	(3,019)
Per share	(0.06)	(0.00)	(0.01)	(0.02)	(0.00)

[Per share amounts for all periods shown have been retroactively adjusted for the share consolidation of August 22, 2019.]

Discussion of loss for the periods

Management believes that no meaningful information can be derived from an analysis of the quarterly financial statement amounts, in the context of the remarks on page 1, *Lack of meaningful comparability*.

¹ The specification for disclosure is for three-year information. RECO was not incorporated until May 2018; hence, two-year information is provided. Information is for the nine month periods ending September 30.

² Total assets are stated as at December 31, 2018 as set out on the statement of financial position.

Discussion of cash flows

Management believes the components of the statement of cash flows speak for themselves, and that those components bear no reasonable resemblance between the two periods reported. It is significant to note the effects of share capital issuances in each of the two fiscal periods.

Liquidity

At the date of the Interim Financial Statements the Company's cash position was \$2.635 million and its working capital was \$1.737 million, largely as a consequence of the financing with gross cash proceeds of \$3.404 million set out in the statement of cash flows and in Note 3. As set out in Note 12(b) as of the issue date of this report the Company is carrying out a further financing with expected gross proceeds of \$1.5 million. Accordingly, management considers that the Company has sufficient cash resources to fund its 2019 fiscal year currently under way and the ensuing fiscal year, and to carry out the programs spoken to in Note 11(a) on commitments related to the Licence.

Capital Resources

The Company has total short term commitments as set out in Note 11(a) which include the drilling of one stratigraphic test well. We are currently sourcing drilling resources to carry out this test, and are not yet able to estimate the final cost of such a test. We believe our cash resources in hand and as are being increased by the share issue set out in Note 12(b) will be sufficient to cover these costs. Exploration success if and when attained will require highly material additional funding, for which the Company's expected source would be equity issued on the capital markets. While the Company has been successful in obtaining equity funding throughout its existence to date, there can be no assurance that funding could be obtained on acceptable terms, or at all.

Related Party Transactions

Prior and subsequent to the RTO the Company's principal related parties are its directors, senior officers and promoters. During the period prior to the RTO the Company paid no compensation to those parties. Subsequent to the RTO the Company accrued or paid \$26,000 to a senior officer, its Chief Financial Officer, and US \$10,000 to its promoter.

Financial Instruments

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. 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. Because these items have short maturities, the fair values of these financial instruments are approximately equal to their carrying values, unless otherwise noted.

Discussion of operations – estimated versus actual costs

The following table sets out the Company's actual costs as of September 30, 2019 versus the estimates provided in the Company's information circular dated February 28, 2019.

Use of funds	Estimated amount per Information Circular	Actual and estimated costs as of September 30, 2019
Initial work program	\$2,060,900	\$2,060,900
Licensed property annual fee	\$144,445	\$136,800
Annual training and education payments	\$45,500	\$45,500
Cost associated with the transaction	\$121,457	\$562,000
General and administrative expenses	\$468,555	\$456,000

The Company's estimates for the first three line items have not changed materially. Professional fees and transaction costs ballooned to a severe degree arising from the need to engage additional professional advisors to move the Corporate Restructuring and RTO transactions over the finish line. General and administrative expenses are currently budgeted modestly below prior estimates.

Risk Factors

The Company and its operations are subject to a significant number of risk factors, in respect of which an adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. The following description of risk factors is not exhaustive and is provided to alert users of this management discussion and analysis to examples of the nature and types of risk factors inherent in the Company's existence and operations.

Exploration risks

The Company will, going forward, be seeking hydrocarbon deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of hydrocarbons will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome for the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome for the Company and its securities.

Government and regulatory risks

The Company is obliged to carry out its commitments in respect of the Licence as set out in Note 11(a). It has a current obligation to drill a stratigraphic test well by January 29, 2020. Should this commitment not be met, there is a risk of an adverse response from agencies of the Government of Namibia. The Company has established and maintained excellent and mutually beneficial relationships with those agencies, and expects those relationships to continue. However, there can be no assurance that an adverse response may not occur.

Market risks

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome for the Company and its securities.

Financing risk

Exploration and development of hydrocarbon deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for any future substantial exploration budgets. Although we were successful in obtaining substantial financing in August 2019, there can be no assurance that the capital markets will be favorable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome for the Company and its securities.

Foreign exchange risk

Going forward we will be operating in the oil & gas industry, in which many inputs and outputs are priced in US dollars, and in the Republic of Namibia in southern Africa with a local currency and significant ties to the US dollar and the South African Rand. Accordingly, we anticipate considerable exposure to FX risks. The Company is in the process of developing risk management processes for its FX exposures, and the topic is part of general management's and the Board's agendas.

Other Required Disclosure

Environmental matters

The Company does not believe in the short run planning horizon that it faces significant issues arising from environmental concerns. The project on the Licence area in Namibia is an early stage exploration project and our exploration activities to date have not resulted in any meaningful disturbances on the project lands; therefore, there is not a basis on which to estimate any reclamation and remediation provision. We also do not believe there are any meaningful issues arising from climate change matters.

Additional Disclosure for Venture Issuers without Significant Revenue

116's operating expenses for the 2019 fiscal period compared to its 2018 fiscal period increased by approximately \$1.7 million. The principal determinants of this variance are described on page 2 in the section *Discussion of interim financial statement components*.

Disclosure of Outstanding Share Data

The authorized share capital of the Company consisted at September 30, 2019 of an unlimited number of common shares without par value of which 61,337,499 were outstanding – this amount is unchanged at the date of this report, As at September 30, 2019 the Company had 17,053,280 share purchase warrants to subscribers to the RTO private placement, exercisable at the price of \$0.50 for a five-year term, and a total of 403,350 finders' warrants exercisable at \$0.20 until August 30, 2021 – that number of warrants is unchanged at the date of this report,

New accounting standards expected to be adopted

Note 5 ets out that the Company has adopted new accounting standard IFRS 16 *Leases*. The adoption of IFRS 16 did not have an impact on the Company's condensed consolidated interim financial statements.

Vancouver, British Columbia



November 29, 2019

We recommend that readers refer to the Cautionary Statements following.

Cautionary Statements

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with oil & gas exploration, price volatility in the commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.