



ReconAfrica is committed to environmental protection as measured by its Environmental, Social and Governance (ESG) criteria which provides a basis for measuring the company's performance against the global standards that "we are committed to; in particular, accessibility to information on our projects activities, in relation to measurable norms that chart progress on our commitment to responsible development."

At all times, we strive to partner with others and to be a steward of the natural environment in the areas where we work. Our social criteria help us to assess the fairness, transparency, and effectiveness of our interactions with communities, stakeholders and partners including our suppliers and contractors. Our governance criteria allow us to monitor progress and improve on our goal of equitable decision-making and to determine the effectiveness of our internal controls in meeting our commitments to stakeholders and shareholders and our obligations to regulators.

Therefore in reference to the recent article in the local media regarding water permits, it is important to underscore the fact that ReconAfrica understands the vital role water plays in Namibia, which is why we have worked closely with various levels of Government of the Republic of Namibia to secure approvals and permits for the legal operation of all of our operating and community boreholes. Drilling permits have been issued, which allows for the drilling of both production and community water wells. In this regard, ReconAfrica has also worked closely with the relevant Traditional Authority regarding these boreholes.

Although an approval for abstraction is generally applied for volumes greater than 200 000m<sup>3</sup> per year, ReconAfrica lodged an application for abstraction approval, with the Ministry of Agriculture, Water and Land Reform (MAWLR), in September 2020 despite an anticipated consumption of less than half of the required volume. The application included the permission granted by the TA, which is the legal entity overseeing activities in communal land.

The drilling of our community boreholes is aligned with the Namibian government's Rural Water Management Plan (RWMP) and ReconAfrica's Water Management Plan which includes groundwater assessments, hydro census, monitoring, and mitigation.

The water usage for our operations is similar to a rural community borehole and we have taken extra steps to ensure all authorities and governing bodies are aware of the operation activities, including water usage. Additionally, no wastewater is being disposed of on site.

With an eye to the future of Namibia, we have built our operations boreholes in such a way that they can be turned over to neighbouring communities upon completion.

ReconAfrica has a strong working relationship with the Government of the Republic of Namibia and continues to work directly with the Petroleum Commissioner, the Ministry of Mines and Energy, the Environmental Commissioner, the Ministry of Environment, and Forestry and Tourism, as well as regional and traditional authorities. We are also fortunate to collaborate directly on this project with the Minister of Agriculture, Water and Land Reform Technical Committee, established during a working meeting between Minister Schlettwein and ReconAfrica CEO Scot Evans, to ensure continued compliance with relevant laws and regulations throughout the project.

Upon review of the recent article in the Windhoek Observer, Maggie Shino, Petroleum Commissioner at Ministry of Mines and Energy provided the following statement:

“My comments have been taken out of context and I have been misquoted. The journalist asked whether ReconAfrica has all the necessary permits to drill and I told them that the company has all the permitting in order to drilling the stratigraphic wells, with regards to the water-wells, I told the journalist that ReconAfrica started their water wells approval and permitting applications in September 2020 and that the Ministry of Agriculture Water and Land Reform is the right ministry to comment.”

In the final analysis, we remain committed to doing business in compliance with the laws of the Republic of Namibia and with our Code of Business Conduct and Ethics and the associated policies; ReconAfrica also adheres to the Extractive Sector Transparency Measures Act (ESTMA). We are assured that pursuing responsible development in cooperation with our community partners and others stakeholders will enable us to maintain sustainable growth, create shareholder value and reinforce the significance of our current and future business for stakeholders and shareholders alike.