

# **TRANSGLOBE ENERGY CORPORATION**

## **DISCLOSURE POLICY**

### **OBJECTIVE AND SCOPE**

The objective of this disclosure policy is to ensure that communications to the investing public about the Company are:

- timely, factual and accurate; and
- broadly disseminated in accordance with all applicable legal and regulatory requirements.

This disclosure policy confirms in writing our existing disclosure policies and practices. Its goal is to raise awareness of the Company's approach to disclosure among the board of directors, senior management and employees.

This disclosure policy extends to all employees of the Company, its board of directors and those authorized to speak on its behalf. It covers disclosures in documents filed with the securities regulators and written statements made in the Company's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on the Company's website and any other public electronic communications (social media). It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches and press conferences and conference calls and any other communication, the content of which would reasonably be expected to effect the market value or price of any security of the Company.

### **DISCLOSURE POLICY COMMITTEE**

The board of directors will determine disclosure policy, and has established a disclosure committee ("Committee") responsible for overseeing the Company's disclosure practices. The Committee consists of the chief executive officer (CEO), the chief financial officer (CFO), the chief operating officer (COO) and the Vice-President Business Development who are the four individuals to whom potentially material information arrives by phone, fax, e-mail and mail.

The disclosure committee has been established with the responsibility of overseeing the Company's disclosure practices. The disclosure committee will meet or converse as required. The disclosure committee will report to the board of directors on an annual basis.

It is essential that the members of the disclosure committee be kept fully apprised of all pending material developments concerning the Company in order to evaluate and discuss those events and to determine the appropriateness and timing of public release of information. If any officer, director or employee of the Company becomes aware of any information which may constitute material information they must forthwith advise one of the members of the disclosure committee. If any officer, director or employee is unsure whether or not information is material, they should immediately contact a member of the disclosure committee before disclosing it to anyone. If it is deemed that material information should remain confidential, the disclosure committee will determine how that information will be controlled.

The disclosure committee will consider the Company's prior disclosure record to determine whether new information is likely to have a material impact on the price or value of the Company's common shares or whether a reasonable investor would likely consider the information important in making an investment

decision and will determine when developments require public disclosure. The Company's policy is, "when in doubt, disclose".

The disclosure committee will ensure that the board is promptly and fully informed regarding potential disclosure issues facing the Company as they may arise from time to time. This includes circumstances in which aspects of potentially material information or an underlying matter may not then be known or fully known, investigation or analysis of potentially material information or an underlying matter is incomplete or the impact or magnitude of potentially material information or an underlying matter remains to be fully determined.

The disclosure committee will review and recommend to the board updates, if necessary, to this disclosure policy on an annual basis or as needed to ensure compliance with changing regulatory requirements. Updates and/or modifications to this disclosure policy will be subject to the approval of the board of directors.

## **PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION**

Material information is any information relating to the business and affairs of the Company that results in, or would reasonably be expected to result in a significant change in the market price or value of the Company's listed securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions. Material information may include, but is not limited to, the following:

- changes in organizational structure;
- changes in capital structure;
- changes in financial results;
- changes in business and operations;
- significant acquisitions and dispositions; and
- changes in credit arrangements.

It is the disclosure committee's responsibility to determine what information is material in the context of the Company's affairs. The disclosure committee must take into account a number of factors in making judgments concerning the materiality of information. Factors include the nature of the information itself, the volatility of the Company's securities and prevailing market conditions.

1. In complying with the requirement to disclose forthwith all material information under applicable laws and stock exchange rules, the Company will adhere to the following basic disclosure principles: Material information will be publicly disclosed immediately via news release, the wording of which will be approved by all members of the Committee if practicable but by a minimum of two Committee members.
2. In certain circumstances, the Committee may determine that such disclosure would be unduly detrimental to the Company (for example if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be kept confidential until the Committee determines it appropriate to publicly disclose. In such circumstances, the Committee will cause a confidential material change report to be filed with the applicable

securities regulators, and will periodically (at least every 10 days) review its decision to keep the information confidential (also see 'Rumours').

3. In areas where the Company has joint venture partners, the Committee will inform the joint venture partners of a material information disclosure prior to its release. Should any joint venture partner release information that pertains to the Company, the Committee should immediately determine if the information is material. If the information is determined to be material to the Company, the Committee should immediately disclose the information via news release.
4. Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half-truths are misleading).
5. Unfavourable material information must be disclosed as promptly and completely as favourable information.
6. No selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, such information must be broadly disclosed immediately via news release.
7. Disclosure on the Company's website alone does not constitute adequate disclosure of material information. As required by the Toronto Stock Exchange ("TSX") and the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), upon which the common shares of the Company are listed, material information is put into a press release.

Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was given.

## **DISCLOSURE CONTROLS AND PROCEDURES**

The disclosure committee shall establish procedures which shall be adhered to by the Company and its employees for the preparation of all disclosure statements, and, wherever practicable, their review by such personnel, the auditors and external legal counsel, as the disclosure committee may determine and, ultimately their dissemination in compliance with this Policy. In addition to reviewing all disclosure statements, the disclosure committee may employ questionnaires to directors and officers, formal or informal due diligence sessions, certifications of officers and involvement of experts. The disclosure committee may elect to, at any time, adopt controls and procedures that are different than those which have been previously established, provided that such controls and procedures are, in the opinion of the disclosure committee, satisfactory to ensure that disclosure statements are disclosed in compliance with this Policy.

## **TRADING RESTRICTIONS AND BLACKOUT PERIODS**

It is illegal for anyone to purchase or sell securities of any public company with knowledge of material information affecting the Company that has not been publicly disclosed. Except in the necessary course of business, it is also illegal for anyone to inform any other person of material non-public information. Therefore, insiders and employees with knowledge of confidential or material information about the Company or counter-parties in negotiations of material potential transactions are prohibited from trading shares in the Company or any counter-party until the information has been fully disclosed and a reasonable period of time has passed for the information to be widely disseminated.

Blackout periods for the first, second and third quarters occur beginning on the 1<sup>st</sup> day following the reporting period and lasting until one full trading day following disclosure of the results for the applicable quarters, unless the disclosure committee requests the blackout period to commence earlier. Blackouts for the fourth quarter and year-end are determined by the disclosure committee. Blackout periods may also be prescribed from time to time by the disclosure committee as a result of special circumstances relating to the Company when directors, officers and employees would be precluded from trading in its securities. All parties with knowledge of such special circumstances should be covered by the blackout. The fact that a trading blackout has been imposed should not be discussed with other parties. These parties may include external advisors such as legal counsel, investment bankers, and other professional advisors, and counter-parties in negotiations of material potential transactions. The disclosure committee may have a notice sent to persons that it determines to be blacked out. For confidentiality purposes the disclosure committee may determine that the reasons for the blackout are not to be given. In extraordinary circumstances, the disclosure committee may grant a waiver of the blackout period to a director, officer or employee.

In addition, when the Company is conducting a prospectus offering, private placement, issuer bid, an amalgamation, arrangement or other similar transaction involving the Company securities or a takeover bid for another entity where securities of the Company are offered as consideration (the "Restricted Event"), no insider of the Company shall bid for or purchase (or induce others to) the type of the Company securities that are offered in that transaction, except when permitted by applicable law.

All parties including staff, consultants, directors and third parties will be informed via email of the start of a blackout period and again at its termination.

Blackout notices are provided to the third-party administrator of the Company's stock based compensation plan.

## **MAINTAINING CONFIDENTIALITY**

Any employee privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to such confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential.

Outside parties privy to undisclosed material information concerning the Company will be told that they must not divulge such information to anyone else, other than in the ordinary course of business and that they may not trade in the Company's securities until the information is publicly disclosed. Such outside parties will confirm their commitment to non-disclosure in the form of a written confidentiality agreement.

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

1. Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business and code names should be used if necessary.
2. Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes, company automobiles (Egypt) or taxis.

3. Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.
4. Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
5. Transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
6. Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
7. Access to confidential electronic data should be restricted through the use of passwords.
8. Confidential electronic data stored on the server, should be stored in secure files, where access is restricted to individuals as approved by senior management and or the disclosure committee.

## **CONFIDENTIAL MATERIAL INFORMATION**

In certain circumstances, the disclosure committee may determine that disclosure of certain information constituting a material change would be unduly detrimental to the Company (for example, if releasing the information would prejudice negotiations in a corporate transaction), in which case, the information will be kept confidential until the disclosure committee determines it is appropriate to publicly disclose. In such circumstances, the disclosure committee will cause a confidential material change report to be filed with the applicable securities regulators and will periodically (at least every 10 days) review its decision to keep the information confidential.

Where disclosure of a material change is delayed, the Company must maintain complete confidentiality. During the period before a material change is disclosed, market activity in the Company's securities should be carefully monitored. Any unusual market activity may mean that news of the matter has been leaked and that certain persons are taking advantage of it. If the confidential material change, or rumors about it, have leaked or appear to be impacting the price of the securities, the Company should immediately take steps to ensure that a full public announcement is made. This would include contacting the relevant stock exchange and asking that trading be halted pending the issuance of a news release.

Where a material change is being kept confidential, persons with knowledge of the material change may not use such information in purchasing or selling its securities. Such information should not be disclosed to any person, except in the necessary course of business. If the Company discloses material information under the "necessary course of business" exception, it should make sure that those receiving the information understand that they are now in a "special relationship" with the Company and cannot pass the information on to anyone else (other than in the "necessary course of business"), or trade on the information, until it has been generally disclosed. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with the Company should be considered.

## **DESIGNATED SPOKESPERSONS**

The Company designates a limited number of spokespersons responsible for communication with the investment community, regulators or the media. The CEO, CFO, COO, Vice-President Business

Development, Manager Financial Reporting and Investor Relations and the In-Country Manager shall be the official spokespersons for the Company. The Chairman of the Company or individuals holding these offices may, from time to time, designate others within the Company to speak on behalf of the Company as back-ups or to respond to specific inquiries.

Employees who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson, or unless the response is limited to providing investors with copies of information which had already been disseminated, such as press releases or financial statements. All other inquiries shall be referred to the Manager, Financial Reporting and Investor Relations.

## **NEWS RELEASES**

Once the Committee determines that a development is material, it will authorize the issuance of a news release, unless the Committee determines that such developments must remain confidential for the time being, appropriate confidential filings are made and control of that inside information is instituted. Should a material statement inadvertently be made in a selective forum, the Company will immediately issue a news release in order to fully disclose that information.

The Committee may also authorize the issuance of a news release that is determined to be non-material; if the TSX or the NASDAQ is open for trading at the time of a proposed announcement, prior notice of a news release announcing material information must be provided to the market surveillance department to enable a trading halt, if deemed necessary by the TSX or NASDAQ.

If a news release announcing material information is issued outside of trading hours, a copy of the news release should still be transmitted to the respective stock exchanges' market surveillance department.

Annual and interim financial results will be publicly released as soon as practicable following board approval of the financial statements.

News releases will be disseminated through Marketwired, an approved news wire service that provides simultaneous national and U.S. distribution unless simultaneous dissemination is in breach of Canadian or U.S. securities laws or regulations. News releases will be transmitted by Marketwire to all stock exchange members, major business wires and national financial media. The Company will cause the news release to be filed with the Canadian securities commissions via SEDAR and with the U.S. Securities and Exchange Commission via EDGAR.

News releases will be posted on the Company's website immediately after release over the news wire. The news release page of the website shall include a notice advising the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

## **CONFERENCE CALLS**

Conference calls may be held to enable management to discuss quarterly earnings and major corporate developments. Conference calls shall be simultaneously accessible to all interested parties, whether they actively participate by telephone, or merely listen in by telephone or through an Internet webcast. Each such call will be preceded by a news release setting out relevant material information. In advance of a conference call or industry conference call, to the extent practicable, the Company will endeavour to script comments to identify material information that should be publicly disclosed and will limit comments and responses to non-material information and material information that has previously been publicly disclosed.

## **RUMOURS**

The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. The Company's spokespersons will respond consistently to those rumours, saying, "It is our policy not to comment on market rumours or speculation." Should the TSX or NASDAQ request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the Committee will consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, the Company will immediately issue a news release disclosing the relevant material information.

## **CONTACTS WITH ANALYSTS, INVESTORS AND THE MEDIA**

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If the Company intends to discuss material information at an analyst or shareholder meeting or a press conference or telephone call, the announcement must be preceded by a news release.

The Company recognizes that meetings with analysts and significant investors are an important element of the Company's investor relations program. The Company will meet with analysts and investors on an individual or group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this disclosure policy.

The Company will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. The Company cannot alter the materiality of information by breaking down the information into smaller, non-material components.

Spokespersons will keep notes of telephone conversations with analysts and investors and where practicable more than one Company representative will be present at all individual and group meetings. A debriefing will be held after such meetings and if such debriefing uncovers selective disclosure of previously undisclosed material information, the Company will immediately disclose such information broadly via news release.

## **REVIEWING ANALYST DRAFT REPORTS AND MODELS**

It is the Company's policy to review, upon request, analysts' initial draft research reports or models. The Company will review the report or model for the purpose of pointing out errors in fact based on publicly disclosed information. It is the Company's policy, when an analyst inquires with respect to his/her estimates, to question an analyst's assumptions if the estimate is a significant outlier among the range of estimates and/or the Company's published earnings guidance, if any. The Company will limit its comments in responding to such inquiries to non-material information. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model and earnings estimates.

## **DISTRIBUTING ANALYST REPORTS**

Analyst reports are proprietary products of the analyst's firm. Re-circulating an analyst's report may be viewed as an endorsement by the Company of the report. For these reasons, the Company will not provide analyst reports through any means to persons outside of the Company, including posting such information on its website. The Company has determined that a range of firms provide commentary about the Company, not all of which firms are members of the Investment Dealers' Association or the

National Association of Securities Dealers, and the quality of such commentary varies. The Company limits references to analyst reports on its website to a list of the analysts' names and houses they work for.

The Company may distribute analyst reports internally to: (i) directors and senior officers; and (ii) the Company's financial and professional advisors.

## **FORWARD-LOOKING INFORMATION**

Should the Company elect to disclose forward-looking information ("FLI") in continuous disclosure documents, speeches, telephone calls, etc. the following guidelines will be observed:

1. The information, if deemed material, will be broadly disseminated via news release, in accordance with this disclosure policy.
2. The information will be clearly identified as forward-looking.
3. The Company will identify all material assumptions used in the preparation of the FLI.
4. The information will be accompanied by a statement that identifies, in very specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement, including a sensitivity analysis to indicate the extent to which different business conditions from the underlying assumptions may affect the actual outcome.
5. The information will be accompanied by a statement that disclaims the Company's intention or obligation to update or revise the FLI, whether as a result of new information, future events or otherwise, other than as required by law. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, the Company may choose to issue a news release explaining the reasons for the difference. In this case, the Company will update its guidance on the anticipated impact on revenue and earnings (or other key metrics).
6. The information relating to reserves or resources (both discovered and undiscovered), will be prepared by a qualified reserves evaluator ("QRE") in accordance with National Instrument 51-101.

If the Company has issued FLI covered by Part 4A or Part 4B or National Instrument 51-102, or a successor instrument thereto, the Company will endeavor to comply with Parts 4A and 4B of National Instrument 51-102 including updating that FLI periodically, as required by Section 5.8(2) of National Instrument 51-102 or any successor policy or instrument.

## **CORRECTING DISCLOSURE**

Any director, officer or employee of the Company who believes that any public disclosure of the Company, including any documents released by the Company or any public oral statements, contains a misrepresentation shall promptly notify a member of the disclosure committee of such misrepresentation, and such member shall inform the Board and take appropriate steps to correct such misrepresentation promptly, and in any event within two business days. In addition, any director, officer or employee who has concerns about whether or not information is undisclosed material information, should contact a member of the disclosure committee in respect of such matter.

## **MANAGING EXPECTATIONS**

The Company will try to ensure, through its regular public dissemination of quantitative and qualitative information that analysts' estimates are in line with the Company's own expectations. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' models and earnings estimates.

If the Company has determined that it will be reporting results materially below or above publicly held expectations, it will disclose this information in a news release in a timely fashion in order to enable discussion without risk of selective disclosure.

## **DISCLOSURE RECORD**

The Company will maintain a five-year file containing all public information about the Company, including continuous disclosure documents and news releases.

## **RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS**

This disclosure policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures shall also be responsible for electronic communications.

The Committee is responsible for updating the Company's website and is responsible for monitoring all Company information placed on the website to ensure that it is accurate, complete and up-to-date.

The Committee must approve all links from the Company website to a third party website. Every attempt will be made to limit the number of such links.

Investor relations material shall be contained within a separate section of the Company's website and shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to the website, including text and audiovisual material, shall show the date such material was issued. Any material changes in information must be updated immediately.

Disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on its website will be preceded by the issuance of a news release. The Company will, however, endeavour to concurrently post to its website all documents filed on SEDAR and EDGAR in an effort to improving investor access to its information.

The Manager, Financial Reporting and Investor Relations shall be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this disclosure policy shall be utilized in responding to electronic inquiries.

In order to ensure that no material undisclosed information is inadvertently disclosed, employees are prohibited from participating in Internet chat rooms, newsgroup discussions or social media on matters pertaining to the Company's activities or its securities.

Each employee's corporate e-mail address is, in fact, an address of the Company. Therefore, all correspondence received and sent by e-mail is to be considered correspondence of the Company.

## **COMMUNICATION AND ENFORCEMENT**

This disclosure policy extends to all employees and consultants of the Company, its board of directors and authorized spokespersons. New directors, officers and employees will be provided with a copy of this disclosure policy and will be educated about its importance. This disclosure policy will be circulated to all employees on an annual basis and whenever changes are made.

Any employee who violates this disclosure policy may face disciplinary action up to and including termination of his or her employment with the Company without notice. The violation of this disclosure policy may also violate certain securities laws. If it appears that an employee may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.