

## DISCLOSURE AND COMPLIANCE COMMITTEE MANDATE 2018

### 1. Establishment and Purpose

The board of directors (the "**Board**") of TransGlobe Energy Corporation (the "**Company**") have established the Disclosure and Compliance Committee (the "**Committee**") in order to: (i) ensure that the directors, management and employees of the Company are at all times fully aware of their obligations under the AIM Rules for Companies (the "**AIM Rules**") and the AIM Note for Mining, Oil and Gas Companies (the "**AIM Note**"), each of which is published and amended from time to time by the London Stock Exchange plc (the "**LSE**"), the EU Market Abuse Regulation (596/2014) ("**MAR**"), as well as the disclosure rules and regulations (the "**TSX Rules**") of the Toronto Stock Exchange (the "**TSX**") and the disclosure rules and regulations (the "**Nasdaq Rules**") of The Nasdaq Stock Market LLC (the "**Nasdaq**"); (ii) achieve the objective of ensuring that communications and disclosure to the public about the Company are informative, timely, factual, balanced and accurate and are broadly disseminated in accordance with all applicable legal and regulatory requirements; (iii) ensure that the directors, management and employees of the Company are at all times fully aware of the Company's approach to disclosure; and (iv) monitor compliance with the Company's Disclosure Policy, Share Dealing and Insider Trading Policy and AIM Compliance Code (collectively, the "**Policies**"), noting that:

- 1.1 AIM Rule 31 specifically requires the Company to ensure that all directors of the Company accept full responsibility for the Company's compliance with the AIM Rules collectively and individually, and that sufficient procedures and controls are in place to achieve such compliance;
- 1.2 The AIM Rules definition of "director" includes "a person who acts as a director whether or not officially appointed to such position" and, for the avoidance of doubt, includes a "person having management responsibilities". This means that compliance with the AIM Rules is required not only by those formally appointed as directors but all individuals at the Company with management-level duties. In these terms of reference, the term "**Directors**" accordingly refers to both such categories of persons;
- 1.3 Each of the Directors has received copies of the Policies which were approved by the Board and has signed and returned a copy of the signature page to the AIM Compliance Code acknowledging his or her agreement to its terms;
- 1.4 For further detail on the continuing obligations under the AIM Rules, Directors should refer to the memorandum produced by Fladgate LLP entitled "Memorandum on Directors' Duties and Responsibilities Generally and in Connection with Admission to AIM" (the "**Memorandum**") and available from the chairman of the Board or the Company secretary; and
- 1.5 Each of the Directors has received a briefing from the Company's nominated adviser in relation to compliance with the AIM Rules and has received the Memorandum.

### 2. Authority

- 2.1 The Committee is authorised to investigate and undertake any activity within these terms of reference. It is authorised to seek any information it properly requires from any employee of the Company or of any of its subsidiary companies. All employees are directed by the Board to co-operate as regards any request made by the Committee.

2.2 If the Committee considers it necessary so to do, it is authorised to obtain appropriate external legal and other professional advice to assist it in the performance of its duties, to secure the services of outsiders with relevant experience and expertise and to invite those persons to attend meetings of the Committee. The cost of obtaining any advice or services will be paid by the Company within limits authorised by the Board. The chairman of the Board will be informed before external advice is sought.

### **3. Composition**

3.1 The Committee will consist of not less than three officers of the Company, including the CEO, President, CFO and any such other members who are appointed by the Board from time to time in consultation with the chairman of the Committee.

3.2 The chairman of the Committee is appointed by the Board. In the absence of the chairman of the Committee and/or an appointed deputy, the remaining members present will elect one of themselves to chair the meeting.

3.3 Appointments to the Committee will be for a period of up to three years, which may be extended for two further three year periods.

3.4 The Company secretary is the secretary of the Committee, unless the chairman of the Committee appoints another person to be the secretary of the Committee.

### **4. Meetings**

4.1 The Committee will meet at such other times as the chairman of the Committee, or the Company's nominated adviser, may require and will report the Board at least twice annually. Any member of the Committee may at any time convene a meeting of the Committee by notice in writing to the secretary of the Committee who will summon the other members.

4.2 The quorum for any meeting of the Committee is two. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4.3 Unless otherwise agreed and where practical, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be forwarded by the secretary of the Committee to each member of the Committee no later than two working days before the date of the meeting. Supporting papers will be sent to Committee members and to other attendees as appropriate, at the same time.

4.4 Only members of the Committee shall have the right to attend Committee meetings. However, both other Board members and any other persons that the Committee considers appropriate, for example, a representative from the Company's nominated adviser, may be invited to attend all or any part of any meeting as and when appropriate.

4.5 Each member of the Committee has one vote on all matters to be determined by the Committee. In case of deadlock the Committee will discuss with the Board.

4.6 The secretary of the Committee will prepare minutes of the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

4.7 Minutes of Committee meetings will be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

## 5. Duties

- 5.1 The Committee will promptly raise, discuss with, or otherwise notify, the nominated adviser, and seek guidance and advice from the nominated adviser, and seek other professional advice as may be appropriate in relation to any of the following:
- 5.1.1 any proposed deals by Directors or any of their "family" in respect of any shares in the capital of the Company (**Shares**) in which they are interested;
  - 5.1.2 any changes to the interests of any shareholder holding 3% or more of any Shares, such that the relevant shareholder's holding is increased or decreased through any single percentage, to the extent that the Committee becomes aware of any such change;
  - 5.1.3 the resignation, dismissal or proposed appointment of any Director, in the case of an appointment allowing sufficient time for appropriate due diligence procedures to be undertaken by the nominated adviser prior to the appointment being made;
  - 5.1.4 any proposed change in the Company's accounting reference date, registered office address or any proposed change in its legal name;
  - 5.1.5 any material change between the Company's actual trading performance or financial condition and any profit forecast, estimate or projection made public on behalf of the Company, including in relation to resource or reserves estimates or drilling results;
  - 5.1.6 any proposal for the Company to make any payment in respect of its Shares, including any dividend or other distribution to shareholders;
  - 5.1.7 the proposed issue or cancellation of any ordinary Shares and the reason for such issue or cancellation;
  - 5.1.8 the occurrence and number of Shares taken into and out of treasury;
  - 5.1.9 the resignation, dismissal or appointment of the Company's nominated adviser or broker from time to time;
  - 5.1.10 any change in the website address operated by the Company pursuant to Rule 26 of the AIM Rules;
  - 5.1.11 the admission to any other exchange or trading platform (apart from AIM) of any Shares;
  - 5.1.12 any new developments relating to the Company in connection with its financial condition, sphere of activity, performance of its business or the expectation of its performance; and
  - 5.1.13 any proposed changes to the Company's AIM Rules Compliance Code.
- 5.2 The Committee will also consult with the Company's nominated adviser on any other matter relating to AIM Rules compliance at the earliest possible opportunity in line with the general objective and purpose of the Committee, and, notwithstanding the specific provisions as to meetings of the Committee in paragraph 4 of these terms of reference, any individual member of the Committee who becomes aware of any matter falling within these terms of reference will consider whether a report to the Company's

nominated adviser is immediately required, and not wait for a formal meeting of the Committee before reporting.

- 5.3 The Committee will take all possible active steps to enable the Company to comply with all AIM Rules, the AIM Note, MAR, the TSX Rules and the Nasdaq Rules. Accordingly, the Committee will, as appropriate, ensure that particular Directors are tasked by the Board with ensuring the compliance by the Company and all of the Directors with certain of the AIM Rules and the AIM Note and MAR, including (but not limited to):
- 5.3.1 AIM Rules 10 and 11 in relation to ongoing disclosure of price sensitive information;
  - 5.3.2 AIM Rules 18 and 19 regarding financial information;
  - 5.3.3 AIM Rule 26 regarding the maintenance of a website containing prescribed information about the Company;
  - 5.3.4 AIM Rule 21 and MAR regarding restrictions on dealings by persons discharging managerial responsibilities (“PDMRs”) and persons closely associated with them (“PCAs”);
  - 5.3.5 AIM Rule 12 regarding substantial transactions;
  - 5.3.6 AIM Rule 13 regarding transactions with related parties;
  - 5.3.7 Part two of the AIM note in relation to ongoing notification obligations and to granting appropriate access to qualified individuals on behalf of the nominated adviser;
  - 5.3.8 Article 17 of MAR regarding disclosure of inside information; and
  - 5.3.9 Article 19 of MAR regarding notification of PDMRs’ or PCAs’ dealings.
- 5.4 If the Company makes use of social media, the Committee will take all possible active steps to enable the Company to comply with the Disclosure Policy, the TSX Rules, the Nasdaq Rules and the guidance on "Interaction of social media with disclosure obligations under the AIM Rules" published by the AIM on 12 December 2016, whose provisions are more fully detailed in the AIM Rules Compliance Code.
- 5.5 The Committee will design a set of "disclosure controls and procedures" in connection with the Disclosure Policy:
- 5.5.1 involving the following:
    - 5.5.1.1 identification of all continuous disclosure requirements under securities laws, rules and policies applicable to the Company;
    - 5.5.1.2 identification of the individuals responsible for preparing material or inside information and individuals, whether internal or external, responsible for reviewing reports or portions of reports to verify disclosure made with respect to their areas of responsibility or expertise;
    - 5.5.1.3 establishment of timetables for the preparation and adequate review of material or inside information;
    - 5.5.1.4 procedures for obtaining "sign-off" on disclosure of material or inside information and receipt of written consents from all experts whose reports are included or referred to in any disclosure;

- 5.5.1.5 procedures for the identification and timely reporting to the Committee of information which may constitute material or inside information or which may constitute a material change to previously disclosed material or inside information, including the identification of individuals who are likely to learn first about events outside the control of the Company that may give rise to material or inside information;
- 5.5.1.6 procedures for the identification and reporting to the audit committee of the Company (the "**Audit Committee**") of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
- 5.5.1.7 ensuring the procedures are followed with respect to the release of each disclosure made in writing and for the review of any disclosure made orally;
- 5.5.1.8 ongoing evaluation of the Company's disclosure controls and procedures; and
- 5.5.2 to provide reasonable assurance that:
  - 5.5.2.1 the Disclosure Policy is effectively implemented across all business units and corporate functions; and
  - 5.5.2.2 information of a material nature is accumulated and communicated to senior management, including the President, the Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, the Vice President of Exploration and the General Manager of any country in which the Company conducts business (subject to the provisions of the Disclosure Policy, in particular in relation to maintaining confidentiality and insider lists) to allow timely decisions on required disclosures and certification.
- 5.6 The Committee will review and prior to issuance of any of the following items shall consult with the Company's nominated adviser so as to ensure the simultaneous release on the AIM market of the LSE, the TSX and Nasdaq (and, as applicable, submit them to the Audit Committee (or other appropriate committee of the Board) or Board for review, consideration and approval):
  - 5.6.1 annual and interim filings, management information circulars, material change reports, annual information forms, and any other information filed with securities regulators;
  - 5.6.2 all press releases, including but not limited to those containing financial information, earnings guidance, information about material acquisitions or dispositions, or other material or inside information;
  - 5.6.3 presentations and reports containing material or inside information broadly disseminated to analysts, creditors and investors, or displayed on the Company's website; and

- 5.6.4 oral disclosures and other communications that may require review, consideration or monitoring pursuant to the Policies.
- 5.7 The Committee will direct and supervise an annual evaluation of the effectiveness of the Company's disclosure controls and procedures.
- 5.8 The Committee will monitor the disclosure made on the Company's website.
- 5.9 The Committee will monitor compliance with the Policies and will educate the Company's directors, management and employees on the Policies.
- 5.10 The Committee will bring to the attention of the other members of the Committee all relevant information with respect to the Committee's activities, compliance with the AIM Rules, the AIM Note, MAR, the TSX Rules and the Nasdaq Rules, and the evaluation of the effectiveness of the Company's disclosure controls and procedures.

## **6. Reporting**

- 6.1 The chairman of the Committee will report formally to the Board on its proceedings at least twice annually on all matters within its duties and responsibilities.
- 6.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its terms of reference where action or improvement is needed.
- 6.3 The Committee will produce a summary of the Company's policy and practices with respect to AIM Rules compliance, which may form part of the Company's reporting on corporate governance and compliance in its annual report.
- 6.4 A representative of the Committee will attend the annual general meeting and be prepared to answer shareholders' questions on the Committee's activities.

## **7. Review**

- 7.1 To review annually and on an ongoing basis, as required from time to time by changing legislation and regulations, the Policies to ensure that the Policies comply with applicable legislative and regulatory requirements.
- 7.2 The Committee will, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.