

GULFSANDS PETROLEUM PLC (“Group”, “Company”, “GPX”)

REMUNERATION COMMITTEE TERMS OF REFERENCE

Approved by the Board of Gulfsands Petroleum Plc on the 16 March 2016

1. Constitution

The Remuneration Committee (the “Committee”) is established as a committee of the Board of Directors. The role and responsibilities of the Committee shall be as detailed in these Terms of Reference and shall not be amended except with the approval of the Board.

2. Role

The role of the Committee is to:

- (i) Develop and maintain a remuneration policy to attract, retain and motivate employees to enable the Company to achieve its strategic objectives, in line with the Company’s values. The policy must take into account the interests of employees, shareholders and other stakeholders.
- (ii) Consider and approve the remuneration arrangements of the Chairman of the Board, the Executive Directors and other senior executives as determined by the Committee from time to time.
- (iii) Exercise oversight of pay and performance across the Group.

In carrying out the above role, the Committee shall exercise independent judgement to make decisions which are consistent with the underlying performance of the Company.

3. Membership

Members of the Committee and its Chairman shall be appointed by the Board. Membership and Chairmanship shall be reviewed by the Board each year and changes made as appropriate.

The Committee shall comprise at least two independent non-Executive Directors. The Chairman of the Board, if acting as a non-Executive, may also serve on the Committee as an additional member, but shall not chair the Committee.

In the absence of the Committee Chairman or an appointed Deputy Chairman, the remaining members shall elect one of their number to chair the meeting.

4. Committee Secretary

A member of the Committee shall act as Secretary during Committee meetings and shall provide support as appropriate.

5. Quorum

The Quorum for a meeting shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable, by the Committee. Recommendations to the Board arising at each meeting of the Committee shall be decided by majority vote.

6. Frequency of Meetings

The Committee shall normally meet at least twice a year and at such other times as the Chairman of the Committee considers necessary to discharge its responsibilities.

Meetings may be conducted when members are present at the meeting or by audio or video conference.

7. Attendance

Only members of the Committee have the right to attend Committee meetings, but others, including Directors and advisers, may be invited to attend all or part of any meeting as appropriate. No individual shall be in attendance when matters relating to his or her own remuneration are discussed.

8. Notice of Meetings

Meetings of the Committee shall be summoned by the Chairman of the Committee and may be requested by any member of the Committee.

Notice of the Committee meetings, together with an agenda of items to be discussed and supporting documents, shall be circulated to members and other attendees in advance of each scheduled meeting date in a timely manner to enable full and proper consideration of matters to be discussed. Notice of any meeting may be waived by unanimous approval of all members of the Committee.

9. Minutes of Meetings

Minutes of meetings and resolutions considered and passed shall be taken and shall include names of those present and in attendance. Minutes of Committee meetings shall be circulated to all members of the Committee and, when agreed, shall be circulated by the Chairman of the Committee to other members of the Board unless a conflict of interest would arise in doing so.

10. Annual General Meeting

The Chairman of the Committee, or an alternate appointed by the Chairman of the Committee, shall attend the AGM and shall be prepared to respond to any shareholder questions on remuneration and on the Committee's activities.

11. Duties of the Committee

The Committees specific duties are as follows:

- (i) To consider and make recommendations to the Board on the remuneration package and contractual arrangements for the Chairman (Executive or non-Executive) of the Company.
- (ii) To consider and recommend to the Board the broad policy for the remuneration of the Executive Directors. Remuneration for non-Executive Directors shall be a matter for the Board.
- (iii) Each year, to prepare the Directors' Remuneration Report for inclusion in the Annual Report and Accounts.
- (iv) In conjunction with the Chairman of the Board and/or the CEO, ensure that the Company maintains contact with, and consults with, principal shareholders as appropriate on remuneration policy and remuneration schemes.

For the CEO and Executive Directors, the Committee shall:

- (i) Consider the terms and conditions of employment with due consideration to the compensation commitments in the event of early termination in order to ensure that any such payments are fair to all parties, that failure is not rewarded, and the duty to mitigate loss is fully recognised.
- (ii) Within the terms of the agreed policy and in consultation with the Chairman of the Company, determine the total remuneration package for each director, including base salary, bonuses, share incentives and, if appropriate, pension, and make recommendations to the Board. In its deliberations, the Committee shall have regard to relevant market comparisons and practice together with any other relevant guidance.

- (iii) For elements of remuneration that are performance related, in consultation with executive management, determine the quantum of reward and the performance targets, review performance against such targets and make recommendations to the Board on levels of award. The Committee reserves the right to amend targets in light of overall Company performance.
- (iv) Consider termination arrangements and compensation payments to be made to departing Executives if appropriate.
- (v) Agree the policy for authorising expense claims for the Chairman and CEO.
- (vi) Monitor the aggregate of salaries and bonuses for the Company by comparison with the annual budget, and the number and value of shares awarded under any share incentive schemes.
- (vii) At least once each year, the Committee shall review its own performance, Constitution and Terms of Reference to ensure that it is working effectively and to comply with corporate governance best practice. Based upon this review, any proposed changes will be recommended to the Board for approval.
- (viii) Perform any other duties or responsibilities relating to remuneration issues that may be delegated by the Board from time to time.

In carrying out its duties under these Terms of Reference, The Committee will have due regard to any legal requirements, provisions and recommendations of the UK Corporate Governance Code and the Listing Rules of the London Stock Exchange (“LSE”), in so far as they apply to (or may be deemed by the Committee for this purpose to apply) to companies whose shares are traded on the LSE’s AIM market.

12. Committee Advisers

The Committee may appoint independent professional advisers to advise on remuneration matters.

13. Reporting and Disclosure

The Committee shall report to the Board on its proceedings after each meeting making recommendations as it deems appropriate within its duties and responsibilities. Minutes of meetings will be circulated to the Board.

The Committee shall consider and recommend to the Board the policy on shareholder disclosure and related matters for all remuneration issues including the contents of the Directors’ Remuneration Report to be included in the Company’s Annual Report and Accounts and shall ensure that such disclosure is clear, transparent and compliant with all relevant statutory legislation.

The Terms of Reference of the Committee will be made available on the Company's website or via the Company Secretary.

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