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**SERICA ENERGY PLC**  
**(the "Company")**

**Board Charter & Matters Reserved for the Board**

**1 Introduction**

- 1.1 The Board has a twofold role: decision making and oversight. Decision making: shall be exercised with respect to the formulation with the management of fundamental policies and strategic goals and through the approval of certain and significant actions. Oversight: concerns the review of management decisions, the adequacy of systems and controls and implementation of policies.

**2 Composition and Board Organisation**

- 2.1 Nominees for directors are initially considered and recommended by the Nominations Committee of the Board and approved by the entire Board.
- 2.2 The Board should be comprised of a majority of members who are determined by the Board to be independent. A member is independent if the member has no direct or indirect relationship with any other person or organisation which could, in the view of the Board, interfere with the exercise of a member's independent judgement. The Board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear to indicate otherwise.
- 2.3 The Board may establish such Committees of the Board as it sees fit in order to assist it in the fulfilment of its duties. The responsibilities of the Committees shall be set out within their Terms of Reference, as amended and approved by the Board from time to time.

**3 Duties and Responsibilities**

- 3.1 The Board is required to always act honestly, in good faith and in the best interests of the Company. The Board is responsible for providing effective entrepreneurial leadership to supervise the management of the Company's business and affairs to grow value responsibly in a profitable and sustainable manner within a framework of prudent and effective controls which enables risk to be assessed and managed.
- 3.2 The Board is required to ensure that health and safety duties and benefits are communicated throughout the Company. Executive directors must develop policies to avoid health and safety issues and must always respond quickly where difficulties arise or new risks are introduced. Non-executive directors should ensure that appropriate procedures and processes are in place to enable all issues relating to health and safety to be properly addressed throughout the organisation.

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## **4 Matters reserved for decision by the Board of directors**

### **4.1 Purpose, Strategy and Management**

- 4.1.1 The overall leadership of the Company and setting the Company's values and standards.
- 4.1.2 The Company's purpose, strategic aims and objectives.
- 4.1.3 Annual operating and capital expenditure budgets including any Budget overruns and any material changes to such budgets
- 4.1.4 Review and assessment of performance in the light of the Company's purpose, strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 4.1.5 Extension on the Company's activities into new business or geographical areas.
- 4.1.6 Any decision to cease to operate, decommission or dispose of all or any material part of the Company's business.

### **4.2 Structure and Capital**

- 4.2.1 Changes to the Company's corporate structure.
- 4.2.2 Changes to the Company's management and control structure.
- 4.2.3 Changes to the Company's listing

### **4.3 Financial Reporting and Controls**

- 4.3.1 Half yearly, interim management statements and any preliminary announcements of final year results.
- 4.3.2 The annual report and accounts, including the corporate governance statement and remuneration report.
- 4.3.3 Dividend policy and declaration of any dividend.
- 4.3.4 Any significant changes in accounting policies or practices.
- 4.3.5 Any commodity or currency hedging policy

- 4.3.6 Treasury policies including foreign currency exposure and the use of financial derivatives.

#### **4.4 Internal Controls**

- 4.4.1 Ensuring maintenance of a sound system of internal control and risk management including regular risk review, including:
  - (a) Receiving report on, and reviewing the effectiveness of, the Company's risk and control policies and processes
  - (b) The wording of an appropriate statement on these matters for inclusion in the annual report.

#### **4.5 Contracts**

- 4.5.1 Major capital contracts exceeding £20 million
- 4.5.2 Contracts which are material, strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example acquisitions or disposals of fixed assets above £20 million for budgeted items or £10 million for non-budgeted items (as set out in the Delegation of Authority).
- 4.5.3 Contracts of the Company or any subsidiary not in the ordinary course of business, for example loans and repayments or major acquisitions or disposals above £20 million for budgeted items or £10 million for non-budgeted items (as set out in the Delegation of Authority).
- 4.5.4 Major investments including the acquisition or disposal of interests in the voting shares of any company or the making of any takeover offer.
- 4.5.5 Any guarantee or indemnity above £20 million for budgeted items or £10 million for non-budgeted items (as set out in the Delegation of Authority) by the Company or any of its subsidiaries in respect of the actions, performance, financial standing, assets, indebtedness, obligations or any liability of whatsoever nature of any person or organisation

#### **4.6 Communication**

- 4.6.1 Resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 4.6.2 All circulars and prospectuses.

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## **4.7 Board membership and other appointments**

- 4.7.1 Changes to the structure, size and composition of the Board (subject to the provisions of the Company's articles of association).
- 4.7.2 Ensuring adequate succession planning for the Board and senior management, commensurate with good corporate governance and the evolving needs of the Company.
- 4.7.3 Appointments to the Board.
- 4.7.4 Selection of the chair of the Board and the chief executive.
- 4.7.5 Membership and chair of Board committees.
- 4.7.6 Continuation in office of directors at the end of their term of office when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- 4.7.7 Continuation in office of any directors at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the requirements of the law and their service contract.
- 4.7.8 Appointment, suspension or removal of the Company Secretary, subject to the requirements of the law and any applicable service contract.
- 4.7.9 Having considered any recommendation of the Audit Committee, the appointment, reappointment or removal of the external auditor to be put to shareholders for approval.

## **4.8 Remuneration**

- 4.8.1 The remuneration policy of the Company, including that for the directors, subject to the articles of association and shareholder approval as appropriate.
- 4.8.2 The introduction of new share incentive plans or major changes to existing plans.

## **4.9 Delegation of Authority**

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- 4.9.1 The division of responsibilities between the chair, the chief executive and other executive directors.

#### **4.10 Corporate Governance Matters**

- 4.10.1 Reviewing and assessing the Board's own performance, that of its committees and individual directors.
- 4.10.2 Determining the independence of directors.
- 4.10.3 Considering the balance of interests of different stakeholders.
- 4.10.4 Reviewing the Company's overall corporate governance arrangements.

#### **4.11 Policies**

- 4.11.1 All Company policies, including the share dealing code.

#### **4.12 Other**

- 4.12.1 The appointment of the Company's principal professional advisers.
- 4.12.2 Prosecution, defence or settlement of litigation involving £1 million or more, inclusive of costs or being otherwise material to the interests of the Company.
- 4.12.3 The overall levels of insurance for the Company including directors' and officers' liability insurance and indemnification of directors.
- 4.12.4 This schedule of matters reserved for decisions by the Board.