

Nostrum Oil & Gas plc

Schedule of Matters Reserved for the Board

(approved at a meeting of the Board held on 19 May 2014)

In general, the board of directors (the “**Board**”) of Nostrum Oil & Gas plc (the “**Company**”) should consider all important management and policy matters in relation to the Company which should include, amongst other things, setting the Company’s strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance. The Board has adopted and published, in accordance with the UK Corporate Governance Code, a formal schedule of matters specifically reserved for its decision and include in the annual report a high level statement of which types of decisions are to be taken by the Board and which are to be delegated to management. The Board should also set the Company’s values and standards and ensure that its obligations to its shareholders and others are understood and met. The Board as a whole is responsible for the management of the Company. Without prejudice to that general rule, the Board has specifically resolved that (subject to any applicable provisions of the Company’s articles of association that provide for certain matters to be determined or approved by the Company’s shareholders in general meeting) the following matters should be reserved for decision by it:

1. Strategy and Management

- 1.1. Responsibility for the overall management of the Company and its subsidiaries (the “**Group**”).
- 1.2. Approval of the Group’s longterm objectives and commercial strategy.
- 1.3. Approval of the annual operating and capital expenditure budgets.
- 1.4. Oversight of the Group’s operations ensuring:
 - (a) competent and prudent management;
 - (b) sound planning;
 - (c) adequate systems of internal control and risk management;
 - (d) adequate accounting and other records; and
 - (e) compliance with statutory and regulatory obligations.
- 1.5. Review of performance in the light of the Group’s strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6. Extension of the Group’s activities into new business areas.
- 1.7. Any decision to cease to operate all or any material part of the Group’s business.

2. Structure and Capital

- 2.1. Changes relating to the Group’s capital structure including reduction of capital, share issues (except under employee share plans), share buy backs including the use of treasury shares.
- 2.2. Major changes to the Group’s corporate structure.
- 2.3. Major changes to the Group’s management and control structure.

- 2.4. Any changes to the Company's listing or its status as a public limited company.
- 2.5. Recommendations to shareholders in relation to: (a) approval of an employees' share scheme or longterm incentive scheme or any alteration to an existing scheme, and (b) approval of any grant by a Group member of an option, warrant or other similar right, in each case as required by Rule 9 of the United Kingdom Listing Authority's Listing Rules (the "Listing Rules").

3. Financial Reporting and Controls

- 3.1. Approval of the preliminary announcements of interim and final results and of interim management statements.
- 3.2. Approval of the half yearly report and annual report and accounts, including the corporate governance statement and remuneration report.
- 3.3. Approval of the dividend policy.
- 3.4. Declaration of the interim dividend and recommendation of the final dividend.
- 3.5. Approval of any significant changes in accounting policies or practices following recommendations concerning the same received from the Audit Committee.
- 3.6. Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
- 3.7. Approval of bank borrowing and intercompany borrowing limits for Group companies and any changes thereto.
- 3.8. Recommendations to shareholders in relation to the appointment, re-appointment or removal of the Company's external auditor, following the recommendations of the Audit Committee.
- 3.9. Consideration of, at least once a year, proposals for the Group's short term and long term financing plans.
- 3.10. Review of the Group's balance sheet foreign exchange exposure.
- 3.11. Approval of valuations of the Company's assets.
- 3.12. Determining the remuneration of the external auditor based on the recommendations made to the Board by the Audit Committee.

4. Internal Controls

- 4.1. Ensuring maintenance of a sound system of internal control and risk management including:
 - (a) receiving reports on, and reviewing on a regular basis the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
 - (b) undertaking an annual assessment of these processes; and
 - (c) approving an appropriate statement for inclusion in the annual report.
- 4.2. Approval of the overall levels of insurance for the Group including, but not limited to, the levels of directors' and officers' liability insurance for Group companies and indemnification of the directors of the Company ("**Directors**"), other than the purchase of such insurance as is delegated to the Senior Executives of the Group.

5. Contracts and Expenditure

- 5.1. Approval of all major capital projects or investments in excess of the amounts delegated to the Senior Executives of the Group.
- 5.2. Approval of any commercial contract entered into in the normal course of business that is in excess of the amount delegated to the Senior Executives of the Group in value.
- 5.3. Approval of any contract or agreement outside of the normal course of business of the Company in excess of the amount delegated to the Senior Executives of the Group.
- 5.4. Approval of, and notification and recommendation to shareholders in relation to, transactions by any Group member as required under Rule 10 of the Listing Rules (Significant Transactions) and Rule 11 of the Listing Rules (Related Party Transactions).
- 5.5. Approval of all strategic or material alliances, joint ventures and partnership agreements.
- 5.6. Approval of all lending or borrowing by the Group made outside the Group's Treasury Policy and in excess of the amounts delegated to the Senior Executives of the Group.
- 5.7. Approval of all major investments and disposals including the acquisition or disposal of interests of more than 5 per cent. in the voting shares of any company (if material) or the making of any takeover offer.

6. Communication

- 6.1. Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 6.2. Approval of all circulars to the holders of listed securities, prospectuses and listing particulars. Approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights can be delegated to a committee.

7. Board Membership and Other Appointments

- 7.1. Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee, including approving the appointment or removal of Directors or the Company Secretary of the Company and arrangements in connection with those appointments and removals.
- 7.2. Ensuring adequate succession planning for the Board and senior management.
- 7.3. Selection of the Chairman of the Board and the Chief Executive Officer.
- 7.4. Establishment of committees of the Board, appointment of members and Chairman and approval of terms of reference.
- 7.5. Appointment of the senior independent Director.
- 7.6. Membership and chairmanship of Board committees, following the recommendations of (as appropriate) the Nomination Committee and/or the Chairman or the relevant Board committee.
- 7.7. Continuation in office of Directors at the end of their term of office, when they are due to be reelected by shareholders at the AGM and otherwise as appropriate.
- 7.8. Continuation in office of any Director at any time, including the suspension or termination of service of an executive Director as an employee of the Company, subject to the law and their service contract.

- 7.9. Appointment or removal of the Company Secretary.
- 7.10. Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

8. Remuneration

- 8.1. Determining the remuneration policy for the executive Directors, Company Secretary and other senior executives following recommendations from the Remuneration Committee.
- 8.2. Determining the remuneration of the nonexecutive Directors, subject to the articles of association and shareholder approval as appropriate.
- 8.3. The introduction of new share incentive plans or major changes to existing plans, which require shareholder approval.

9. Delegation of Authority

- 9.1. The division of responsibilities between the Chairman, the Chief Executive Officer and other executive Directors and senior management which should be in writing.
- 9.2. Approval of terms of reference of Board committees.
- 9.3. Receiving reports from Board committees on their activities.

10. Corporate Governance Matters

- 10.1. Undertaking a formal and rigorous review annually of its own performance, that of its committees and the executive Directors.
- 10.2. Determining the independence of Directors.
- 10.3. Promoting the success of the Company for the benefit of its shareholders as a whole, having regard (amongst other matters) to the balance of interests between shareholders, employees, customers and the community.
- 10.4. Review of the Group's overall corporate governance arrangements.
- 10.5. Receipt and review of reports on the views of the Company's shareholders.
- 10.6. Reporting each year to shareholders on the Company's policy on remuneration, specifying, if necessary or deemed desirable, the information required by any listing rule, corporate governance code applicable to or adopted by the Company or any other relevant guidance.
- 10.7. Use of the remuneration report as the main vehicle through which the Company reports to shareholders on Directors' remuneration and to ensure that the report forms part of, or is annexed to, the annual report and accounts.
- 10.8. Presentation of a balanced and understandable assessment of the Company's position and prospects. This duty extends to interim and other price sensitive public reports and reports to regulators as well as to information required to be presented by any statutory requirements.
- 10.9. Approval of any applications by executive Directors for permission to accept outside appointments.

11. Policies

- 11.1. Approval of policies, including:
- (a) Group Code of Conduct;
 - (b) Code of Dealings in Securities;
 - (c) Whistle blowing policy;
 - (d) Anti-corruption and bribery policy;
 - (e) Charitable donations policy;
 - (f) Financial reporting procedure policy;
 - (g) Communications policy including Inside Information Disclosure policy;
 - (h) Related Party Transaction policy;
 - (i) Corporate social responsibility policy;
 - (j) Health and safety policy; and
 - (k) Environmental policy.

12. Other

- 12.1. The making of political donations.
- 12.2. Prosecution, defence or settlement of litigation or arbitration involving amounts in excess of the limits delegated to Senior Executives of the Group or being otherwise material to the interests of the Group.
- 12.3. The adoption of, or major changes to the rules of, a pension scheme by the Company or, when this is subject to the approval of the Company, changes in the fund management arrangements.
- 12.4. This schedule of matters reserved for Board decisions.
- 12.5. Any other matter not falling within the powers and authority of the shareholders, the Senior Executives of the Group or delegated to a committee of the Board.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.