

CORPORATE GOVERNANCE POLICY

RAK PETROLEUM PLC

Adopted by the Board of Directors on 24 September 2014

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1 INTRODUCTION

RAK Petroleum plc ("**RAK Petroleum**" or the "**Company**") is incorporated in the United Kingdom and is subject to the laws of England and Wales. In particular, the Company is subject to the UK Companies Act 2006 (as amended from time to time) and to certain Disclosure and Transparency Rules ("**DTRs**"), including (in relation to corporate governance):

- DTR 4 (Period Financial Reporting);
- DTR 6 (Continuing obligations and access to information); and
- DTR 7 (Corporate Governance).

The Company seeks to comply with the applicable legal framework for companies listed on the Oslo Stock Exchange, and endorses the Code of Practice for Corporate Governance (Norwegian: "*Norsk anbefaling for eierstyring og selskapsledelse*") issued by the Norwegian Corporate Governance Board, most recently revised 23 October 2012 (the "**Code**").

The board of directors of the Company (the "**Board**") has adopted this corporate governance policy (the "**Corporate Governance Policy**") to reflect the Company's commitment to good corporate governance. This document is for internal use only. The Company has three classes of shares, class A shares (the "**Shares**"), restricted class A shares (the "**Restricted Shares**") and class B shares (the "**B Shares**"). It is only the Shares that are subject to listing and trading on the Oslo Stock Exchange.

2 MAIN OBJECTIVES FOR CORPORATE GOVERNANCE IN RAK PETROLEUM

The manner in which the Company is managed is considered by the Board to be vital to the development of the Company's value over time. The Corporate Governance Policy is based on the Code, and establishes a basis for good corporate governance to thereby help ensure the greatest possible value creation over time in the best interest of the Company and its shareholders, employees and other stakeholders.

This Corporate Governance Policy contains measures that are, and will be, implemented to ensure effective management and control over the Company's activities based on the Code. It should therefore be noted that there may also be other legal requirements which apply to matters described in this Corporate Governance Policy. The primary objective is to have systems for communication, monitoring and allocation of responsibility, as well as appropriate incentives, which contribute to increasing and maximising the Company's financial results, long-term success and returns to shareholders on their investments in the Company. The Company aims to have control and governance procedures that ensure equal treatment of all shareholders, thereby providing a foundation for trust.

The Board will, on an on-going basis, monitor the governance of the Company and will develop and improve the Corporate Governance Policy, as and when required.

3 CORPORATE GOVERNANCE POLICY

3.1 Implementation and reporting

This Corporate Governance Policy was adopted by the Board on 24 September 2014, and is, in all material respects, based on the Code, to which the Board has resolved that the Company shall adhere.

The Board shall ensure that the Company at all times has sound corporate governance.

The Board shall provide an overall review of the Company's corporate governance in the Company's annual report to the shareholders. The review shall include each individual point of the Code. If the Company does

not fully comply with the Code, this shall be explained in the annual report. A description of the most important corporate governance principles of the Company shall also be made available on the Company's website.

The Board shall define the Company's core values and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values.

3.2 Business

In accordance with common practice for companies incorporated in England and Wales, the Company's objectives as set out in its memorandum of association are wider and more extensive than recommended by the Code. However, the fundamental objectives and strategy of the Company's and its subsidiaries' (collectively the "**Group**") are to achieve substantial total returns for shareholders by (i) continuing to assist the management of investment entities to generate value and growth, (ii) identifying and then acquiring opportunistic oil and gas exploration and production assets where perceived geopolitical and other risk is manageable, focusing initially on West Africa, and (iii) engaging in other opportunistic transactions if and when they are identified.

The Company's primary objectives and strategies shall be stated in the Company's annual report.

3.3 Equity and dividends

The Board and the executive management of RAK Petroleum shall at all times keep the Company's equity capital at a level which is suitable in light of the Company's objectives, strategy and risk profile.

The Company's long-term objectives include making distributions of net income in the form of dividends. The payment and level of any dividends will depend on a number of factors, including market outlook, cash flow, capital expenditure plans and funding requirements. These factors will be measured against the Company's need to maintain adequate financial flexibility, relevant restrictions on the payment of dividends under the laws of England and Wales and such other factors the Board may consider relevant.

The Board shall establish a clear and predictable dividend policy. The dividend policy shall be disclosed in the Company's annual report.

Mandates granted to the Board to increase the Company's share capital shall be restricted to defined purposes. If the general meeting is to consider mandates to the Board for the issue of shares for different purposes, each mandate shall be considered separately by the meeting. Mandates granted to the Board shall be limited in time to no later than the date of the next annual general meeting. This shall also apply to mandates granted to the Board for the Company to purchase its own shares.

3.4 Equal treatment of shareholders and transactions with close associates

3.4.1 General information

Each Share and Restrcted Share carries one vote in the Company's general meeting and is entitled to participate on a distribution of income or capital *pari passu* with all other Shares and Restrcted Shares. Each B Share carries two votes in the Company's general meeting and does not carry any rights on a distribution of income or capital (other than entitlement to par value on a return of capital or redemption). All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

3.4.2 Share issues without pre-emption rights for existing shareholders

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in the share capital shall be justified. Where the Board resolves to carry out a share issue

without pre-emption rights for existing shareholders, then the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the share issue.

3.4.3 Transactions in own shares

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or at prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

3.4.4 Approval of transactions with shareholders and other closely-related parties

The Board shall arrange for a valuation to be obtained from an independent third party, in the event of a not immaterial transaction between the Company and its shareholders, a shareholder's parent company, members of the Board, executive management or closely-related parties of any such parties. An independent valuation shall also be carried out in the event of transactions between companies within the same group where any of the companies involved have minority shareholders.

Members of the Board and executive management must notify the Board if they have a significant, direct or indirect, interest in any transaction carried out by the Company other than by virtue of their position within the Company.

3.5 Freely negotiable shares

The Company's constituting documents do not impose any transfer restrictions on the Shares, and the Shares are freely transferable (other than in limited circumstances in the case of certificated shares). The Restricted Shares cannot be transferred until the date which is six months following the date of the listing on the Oslo Stock Exchange (other than to a permitted transferee which includes certain family members of the holder of the Restricted Share and certain trusts or other estate planning vehicles established by, or for the benefit of, such holder or certain of his family members, including charitable trusts). No B Share may be transferred unless a corresponding number of Restricted Shares held by such holder are at the same time transferred to the same permitted transferee and vice versa. Following expiry of the lock-up period, shareholders who hold B Shares will be able to elect to keep their B Shares, and therefore continue to hold Restricted Shares and only be permitted to transfer them to permitted transferees. If such shareholders do not elect to keep the rights associated with their B Shares, then their Restricted Shares will convert (by way of redesignation) into Shares and they will be able to freely transfer all their Shares.

Any shareholder who is subject to the lock-up may apply to the Board for a waiver of the lock-up, but such waiver is at the discretion of the Board. The Company has entered into an agreement with the joint lead managers in the listing that it will not waive the lock-up without the joint lead managers' consent, which consent shall not be withheld if it is clear that the proposed sale will not have any negative consequences for the pricing of the Shares.

3.6 General meetings

3.6.1 Exercising rights

The Board shall take reasonable steps to ensure that as many shareholders as possible can exercise their voting rights in the Company's general meetings and that the general meetings are an effective forum for the views of shareholders and the Board.

Among other things, the Board must ensure that:

- the notice and the supporting documents and information on the resolutions to be considered at the general meeting are available on the Company's website no later than 21 clear days prior to

the date of the general meeting;

- the resolutions and supporting documentation, if any, are sufficiently detailed to allow shareholders to understand and form a view on matters that are to be considered at the general meeting;
- the registration deadline, if any, for shareholders to participate at the general meeting is set as closely as practically possible to the date of the general meeting and pursuant to the provisions in the articles of association; and
- the Board and the person who chairs the meeting shall ensure that the shareholders have the opportunity to vote separately on each candidate nominated for election to the Company's Board and committees, if applicable.

Pursuant to common practice for companies incorporated in England and Wales, the articles of association of the Company stipulate that the Chairman of the Board shall chair the general meetings in which he or she is present.

3.6.2 Participation without being present

Shareholders who cannot be present at the general meeting shall be given the opportunity to vote using proxies. The Company shall in this respect:

- provide information about the procedure for attending via proxy;
- nominate a person who will be available to vote on behalf of a shareholder as their proxy; and
- prepare a proxy form which shall, insofar as this is possible, be formulated in such a manner that the shareholder has the option to vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

3.7 Nomination committee

The Company may appoint a nomination committee comprising such number of persons as determined by the general meeting of the Company from time to time, and which members shall be appointed by a resolution of the general meeting, including the chairman of the committee. The general meeting shall determine the remuneration of the nomination committee and shall stipulate guidelines for the duties of the nomination committee.

The nomination committee's duties, if appointed, include proposing candidates for election to the Board and the nomination committee and proposing fees to be paid to such members.

3.8 Board composition and independence

The composition of the Board shall ensure that it can act independently of any special interests. A majority of the shareholder-elected members of the Board shall be independent of the Company's executive management and material business contacts. In addition, at least two of the members of the Board shall be independent of the Company's major shareholder(s). For the purposes of this Corporate Governance Policy, a major shareholder shall mean a shareholder that owns 10 percent or more of the Company's issued and outstanding shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments by the person in question.

The Chairman of the Board shall be elected by the general meeting so long as the applicable laws do not require that the Chairman must be appointed by the Board. The Company may have an Executive Chairman. Other than this, the Board shall not include executive management.

The term of office for members of the Board shall not be longer than two years at a time.

The annual report shall provide information on the background and qualifications of the members of the Board. In addition, the annual report shall identify which members are considered to be independent.

The members of the Board shall be encouraged to own shares in the Company.

3.9 The work of the Board

3.9.1 General

The Board shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The Board shall provide details in the annual report of any board committees appointed. It is not common for companies incorporated in the United Kingdom to issue instructions for boards of directors and executive management as such instructions would be governed by the articles of association of the companies. Therefore there is no need for the Company to have separate instructions for the Board and executive management.

3.9.2 Audit committee

The Board shall have an audit committee as a preparatory and advisory committee. The duties and composition of the audit committee shall be as set out in DTR 7.1. The entire Board shall not act as the Company's audit committee.

3.9.3 Remuneration committee

The Board may appoint a remuneration committee as a preparatory and advisory committee for the Board in order to ensure a thorough and independent preparation of matters relating to compensation of the executive management. Members of such committee, if appointed, shall be restricted to members of the Board who are independent of the Company's executive management, other than the Executive Chairman.

3.9.4 Annual evaluation

The Board shall annually evaluate its efforts in the previous year.

3.10 Risk management and internal control

The Board shall ensure that the Company has sound internal controls in place and systems for risk management that are appropriate with respect to the extent and nature of the Company's activities. Internal controls and the systems for risk management should also encompass the Company's corporate values and ethical guidelines, including guidelines for corporate social responsibility.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board shall provide a description in the annual report of the Company's internal control and risk management system as they relate to the Company's financial reporting. The Board shall ensure it is updated on the Company's financial situation, evaluate whether the Company's capital and liquidity are adequate in terms of the risk from, and scope of, the Company's activities, and shall immediately take the necessary action if it is demonstrated at any time that the Company's capital or liquidity is inadequate.

3.11 Remuneration of the Board

The remuneration of the Board is to be decided by the shareholders at the annual general meeting of the Company at least every two years (commencing on the first annual general meeting following the listing on the Oslo Stock Exchange) and shall reflect the duties of the Board, including and the level of activity in both the Board and any Board committees. The remuneration shall not be linked to the Company's performance. The Company shall not grant share options to members of the Board, other than the Executive Chairman.

Members of the Board and companies with whom the members are associated shall not take on specific assignments for the Company in addition to their appointments as members of the Board. If they, nonetheless, do take on such assignments this must be reported to the Board, and the fees for such additional duties must be approved by the Board.

Any fees in addition to Board remuneration paid to the members of the Board shall be specifically identified in the annual report.

3.12 Remuneration of executive management

The Board shall establish guidelines for remuneration of the executive management of the Company. These guidelines shall be communicated to the annual general meeting. The guidelines shall include the main principles applied in determining the salary and other remuneration of the executive management.

Performance-related remuneration of the executive management in the form of share options, bonus programmes or the like shall ensure convergence of the financial interests of the executive management and the shareholders. Performance-related remuneration shall be subject to an absolute limit.

3.13 Information and communications

3.13.1 General information

The Company shall provide timely and precise information to its shareholders and the financial markets in general (through the Oslo Stock Exchange information system). Such information will be given in the form of annual reports, quarterly reports being Interim Management Statements, press releases, notices to the stock exchange and investor presentations in accordance with what is deemed suitable.

The Company shall publish an annual financial calendar with an overview of the dates of important events such as the annual general meeting, release of interim reports, and payment of dividends, if applicable.

Unless exceptions apply and are invoked, the Company shall disclose inside information on an ongoing basis. In all circumstances, the Company shall provide information about decisions by the Board and general meeting concerning dividends, amalgamations, mergers/demergers or changes to the share capital, the issuing of subscription rights, convertible loans and shall disclose all agreements of major importance that are entered into by the Company and closely-related parties in accordance with applicable laws and regulations.

3.13.2 Information to shareholders

The Company shall have procedures for establishing discussions with important shareholders to enable the Board to develop a balanced understanding of the circumstances and focus of such shareholders. Such discussions shall be done in compliance with the provisions of applicable laws and regulations.

Information to the Company's shareholders shall be posted on the Company's website at the same time that it is sent to the shareholders.

3.14 Take-overs

3.14.1 General

In the event the Company becomes the subject of a take-over offer, the Board shall ensure that the Company's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer.

3.14.2 Main principles for action in the event of a take-over offer

In the event of a take-over offer, the Board shall abide by the principles of the Code, recognising the duty the Board carries for ensuring that the interests of the shareholders are safeguarded. In particular:

- the Board shall ensure that the take-offer is made to all shareholders, and on the same terms;
- the Board shall not undertake any actions intended to give certain shareholders or other parties an unreasonable advantage at the expense of other shareholders or the Company;
- the Board shall not institute measures which have the intention of protecting the personal interests of its members.

The Board shall not attempt to prevent or impede the take-over offer, unless this has been decided by the general meeting in accordance with applicable laws. The main underlying principles shall be that the Company shall not establish any mechanisms which can prevent or deter a take-over offer unless this has been decided by the general meeting in accordance with applicable law.

If a take-offer is made for the Company's shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether or not the shareholders should accept such offer. If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it shall explain the reasons for this. In the statement, the Board shall make it clear whether the views expressed are unanimous, and if this is not the case, explain the reasons why certain members of the Board have excluded themselves from the statement.

The Board shall consider whether to arrange a valuation of a take-over offer from an independent expert. However, if any member of the Board, or close associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the offer, the Board shall arrange an independent valuation. This shall also apply if the bidder is a major shareholder (as defined in Section 3.8 herein). Any such valuation shall either be enclosed with the Board's statement, or reproduced or referred to in the statement.

3.15 Auditor

The auditor shall annually submit the main features of the plan for the audit of the Company to the Board, or, if relevant, the audit committee.

The auditor shall participate in meeting(s) of the Board that deal with the annual accounts, accounting principles, assess any important accounting estimates and matters of importance on which there has been disagreement between the auditor and the executive management of the Company or the audit committee.

The auditor shall at least once a year present to the Board, or the audit committee, a review of the Company's internal control procedures, including identified weaknesses and proposed improvements.

The Board shall hold a meeting with the auditor at least once a year at which no representative of the executive management of the Company, other than the Executive Chairman, is present.

The Board shall specify the right of the executive management to use the auditor for purposes other than auditing.

The Board must inform the shareholders at the annual general meeting of the remuneration paid to the auditor, including details of the fee paid for auditing work and any fees paid for other specific assignments.

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