

Reserves Committee – Terms of Reference

1 CONSTITUTION AND PURPOSE

- 1.1 The board of directors (the **Board**) of Pharos Energy plc (the **Company**) has resolved to establish a committee called the Reserves Committee (the **Committee**) under article 118 of the Company's articles of association.
- 1.2 The Committee shall have delegated responsibility from the Board to review reports of its oil and gas producing activities and review its compliance with applicable law and regulation regarding disclosure of information relating to the oil and gas reserves and resources of the Company and its direct and indirect subsidiaries (the **Group**).
- 1.3 The Committee is not empowered to exercise any executive powers beyond those specifically delegated in these terms of reference.

2 AUTHORITY

The Committee is authorised by the Board to:

- 2.1 investigate any matters within these terms of reference;
- 2.2 seek any information it requires from any employee of the Group or external provider of services to the Group in order to perform its duties;
- 2.3 obtain, at the Company's expense, legal, accounting or other professional advice on any matter it believes is necessary;
- 2.4 call any employee of the Group to be questioned at a meeting of the Committee as and when required; and
- 2.5 the Committee may delegate any of its powers to one or more of its members.

3 COMPOSITION

- 3.1 The Committee shall be composed of at least three individuals appointed by the Board from amongst its members and the senior management of the Company.
- 3.2 The chair of the Committee (**Committee Chair**) will be a non-executive director of the Company (**INED**) identified by the Board as independent under and in accordance with the UK Corporate Governance Code. Any such INED would generally be expected to be free from any business or other direct or indirect material relationship with the Company or the Group that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.
- 3.3 All Committee members will have a working familiarity with the estimation of oil and natural gas reserves and the execution of field development plans.
- 3.4 The Board may at any time remove, replace or reappoint any member of the Committee and fill any vacancy in the Committee.
- 3.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of meetings as and when appropriate and necessary.
- 3.6 The Committee Chair or the Board may also appoint an individual to act as secretary at meetings of the Committee (the **Secretary**) to take notes or minutes of discussion at such meetings, including any decisions taking by the Committee.

4 DUTIES AND RESPONSIBILITIES

- 4.1 The Committee shall evaluate the effectiveness of the Company's and the Group's technical reserves and resources evaluation, determination and reporting processes and standards.
- 4.2 The Committee shall assist the Board in the Company's compliance with legal, regulatory requirements and perform any other activities consistent with these terms of reference, as the Board deems necessary or appropriate.
- 4.3 The Committee shall review the Company's asset development planning and reserves and resources accounting procedures annually, providing information to the Company's independent qualified reserves evaluator(s) for the purposes of its report on the Company's reserves and resources data and providing guidance to the Board on the underlying procedures for the assessment of reserves and resources information subject to disclosure under applicable law.
- 4.4 The Committee shall review and, where applicable, approve the content of (a) any statement of reserves and resources data and other information that may be used to value the Company's upstream assets, this includes publication by the Company of any statement of reserves or resources data and other oil and gas information (b) any report of an independent qualified reserves evaluator and (c) any significant changes in reserves volumes or changes in assumptions or forecasts.
- 4.5 The Committee shall review asset development plans for each of the Group's producing and pre-production assets annually as an input to the annual setting of work programmes and budgets.
- 4.6 The Committee shall ensure the Audit and Risk Committee and the Board are kept apprised of any potential significant changes to the Group's reserves and resources.

5 REPORTING RESPONSIBILITIES

- 5.1 The Committee Chair shall report to the Board on its proceedings after each meeting of the Committee, including to elaborate on any issues arising in the minutes, or with regard to any other matters within its duties and responsibilities.
- 5.2 The Committee shall, through the Committee Chair, make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is necessary or desirable.
- 5.3 The Committee Chair will also draw to the attention of the Board any issues that they consider require disclosure or executive action.

6 QUORUM, VOTING AND CONDUCT OF MEETINGS

- 6.1 The quorum necessary for the transaction of business of the Committee shall be two members, where the Committee Chair and one of its other members must be present or by proxy.
- 6.2 Unless otherwise specified, decisions of the Committee are by simple majority of those present in person or by proxy and voting at a meeting of the Committee. The Committee Chair will not have a second casting vote in the event of a tie.
- 6.3 Any Committee member that remains opposed after a vote can ask for their dissent to be recorded in the minutes.
- 6.4 Any member of the Committee not in attendance at a meeting of the Committee may nonetheless appoint another member of the Committee as their proxy to vote on their behalf on any resolution put to the Committee. In order to be valid, any such appointment of a proxy should be communicated to the Committee Chair or the Secretary (if any) before the commencement of the relevant meeting.
- 6.5 Except as stated in these terms of reference, meetings of the Committee shall be conducted in accordance with the provisions of the Company's articles of association governing the proceedings of directors *mutatis mutandis*. Accordingly, Committee members or other required attendees may participate in meetings by telephone or video conference.

7 COMMITTEE EFFECTIVENESS

- 7.1 The Committee shall, 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.
- 7.2 This annual review requirement can be satisfied by participation of the Committee in any wider Board evaluation process.

8 MEETING ADMINISTRATION AND NOTICE

- 8.1 The Committee shall meet at least twice a year, typically at an appropriate time after the relevant balance sheet date, in connection with the proposed reserves reporting supporting the Company's preliminary full year financial statements and the Company's interim financial statements, and at such other times as necessary and appropriate.
- 8.2 Each member of the Committee shall be:
 - 8.2.1 entitled to receive notice in advance of any meeting of the Committee, including the proposed agenda and any supporting papers relating to the business of the meeting; and
 - 8.2.2 where reasonably practicable, provided with a reasonable opportunity to review and comment on such agenda and supporting papers in advance of the meeting.
- 8.3 Draft minutes shall be prepared by the Secretary, or as the Committee Chair otherwise directs, after each meeting of the Committee for review by the Committee Chair.
- 8.4 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed; minutes of meetings of the Committee shall be made available to all members of the Board promptly unless a conflict of interest has been identified.

9 OTHER MATTERS

- 9.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to management, employees, external evaluators and the company secretariat for assistance as required.
- 9.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 9.3 In the performance of its duties and discharge of its responsibilities, the Committee shall give due consideration to all applicable laws and regulations, including the general duties of directors set out in applicable legislation, the requirements of the UK Corporate Governance Code, the Companies Acts, the Market Abuse Regulation and the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules.