

REMUNERATION POLICY

SWALA OIL AND GAS (TANZANIA) LIMITED

Company Number 84838

In relation to remuneration issues, the Board has policies that are established to review the remuneration policies and practices of Swala Oil and Gas (Tanzania) Limited (“Swala” or “Company”) to ensure that it remunerates fairly and responsibly. The remuneration policy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate to attract and maintain desirable directors and employees.

The Board has responsibility for ensuring that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered, or expected to be delivered, and to attract and maintain talented and motivated directors and employees.

The Remuneration Committee reviews and makes recommendations in relation to Swala’s Remuneration Policy.

Non-Executive Director Remuneration

Non-Executive Director fees are determined within an aggregate directors’ fee pool limit, which will be periodically approved by shareholders in general meeting.

Non-Executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive directors is not linked to individual performance. Given the stage of development of the Company and the financial constraints applicable to it, the Company may consider it appropriate to issue unquoted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals.

Executive Remuneration

There are up to three categories of remuneration employed to reward employees, including the Executive Directors, depending on their role and responsibility within Swala:

1. Total Fixed Remuneration;
2. Short Term Incentive, payable as cash; and
3. Long Term Incentive.

Therefore representing a mix of fixed and “at-risk” pay and of short and longer-term rewards.

From time to time, the Remuneration Committee will review and recommend to the Board on matters of remuneration policy, specific recommendations in relation to senior management and all matters concerning equity plans and awards.

Total Fixed Remuneration

Total Fixed Remuneration comprises base salary, any relevant allowances and statutory superannuation guarantee contribution. Total Fixed Remuneration is set with reference to market data, reflecting the scope of the role and the performance of the person in the role. Should the role require a unique skill set, this is also reflected in the Total Fixed Remuneration. Remuneration is reviewed annually.

Short Term Incentive Plan (STI)

From time to time, if Swala establishes an STI it is the intention that it achieves the following objectives:

- focus executives on the achievements of key safety, financial targets as well as individual contribution that the Board believes will lead to sustained and improved business performance;
- establish a variable remuneration arrangement that links performance with reward; and
- reward and recognise superior performance, if achieved.

Long Term Incentive (LTI) Plans

The Board believes that appropriately designed and flexible equity based LTI plans are an important component of Swala's remuneration arrangements. Such plans are a key tool to allow Swala to attract and retain talented directors and employees and ensure the interests of directors and employees are aligned with those of Shareholders in creating long-term Shareholder value.