

DATED

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PETRA DIAMONDS LIMITED

REMUNERATION COMMITTEE

TERMS OF REFERENCE

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PETRA DIAMONDS LIMITED (Company No. EC23123)

(the "Company")

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

1.1 Primary Functions

The Remuneration Committee, (the "**Committee**"), is a Committee of the Board of Directors (the "**Board**"), charged with responsibility for determining the framework and broad policy and where appropriate, the detail for the remuneration of the Company's executive directors and the Group's senior executives and such other matters as set out in these terms of reference.

1.2 Reporting

- (a) The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action is needed.
- (c) The Committee shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the Annual General Meeting.
- (d) The Committee shall provide a corporate governance statement for the Company's directors' report, setting out a description of the composition and operation of the Committee.

2. THE COMMITTEE

2.1 Membership

- (a) Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chairman of the Remuneration Committee. The Committee shall be made up of at least three members, all of whom shall be independent non-executive directors (at present the Committee comprises two members; this will be revised when the Company appoints a further independent non-executive director to the Board). The chairman of the Board may also serve on the

Committee as an additional member if he or she was considered independent on appointment as chairman.

- (b) Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive officer, the finance director and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- (c) Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further three-year periods, provided the director still meets the criteria for membership of the Committee.
- (d) The Board shall appoint the Committee chairman who shall be an independent non-executive director ("**Committee Chairman**"). In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not be the Committee Chairman.

2.2 Secretary

The Company secretary, or their nominee, shall act as the secretary of the Committee.

2.3 Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

2.4 Role of Members

Committee members will utilise their personal skills, knowledge and judgement to perform the responsibilities set out below.

2.5 Responsibilities

The Committee should carry out the duties set out below for the Company, major subsidiary undertakings and the group as a whole (the "**Group**"), as appropriate.

The Committee shall:

- (i) determine and agree with the Board the framework or broad policy for the remuneration of the Company's chief executive officer, Chairman of the Board, the executive directors and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chairman of the Board and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;
- (ii) in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- (iii) review the ongoing appropriateness and relevance of the remuneration policy;
- (iv) approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- (v) review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to the executive directors and other designated senior executives and the performance targets to be used;
- (vi) determine the policy for, and scope of, pension arrangements for each executive directors and other designated senior executives;
- (vii) ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (viii) within the terms of the agreed policy and in consultation with the Chairman of the Board and/or chief executive officer as appropriate, determine the total individual remuneration package of each of the

Chairman of the Board, each executive director and other designated senior executives including bonuses, pension schemes, other benefits, incentive payments and share options or other share awards and benefits;

- (ix) agree the policy for authorising claims for expenses from the directors;
- (x) oversee any major changes in employee benefits structures throughout the Company and/or the Group and give advice on any such changes;
- (xi) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (xii) review and note annually the remuneration trends across the Group;
- (xiii) obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board; and
- (xiv) in determining such packages and arrangements set out in this paragraph 2, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code, the UK Listing Authority's Listing Rules and associated guidance, and all legal and regulatory requirements applicable in Jersey and Bermuda, as appropriate or relevant.

3. MEETINGS

3.1 Meeting Frequency and Schedule

The Committee shall meet at least twice a year and at such other times as the chairman of the Committee shall require.

3.2 Notice of Meetings

- (a) Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the Committee Chairman.

- (b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

3.3 Minutes

- (a) The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- (b) Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once approved, to all other members of the Board, unless a conflict of interest exists or it would be inappropriate to do so.

3.4 Annual General Meeting

The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

4. OTHER MATTERS

The Committee shall:

- 4.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 4.2 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;
- 4.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, all legal and regulatory requirements applicable in Jersey and Bermuda and any other applicable rules, as appropriate or relevant; and
- 4.4 arrange for periodic reviews of its own performance and, at least annually, review its 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.

5. **AUTHORITY**

- 5.1 The Committee is authorised by the Board to investigate any activity or state of affairs within its terms of reference.
- 5.2 The Committee is authorised to seek any information it requires from any employees or officers. In seeking any advice or assistance from any of the Company's executives, to ensure that such role is clearly separated from the executive's role within the business.
- 5.3 The Committee is authorised to obtain, at the Company's expense, expert advice from the Company's auditors, professional advisers or otherwise, and to take independent professional advice and to require the attendance of outsiders with relevant experience and expertise if it considers it necessary.
- 5.4 The Committee is authorised to select, set the terms of reference and appoint remuneration consultants, at the Company's expense.

These terms of reference were adopted by resolution of the Board passed on 28 November 2011.