

RISK COMMITTEE CHARTER

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Purpose

The Risk Committee (the “**Committee**”) will assist the Board of Directors (the “**Board**”) of Bahamas Petroleum Company (the “**Company**”) in fulfilling its responsibilities with respect to the oversight and governance control of the Company’s risk management activities. The Committee will maintain effective working relationships with the Board and Company management. The Committee has overview and governance control responsibilities for strategic, operational, environmental, sustainability, project, market, ethical, reputational, financial, compliance, technology and human capital risk management. The Committee’s responsibilities are to be exercised through reports from and discussions with management.

The Committee has authority from the Board to review and investigate any matter within the scope of this Charter and make recommendations to the Board in relation to the outcomes. The Committee has no delegated authority from the Board, except as specifically provided in this Charter, to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

Organisation

The Committee shall consist of at least three members of the Board. The Chairman of the Committee shall be a non-executive Director of the Company. The Company Secretary or his or her nominee will act as the Secretary to the Committee.

The Committee will meet no less than four times a year. Special meetings may be convened as required. The Chairman of the Committee will report to the full Board on the results of these meetings. The Secretary of the Committee will keep minutes of proceedings and resolutions of the Committee. The Committee may invite to its meetings Company management and such other persons as the Committee deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to enable it to carry out its responsibilities.

Duties

In meeting the purpose set out in paragraph 1 above, the Committee’s duties shall include:

Policies and procedure

- To oversee the Company’s risk management policy and, if appropriate, recommend to the Board for approval;
- To oversee the establishment and implementation of the risk management framework;
- To review the effectiveness of and compliance with the risk management framework;

Risk Management

- To review and oversee the Company’s risk profiles as developed and reported by management;
- To identify and monitor emerging risks and changes in the Company’s risk profile;
- To monitor and review the risk management performance of the Company, including conducting specific investigations where deemed necessary;

- To review the Company's insurance strategy, including the coverage and limits of the insurance policies, in order to, if thought fit, recommend to the Board for approval;
- To review the Company's contracting strategy and Authorization for Expenditure (AFE) documents, as proposed by management, against the strategic and financial objectives and the risk profile of the Company;
- To promote an awareness of a risk based culture in the balance of pursuit of business objectives whilst managing risks.

Audit Committee interface

- At least once per year, the Committee will review with the Board's Audit Committee reports and give guidance on how risk management is to be conducted within the Company;
- To review, with the Board's Audit Committee, any significant risks or exposures the Company may face and assess the steps management has taken to minimise such risks to the Company;

Other

The Committee shall, after notifying the Board or the Chairman of the Board and the Managing Director, have the ability to:

- direct any special investigations;
- seek advice of the Company's auditors and solicitors;
- engage and consult independent experts where necessary to
- carry out its duties; and
- consult external reports and other documents.
- To review and reassess the adequacy of this Charter annually and to submit proposed changes to the Board for approval.

Management is responsible for:

- Preparation, presentation and integrity of information and all matters about which the Committee should be informed; and
- Implementing and maintaining appropriate risk

management principles and policies, internal controls and processes designed to identify and address unacceptable risk as determined by the Committee.

Internal Audit is responsible for reviewing the risk and control framework and the compliance framework.

While the Risk Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for supervising the performance of executives and must not become involved in day to day operations, management functions or decision making of the Company. The Committee discharges its responsibilities by making recommendations to the Board.

Corporate Governance Website

As part of an effective communication strategy, the Company will maintain and keep current a Corporate Governance section on its website where key charters (including this Charter) and policies will be available for download.

Adopted by the Board 2012