

DATED

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PETRA DIAMONDS LIMITED

NOMINATION COMMITTEE

TERMS OF REFERENCE

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PETRA DIAMONDS LIMITED (Company No. EC23123)

(the "Company")

NOMINATION COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

1.1 Primary Functions

The Nominations Committee, (the "**Committee**"), is a Committee of the Board of Directors (the "**Board**"), charged with responsibility for:

- (a) reviewing the structure, size and composition of the Board and recommending changes;
- (b) considering and recommending succession planning strategy for executive and non-executive directors;
- (c) identifying and nominating for the approval of the Board candidates to fill Board vacancies or new positions as and when they arise; and
- (d) evaluating skills, experience and knowledge of Board members.

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 or improvement is required.
- (c) The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

2. THE COMMITTEE

2.1 Membership

- (a) The Committee shall comprise of at least three directors. A majority of the members of the Committee should be independent non-executive directors of the Company.

- (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 shall be for a period of up to three years, which may be extended for further three-year periods, provided that the director still meets the criteria for membership of the Committee and the majority of the Committee members remain independent.
- (d) The Board shall appoint the committee chairman who should be either the Chairman of the Board or an independent non-executive director of the Company ("**Committee Chairman**"). In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

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 3 members, comprising at least two independent non-executive directors and the Chairman of the Board. 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 below for the Company, major subsidiary undertakings and the group as a whole (the "**Group**"), as appropriate.

The Committee shall:

- (a) regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- (b) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- (c) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- (d) review and advise on the appointment of senior executives and senior managers who report directly to the chief executive officer;
- (e) before any appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board including gender, taking care that appointees have enough time available to devote to the position;
- (f) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (g) for the appointment of a Chairman of the Board, the Committee should prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- (h) prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of

interest and be required to report any future business interests that could result in a conflict of interest;

- (i) review the results of the Board performance evaluation process that relate to the composition of the Board;
- (j) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (k) review annually the time required from non-executive directors of the Company. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties; and
- (l) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

The Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non executive directors and in particular for the key roles of chairman and chief executive officer;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the audit and remuneration committees, in consultation with the chairmen of those committees;
- (d) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (e) the re-election by shareholders of any director under the annual re-election provisions of the UK Corporate Governance Code or the retirement by rotation provisions in the Company's bye-laws, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);

- (f) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and
- (g) the appointment of any director to executive or other office.

3. MEETINGS

3.1 Meeting Frequency and Schedule

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

3.2 Notice of Meetings

- (a) Meetings of the Committee shall be called 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 5 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 of Meetings

- (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 shareholders' questions on Committee's activities.

4. OTHER

The Committee shall:-

- 4.1 arrange for periodic review 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;
- 4.2 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 4.3 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; and
- 4.4 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.

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 appointment consultants, at the Company's expense.

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