

# Loncor Resources Inc.

Terms of Reference  
Compensation Committee of the Board of Directors of  
Loncor Resources Inc.

June 16, 2010

---

## MANDATE

### A. Role and Objectives

The compensation committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Loncor Resources Inc. ("**Loncor**"). Its primary function is to assist the Board in fulfilling its oversight responsibilities with respect to: (i) human resources policies; and (ii) executive compensation.

### B. Composition

1. The composition of the Committee shall be in accordance with any applicable legal requirements, any applicable stock exchange requirements and any other applicable regulatory requirements. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the full Board.
2. Members of the Committee shall be appointed by the Board. Each member shall serve until his successor is appointed, unless he shall resign or be removed by the Board or he shall otherwise cease to be a director of Loncor.
3. The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership.
4. The Committee shall have access to such officers and employees of Loncor or any other direct or indirect subsidiary (collectively, the "**Subsidiaries**") and to such information respecting Loncor and the Subsidiaries, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

### C. Meetings

1. Meetings of the Committee shall be scheduled at such times during each year as the Committee deems appropriate. Minutes of all meetings of the Committee shall be taken. Any one member of the Committee may also request a meeting of the Committee.
2. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.

3. The Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee with sufficient time for study prior to the meeting.
4. Every question at a Committee meeting shall be decided by a majority of the votes cast.
5. Each of the Chief Executive Officer and Chief Financial Officer of Loncor shall be available to advise the Committee, shall receive notice of all meetings of the Committee and may attend meetings at the invitation of the Chair of the Committee. The Chair of the Committee shall hold *in camera* sessions of the Committee, without management present, at every meeting.
6. A Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.
7. The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request to the Chair.

## **RESPONSIBILITIES**

To carry out its oversight responsibilities, the Committee shall undertake the following:

1. Review and recommend for approval to the Board, Loncor's and the Subsidiaries' key human resources policies.
2. Review and recommend for approval to the Board the compensation and benefits policy and plans (including incentive compensation plans) for Loncor and the Subsidiaries.
3. Review and recommend to the Board the employment agreements of the executive officers of Loncor and the Subsidiaries.
4. Together with the Chairman of the Board (if any), evaluate annually the performance of the Chief Executive Officer of Loncor and recommend to the Board his annual compensation package and performance objectives.
5. Together with the Chairman of the Board (if any), review annually and recommend to the Board the annual compensation package and performance objectives of the other executive officers of Loncor and the Subsidiaries.

6. Review annually and recommend to the Board the annual salaries (or percentage change in salaries) for non-executive staff of Loncor and the Subsidiaries.
7. Review annually and recommend to the Board the adequacy and form of the compensation of the directors of Loncor and be satisfied the compensation realistically reflects the responsibilities and risk involved in being such a director.
8. Review annually and recommend for approval to the Board the executive compensation disclosure of Loncor in its information circular, and be satisfied that the overall compensation philosophy and policy for senior officers is adequately disclosed and describes in sufficient detail the rationale for salary levels, incentive payments, stock options and all other components of executive compensation as prescribed by applicable securities laws.
9. Determine grants of options to purchase shares of Loncor under Loncor's stock option plan and recommend same to the Board for approval.
10. Engage, at the expense of Loncor, any external professional or other advisors which it determines necessary in order to carry out its duties hereunder.
11. Perform any other activities consistent with this mandate as the Committee or the Board deems necessary or appropriate.