



HORIZON OIL LIMITED

(ABN: 51 009 799 455)

**NOMINATION COMMITTEE
GUIDELINES AND POLICIES**

1 Introduction

This is the Nomination Committee charter for Horizon Oil Limited (“Horizon Oil”). The charter governs the procedures of the Nomination Committee (“**Committee**”) and outlines the procedures and guidelines of nominating a candidate to the position of director on the Horizon Oil’s Board of Directors (“**Board**”).

2 Nomination Committee

The Committee is a committee of the Board. Its primary purpose is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the highest standards of governance by:

- assessing the skills and competencies required on the Board;
- ensuring there are plans in place to manage the succession of the Board, CEO and other senior executives;
- from time to time assessing the extent to which the required skills are represented on the Board;
- establishing processes for the review of the performance of directors and the Board as a whole;
- establishing processes for the identification of suitable candidates for appointment to the Board;
- recommending continuing professional development programs for directors; and
- recommending the appointment, re-election and removal of directors.

2.1 Composition

The Committee will consist of at least three members, a majority whom are independent, non-executive directors. The Board will appoint one of these independent non-executive directors as the chairman of the Committee. The chairman of the Board may chair the Committee, however, a separate chairman should be appointed if and when the Committee is dealing with the appointment of a successor to the chair of the Board.

2.1.1 Removal or resignation

If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

2.1.2 Committee invitations

The Committee, if considered appropriate, may invite any senior management or other individuals to attend meetings of the Committee.

2.1.3 Secretary

The company secretary will be the secretary of the Committee.

2.2 Meetings

2.2.1 Frequency

The Committee will meet as frequently as required but not less than once a year.

2.2.2 Calling meeting and notice

Any committee members or the secretary may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Committee in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

2.2.3 Advice

The Committee may have access to employees of Horizon Oil and from appropriate external advisers. The Committee may meet with these external advisers without management being present.

2.2.4 Report to the Board

Should the Committee be composed of less than all members of the Board, the chairman of the Committee, or delegate, will report to the Board following each meeting.

2.2.5 Minutes

Minutes of proceedings and resolutions of committee meetings will be kept by the secretary. Minutes will be distributed to all committee members and the chairman of the Board, after the Committee chairman has given the preliminary approval. Minutes, agenda and supporting papers, will be made available to any director upon request to the secretary, providing no conflict of interest exists.

2.2.6 Quorum and voting

A quorum will comprise all independent non-executive director committee members. In the absence of the Committee chairman or appointed delegate, the members will elect one of their number as chairman for that meeting.

Each member will have one vote and the chairman of the Committee will not have a second or casting vote.

3 Duties and responsibilities

3.1 Current board

3.1.1 Skill requirements

The Committee will periodically assess the skills required to discharge the Board's duties, having regard to the strategic direction of Horizon Oil, and report the outcome of that assessment to the Board.

The Committee will, as and when it considers appropriate, but in any event whenever an existing non-executive director retires, assess the skills represented on the Board by the non-executive directors and determine whether those skills meet the required skills as identified.

3.1.2 Skill enhancement

The Committee will make recommendations to the chairman of the Board on means by which skill levels of existing non-executive directors can be enhanced, including continuing professional development programs.

3.1.3 Succession planning

The Committee will periodically assess and review the succession plans of the Board, CEO and other senior executives, to ensure that Horizon Oil and the Board continuously have the appropriate balance of skills, knowledge, experience, independence and diversity to carry out respective duties and responsibilities effectively.

3.2 New candidates

3.2.1 Candidate identification

Having regard to the skills required and the skills represented, the Committee will implement a process for the identification of suitable candidates for appointment to the Board of non-executive directors.

In determining the process for the identification of suitable candidates, the Committee will ordinarily ensure that searches are undertaken by an appropriately qualified independent third party acting on a brief prepared by the Committee. These should include searches as to the candidate's character, experience, education, criminal record and bankruptcy history.

The Committee will make recommendations to the Board on candidates it considers appropriate for appointment.

3.2.2 Re-nomination of retiring non-executive directors

The Committee will inform the Board of the names of non-executive directors who are retiring in accordance with the provisions of the constitution and will make recommendations to the Board as to whether the Board should support the re-nomination of that retiring director.

In order to make these recommendations; the Committee will review the retiring non-executive director's performance during the period in which the non-executive director has been a member of the Board. The Committee will conduct that review by whatever means it considers appropriate.

A member of the Committee will not participate in the review of his or her own performance.

3.3 Appointment of directors

Once the Board, after reviewing the recommendations provided by the Committee, has decided to appoint a new candidate to non-executive director, Horizon Oil will provide the letter of appointment and relevant documents to the new non-executive director.

3.4 Induction procedure

There are many issues, procedures and policies of which a new non-executive director of Horizon Oil will need to be aware and understand. Therefore, it is important for Horizon Oil to have an induction procedure. To assist a new non-executive director in his or her induction, Horizon Oil will follow the “New directors and executives - induction procedure”.

4 Evaluation process

A performance evaluation process applies to:

- the Board; and
- board committees

The objective of this process is to add value to the contribution made by each director and the Board, rather than to merely implement a checklist approach.