

# RISK MANAGEMENT COMMITTEE CHARTER

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## 1 Introduction

This is the Risk Management Committee Charter for Horizon Oil Limited (“Horizon”). The charter governs the procedures of the Risk Management Committee (“Committee”) and outlines the procedures and guidelines for the review and supervision of an effective and comprehensive risk management system for Horizon.

## 2 Risk Policy Statement

Horizon is committed to implementing and maintaining a comprehensive risk management system. By effectively managing risk, Horizon:

- reduces the likelihood of a health or safety incident affecting its personnel;
- minimises or controls its environmental impact;
- increases the likelihood of meeting its business objectives; and
- improves stakeholder value.

## 3 Risk Management Committee

The Committee is a committee of the Horizon’s Board of Directors (“Board”). Its primary purpose is to support and advise the Board in fulfilling its responsibilities to shareholders to identify, assess, monitor and manage risks and, as appropriate, escalate and communicate identified material risks (and their corresponding mitigation strategies and controls).

The role of Committee, in the discharge of its primary purpose, is to:

- review material risks and corresponding risk mitigation strategies and controls identified by the risk management system;
- review and supervise the implementation and administration by management of a comprehensive risk management system;
- review and supervise Horizon’s insurance program, having regard to the nature of Horizon’s business and the insurable risks associated with the business; and
- review and supervise the procedure for communication and escalation of risks by management to relevant stakeholders including the Board.

### 3.1 - Committee Composition

The composition of the Committee will be consistent with the ASX Corporate Governance Principles and Recommendations, where reasonably practicable, as follows:

- the Committee will consist of three members, of whom a majority are independent directors; and
- the Chairman of the Committee independent director.

## **3.2 - Removal or resignation from the Committee**

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.

## **3.3 - Committee may invite**

The Committee may invite any senior management member or any other individual to attend a meeting of the Committee, as they consider appropriate.

## **3.4 - Secretary**

The company secretary is the secretary of the Committee.

## **3.5 - Meetings**

### **[a] Frequency**

The Committee will meet as frequently as required but not less than twice a year. Any Committee member or the company secretary may call a Committee meeting.

### **[b] Calling meetings and notice**

A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Committee in the week before the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

## **3.6 - Advice**

The Committee is entitled to direct any special investigation that the Committee considers appropriate and to consult any independent expert that the Committee considers appropriate to carry out its duties. Horizon bears the costs of any such investigation or consultations.

## **3.7 - Report to board**

The Committee chairman, or delegate, will report to the Board following each meeting.

## **3.8 - 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 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.

## **3.9 - Quorum and voting**

A quorum will comprise any two 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.

## **3.10 - Overlap**

The Chairman of the Committee will liaise with the Chairman of the Audit Committee to ensure that areas of overlap between the two Committees are appropriately addressed and that matters which are properly the responsibility of the Audit Committee are not separately dealt with by the Risk Management Committee.

## 4 Review

The Committee chairman will conduct review of this charter every two years to ensure that it continues to reflect the current best industry practice processes. The Board will need to approve any amendments that stem from the review.