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30 August 2016

The Manager, Company Announcements  
Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney, NSW 2000

**HORIZON OIL LIMITED  
2016 CORPORATE GOVERNANCE STATEMENT AND APPENDIX 4G**

In accordance with Listing Rules 4.10.3 and 4.7.3, please find attached Horizon Oil Limited's 2016 Corporate Governance Statement and completed Appendix 4G.

Yours faithfully

A handwritten signature in black ink, appearing to read "Michael Sheridan". The signature is fluid and cursive, with a long horizontal stroke at the end.

**Michael Sheridan**  
Chief Financial Officer / Company Secretary

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# CORPORATE GOVERNANCE STATEMENT 2016

Horizon Oil Limited (the 'Company') and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The Corporate Governance Statement was approved by the board on 30 August 2016.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the full financial year. They comply with the ASX Corporate Governance Council's revised *Corporate Governance Principles and Recommendations 3<sup>rd</sup> edition*, released in March 2014 ("ASX Recommendations"), except where noted herein.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The relationship between the board and senior management is critical to the Company's long-term success. The directors are responsible to the shareholders for the performance of the Company in both the short and longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The responsibilities of the board include:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring:
  - organisational performance and the achievement of the Company's strategic goals and objectives;
  - compliance with the Company's Code of Conduct;
  - progress in relation to the Company's diversity objectives and compliance with its Diversity Policy; and
  - progress of significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- appointment, performance assessment and, if necessary, removal of the chief executive officer ('CEO');
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the chief financial officer ('CFO') and the company secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the Company;
- overseeing the operation of the Company's system for compliance and risk management reporting to shareholders; and
- ensuring appropriate resources are available to senior management.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the CEO and senior executives. These delegations are reviewed on an annual basis. (*Recommendation 1.1*)

Appropriate checks are undertaken before appointing or putting forward for election any director. It is the Company's policy to provide all material information relevant to a security holder's decision on whether or not to elect or re-elect a director. (*Recommendation 1.2*)

The directors and senior executives have a clear understanding of their roles and responsibilities within the Company and of the Company's expectations of them. The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The

key terms of these agreements are set out in the Directors' Report of the Annual Financial Report. *(Recommendation 1.3)*

The company secretary is regarded by the board as carrying out an important role in supporting the effectiveness of the board and its committees. The company secretary is accountable directly to the board, through the Chair, on all matters to do with the proper functioning of the board. *(Recommendation 1.4)*

## Diversity

The Company strongly values diversity and recognises the benefits it can bring to its ability to achieve its goals. Accordingly, the Company's Diversity Policy (available on the Company's website at [www.horizonoil.com.au](http://www.horizonoil.com.au)) outlines the Company's gender diversity objectives. It includes commitment of the board to establish measurable objectives for achieving gender diversity and for the board to assess annually the objectives and the Company's progress in achieving them.

As outlined in the Code of Conduct and Diversity Policy, merit is the basis for employment with the Company and all employees and applicants for employment are treated and evaluated according to their job-related skills, qualifications, abilities and aptitude, regardless of age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation or gender identity. Diversity is applicable to all levels of the organisation, including senior executive and board positions, and, subject to the overriding condition of merit, all appointment processes are to be conducted in a manner that promotes gender diversity in accordance with the Code of Conduct and Diversity Policy. *(Recommendation 1.5)*

In the past financial year, the Company continued its commitment to promoting gender and other forms of diversity by achieving the 2016 measurable objectives set by the board. The progress during 2016 against the measurable objectives is summarised below.

2016 Measurable Objective	Progress in 2016
Undertake gender pay equity audit to ensure equity in remuneration practices	Objective achieved  A gender pay equity audit was completed in 2016, which assessed all levels of the organisation. A report was provided to the executive committee, which did not identify any gender pay inequality within the organisation.
Increase the representation of women in executive roles and under-represented roles through appropriate succession planning and recruitment	Objective achieved and ongoing  The Company increased the representation of women in by appointing a female non-executive director to the Board in February 2016. There was no change to women in executive roles.  The Company remains committed to increasing the representation of women in executive and under-represented roles and has once again set this as a measurable objective for 2017.
Develop a discrimination, harassment and bullying policy that will promote diversity and set out the Company's commitment to eliminating harassment, bullying and unlawful discrimination	Objective achieved  The Company developed a Harassment, Discrimination and Bullying Policy. The policy discussed the Company's commitment to eliminating all harassment, bullying and unlawful discrimination within the organisation, because of age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation or gender identity. The policy was provided to existing employees and new employees as part of their induction training.
Encourage training and personal development to assist in furthering career goals	Objective achieved and ongoing  The Company encouraged two of its female employees to undertake further educational opportunities in support of their career goals.  The Company remains committed to training and personal development of its employees and has once again set this as a measurable objective for 2017.

The board has established the following measureable objectives in relation to gender diversity for 2017:

- increase the representation of women in executive roles and under-represented roles through appropriate succession planning and recruitment;
- increase the average length of service of women in the workplace and track their retention; and
- encourage training and personal development to assist in furthering career goals.

The proportion of female employees in the Group is summarised below:

Measures	Portion
Women employees	29% (ten of thirty-four)
Women senior executive roles	0% (zero of three)
Women non-executive directors	25% (one of four)

The Company defines “senior executives” as being all members of the executive committee, which includes the Chief Executive Officer and executive officers who are the highest paid executives of the Company and Group as set out on page 16 of the Directors’ Report of the Annual Financial Report. (*Recommendation 1.5*)

**Performance assessment**

Every two years the Chairman conducts a formal discussion with each of the directors individually to discuss their performance and ideas for improvement of the operation of the board and board committees. This process was last performed during 2015. The board reviews the consolidated views, input, comments and deficiencies arising from the formal discussions and identifies ways to improve board and board committee performance and determine the necessary implementation plans for such improvement measures. (*Recommendation 1.6*)

A performance assessment for senior executives took place in 2016. Performance was assessed having regard to a variety of key performance indicators. A formal discussion with each of the senior executives was undertaken during the financial year to evaluate and discuss their performance. (*Recommendation 1.7*)

**PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

The board has a primary responsibility to the shareholders for the welfare of the Company by guiding and monitoring the business and affairs of the Company. The Company has formalised and defined the functions reserved for board accountability and those delegated to management in a formal Board Charter. The board operates in accordance with the broad principles set out in the Board Charter. The Board Charter details the board’s composition and responsibilities. The Board Charter was in force for the full financial year.

The Company recognises the importance of the board in providing a sound base for good corporate governance in the operations of the Company. The board must at all times act honestly, fairly and diligently in all respects in accordance with the laws applicable to the Company. Furthermore, the board will at all times act in accordance with all relevant Company policies.

Subject to the prior approval of the Chairman, directors and board committees have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company’s expense.

The Company’s Constitution provides that directors, other than the managing director, shall not retain office for more than three years or beyond the third annual general meeting following election without submitting for re-election by shareholders.

The board has established a number of board committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are: Remuneration and Nomination, Audit and Risk Management committees. Copies of the Board Charter and Charters for each of the board committees are posted in the Corporate Governance section of the Company's website at [www.horizonoil.com.au](http://www.horizonoil.com.au).

### **Board composition**

The board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective; and
- the size of the board is conducive to effective discussion and efficient decision-making.

In the period 1 July 2015 to 20 November 2015, the board was composed of four non-executive directors, and one executive director. In the period 21 November 2015 to 1 February 2016, the board was composed of three non-executive directors, and one executive director. In the period 2 February 2016 up until the date of this report, the board was comprised of four non-executive directors, and one executive director. The Chairman of the board is an independent director and the role of Chairman and CEO are performed by different individuals. (*Recommendation 2.5*)

The board actively seeks to ensure that the board and its committees have the right mix of skills, knowledge and experience necessary to guide and govern the Company effectively and in accordance with highest standards. The board considers that collectively the current board has the range of skills, knowledge and experience necessary to direct the Company. Details of the members of the board, their skills, experience, expertise, qualifications and term of office are set out in the Directors' Report of the Annual Financial Report. The directors represent a wide range of operational and international experience with an in depth understanding of the industry. The combination of skills and experience allows for contributions on operational, financial and management matters. (*Recommendation 2.2 and 2.3*)

A summary of the skills matrix is set out below:

<b>Skills and experience</b>	<b>Number of directors</b>
Leadership and executive Senior management positions Directorships held outside Horizon	5
Risk Management Experience in risk management	5
Strategy Mergers and acquisitions Experience in capital projects	5
Corporate Governance Experience in governance of an organisation	5
Finance & Audit Accounting or finance qualifications Experience in financial accounting and corporate finance	4
International Experience in global locations, including Asia Pacific	5
Industry Oil and gas Engineering or science qualifications Major projects Infrastructure	4

Directors are encouraged to attend appropriate training and professional development courses to update and enhance their skills and knowledge. All new non-executive directors are provided with a letter of agreement which sets out the terms of their appointment and an induction pack which includes detailed information about the Company, its operations, financial position and strategies and objectives. The pack also includes materials such as the Board Charter, the Company's policies and procedures, previous board papers and minutes, the Company's Constitution and most recent annual reports. (*Recommendation 2.6*)

The board is actively and regularly involved in risk management and strategic planning. The board has an active program of continuous improvement, including keeping up to date on best practice, fostering a compliance culture, training and recognition.

### **Directors' independence**

The board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the board should consider whether the director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- has a material contractual relationship with the entity or its child entities other than as a director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that his or her independence may have been compromised.

The board annually assesses the independence of each non-executive director and considers that Mr Humphrey, Mr Stock and Mrs Birkenleigh satisfy the criteria of being independent of management and free from any business or other relationship or conflict of interest that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independent judgement. (*Recommendation 2.3*)

In determining materiality, the board has regard, among other things, to the matters detailed in paragraph 6 of the Board Charter. The board acknowledges that Mr Humphrey has been a director for twenty six years, however the board considers that there is no objective or subjective reason to believe that Mr Humphrey's period of board service in any way would interfere with his ability to bring an independent judgement to bear on issues before the board and to act in the best interests of the Company and its shareholders. Accordingly, the board has assessed Mr Humphrey to be an independent director.

The board acknowledges that Mr de Nys is a non-independent director by virtue of his association with a substantial shareholder, the IMC Group. The Company was in full compliance with *Recommendation 2.4* (which recommends that a majority of the board be composed of independent directors) for the full financial year.

In the event of a tied vote, the casting vote rests with the Chairman, Mr Humphrey, who is a non-executive independent director.

### **Remuneration and Nomination Committee**

The board has established a Remuneration and Nomination Committee. (*Recommendations 2.1*)

The Remuneration and Nomination Committee consists of the following non-executive directors, the majority of whom are independent, including the Chair:

#### Independent

J S Humphrey (Chairman of Committee)

A Stock

S Birkenleigh (appointed 2 February 2016)

E F Ainsworth (Chairman of Committee)(resigned 20 November 2015)

#### Non-independent

G de Nys

The main responsibilities of the Remuneration and Nomination Committee in respect of the composition of the board are to:

- assess the skills and competencies required on the board;
- from time to time assess the extent to which the required skills are represented on the board;
- establish processes for the review of the performance of individual directors and the board as a whole;
- establish processes for the identification of suitable candidates for appointment to the board; and
- recommend the appointment and removal of directors.

Details of attendance at meetings of the committee during the financial year are detailed in the Directors' Report of the Annual Financial Report.

A copy of the Remuneration and Nomination Committee Charter is available in the Corporate Governance section of the Company's website at [www.horizonoil.com.au](http://www.horizonoil.com.au).

### **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

The Company has a corporate Code of Conduct ('Code') that has been fully endorsed by the board and applies to all directors and employees. The Code is updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity. (*Recommendation 3.1*)

In summary, the Code requires that at all times all Company personnel must act with the utmost integrity, objectivity and in compliance with both the letter and spirit of the law and Company policies.

The Code and Diversity Policy are discussed with each new employee as part of their induction training. The directors are satisfied that the Group and Company have complied with its policies on ethical standards.

The Code and Diversity Policy are available in the Corporate Governance section of the Company's website at [www.horizonoil.com.au](http://www.horizonoil.com.au).

### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

The Company recognises the importance of maintaining appropriate safeguards and independent oversight of its financial reporting and has a structure in place to achieve this. An important part of this structure is the board's Audit Committee. (*Recommendation 4.1*)

The Audit Committee consists of the following non-executive directors all of whom are independent:

S Birkenleigh (Chair of Committee) (appointed 2 February 2016)

J S Humphrey

A Stock

E F Ainsworth (resigned 20 November 2015)

The qualifications of Audit Committee members and their attendance at meetings of the Committee during the financial year ended 30 June 2016 are detailed in the Directors' Report of the Annual Financial Report.

At each meeting of the Audit Committee for the whole of the year, the Committee was composed of three members, each of whom is an independent, non-executive director. In the period 1 July 2015 to 20 November 2015, the audit committee was composed of Messrs Ainsworth, Humphrey and Stock. Mr Ainsworth retired as chairman on 20 November 2015.

On 2 February 2016, Mrs Birkenleigh was appointed as a non-executive director of the Company and chair of the Audit Committee. No meetings of the Audit Committee were held in the period between Mr Ainsworth's retirement and Mrs Birkenleigh's appointment. For the interim period between Mr Ainsworth's resignation and the appointment of additional, suitably qualified, non-executive director, the board determined that no changes to the composition of the Audit Committee were required.

The board considers that the size and composition of the Audit Committee is appropriate to enable its effective and efficient operation having regard to the size of the board and the relevant qualifications of the members of the Audit Committee.

The board requires the CEO and CFO to provide a declaration in accordance with section 295A of the *Corporations Act 2001*. The board acknowledges that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company. That opinion has been formed on the basis of a sound system of risk management and internal control which is, in their view, operating effectively. (*Recommendation 4.2*)

The Audit Committee has a formal charter that details its role and responsibilities, composition, structure and membership requirements.

A copy of the Audit Committee Charter, including information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is available in the Corporate Governance section of the Company's website at [www.horizonoil.com.au](http://www.horizonoil.com.au).

### ***External auditor***

The external auditor attended all Audit Committee meetings during the financial year, including holding discussions with the Audit Committee at each meeting without management present. The external auditor also attended the annual general meeting and was available to answer shareholder questions about the conduct of the external audit and the preparation and content of the independent auditor's report. (*Recommendation 4.3*)

The Company and Audit Committee policy is to appoint an external auditor who clearly demonstrates professional qualities and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services would be requested, if deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

The Company's policy is to rotate audit engagement partners at least every five years.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in note 30 to the Financial Statements of the Annual Financial Report. It is the policy of the external auditor to provide an annual declaration of its independence to the Audit Committee.

## **PRINCIPLES 5 AND 6: MAKE TIMELY AND BALANCED DISCLOSURE AND RESPECT THE RIGHTS OF SHAREHOLDERS**

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its subsidiaries that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at annual general meetings. The Continuous



Disclosure Policy together with all other relevant corporate governance information is available in the Corporate Governance section of the Company's website. (*Recommendation 5.1 and 6.1*)

The Disclosure Committee consists of the following directors, the Chair of which is independent:

J S Humphrey (Chairman of Committee) (appointed 20 November 2016)

S Birkenleigh (appointed 2 February 2016)

B D Emmett

E F Ainsworth (Chairman of Committee)(resigned 20 November 2015)

The Committee's role includes responsibility for ensuring compliance with the continuous disclosure requirements of both the *Corporations Act 2001* and the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Chairman, CEO, Company Secretary and Assistant Company Secretary have been nominated as persons responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is released by the ASX. When presentations on aspects of the Group's operations are made, the material used in the presentation is released to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market. The Company seeks to provide opportunities for shareholders to participate through electronic means. The website also includes a feedback mechanism and an option for shareholders to register their e-mail address for direct e-mail updates of Company matters. (*Recommendations 6.2 and 6.4*)

The Company has written policies and procedures which are used to assist the Company in developing and promoting its communication with shareholders and encouraging effective participation at general meetings. The Shareholder Communications Guidelines Policy is available in the Corporate Governance section of the Company's website. (*Recommendation 6.3*)

Shareholders are given the opportunity to elect to receive a copy of the Company's annual (full or concise) and half-yearly reports. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Current initiatives to facilitate this include making all Company announcements, media briefings, details of Company meetings, press releases for the last three years and financial reports for the last five years available on the Company's website. (*Recommendation 6.4*)

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

The board, through both the Risk Management and Audit Committees, is responsible for ensuring there are adequate policies and procedures in place in relation to risk management, compliance and internal control systems.

In summary, the Company's Risk Management Policy is designed to ensure strategic, operational, environmental, legal, reputational and financial risks are identified, assessed, effectively and efficiently monitored and managed to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong internal control environment. There is an organisational structure with clearly drawn lines of accountability and delegation of authority.

Adherence to the corporate Code of Conduct (refer to Principle 3) is required at all times and the board actively promotes a culture of quality and integrity.

The Company's Risk Management Policy and procedural operation of the risk management and compliance system is overseen by the Risk Management Committee which consists of all directors and is chaired by an independent non-executive director:

A Stock (Chairman of Committee)  
S Birkenleigh (appointed 2 February 2016)  
B D Emmett  
J S Humphrey  
G de Nys  
E F Ainsworth (resigned 20 November 2015)

The key function of the committee is to identify and prioritise risk arising from business strategies and activities and ensure that appropriate risk management controls are implemented and are effective. The committee's responsibilities also include the Company's internal control environment and ensuring that the Company has an integrated framework of internal compliance and controls based on formal procedures and appropriate delegation of authority and responsibility.

Details of attendance at meetings of the committee during the financial year are detailed in the Directors' Report of the Annual Financial Report. (*Recommendation 7.1*)

The committee ensures that appropriate risk management controls are implemented and effected by meeting with senior executives, at least annually, to review and discuss the material business risks arising from business strategies and the adequacy of the relevant risk management controls in place. This review was conducted during 2016. The Risk Management Committee Chairman (or a delegate) reports to the board following each meeting of the Risk Management Committee. In addition, the board also reviews and considers material business risks and the adequacy of the risk management controls at each board meeting. (*Recommendation 7.2*)

In accordance with the Risk Management Policy, an annual review of the policy and charter was undertaken to ensure that it reflected the current best industry practice processes. A copy of the Risk Management Policy is available in the Corporate Governance section of the Company's website at [www.horizonoil.com.au](http://www.horizonoil.com.au). (*Recommendation 7.1 and 7.2*)

While the Company does not utilise a formal internal audit function, given the relative size of the organisation and the key roles of the Risk Management Committee and Audit Committee in evaluating and continually improving the effectiveness of the Company's risk management and internal control processes, the board considers the regular systematic monitoring of control activities to be sufficient to manage current and future risks. (*Recommendation 7.3*)

The Company strongly values economic, environmental and social sustainability within the areas in which it operates. In order to mitigate any material exposure to economic, environmental and social sustainability risks, the Company undertakes regular monitoring and assessment of both its operating and non-operating assets to ensure that all activities are conducted in a manner that is consistent with the Company's commitment to safe and sustainable operations. The Review of Operations section of the Directors' Report of the Annual Financial Report together with the Company's Sustainability Report of the Annual Financial Report contain detailed information about the Company's material business risks, including exposure to economic, environmental and sustainability risks and the Company's approach in managing them. The Sustainability Report also provides further details of the Company's key initiatives and sustainability performance. (*Recommendation 7.4*)

## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

The Company has established a Remuneration and Nomination Committee.

The Remuneration and Nomination Committee consists of the following directors, the majority of whom are independent, including the Chair:

### Independent

J S Humphrey (Chairman of Committee)

S Birkenleigh (appointed 2 February 2016)

A Stock

E F Ainsworth (Chairman of Committee)(resigned 20 November 2015)

### Non-independent

G de Nys

Details of attendance at meetings of the Committee during the financial year are detailed in the Directors' Report of the Annual Financial Report. (*Recommendation 8.1*)

The Committee's role is to advise the board on remuneration and incentive policies and practices generally, and make specific recommendations on remuneration packages and other terms of employment for key management personnel. This includes reviewing and making recommendations to the board in respect of:

- an executive remuneration and incentive policy;
- the remuneration of the CEO and all senior management reporting directly to the CEO;
- an executive incentive plan;
- an equity based incentive plan;
- the remuneration of non-executive directors;
- superannuation arrangements;
- accidental death and disability insurance and other insurance arrangements;
- recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the CEO, the Company Secretary and all senior management reporting directly to the CEO; and
- the disclosure of remuneration in Horizon Oil Limited's public materials including ASX filings and the annual report.

The Company clearly distinguishes the structure of non-executive director remuneration from that of executive remuneration. The Company's policy in relation to remuneration for both executive and non-executive directors is set out in the Remuneration Report of the Annual Financial Report. (*Recommendation 8.2*)

Retirement benefits for non-executive directors consist only of statutory superannuation contributions. There is no separate retirement benefit plan for non-executive directors.

The Company's Securities Trading Policy prohibits employees entering into transactions in financial derivatives (including options) which limit the economic risk of participating in invested entitlements under equity based remuneration schemes. (*Recommendation 8.3*)

A copy of the Remuneration and Nomination Committee Charter and the Securities Trading Policy is available in the Corporate Governance section of the Company's website at [www.horizonoil.com.au](http://www.horizonoil.com.au)

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Horizon Oil Limited

ABN :

51 009 799 455

Financial year ended:

30 June 2016

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <http://horizonoil.com.au/investor-centre/governance/>

The Corporate Governance Statement is accurate and up to date as at 30 August 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 30 August 2016

Name of Director or Secretary authorising  
lodgement: Michael Sheridan  
Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/diversity-policy/">http://horizonoil.com.au/investor-centre/governance/diversity-policy/</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p>Not Applicable</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p>Not Applicable</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p>Not Applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>If the entity complies with paragraph (a):</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/nomination-committee-charter/">http://horizonoil.com.au/investor-centre/governance/nomination-committee-charter/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement and a copy of the code of conduct: <input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/corporate-code-of-conduct/">http://horizonoil.com.au/investor-centre/governance/corporate-code-of-conduct/</a>	Not Applicable



Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>If the entity complies with paragraph (a):</p> <p>... the fact that we have an audit committee that complies with paragraph (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/audit-committee-charter/">http://horizonoil.com.au/investor-centre/governance/audit-committee-charter/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/">http://horizonoil.com.au/investor-centre/governance/</a>	Not Applicable
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement and <input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/shareholder-communication-guidelines-and-policy/">http://horizonoil.com.au/investor-centre/governance/shareholder-communication-guidelines-and-policy/</a>	Not Applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>If the entity complies with paragraph (a):</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/risk-management-guidelines/">http://horizonoil.com.au/investor-centre/governance/risk-management-guidelines/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>If the entity complies with paragraph (b):</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>If the entity complies with paragraph (a):</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/remuneration-committee-charter/">http://horizonoil.com.au/investor-centre/governance/remuneration-committee-charter/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and</p> <p><input checked="" type="checkbox"/> at <a href="http://horizonoil.com.au/investor-centre/governance/securities-trading-policy/">http://horizonoil.com.au/investor-centre/governance/securities-trading-policy/</a></p>	Not Applicable