

TALISMAN

ENERGY

TERMS OF REFERENCE

EXECUTIVE COMMITTEE

COMPOSITION

At the first meeting of the Board of Directors of the Company after the election of Directors at the annual meeting of shareholders, the Board shall appoint an Executive Committee comprised of not more than six Directors of the Company, two of whom shall be the Chairman of the Board and the Chief Executive Officer of the Company. The Chairman of the Board should be appointed Chair of the Executive Committee. Any member may be removed from the Executive Committee or replaced at any time by the Board.

The Chair shall preside as chair at each Committee meeting, lead Committee discussion on meeting agenda items and report to the Board, on behalf of the Committee, with respect to the proceedings of each Committee meeting. The Executive Committee shall designate a Secretary to the Executive Committee who may be a member of the Executive Committee or an officer or employee of the Company. The Secretary shall keep minutes and records of all meetings of the Executive Committee. In the event that either the Chair or the Secretary is absent from any meeting, the members present shall designate any Director present to act as Chair and shall designate any Director, officer or employee of the Company to act as Secretary.

Meetings of the Executive Committee, including telephone conference meetings, shall be held at such time and place as the Chair of the Executive Committee, or any member of the Executive Committee, may determine. Notice of every meeting shall be given to each member not less than 24 hours before the time of the meeting; provided that meetings of the Executive Committee may be held without formal notice if all of the members are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting.

Notice of meeting may be given verbally or delivered personally, given by mail, facsimile or other electronic means of communication and need not be accompanied by an agenda or any other material. The notice shall however specify the purpose or purposes for which the meeting is being held.

No business may be transacted by the Executive Committee except at a meeting where all members are present.

A resolution in writing, signed by all the members of the Executive Committee entitled to vote on that resolution at a meeting of the Executive Committee, is as valid as if it had been passed at a meeting of the Executive Committee. A copy of any such resolution in writing shall be kept with the minutes of the proceedings of the Executive Committee.

Any matter to be voted upon shall be decided by a majority of the votes cast on the question; and in the case of an equality of votes, the Chair of the meeting shall be entitled to a second or casting vote.

No alteration to the roles and responsibilities of the Executive Committee shall be effective without the approval of the Board of Directors.

ROLE AND RESPONSIBILITIES

The Executive Committee is not intended as a substitute for the Board of Directors but as an extension thereof to take appropriate action where necessary and where it is not practicable or convenient to convene a meeting of the Board.

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Whenever a meeting of the Board is not in session, the Executive Committee shall have and may exercise, subject to applicable laws and subject to such direction, if any, as may be made by the Board, all the powers and discretions of the Board. Under applicable laws, the following matters either cannot be delegated or may only be delegated in a qualified or partial manner by the Board:

1. the submission of items to shareholders for their approval;
2. the filling of a vacancy among the directors or in the office of auditor;
3. the appointment of additional directors;
4. the issue of securities;
5. the declaration of dividends;
6. the purchase, redemption or other acquisition of the Company's own shares;
7. the payment of certain commissions prescribed by the Act;
8. the approval of a management proxy circular;
9. the approval of annual financial statements; and
10. the adoption, amendment or repeal of by-laws.

The Executive Committee shall have no authority to approve the annual capital budget of the Company.

All expenditures authorized by the Executive Committee shall be incurred within the upstream oil and gas business and shall be consistent with the general strategic direction and objectives of the Company. Without limitation to the foregoing, such expenditures may include any expenditures which are incurred in furtherance of or incidental to such business.

The Board may impose such additional restrictions on the Executive Committee as it may determine from time to time. Any approval given by the Executive Committee within its authority shall be binding upon the Company as though approved by the Board.

The Executive Committee may invite such officers, Directors and employees of the Company as it may see fit from time to time to attend a meeting of the Executive Committee and assist thereat in the discussion and consideration of the affairs of the Company.

All actions by the Executive Committee shall be reported to the Board at each regularly scheduled Board meeting next succeeding such action. In addition, copies of the minutes of each meeting of the Executive Committee, following approval by the Chair of the Executive Committee, shall be distributed to all the Directors of the Company.

The Executive Committee shall evaluate its own performance annually.