



Mandate of the Governance and Nominating Committee

Approved by the Board of Directors

November 11, 2009

MANDATE OF THE GOVERNANCE AND NOMINATING COMMITTEE

Overview and Purpose

The Corporate Governance and Nominating Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Zargon Oil & Gas Ltd. ("Zargon" or the "Corporation") and is responsible for ensuring that effective corporate governance, and the Board nominating process and procedure, is in place for the Board's overall stewardship responsibility for the Corporation in accordance with these terms of reference.

Membership and Attendance at Meetings

1. The members of the Committee shall consist of not less than three Directors, all of whom are independent (as that term is defined in National Instrument 58-101), as appointed by the Board, on an annual basis.
2. The Chairman of the Board and the President of the Corporation will have a standing invitation to attend all meetings of the Committee, it being understood that the Committee Chairman, or any member, may request that all or part of any meeting be limited to Committee members.
3. The Secretary of the Corporation, or an alternate Secretary designated by the Committee, shall act as Secretary of the Committee.

Duties and Responsibilities

1. To assist the Board in meeting its responsibility for the stewardship of the Corporation, the Committee shall review the following matters, at least annually, to ensure that such items are being addressed by the Corporation and the Board. It is understood that the Committee will provide oversight and recommendations in respect of these areas of activity and will in no way limit or detract from Board and management responsibilities in these matters:
 - (a) adoption of a corporate strategy and a strategic planning process;
 - (b) adoption, on an annual basis, of corporate objectives;
 - (c) identification of the Corporation's principal business risks and the system to manage such risks;
 - (d) senior management succession planning, including the appointment, training and monitoring thereof;
 - (e) the disclosure policy for the Corporation; and

2. To review, and to recommend to the Board for approval, the composition, membership and mandates of the Board Committees, with a view that Board Committees be generally composed of outside Directors, a majority of whom are independent Directors.
3. To develop, for the review and approval of the Board, the corporate governance guidelines outlining the duties and responsibilities of the Board.
4. To review, and to recommend to the Board for approval, the mandate of the Board.
5. To review, for approval of the Board, the position description outlining the duties and responsibilities of the Chairman of the Board and the President, as prepared by them and to review their performance at least annually.
6. To act as the Committee and review at least annually, with the Chairman of the Board and the President, the make-up and size of the Board and recommend to the Board all nominees to the Board. The Committee will also develop, for Board approval, the guidelines for the nominating process which shall include, without limitation, considering what competencies and skills the Board, as a whole, should possess, the competencies and skills the Board considers each existing director to possess and the competencies and skills each proposed nominee will bring to the Board as well as whether the new nominee can devote sufficient time and resources to his or her duties as a member of the Board.
7. To ensure that an appropriate orientation and education program is provided to new Board members.
8. To develop, for the review and approval of the Board, the Code of Business Conduct for Zargon Energy Trust, the Corporation and all of the subsidiaries thereof.
9. Annually, to conduct with the Chairman of the Board and the President, an assessment of the effectiveness of the Board and the Committees of the Board, and to report on such assessment to the full Board.
10. Annually, to review the adequacy and form of compensation of the Directors to ensure the compensation realistically reflects the responsibilities and risk involved in being an effective Director and make appropriate recommendations to the Board for approval.
11. To consider, with the Chairman of the Board, any requests by individual Directors to engage outside advisors at the expense of the Corporation.
12. To review, and recommend to the Board for approval, the corporate governance report, including a description of the Corporation's system of corporate governance, for inclusion in the Information Circular of Zargon Energy Trust.

13. To consider any other matters which would assist the Directors to meet their corporate governance responsibilities, including adherence to any appropriate governance guidelines established by the securities regulatory authorities in Canada or other regulatory bodies, and to this end, monitor, on a continuous basis, regulatory law and guidelines in respect of governance matters.

Meetings

1. Meetings of the Committee shall be held as necessary and not less than semi-annually.
2. Committee meetings may be called by the Chair of the Committee or by a majority of the Committee members, or as requested by the Chairman of the Board and/or the President.
3. A quorum for the transaction of business at any meeting of the Committee is a majority of appointed members.
4. The Chair of the Committee, or his designate, shall ensure the delivery of notices, agendas and available related materials to the Committee members no later than the day prior to the date of the meeting; however, it should be a standard practice to deliver the agenda and materials for consideration at the meeting at least three (3) days prior to the meeting except in unusual circumstances.
5. Meetings may be conducted with members present, or by telephone, or other communications facilities which permit all persons participating in the meeting to hear or communicate with each other.
6. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee is as valid as one passed at a Committee meeting.