

**Harvest Natural Resources, Inc.**  
**(the “Company”)**  
**AUDIT COMMITTEE CHARTER**  
**(this “Charter”)**

**Purpose**

The Harvest Natural Resources, Inc. Audit Committee (the “Committee”) is appointed by the Board to assist the Board in oversight of (1) the Company’s accounting and financial reporting policies and practices, (2) the integrity of the financial statements of the Company, (3) the independent auditor’s qualifications, independence, and objectivity, (4) the performance of both the Company’s internal audit function and the Company’s independent registered public accounting firm (“Independent Auditor”), and (5) the compliance by the Company with legal and regulatory requirements. The Committee will act as a liaison between the Company’s Independent Auditor and the Board.

The Company and the Board recognize that members of management of the Company in charge of finance and accounting and the Independent Auditor have more time, knowledge and detailed information concerning the Company than do Committee members. Consequently, in performing its functions, the Committee is not expected to provide any expert or special assurance as to the Company’s financial statements or any professional certification as to the Independent Auditor’s work. The Independent Auditor is ultimately accountable to the Board and the Committee, as representatives of the Company’s shareholders. The Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the Independent Auditor (or, if applicable, to nominate the Independent Auditor to be proposed for shareholder approval in any proxy statement).

**Committee Membership**

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations of the Securities and Exchange Commission (the “Commission”). Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee must be determined by the Board to qualify as an “audit committee financial expert” as that term is defined in the rules and regulations of the Commission and agree to be designated as an audit committee financial expert.

Unless waived by the Board in accordance with New York Stock Exchange rules, Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board determines that such simultaneous service will not impair the ability of such member to effectively serve on the Company’s Committee.

The members of the Committee shall be appointed each year by the Board at its annual meeting, based upon the recommendations of the Nominating and Corporate Governance Committee. The

Board shall also appoint a chair to the Committee based on the recommendations of the Nominating and Corporate Governance Committee. A Committee member may be removed, with or without cause, by a majority vote of the Board, based upon a recommendation of the Nominating and Corporate Governance Committee.

### **Meetings**

The Committee shall meet at such times and from time to time as it deems appropriate, but not less frequently than quarterly. The Committee is empowered to hold special meetings as circumstances require. The Committee will offer to meet periodically, but no less often than quarterly, with management, the Company's internal auditors and the Independent Auditor in separate executive sessions. The Committee may request any officer or employee of the Company or the Company's outside counsel or Independent Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

Agendas shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings. Minutes of each meeting shall be prepared by the Secretary of the Committee, reviewed by the Committee and made available to the Board.

Officers and other employees of the Company shall attend meetings upon the invitation of the Committee Chair.

### **Committee Authority and Responsibilities**

The Committee shall have the sole authority to appoint or replace the Independent Auditor (subject, if applicable, to shareholder ratification) and to approve any significant non-audit relationship with the Independent Auditor. The Committee shall be directly responsible for the compensation and oversight of the work of the Independent Auditor (including resolution of disagreements between management and the Independent Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The internal auditor and the Independent Auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its Independent Auditor, subject to the de minimus exceptions for non-audit services described in Commission rules and regulations which are subsequently ratified by the Committee prior to the completion of the services. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittees to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have access to any Company records or employee and consultants necessary to carry out its duties and responsibilities. The Committee shall have the sole authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the

Committee, for payment of compensation to the Independent Auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall make regular reports to the Board. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually conduct a self-assessment program to review how effectively the Committee members are meeting their responsibilities.

The Committee shall oversee the preparation of the report required by the rules of the Commission to be included in the Company's annual proxy statement.

#### Financial Statement and Disclosure Matters

1. Review and discuss with management, the internal audit manager or consultants and the Independent Auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the Independent Auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent registered public accounting firm's review of the quarterly financial statements.
3. Discuss with management and the Independent Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
4. Review with management, the Company's internal auditors and the Independent Auditor, the internal accounting and financial controls of the Company's foreign and other operations to determine whether such internal controls are adequate, effective and in compliance with the regulatory reporting requirements, if any, of the particular country, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting. The Committee shall report any significant deficiencies to the full Board along with curative recommendations.
5. Review and discuss quarterly reports from the Independent Auditor on:
  - a. All critical accounting policies and practices to be used;

- b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor; and
  - c. Other material written communications between the Independent Auditor and management, such as any management letter or schedule of unadjusted differences.
6. Prior to public dissemination, the Committee shall review with management and the Independent Auditor the internal accounting reports and quarterly and annual financial statements along with related footnotes including major issues regarding accounting principles and auditing standards and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements, management discussion and analysis and other sections of the Annual Report. The Committee shall also consider whether the information is adequate and consistent with members' knowledge about the Company and its operations. The Committee should discuss with management the "quality of earnings" from a subjective as well as objective standpoint.
7. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
8. Discuss with management and the Independent Auditor effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
9. Discuss with management, internal auditor and the Independent Auditor, the Company's major enterprise and financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
10. Discuss with the Independent Auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
11. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

12. Review management report of issues considered by and determinations made by the Company's Disclosure Committee.

#### Oversight of the Company's Relationship with the Independent Auditor

13. Evaluate and approve the selection, retention or termination of Independent Auditor and, in connection therewith, approve the proposed fees and other compensation, if any, to be paid to the Independent Auditor for audit and non-audit services.
14. Review and evaluate the experience and qualifications of the lead partner and senior members of the Independent Auditor team.
15. Obtain and review a report from the Independent Auditor at least annually regarding (a) the Independent Auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the Independent Auditor and the Company. Actively engage the Independent Auditor in a dialogue with respect to any disclosed relationships or services that may affect their objectivity and independence. Evaluate the qualifications, performance and independence of the Independent Auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the Independent Auditor's independence, taking into account the opinions of management and the Company's internal auditor. The Committee shall present its conclusions with respect to the Independent Auditor to the Board.
16. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
17. Set policies for the Company's hiring of employees or former employees of the Independent Auditor.
18. Discuss with the national office of the Independent Auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.
19. Meet with the Independent Auditor prior to the annual audit and any special audits to discuss the planning, scope and staffing of the audit.
20. Discuss any matters of concern relating to the Company's financial statements, including any adjustments to such statements recommended by the Independent Auditor, or other results of said audit(s).

21. Consider the Independent Auditor comments with respect to the Company's financial policies, reporting procedures, internal accounting controls and management's responses thereto.
22. Review the form of opinion the Independent Auditor proposes to render to the Board and shareholders.
23. Review with the Independent Auditor any problems or difficulties the auditor may have encountered. Such review should include:
  - a. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management.
  - b. Any changes in the planned scope of the audit.
  - c. The effectiveness of the system to monitor compliance.
  - d. Recommending disciplinary actions as warranted.
  - e. Reviewing with the Independent Auditor, the chief financial officer, controller, and internal audit manager, the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
24. Evaluate, together with the Board, the performance of the Independent Auditor.

#### Oversight of the Company's Internal Audit Function

25. Review the selection, replacement and dismissal of the internal audit manager. Review the annual internal audit budget, staff levels, charter and compliance with the Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing (standards).
26. Review the significant reports to the Committee prepared by the internal auditor and management's responses. Discuss any difficulties the internal audit team encountered in the course of audits including any restrictions on the scope of their work or access to information, or change required in the scope of their internal audit.
27. Discuss with the Independent Auditor and management the internal auditor's responsibilities and any recommended changes in the planned scope of the internal audits. Create an internal audit agenda for the ensuing year or review and approve the agenda submitted by the internal audit manager.

#### Compliance Oversight Responsibilities

28. Obtain from the Independent Auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
29. Oversee that the Company, its subsidiaries, and affiliates comply with applicable regulatory requirements, including, but not limited to the Securities Act of 1933, as amended (the “Securities Act”), and the Exchange Act.
30. At least once a year the Committee shall conduct a compliance review of the Code Business Conduct and Ethics (the “Code”) with appropriate officers of the Company to confirm the Company is (i) exercising due diligence to prevent and detect unethical conduct and criminal violations and (ii) promoting a culture that encourages ethical conduct and a commitment to compliance with the law. The Committee shall also receive any reports of violations of the Code and, in consultation with the General Counsel, determine the extent and scope of any investigation to be undertaken as a result. Any findings and recommendations of the Committee will be referred to the Board for final action. It is recognized that the handling and disposition of some types of violations or issues under the Code will fall within the responsibilities of other Board Committees. Accordingly, the Committee shall have the discretion to refer violations or issues arising under the Code to other Committees of the Board for further handling.

The Committee will review any requests for waivers of the Code and make recommendations to the Board on such requests.

31. Obtain reports from management, the Company’s internal auditor and the Independent Auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company’s policies and procedures regarding compliance with applicable laws and regulations.
32. Review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
33. Investigate improprieties or suspected improprieties in the Company’s operations brought to the attention of the Committee.
34. Review with management and the Independent Auditor the effect of regulatory and significant accounting and reporting issues and understand their impact on the Company’s financial statements.
35. Review and investigate any violations of the Company’s Insider Trading Policy brought to the Committee’s attention and report the Committee’s findings to the Board with recommendations for appropriate action.

36. Discuss with management and the Independent Auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
37. Review the Independent Auditor management recommendations and management responses.
38. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
39. Report regularly to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance of the Company's internal audit function and the performance and independence of the Company's Independent Auditor.
40. Review with management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the Independent Auditor.
41. Review with the Independent Auditor and internal audit manager the internal controls on computerized information system controls and security.

### **Limitations of Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits; determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations; certify the Company's financial statements; or guarantee the Independent Auditor's report. Moreover, the Committee is not the sole body responsible for risk assessment and management. These are the responsibilities of management and the Independent Auditor.

The mere designation of a member of the Committee as an audit committee financial expert shall not impose a higher degree of individual responsibility or obligation on such member, nor does such designation decrease the duties and obligations of other Committee members or the Board. Furthermore, a member designated as an audit committee financial expert shall not be considered an expert for the purposes of Section 11 of the Securities Act solely as a result of such designation. The role of an audit committee financial expert is to assist the Committee in overseeing the audit process, not to audit the Company.

### **Indemnification**

The Company shall indemnify, in accordance with and to the fullest extent now or hereafter permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceedings, whether civil, criminal, administrative or investigative, (including, without limitation, an action by or in the right of the

Company) by reason of his acting as a member of the Committee against any liability or expense actually or reasonably incurred by such person; provided that the member acted in good faith and in a manner he or she reasonably believed to be lawful and in or not opposed to the best interests of the Company. This right to indemnity held by the members of the Committee is in addition to any other remedies afforded the members under the Company's Certificate and Bylaws.

### **Miscellaneous**

Following each meeting, the chair of the Committee, on behalf of the Committee, will report to the Board on key issues, recommending items for approval and/or remedial action when required.

Copies of the minutes of all Committee meetings will be filed with the Board.

The Senior Vice President and Chief Financial Officer will be the key contact for the Committee and will assign the staff resources appropriate to assist the Committee to carry out its responsibilities.

This Charter may be modified from time to time at the sole discretion of the Board of Directors.

Adopted:	Audit Committee:	December 5, 2007
	Board of Directors:	December 6, 2007