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18 June 2013

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

HORIZON OIL (HZN)
CONVERTIBLE BONDS CONVERSION PRICE ADJUSTMENT

Horizon Oil Limited ("Horizon Oil") (ASX: HZN) advises an adjustment to the Conversion Price in connection with the US$80 million 5.5% convertible bonds due 2016.

The Terms and Conditions of the convertible bonds, as set out in the Offering Circular dated 14 June 2011 ("Terms and Conditions") provide for an adjustment to the Conversion Price in certain situations.

Where the arithmetical average of the Volume Weighted Average Prices ("Average VWAP") for the 20 consecutive Dealing Days immediately prior to each of 17 June 2013, 17 June 2014 and 17 June 2015 (each a "Reset Date") converted into US dollars at the Prevailing Rate on each such Dealing Day (each an "Average Market Price") is less than the Conversion Price on the Reset Date, the Conversion Price will be adjusted on the relevant Reset Date to the Average Market Price with respect to such Reset Date.

Any adjustment as a result of such provisions is limited so that the Conversion Price can be no lower than 80 per cent of the initial Conversion Price of US$0.520, that is US$0.416.

The Average VWAP in the relevant period to 17 June 2013 was US$0.374. Accordingly, the Conversion Price of the convertible bonds has been adjusted to US$0.416 with effect from 17 June 2013.

Yours faithfully,

Michael Sheridan
Chief Financial Officer/Company Secretary

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