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4 July 2013

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

HORIZON OIL (HZN) ANALYSTS' PRESENTATION

Please find attached a copy of a presentation to be made today to analysts by Brent Emmett. A copy is available on our website at www.horizonoil.com.au.

Yours faithfully,

Michael Sheridan
Chief Financial Officer / Company Secretary

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HORIZON OIL LIMITED

ABN 51 009 799 455

Analysts' Briefing
4 July 2013

This presentation contains some references to forward looking assumptions, representations, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Horizon Oil Limited that its expectations, estimates and forecast outcomes will be achieved. Actual results may vary materially from those expressed herein.

Topics (1)

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1. **Corporate**

   - Snapshot
   - Production forecast post Osaka Gas transaction
   - Reserves, resources and exploration potential post Osaka Gas transaction

2. **New Zealand**

   - Manaia deep and Maari deep wells to address new reserves
   - Optimisation of production from currently producing zones at Maari and Manaia
     - Reconfiguration of water injection scheme
     - Additional producer offtake wells
   - Whio-1 exploration well in PEP 51313

3. **China**
   - WZ 6-12 fields reserve increase and production growth
   - WZ 12-8W development drilling status
   - WZ 12-8E development planning status

Topics (2)

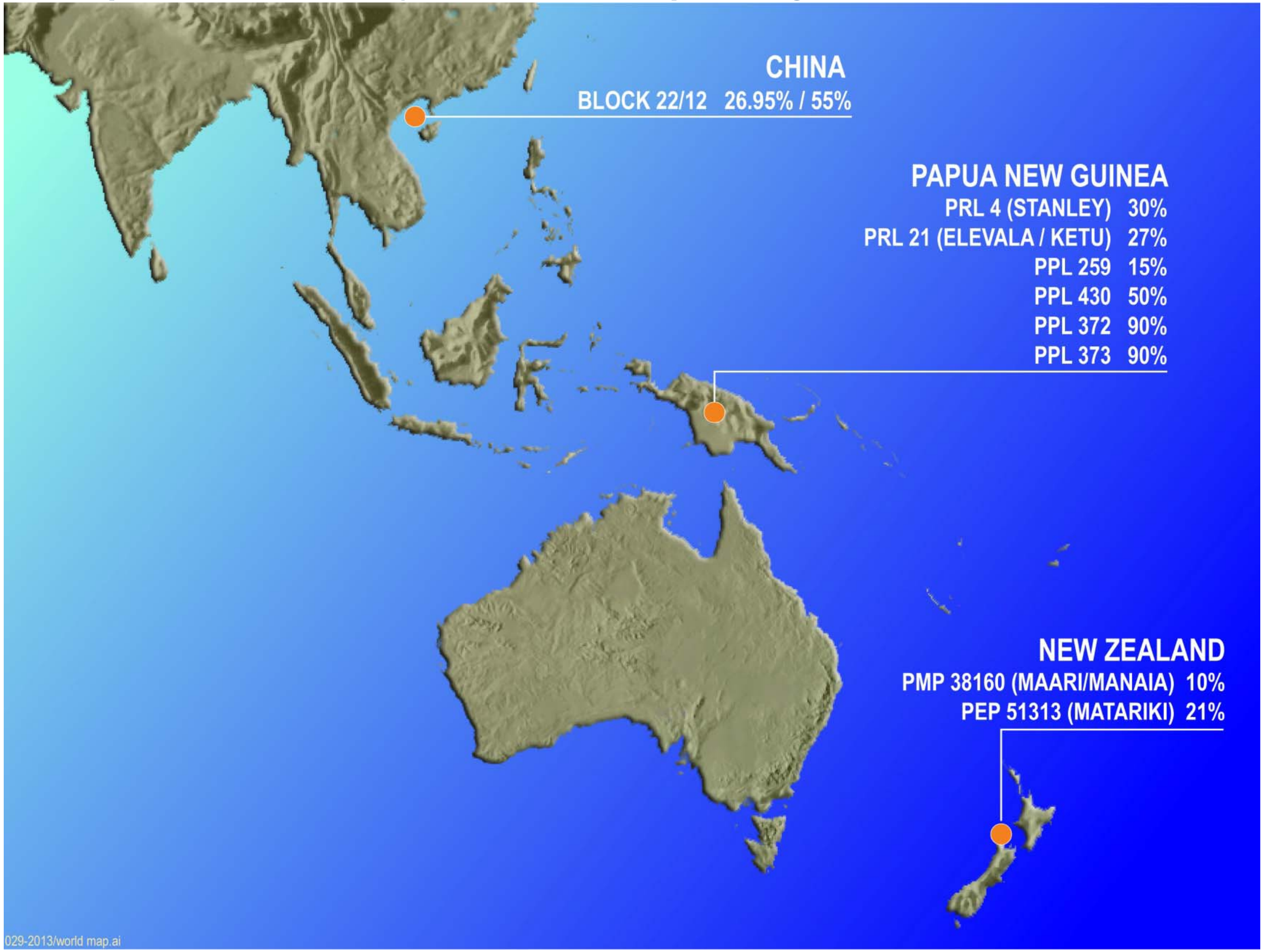
Horizon Oil

4. **Papua New Guinea**
   - Expansion of exploration acreage
   - Status of Stanley (PRL 4) development licence application
   - Status of FEED for Elevala/Ketu condensate recovery project (PRL 21)
   - Tingu-1 exploration well in PRL 21
   - Sale of 40% interest in PNG assets to Osaka Gas
     - Strategic alliance
     - Analysis of consideration paid
     - Growth in resources, transaction multiples and asset value
   - Gas commercialisation options
     - Sales to local and regional customers for power generation
     - Mid-scale LNG

5. **Near term news flow**

Geographic Focus and Asset Location

Focus on productive fairways and mature operating areas in SE Asia / Australasia



Conventional plays with scale and upside - conservative approach to exploration

Horizon Oil Snapshot

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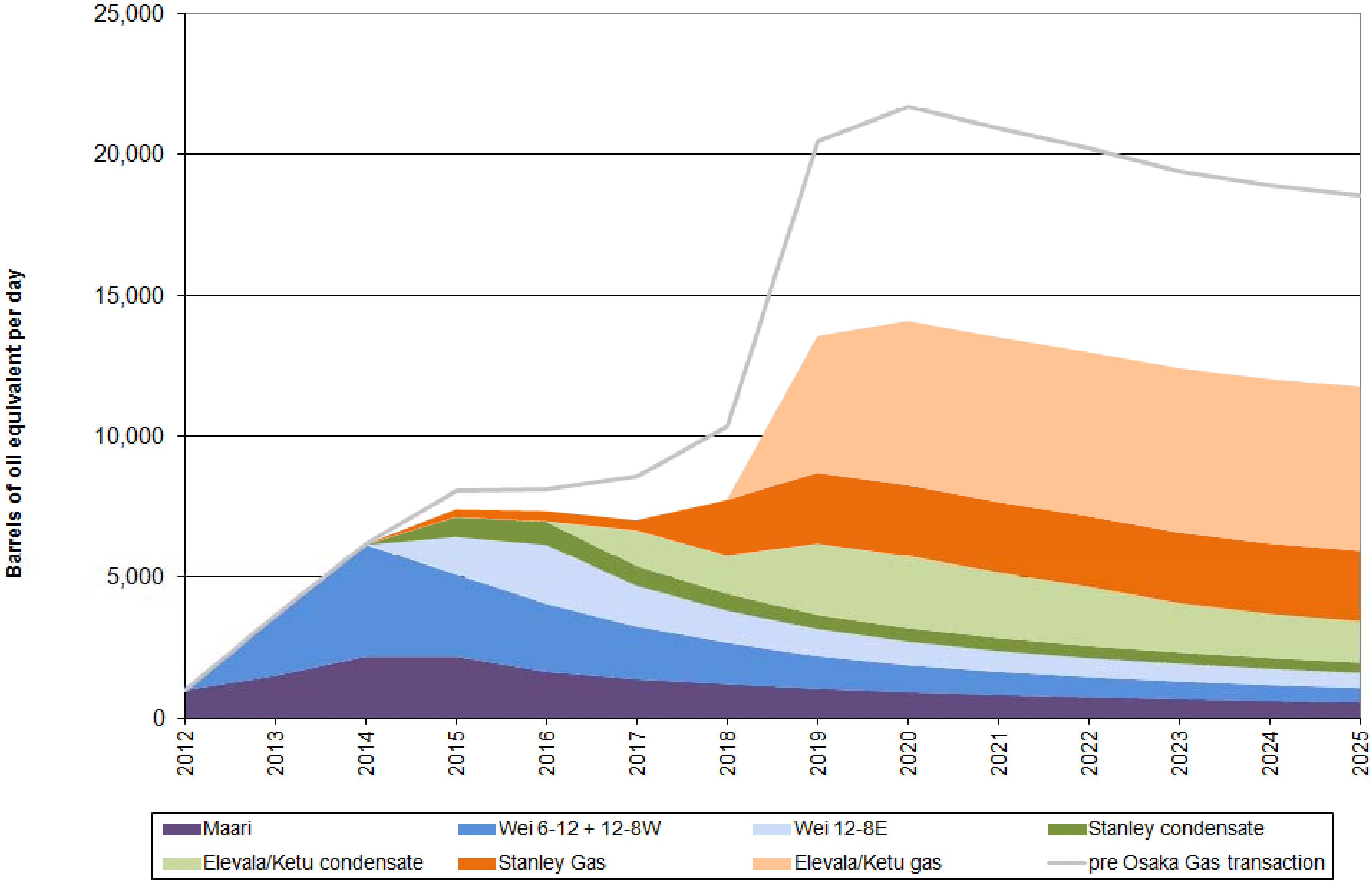
- Market capitalisation of A$386m at A$0.34 per share on 2 July 2013 (1,135.3m shares)
- Current net production: Maari/Manaia 900 bopd priced at Brent plus US$5-6
  Beibu Gulf 3,000 bopd priced at Brent less US$4
- Current EBITDA ~US$9m per month
- Forecast exit 2013 production ~5,500 bopd net
- 2P reserves of 19.6 mmbo and 2C resources of 16.1 mmbo/335 bcf gas, post Osaka Gas transaction
- Exploration potential of 111 million barrels of oil equivalent (mmboe) best estimate
- US$160m reserves-based lending facility in place
- At 31 March 2013:-
  - Cash on hand US$34.7m
  - Convertible bond US$80.0m (matures June 2016, unless converted prior)
  - Drawdown on US$160m facility US$140m
  - Net debt US$184m

Forecast Net Production From Reserves + Resources Post Osaka Gas Transaction



Net Reserves[1], Resources[1] and Exploration Potential[1] Post Osaka Gas Transaction

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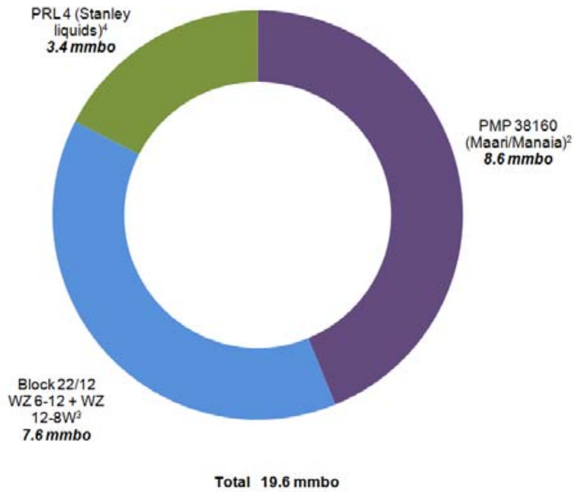
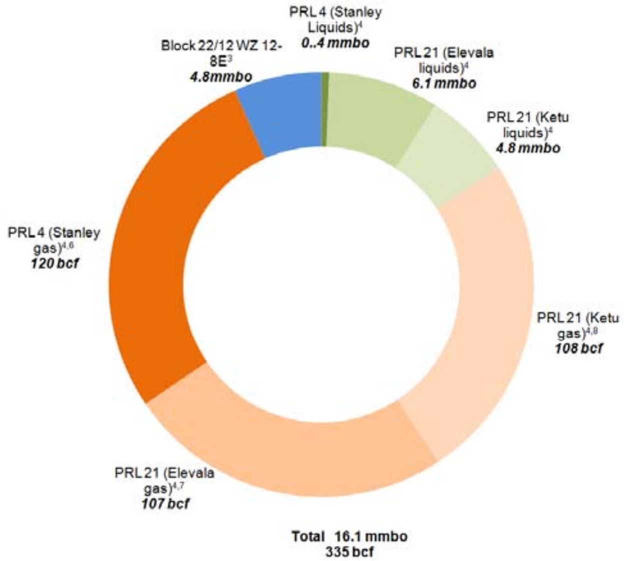
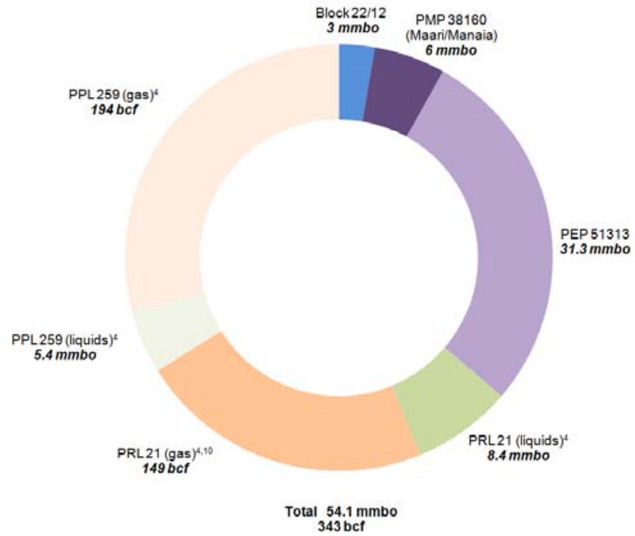
RESERVES Proven + Probable	CONTINGENT RESOURCES Proven + Probable	PROSPECTIVE RESOURCES Best Estimate





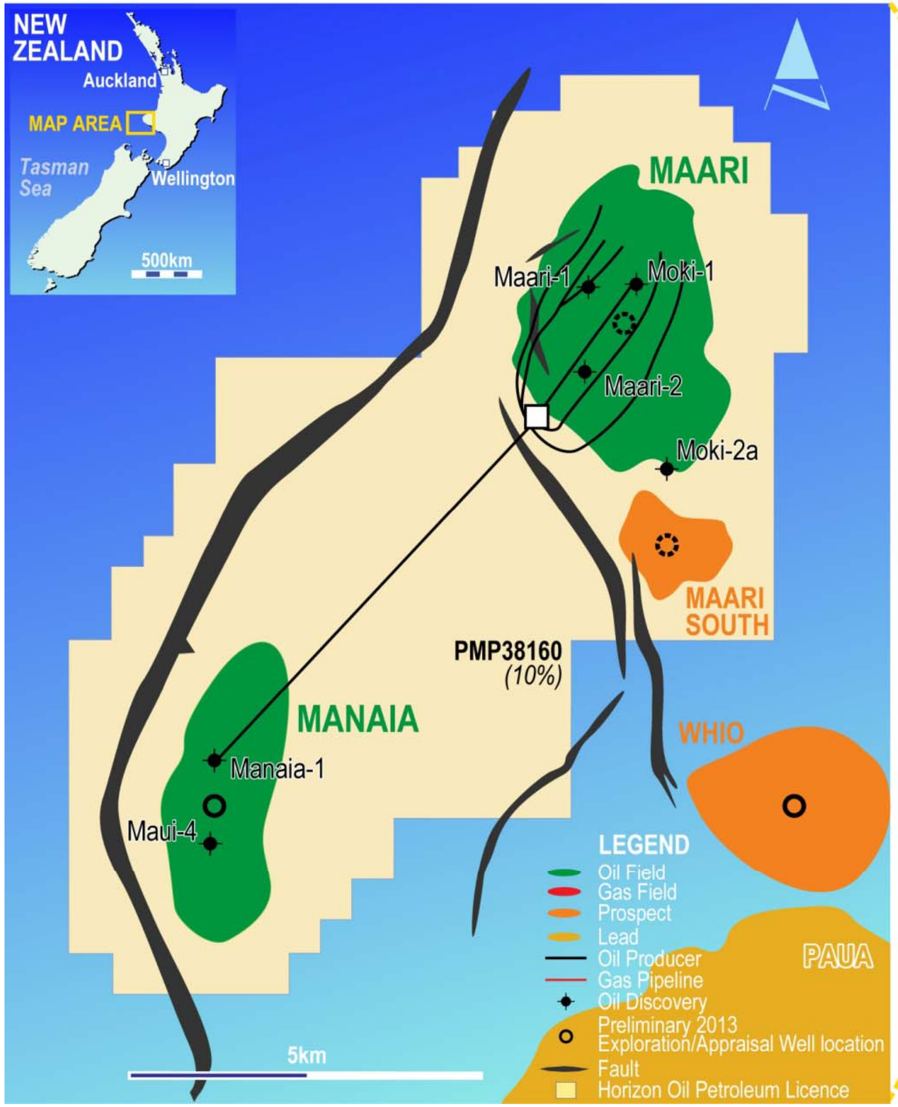


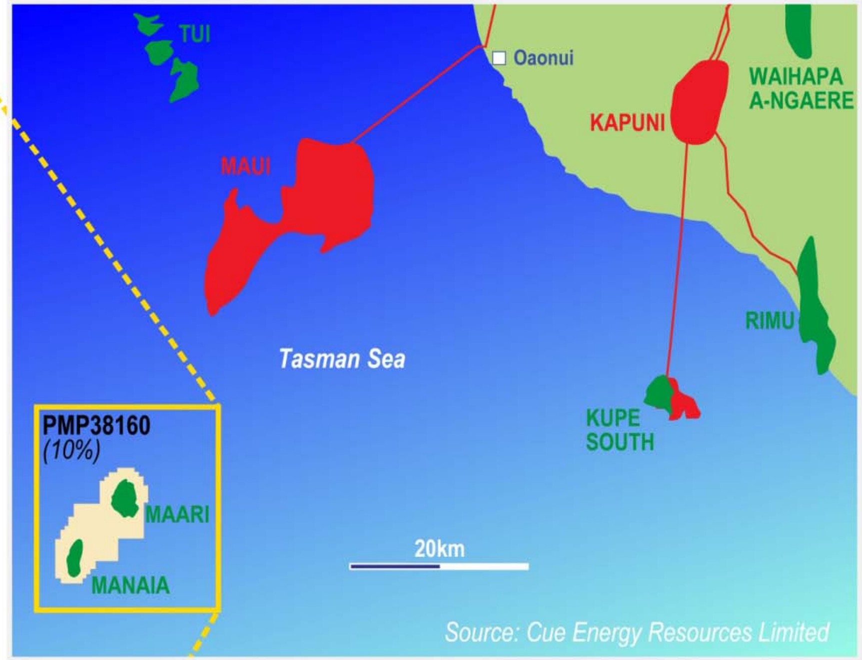
[1] 6 bcf gas equals 1 boe; 1 bbl condensate equals 1 boe
[2] Net of production of 21.5 mmbo gross through 30 April 2013
[3] Reduced to allow for CNOOC participation at 51%
[4] Subject to reduction to allow for PNG State Nominee participation at 22.5%
[5] Assumes recovery factor of 20% of oil-in-place
[6] Includes 2.6 mmbbl LPG (1 tonne LPG equals 11 bbl)
[7] Includes 3.5 mmbbl LPG
[8] Includes 3.5 mmbbl LPG
[9] Estimates have an associated risk of discovery and risk of development
[10] Includes 4.8 mmbbl LPG

Total reserves and resources – 92 mmboe

Exploration potential[9] – 111 mmboe

Maari /Manaia Fields – New Zealand





PMP 38160:	
HZN	10%
OMV	69% (Op)
Todd	21%
CUE	5%

Reserves at 1/05/13 (mmbo)
(RISC estimate**)**

Produced	22
Remaining developed	52
Remaining undeveloped	34

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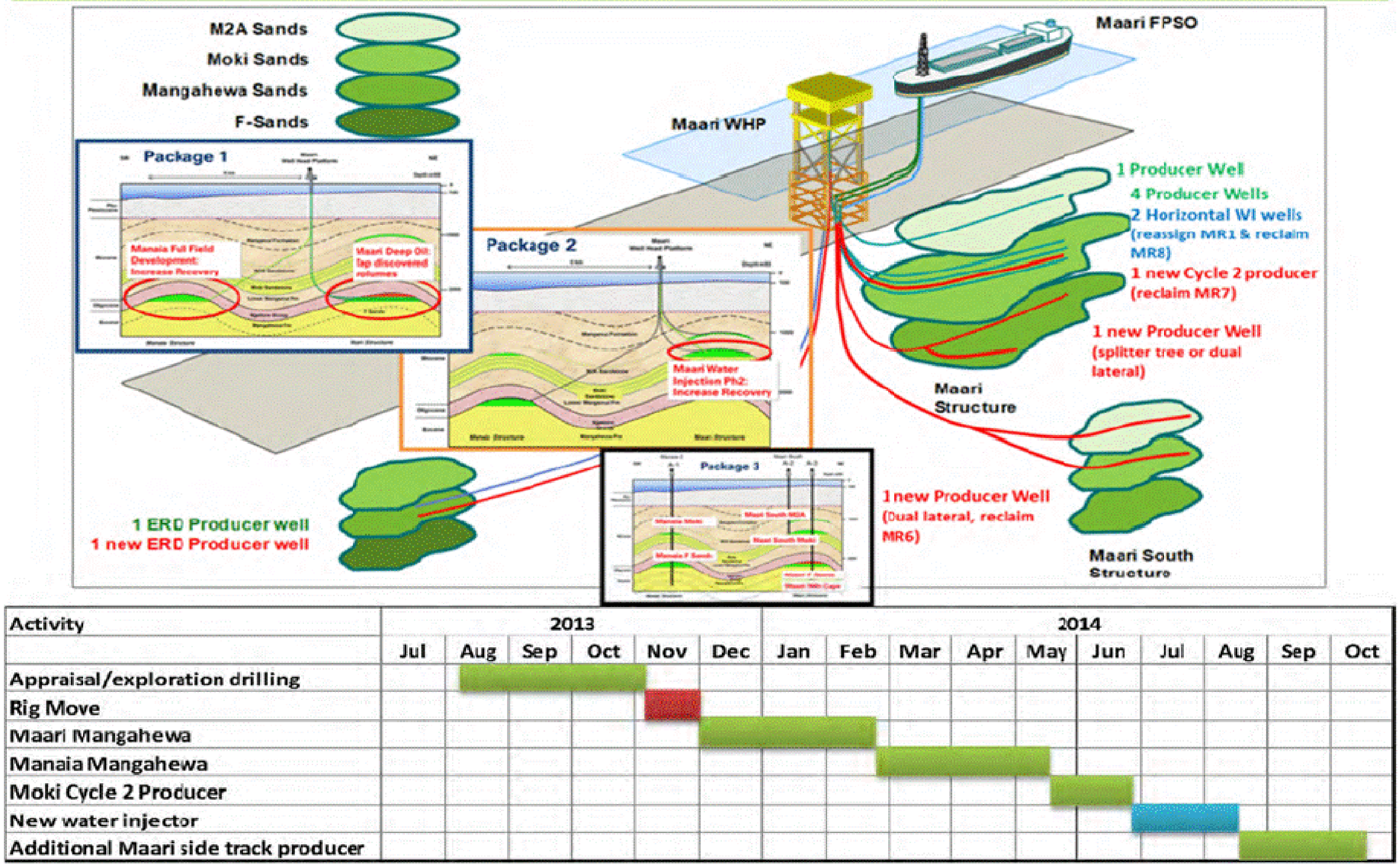
Maari – Growth Projects Time line



Objective to reconfigure water injection scheme, access undeveloped reserves and optimise production

Maari /Manaia Upside Potential

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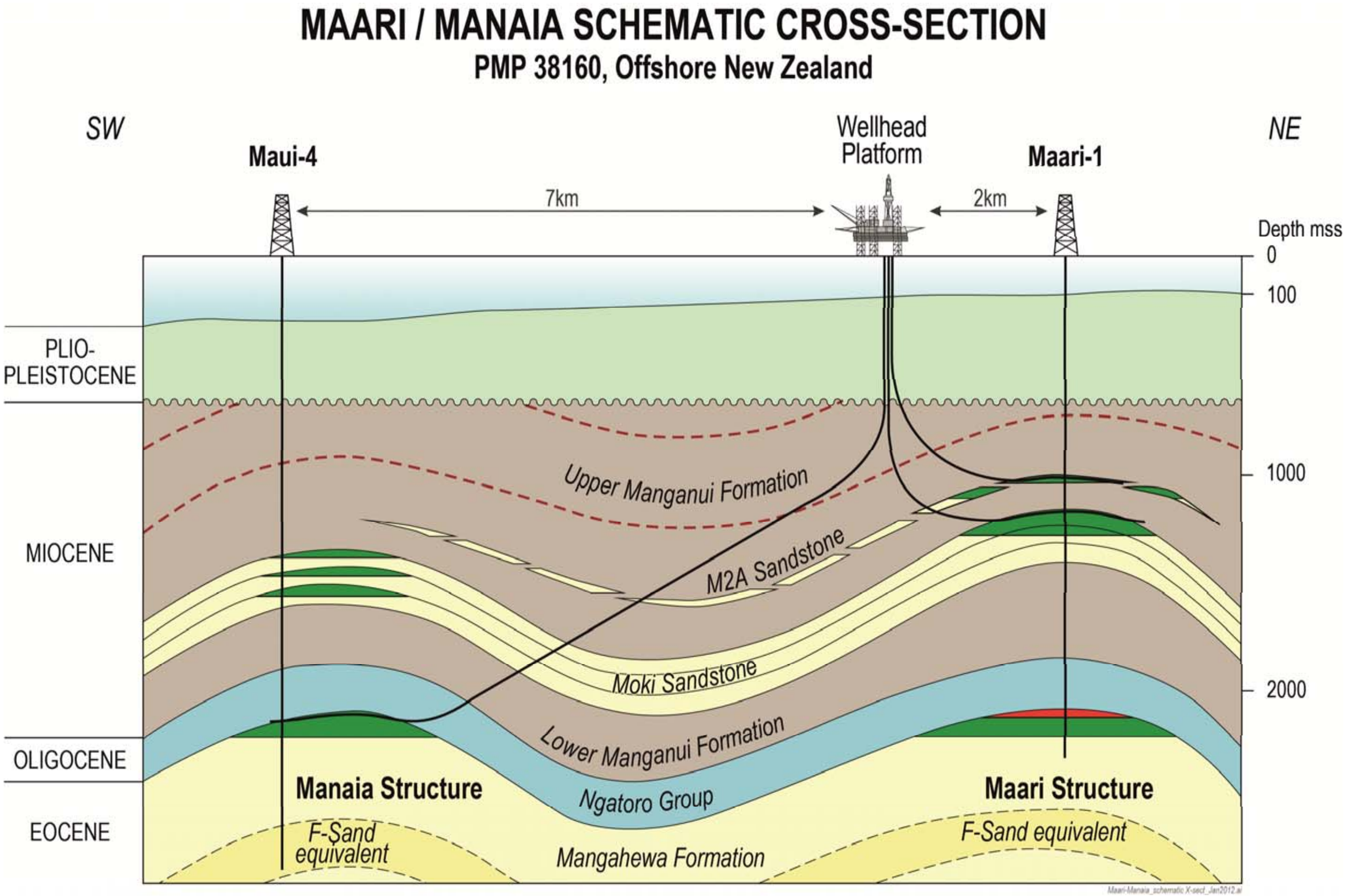

Two wells to be drilled in 2013/14 to address new reserves - unrisked potential of 20 - 25 mmbo

PEP 51313 – New Zealand

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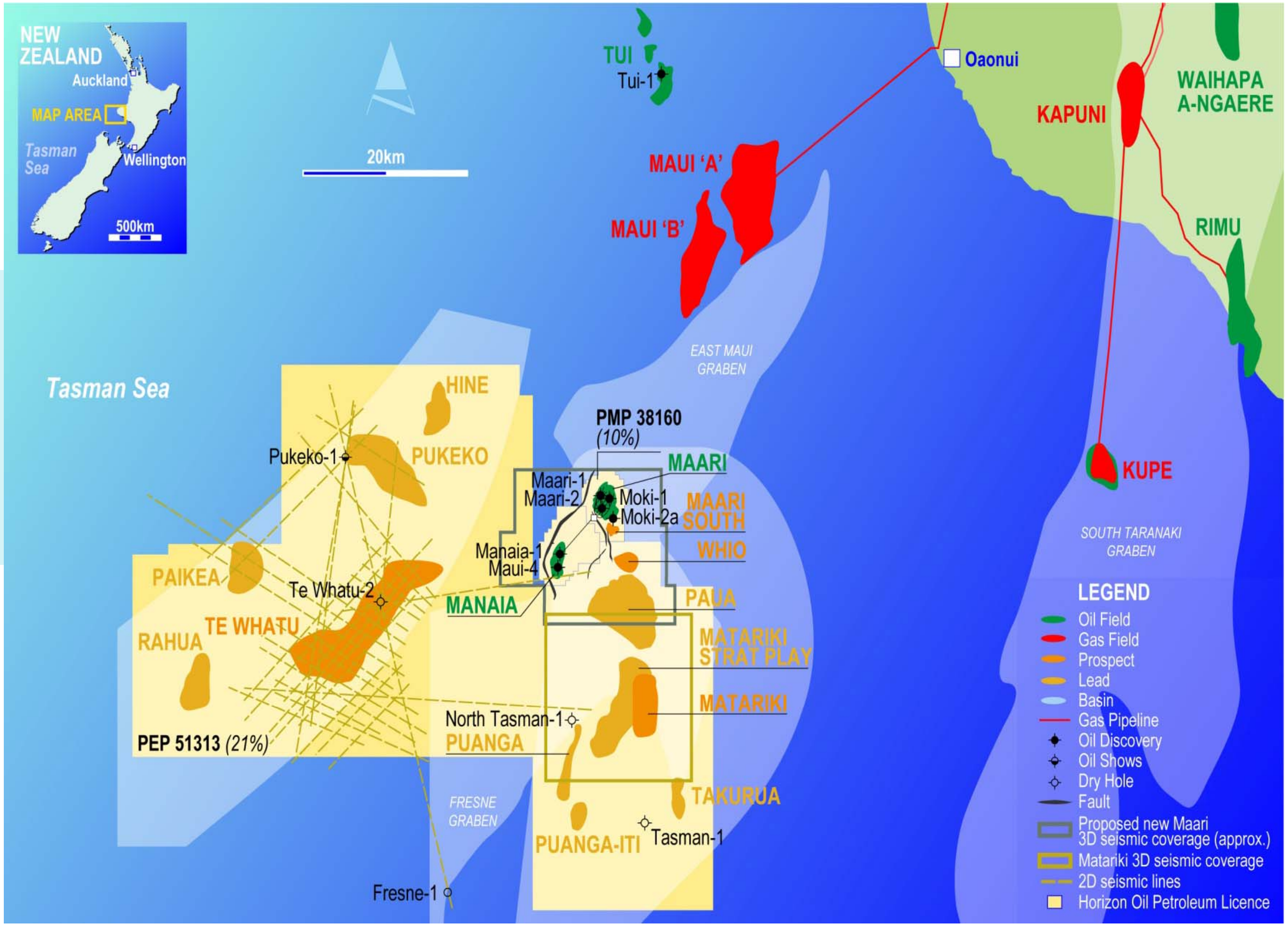
Deep prospect and lead inventory with 163 mmbo potential

PEP 51313:	
HZN	21%
	(10% Whio)
OMV	30% (Op)
Todd	35%
CUE	14%



Whio-1 to be drilled in Q1 2014 with mean potential of 27 mmbo (operator estimate)

Beibu Gulf Fields, China – Development Areas

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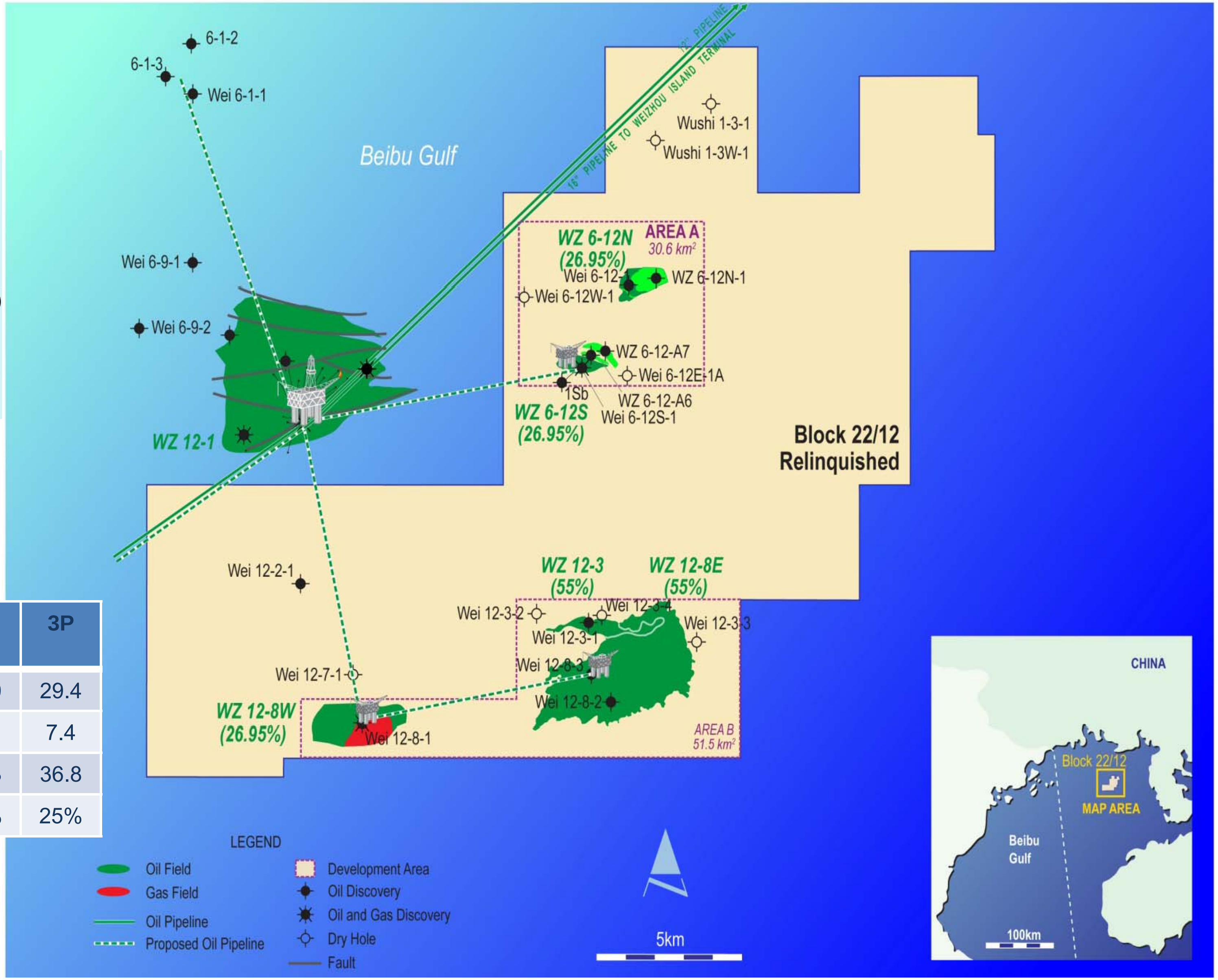
Block 22/12 Post-CNOOC Back-in:

HZN	26.95%
CNOOC	51.00% (Op)
ROC	19.60%
Majuko Corp	2.45%

Gross reserves (mmbo)	1P	2P	3P
As at 31/12/2011	18.5	24.0	29.4
Additions	4.4	4.3	7.4
As at 31/12/2012	22.9	28.3	36.8
Increase	24%	18%	25%

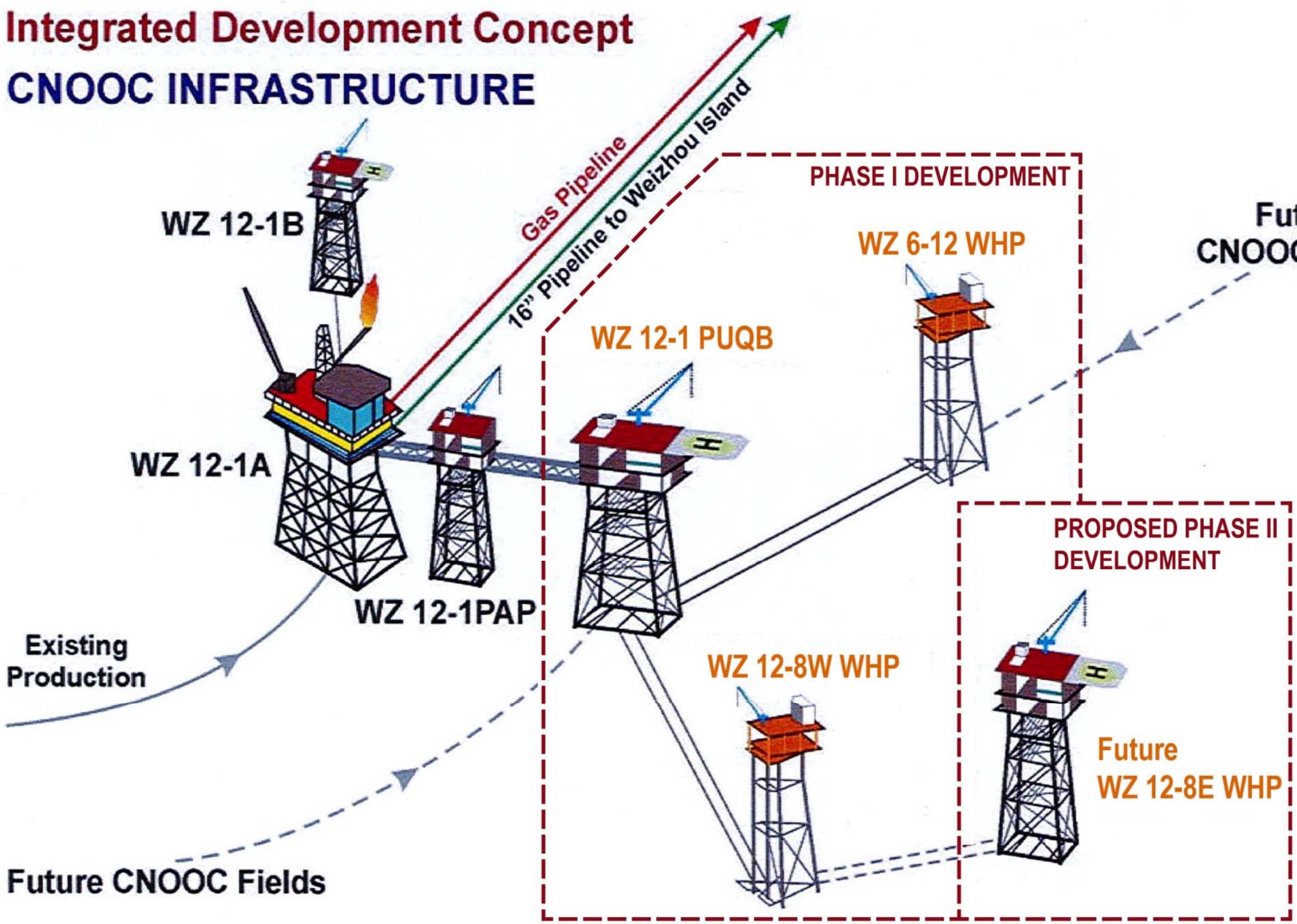


Beibu Gulf Fields – Key Points

- 2 phase development in 40 - 60 m water depth utilising CNOOC platform facilities, export pipeline and terminal on Weizhou Island
- Phase 1 platforms WZ 6-12 and WZ 12-8W connected by pipeline to PUQB utility platform; forecast completion cost within initial US$300m budget
- Three well exploration program prior to development drilling increased 2P reserves by 18% to 28 mmbo; new reserves incorporated in Phase 1 development for US$50m incremental cost
- WZ 6-12: 10 wells on production, currently ~11,000 bopd gross
- WZ 12-8W: 5 well batch drilling operations underway; scheduled completion September 2013
- Forecast field peak production 16,000-18,000 bopd at end 2013
- Horizon Oil net peak production ~4,500 bopd
- Oil sales to Chinese refineries - currently priced at US$4 discount to Brent
- Phase II development plan for WZ 12-8E field scheduled for completion in August 2013

Beibu Gulf Fields – Phased Development Scheme

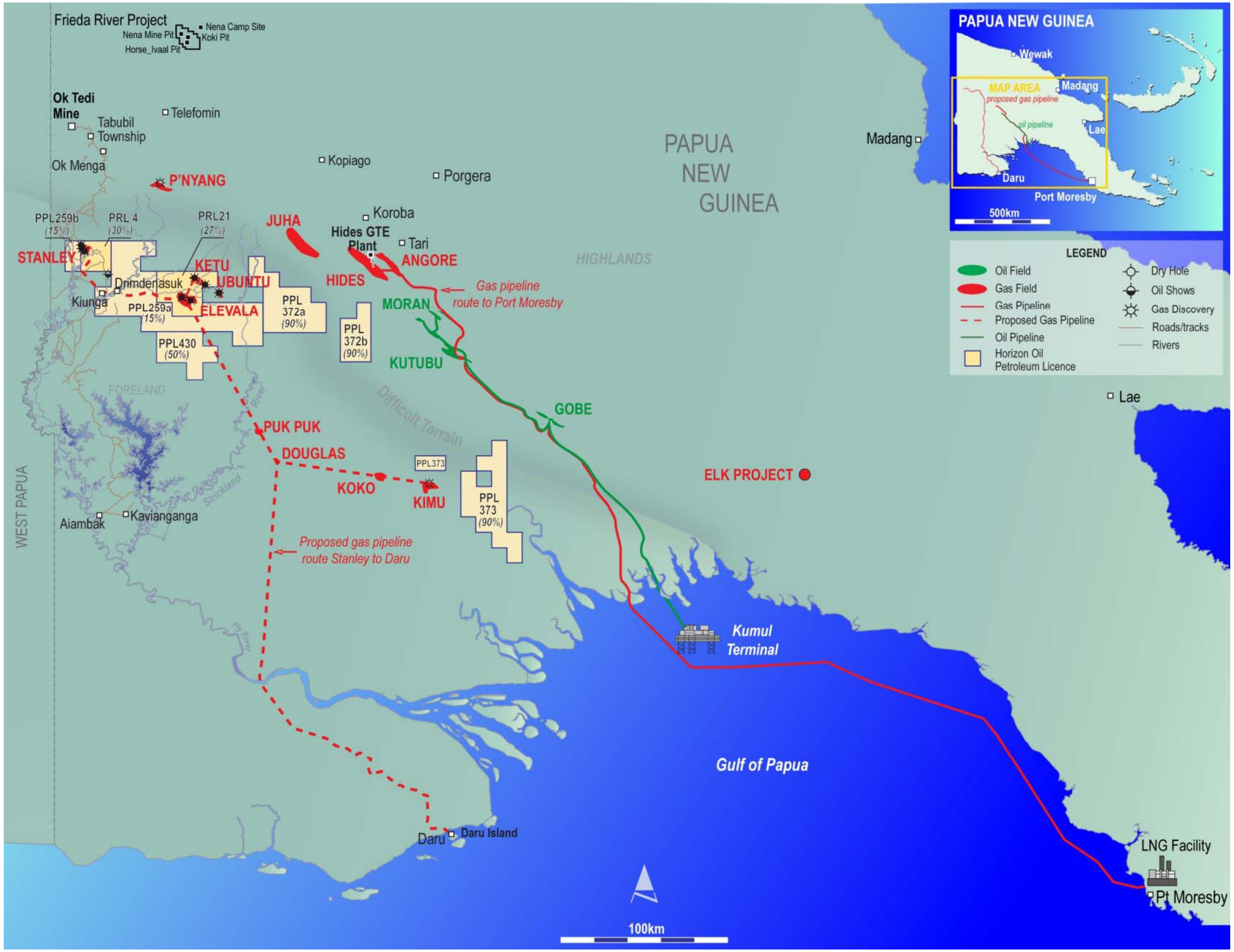
Horizon Oil



WZ 12-8E Early Production Concept – Phase II

- Leased mobile production platform
- Flexible pipeline
- Initially up to three production wells
- Run extended DST or pilot production
- Drill more wells (4-5) depending on production performance wells
- Consider permanent WHP

Papua New Guinea



Horizon Oil acreage position expanded to ~7,900 sq km, primarily in wet gas "sweet spot"

PNG Exploration and Development Program - Key Points

Horizon Oil

- Commanding 7,900 sq km acreage position in liquids-rich “sweet spot” of foreland area with certified condensate and gas resources of 125 mmboe net, subject to reduction when transaction with Osaka Gas completes

- Stanley (PRL 4) and Elevala/Ketu (PRL 21) fields successfully appraised in 2011/12

- Stanley condensate recovery project FEED completed and FID in July 2012, production development licence application submitted in August 2012 and currently awaiting approval; early works, including river tanker construction, underway; target first production 2015

- Site preparation for Tingu-1 exploration/appraisal complete, scheduled spud mid-August 2013

- FEED for Elevala/Ketu condensate recovery project underway; development licence application submission March 2014

- Active exploration/appraisal program planned in low geological risk environment and accessible terrain to establish sufficient gas resources for 2-4 mtpa mid-scale LNG plant on coast; target FID 2016

Horizon Oil Acreage and Joint Venture Partners

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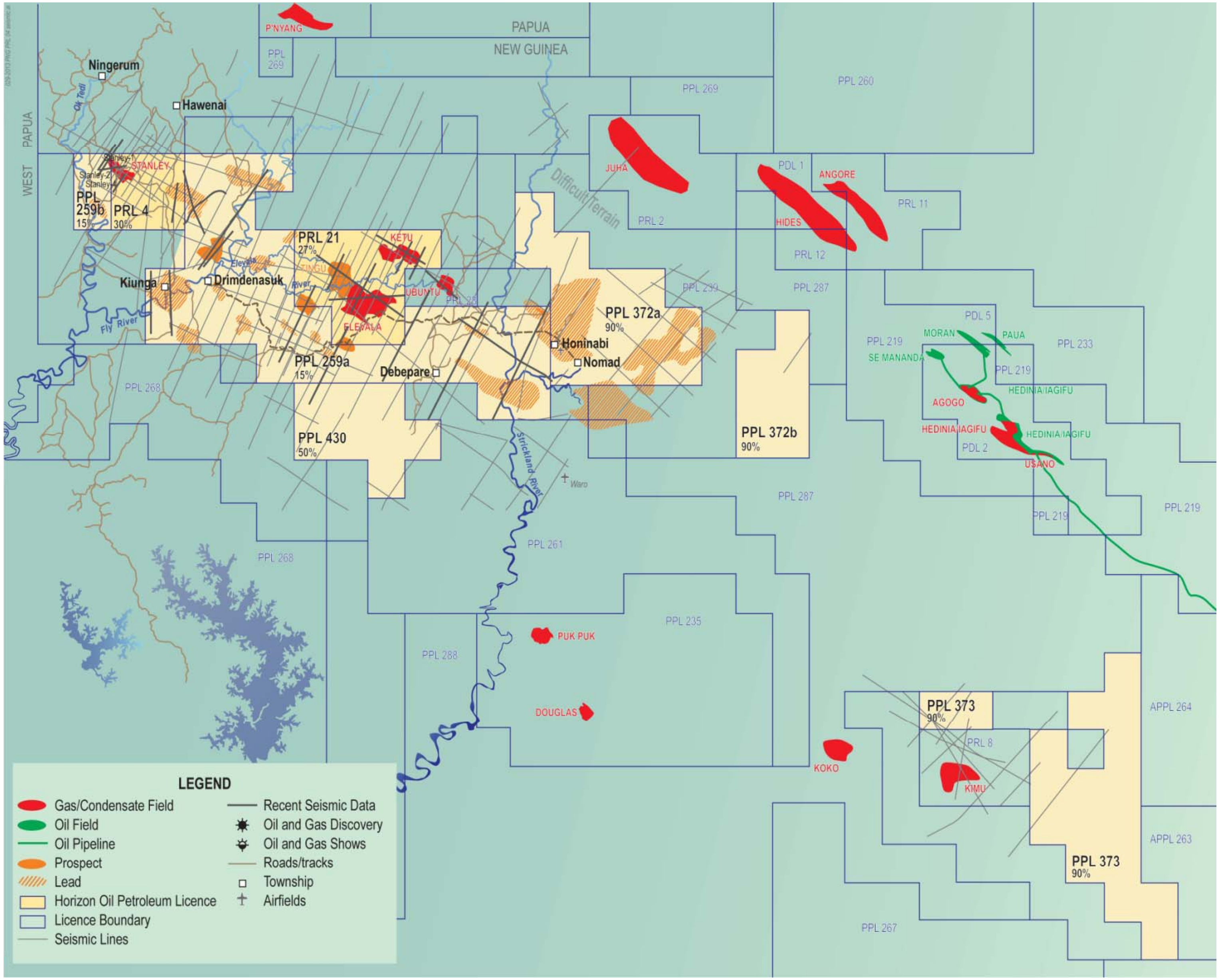
PRL 4:	
HZN	30% (Op)
Osaka Gas	20%
Talisman	40%
Mitsubishi	10%

PRL 21:	
HZN	27% (Op)
Osaka Gas	18%
Talisman	32.5%
Kina	15%
Mitsubishi	7.5%

PPL 259:	
HZN	15%
Osaka Gas	10%
Eaglewood	65%
P3GE	10%

PPL 430:	
HZN	50% (Op)
Eaglewood	50%

PPLs 372 and 373:	
HZN	90% (Op)



Tingu Well Site Mid-June 2013

- Scheduled spud – mid- August 2013
- Mean prospective resources (RISC estimate):
  - 459 bcf gas
  - 25.6 mmbbl condensate
  - 14.9 mmbbl LPG included in gas

Strategic Alliance with Osaka Gas Co. Ltd. Of Japan

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- 60:40 strategic alliance with global gas company to provide **funding + valuation + pathway to LNG commercialisation**

- Sale of 40% of Horizon Oil's interests in PRL 4, PRL 21 and PPL 259 for milestone-based consideration of US$204m plus potential condensate production adjustment

- Option to acquire 40% of Horizon Oil's interest in PPL 430, PPL 372 and PPL 373 for reimbursement of past costs

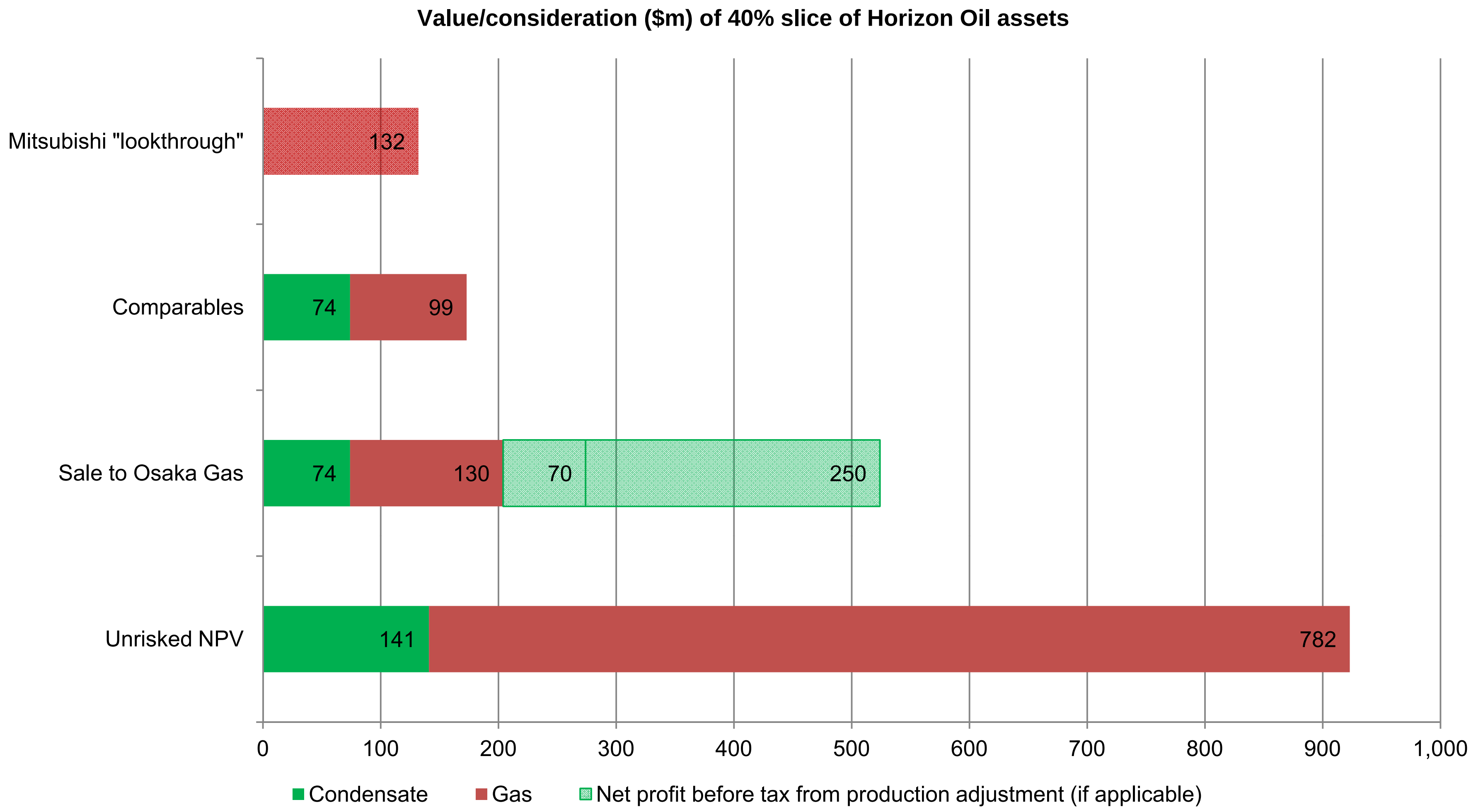
- Consideration
  - $74m at completion, plus completion adjustments from effective date of 1 Jan 2013
  - $130m on FID by Osaka Gas of LNG development or tolling/substituting equity gas through third party LNG infrastructure; $50m paid on FID, $80m paid in line with project costs

- Production adjustment of condensate production from Stanley, Elevala, Ketu and part of Tingu above threshold 6.7 mmbbl (post PNG Government back-in)
  - Equates to 0.9 mmbbl if current certified gross condensate reserves (2P) are achieved
  - Additional 3.2 mmbbl if RISC prospective resources in PRL 21 are achieved
  - Entitlement to proportionate condensate adjustment after payout of Stanley, Elevala/Tingu and Ketu condensate development costs
  - New discoveries not subject to retention arrangements

- Preferred LNG marketing arrangements and financing support

Analysis of Consideration Payable in Osaka Gas Transaction

Horizon Oil



[1] Production adjustment based on certified resources
[2] Production adjustment based on unrisked prospective resources

Growth in Resources, Transaction Multiples and Value

Transaction	HZN to TLM	TLM to MC	HZN to OG[1]	HZN to OG[2]
Date	15 Sep 09	23 Feb 12	23 May 13	23 May 13
Licences	PRLs 4/5	PRLs 4/21	PRLs 4/21	PRLs 4/21
Certified gross P50 resources by licence (mmboe)	56/94	70/94	79/173	79/173
Total certified gross P50 resources (mmboe)	150	164	252	252
Interest sold (%)	50/50	10/7.5	20/18	20/18
Consideration (US$m)	80	62	204	204
Production adjustment (US$m)				70
US$/boe	1.07	4.41	4.43	5.84
Implied value of HZN interest (US$m)	160	330	510	685

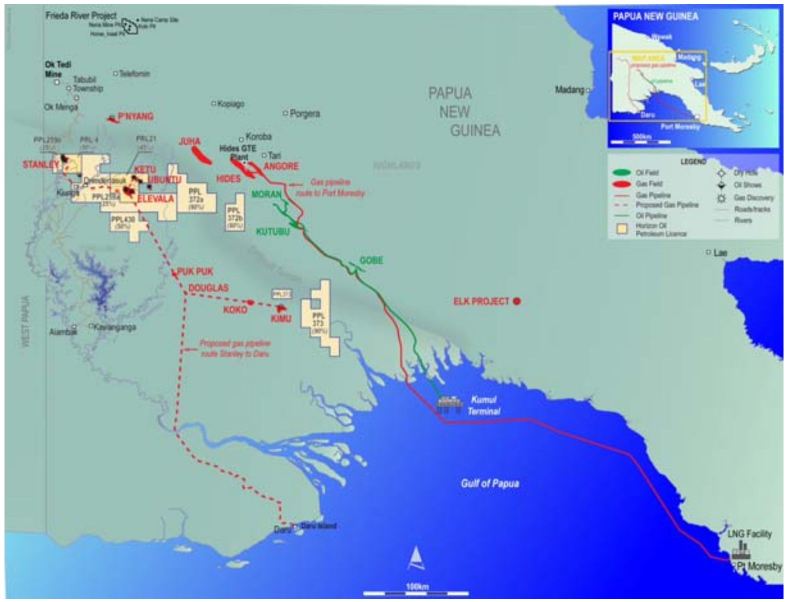
1 Without production adjustment
2 Including production adjustment based on current certified P50 resources, potentially yielding ~US$70m in pre-tax income

PNG Gas Commercialisation Options

- **Power generation**
  - Ok Tedi Mining Limited (OTML)
  - Frieda River project (if sanctioned)
  - Local towns and communities in Kiunga – OK Menga – Frieda River corridor
  - Export to West Papua: Merauke, Jayapura

- **Mid-scale LNG ~2-4 mtpa**

  Expandable mid scale LNG plant located at Daru to supply:-
  - City and mining project power demand, as substitute for diesel or fuel oil
  - Singapore LNG and products hub
  - North Asian markets



Daru Port – Proposed Stage 1

- SDP/Qube joint venture
- Stage 1 involves floating wharf and barge for copper concentrate storage
- FID for Stage 1 - 2013
- Completion for OTML January 2015 or earlier
- Channel to be dredged to 11 m depth to accommodate Handymax-sized vessels
- Maintenance dredging planned every 5 years

Planned course of dredged channel and turning bay

Daru and Bobo Islands, looking south

Upcoming News Flow

Horizon Oil

		Timeframe
▪ Improved production performance from Maari/Manaia fields and progress on appraisal drilling and field upgrade		*Q3 2013 - 2014*
▪ Ramp up to peak oil production of Beibu Gulf fields Phase I development		*Ongoing - Q3 2013*
▪ Progress on Beibu Gulf fields Phase II development plan		*Q3 2013*
▪ Progress on sales of Stanley gas to regional PNG consumers and larger scale gas commercialisation/export plans		*Ongoing*
▪ Progress on Stanley PDL award and development execution		*Q2 2013 - 2014*
▪ Progress on Elevala/Ketu development planning		*Ongoing - Q1 2014*
▪ Exploration success		
– PNG: Tingu-1 in PRL 21 and exploration drilling in PPL 259	2 wells	*Q3 2013 - 2014*
– PMP 38160: Manaia Deep, Maari Deep	2 wells	*Q3 2013 - 2014*
– PEP 51313, New Zealand: Whio -1	1 well	*Q1 2014*

Please visit the Horizon Oil website
www.horizonoil.com.au to see:-

Detailed Investor Presentation

Latest Quarterly Report

Analyst reports on HZN

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The reserve and resource information contained in this announcement is based on information compiled by Alan Fernie (Manager – Exploration and Development). Mr Fernie (B.Sc), who is a member of AAPG, has more than 35 years relevant experience within the industry and consents to the information in the form and context in which it appears.