



Private & Confidential

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Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cwlth)

This notice is given by Horizon Oil Limited (ABN 51 009 799 455) ("**Horizon**") under section 708AA(2)(f) of the *Corporations Act 2001* (Cwlth) ("**Corporations Act**").

Horizon has today announced an accelerated non-renounceable pro rata entitlement offer ("**Offer**") of 1 fully paid Horizon ordinary share ("**New Shares**") for every 7 Horizon shares held as at 7.00pm (AEST) on 6 August 2013 by shareholders with a registered address in Australia or New Zealand and certain other jurisdictions where Horizon has decided to make offers.

Horizon confirms that:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Corporations Act;
- (b) this notice is being given under section 708AA(2)(f) of the Corporations Act;
- (c) as at the date of this notice, Horizon has complied with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to Horizon; and
 - (ii) section 674 of the Corporations Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act as notionally modified by ASIC; and
- (e) the potential effect the issue of New Shares will have on the control of Horizon, and the consequences of that effect, will depend on a number of factors, including investor demand and existing shareholders. However, given the structure of the Offer as a pro-rata issue, the primary consequences are that:
 - (i) if all eligible shareholders take up their entitlement to New Shares, the Offer would have no material effect on the control of Horizon as eligible shareholders would continue to hold the same percentage interest in Horizon, subject only to



changes resulting from the sale of shares by the nominee on behalf of ineligible shareholders; or

- (ii) if some eligible shareholders do not take up their full entitlement, such shareholders' control would be diluted relative to those who did take up their full entitlement (and potentially, in the case of certain eligible retail shareholders, also applied for additional new shares through the retail oversubscription facility).

The Investor Presentation and Retail Offer Booklet ("**Offer Documents**") more fully describe the potential control consequences for Horizon of the Offer, including the underwriting and sub-underwriting arrangements. In particular, the Offer Documents describe the potential situation where the Offer is not fully subscribed for and one of Horizon's substantial shareholders takes up its full entitlement as a shareholder and also takes up any shortfall shares in its capacity as sub-underwriter of up to \$10 million of the retail entitlement component of the Offer. A summary of that shareholder's interest (as at the date of this Cleansing Notice) is set out below.

- (i) Austral-Asia Energy Pty Ltd and its associates ("**IMC**") currently hold an interest in Horizon of 19.9% at the date of this issue. IMC does not control Horizon.
- (ii) IMC has committed to sub-underwrite up to \$10 million of the retail portion of the Entitlement Offer.
- (iii) If all eligible shareholders elect to take up their entitlement in full, IMC's percentage holding will not change.
- (iv) In the theoretical scenario where no Horizon shareholders take up their entitlement under the retail entitlement component of the Offer, the impact of IMC's pro-rata participation and sub-underwriting would be to increase IMC's ownership of Horizon shares from 19.9% prior to the Offer to 22.2% post the Offer.

Further details regarding the Offer are set out in the Offer Documents.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Sheridan". The signature is fluid and cursive, with a large initial "M" and "S".

Michael Sheridan
Company Secretary and Chief Financial Officer
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