HORIZON OIL LIMITED

ABN 51 009 799 455

Financial Year 2013 Financial Results 27 August 2013

Financial Year Highlights

Share Price	14% increase in Company's share price to A$0.33 during the year
Reserves	Reserves and contingent resources of 138 mmboe (91 mmboe following completion of Strategic Alliance with Osaka Gas)
Production	15% increase in production following successful commencement of production in the Beibu Gulf
	Cumulative gross oil production from Maari field in excess of 22 million barrels; gross production from Beibu in excess of 1 million barrels (on stream since March 2013)
Sales	467,809 barrels of oil, at an average realised price (net of hedging) of US$102.75 per barrel, generating revenue of US$48.1 million
Profit & Loss	EBITDAX of US$27.9 million resulting from gross profit from operations of US$25.4million
	Profit after tax of US$3.5 million
Cash	19% increase in cash inflow from operating activities to US$15.5 million
	Cash on hand at 30 June 2013 of US$19.0 million, with US$29.6 million received to date during August 2013 from rights issue undertaken in July 2013
Capex	US$131.6 million exploration and development expenditure program executed, driving production growth from China, and reserves and resources growth
Debt	US$160.0 million reserves based debt facility drawn to US$134.3 million at 30 June 2013

Operational Results

HSE	No LTIs during the period
	No significant loss of containment incidents (>1 barrel of oil equivalent)
New Zealand	Remaining reserves at Maari / Manaia fields, offshore New Zealand, significantly upgraded to 8.8 mmbo from 5.2 mmbo. Maari growth projects program designed to bring these additional reserves into production and boost current production rates significantly advanced with drilling planned to commence in Q3 2013
	Kan Tan IV semi-submersible rig arrived for Manaia Deep appraisal well and Whio exploration well, and *Ensco107* jack-up rig secured to carry out planned multi well Maari growth projects campaign in 2013/14
	30% interest in PEP 51313, offshore New Zealand, farmed out to OMV for full carry through Whio exploration well
China	Development of WZ 6-12 fields, Beibu Gulf, offshore China, completed and on stream, producing ~10,000 bopd. Development of WZ12-8 W field completed ahead of schedule with production commencing in August 2013
	2P reserves upgraded by 18% to 28 mmboe
Papua New Guinea	Development licence application lodged for Stanley field in PRL 4, Papua New Guinea; early development works initiated including tanker build, fabrication of construction camp and site grading
	Strategic Alliance entered into to sell 40% of PNG assets to Osaka Gas Co Ltd for milestone-based payment of US$204 million, plus potential production adjustments
	Acreage holdings materially expanded with award of 50% interest in PPL 430, and acquisition of 90% interests in PPLs 372 and 373
	Tingu-1 site preparation complete and well spud on 26 August 2013 with anticipated 45 days drilling to a planned total depth of 3,213m

Net Reserves[1], Contingent Resources[1] and Prospective Resources[1] as at 30 June 2013, Post Osaka Gas Transaction

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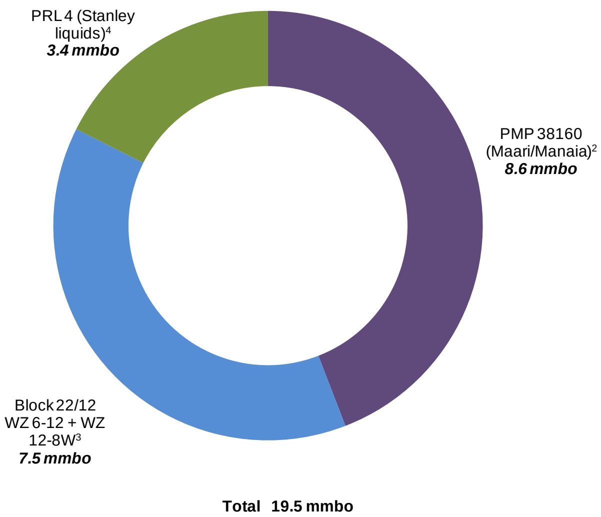
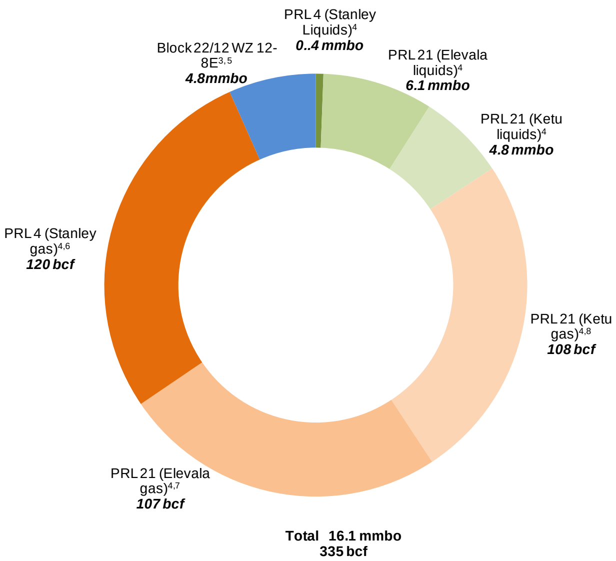
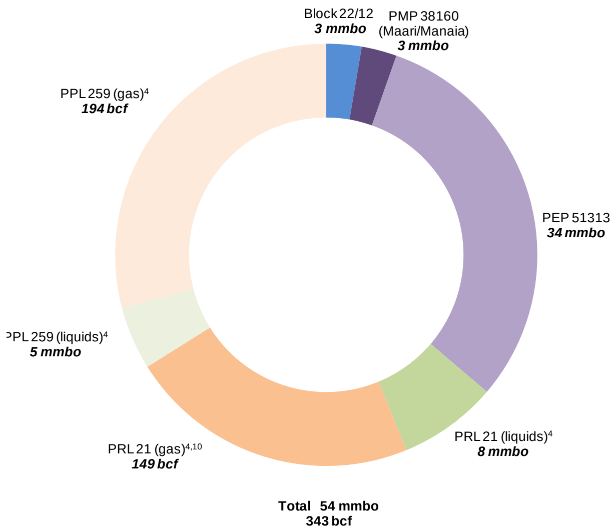
RESERVES Proven + Probable



CONTINGENT RESOURCES Proven + Probable



PROSPECTIVE RESOURCES Best Estimate

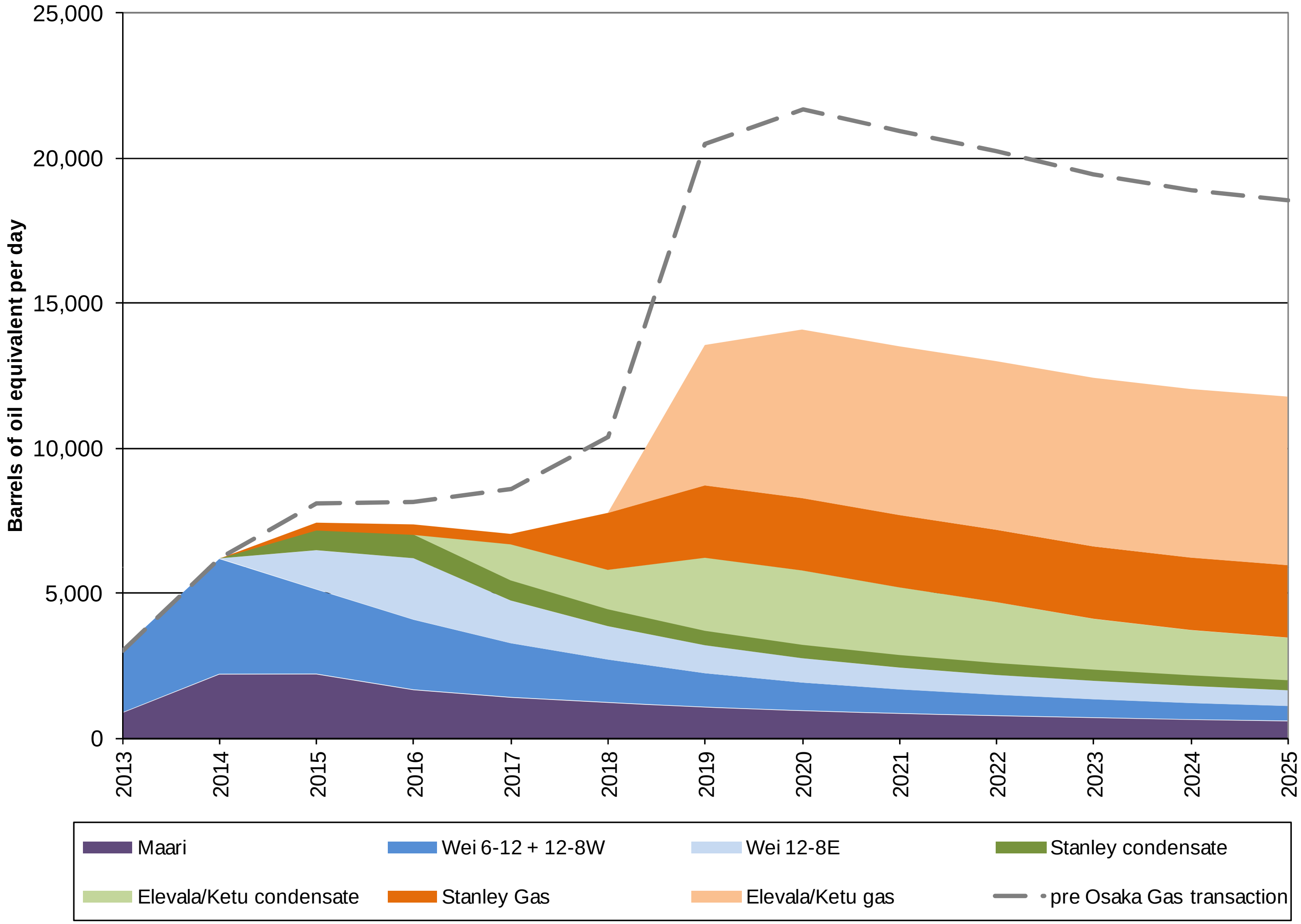


[1] Estimated in accordance with SPE-PRMS standard; 6 bcf gas equals 1 boe; 1 bbl condensate equals 1 boe
[2] Net of production of 22 mmbo gross through 30 June 2013
[3] Reduced to allow for CNOOC participation at 51%
[4] Subject to reduction to allow for PNG State Nominee participation at 22.5%
[5] 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 contingent resources – 91 mmboe

Prospective resources[9] – 111 mmboe

Forecast Net Production From Reserves + Contingent Resources as at 30 June 2013, Post Osaka Gas Transaction



Includes actual production for 2013 – years shown above are calendar years
Based on proven and probable reserves and contingent resources, estimated in accordance with SPE-PRMS standard
Timing of new field production based on operator estimates

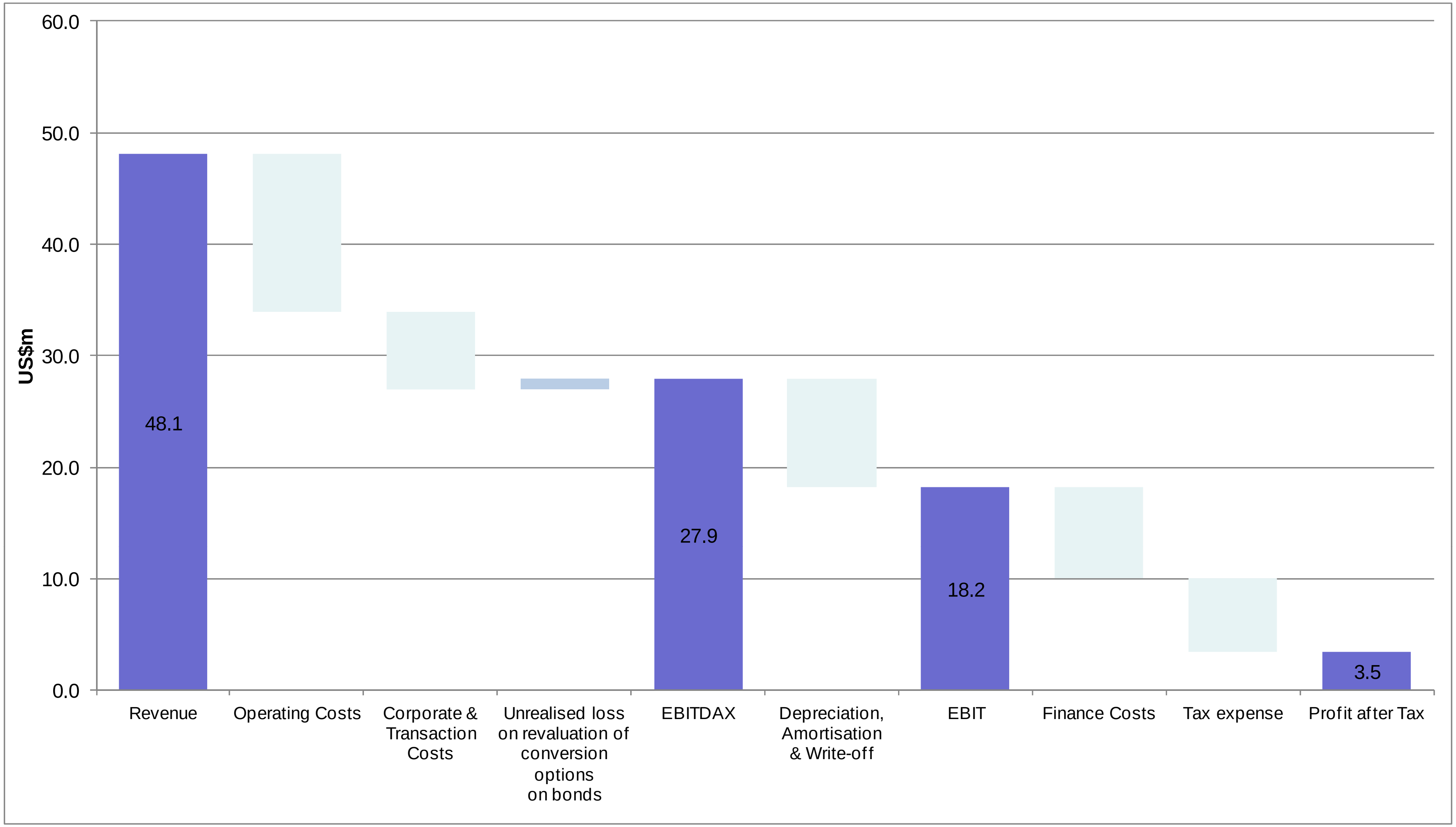
Profit and Loss

	12 Months to June 2013 (US$ million)	12 Months to June 2012 (US$ million)
Sales Revenue	48.1	50.4
Gross Profit on Oil Sales	25.4	33.5
Unrealised (loss)/gain on revaluation of conversion options on bonds	1.0	4.9
EBITDAX*	27.9	38.0
EBIT*	18.2	29.7
Profit before Tax	**10.0**	**23.7**
Net Profit after Tax	**3.5**	**7.7**

- Continued robust gross profit despite Maari operational issues
- Unrealised accounting revaluation of conversion options on bonds driven by higher share price impacting results

*Note - EBITDAX and EBIT are financial measures which are not prescribed by Australian Accounting Standards and represent the profit under Australian Accounting Standards adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure. The Directors consider EBITDAX and EBIT to be useful measures of performance as they are widely used by the oil and gas industry. EBITDAX and EBIT information have not been audited, however have been extracted from the audited financial report for the year ended 30 June 2013.

Profit and Loss analysis



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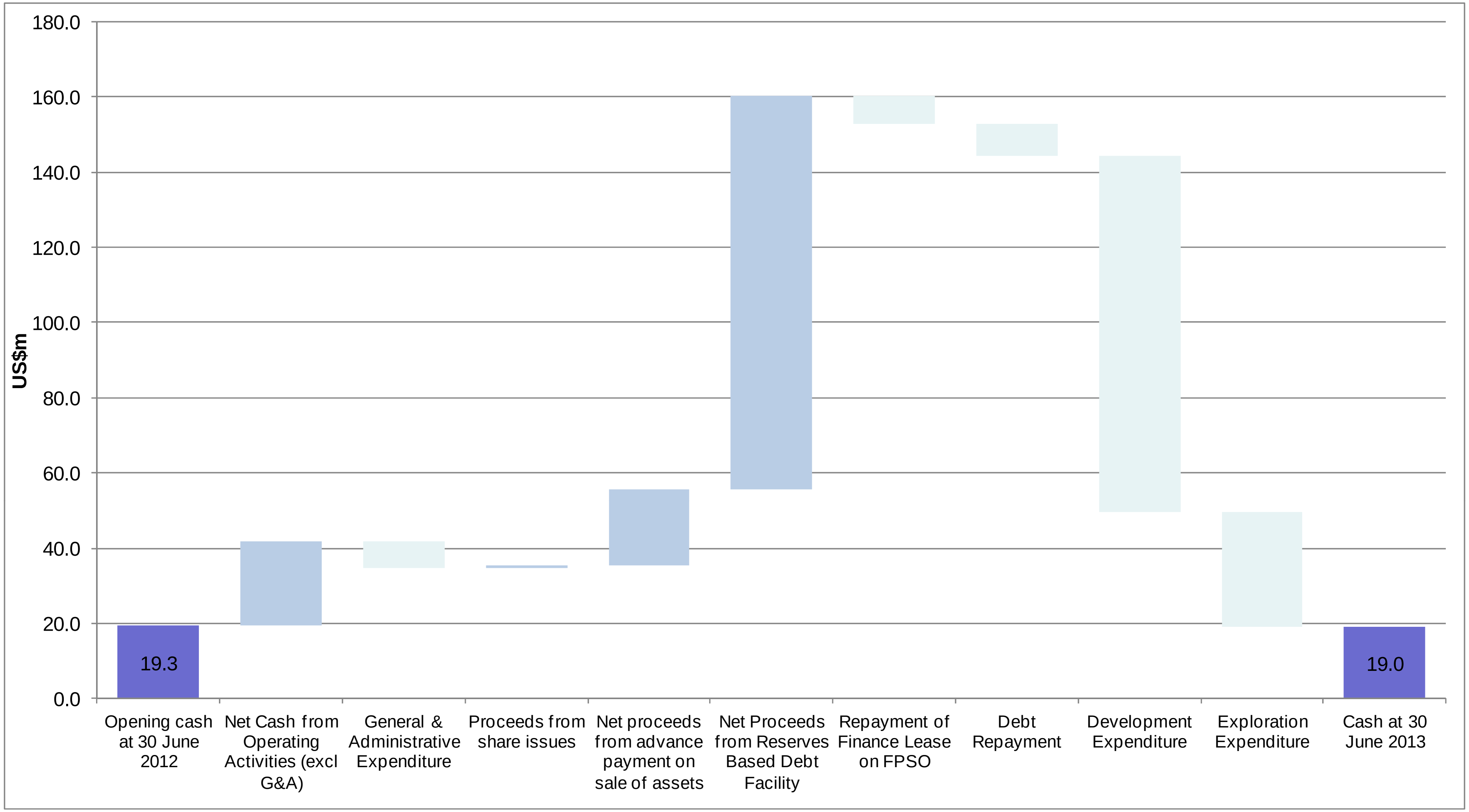
Cash Flow

	12 Months to June 2013 (US$ million)	12 Months to June 2012 (US$ million)
Opening Cash	***19.3***	***64.6***
Net Cash from Operating Activities (excl G&A)	22.3	21.1
General & Administrative Expenditure	(7.1)	(8.1)
Net Proceeds from Reserves Based Debt Facility	96.3	27.7
Repayment of Finance Lease on FPSO *Raroa*	(7.6)	(5.9)
Proceeds from advance payment on sale of assets	20.4	-
Other	0.8	(1.0)
Investment Activities		
Development Expenditure	(94.9)	(25.4)
Exploration Expenditure	(30.5)	(53.7)
Closing Cash	***19.0***	***19.3***

- Maintaining a healthy cash position to fund existing projects and activities
- Debt facility drawn to US$134.3 million to fund exploration and development program (US$160.0 million facility limit)

Cash Flow Analysis



Outlook for the next 12 months

Corporate

- Completion of 1 for 7 entitlement offer and receipt of funds of A$53.5 million
- Completion of Osaka Gas Co Ltd transaction
- Significant increase in production and revenue growth driven by the Group's China operations

Maari/Manaia and PEP 51313, offshore New Zealand

- Pro-active well workovers to replace pumps; enhance water injection at Maari field to increase production
- Drilling of Manaia Deep appraisal well and Whio exploration well in PEP 51313, utilising the *Kan Tan IV* semi-submersible rig
- Commencement of Maari growth projects drilling campaign utilising the *Ensco107* jack-up rig to access undeveloped reserves and increase Maari production

Block 22/12, offshore China

- Ramp up to peak oil production of Beibu Gulf fields of forecast 16 – 18,000 bopd
- Progress on Beibu Gulf fields Phase II development plan for the WZ 12-8E field

PRL 4 (Stanley), PRL 21 (Elevala/Ketu) and onshore Papua New Guinea

- Obtain Stanley PDL and initiate field development in PRL 4
- Progress arrangements for sales of Stanley gas to regional PNG industrial consumers
- Complete FEED study for Elevala/Ketu condensate recovery project in PRL 21; drill Tingu-1 exploration well; target development licence application submission in March 2014

Next 18 Month's Calendar Year Activity

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- Exploration activities
- Development activities

Country	Project	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
NEW ZEALAND	*Maari*	Manaia-2 exploration well	Process and interpret results	Maari growth projects			
NEW ZEALAND	*PEP 51313*	Te Whatu seismic interpretation	Whio-1 exploration drilling	Process and interpret results of drilling	Contingent Te-Whatu Exploration Well		
CHINA	*Block 22/12*	WZ 12-8E development planning		WZ 12-8E Target commencement of development			
CHINA	*Block 22/12*	Well results analysis and production optimisation					
PAPUA NEW GUINEA	*PRL 21*	Tingu-1 drilling	Process and interpret results	Target PDL application	Target commencement of early works		
PAPUA NEW GUINEA	*PRL 21*	FEED for condensate recovery project					
PAPUA NEW GUINEA	*PRL 4*	Progress on Stanley PDL award					
PAPUA NEW GUINEA	*PRL 4*	Stanley development, and progress on Stanley gas sales to regional PNG consumers and larger scale gas commercialisation/export plans					
PAPUA NEW GUINEA	*Other*	Interpretation of seismic data in PPL 259 to finalise drilling location				Target for PPL 259 exploration well	
PAPUA NEW GUINEA	*Other*			Acquisition of seismic data in PPL 372, PPL 373 and PPL 430			

Financial Year Results Presentation Information

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The reserve and resource information contained in this presentation is based upon information compiled, reviewed and signed off by Mr Alan Fernie (B.Sc), Manager – Exploration and Development, Horizon Oil Limited. Mr Fernie, who is a member of the American Association of Petroleum Geologists, has more than thirty five years relevant experience within the industry and consents to the information in the form and context to which it appears.