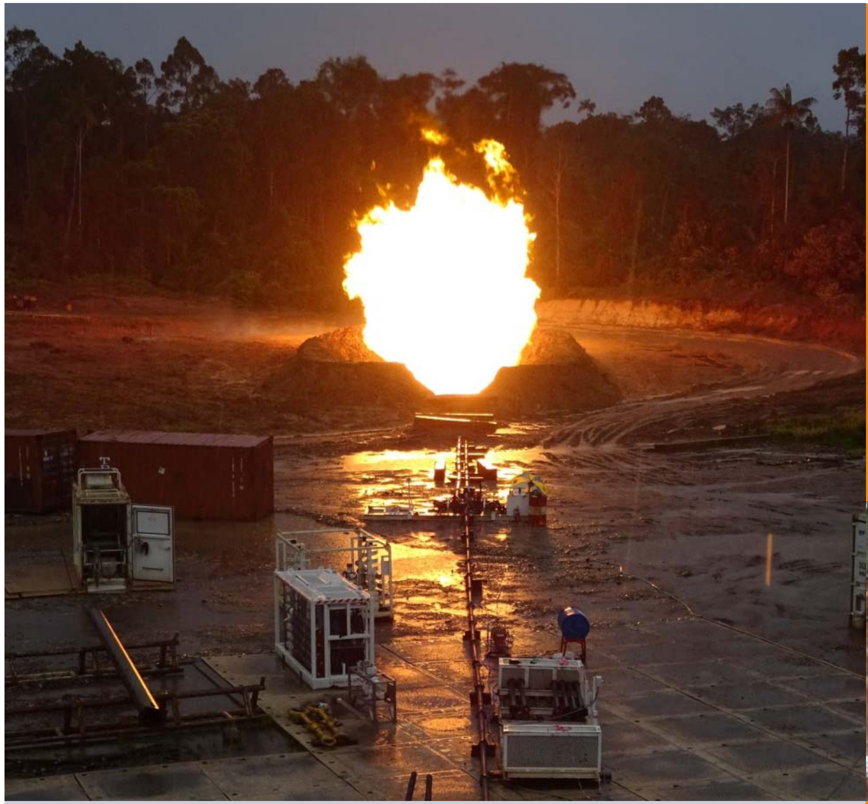


Half Year FY2016 Financial Results 25 February 2016

ABN 51 009 799 455

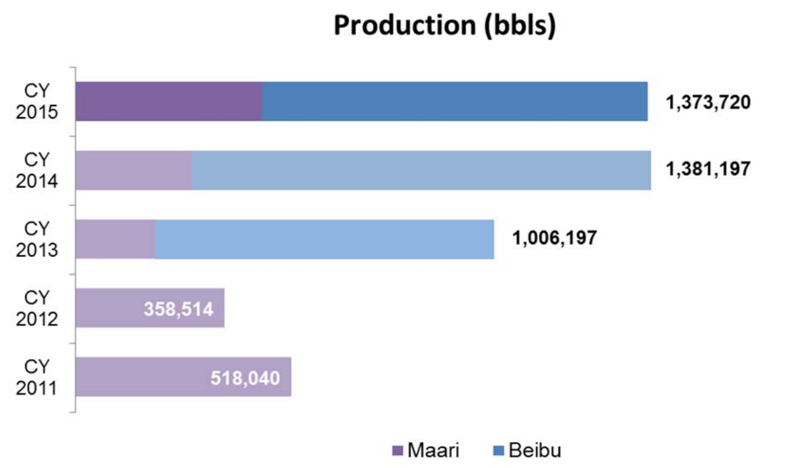
Half year highlights

Performance	10% increase in production from comparable half year to 681,900 barrels, 23% increase in sales to 694,245 barrels at an average realised price (net of hedging) of US$59.41 per barrel, generating revenue of US$41.2 million
Cash	Revenue and cash from operating activities materially affected by low oil prices, partially offset by oil price hedging gains of US$9.2 million
	US$51.1 million cash on hand at 31 December 2015. Net cash from operating activities of US$28.6 million increased 30% from the comparable period
	Cashflow enhanced by a 77% reduction in capital expenditure from comparable period. Surplus cash generated was used to repay debt through the early redemption of US$21.2 million of the outstanding Convertible Bonds
Production	Combined production rate net to Horizon Oil from Maari and Beibu Gulf fields ~3,500 bopd at half year end
	Cumulative gross oil production since commencement, as at 31 December 2015: Maari field 29.7 million barrels; Beibu Gulf fields 10.5 million barrels
Profit & Loss	Loss before tax of US$34.7 million, largely due to the impact of US$38.0 million of non-cash impairment write-downs. Write-downs comprise US$23.8 million exploration, US$10.5 million development assets and US$3.7 million producing projects
	EBITDAX of US$31.9 million, including US$1.2 million gain on buyback of Convertible Bonds
Capex	US$13.2 million capital expenditure was incurred on finalisation of development wells in New Zealand (including the Maari Growth Projects), and an appraisal/development well in China, both having positive contributions to operating performance
Debt	Early redemption of US$21.2 million of 5.5% convertible bonds in the period, realising a US$1.2 million gain, remaining convertible bonds of US$58.8 million
	Net debt of US$127.7 million

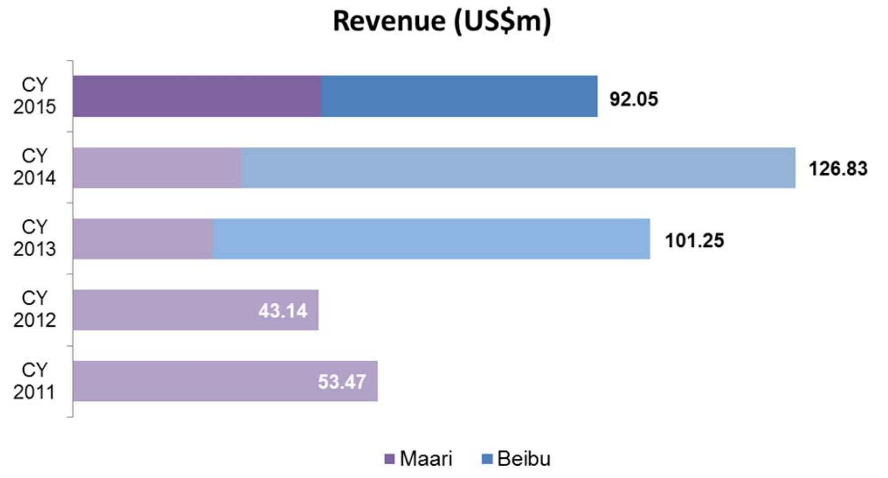
Operational results

HSSE	Lost Time Injury Frequency Rate (LTIFR) of 0.0, Total Reportable Injury Frequency Rate (TRIFR) of 0.0 at 31 December 2015 over a 12 month rolling period (~122,000 manhours)
	No significant loss of containment incidents (<1 barrel of oil equivalent)
China	Continued strong production from combined WZ 6-12 and WZ 12-8W fields producing > 8,500 bopd gross at period end (HZN share > 2,300 bopd) with 1.5 mmbo gross produced during six months to December 2015 (0.42 mmbo net to HZN)
	WZ 12-8W-A6H appraisal and development well completed in December 2015 and producing from WZ 12-10-2 field at year end. Production from the well exceeded 1,400 bopd after initial clean up period
	Continued focus on reduction in operating costs, with average cash cost for the period of US$12.60/bbl
New Zealand	Production during the period of ~14,300 bopd (1,430 bopd net to HZN), with 2.6 mmbo gross produced during the six months to December 2015 (260,000 bbls net to HZN)
	Successful completion of the Maari Growth Project, with production in excess of 16,000 bopd following completion in July 2015
	Aggregate insurance proceeds for the 2013 repair of the Maari FPSO swivel and mooring lines including associated loss of production were confirmed during the period as US$10.2 million net to Horizon Oil, with US$5.3 million received during the period and a further US$2.8 million due in early 2016
Papua New Guinea	Commercial and technical discussion progressed with Ok Tedi Mining Limited and regional mining operators with respect to gas sales from PDL 10 for power generation
	Formal approval by the PNG Conservation and Environment Protection Authority of the Elevala Development environmental impact statement in PRL 21
	Recent material developments in PNG increase the likelihood of potential promising alternative commercialisation pathways emerging for Horizon Oil's substantial gas resources in the Western Province forelands

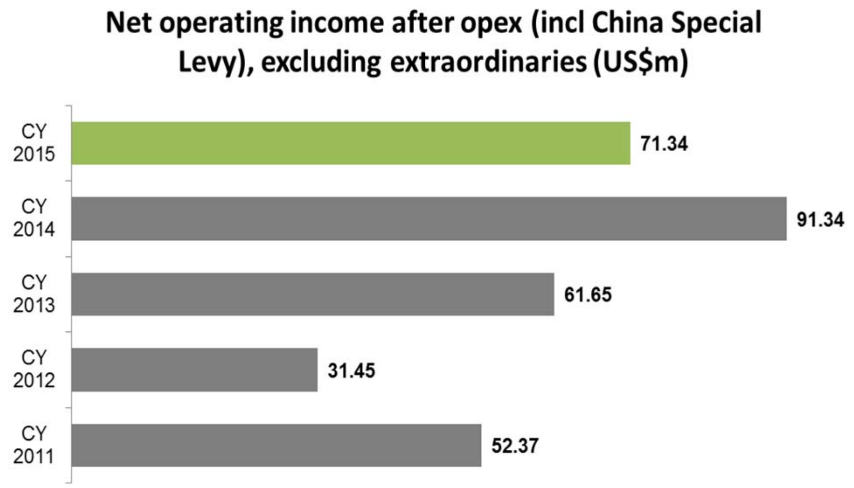
Five year calendar year performance



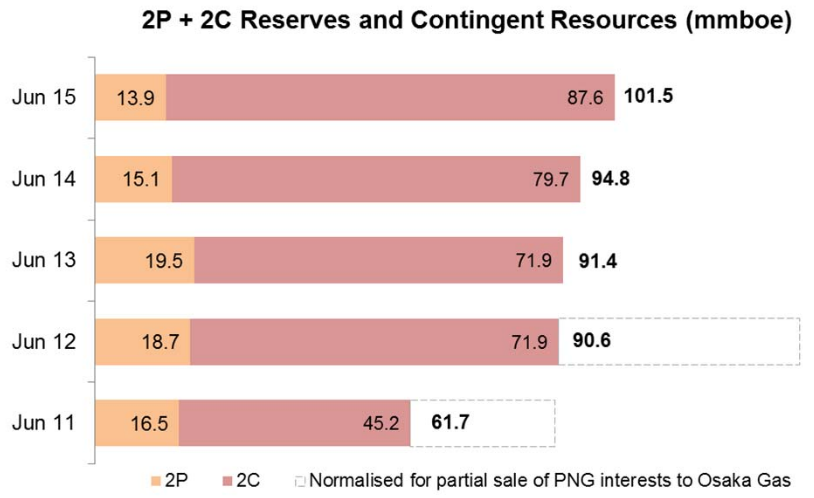
Completion of Maari Growth Project in July 2015 has improved field performance



180,000 bbls of oil are hedged until June 2016 at a weighted average hedge price of US$95/bbl



Average cash cost of US$15.17/barrel for calendar year 2015 combined with hedge gains of US$25.6m have resulted in strong operating performance in a low oil price environment



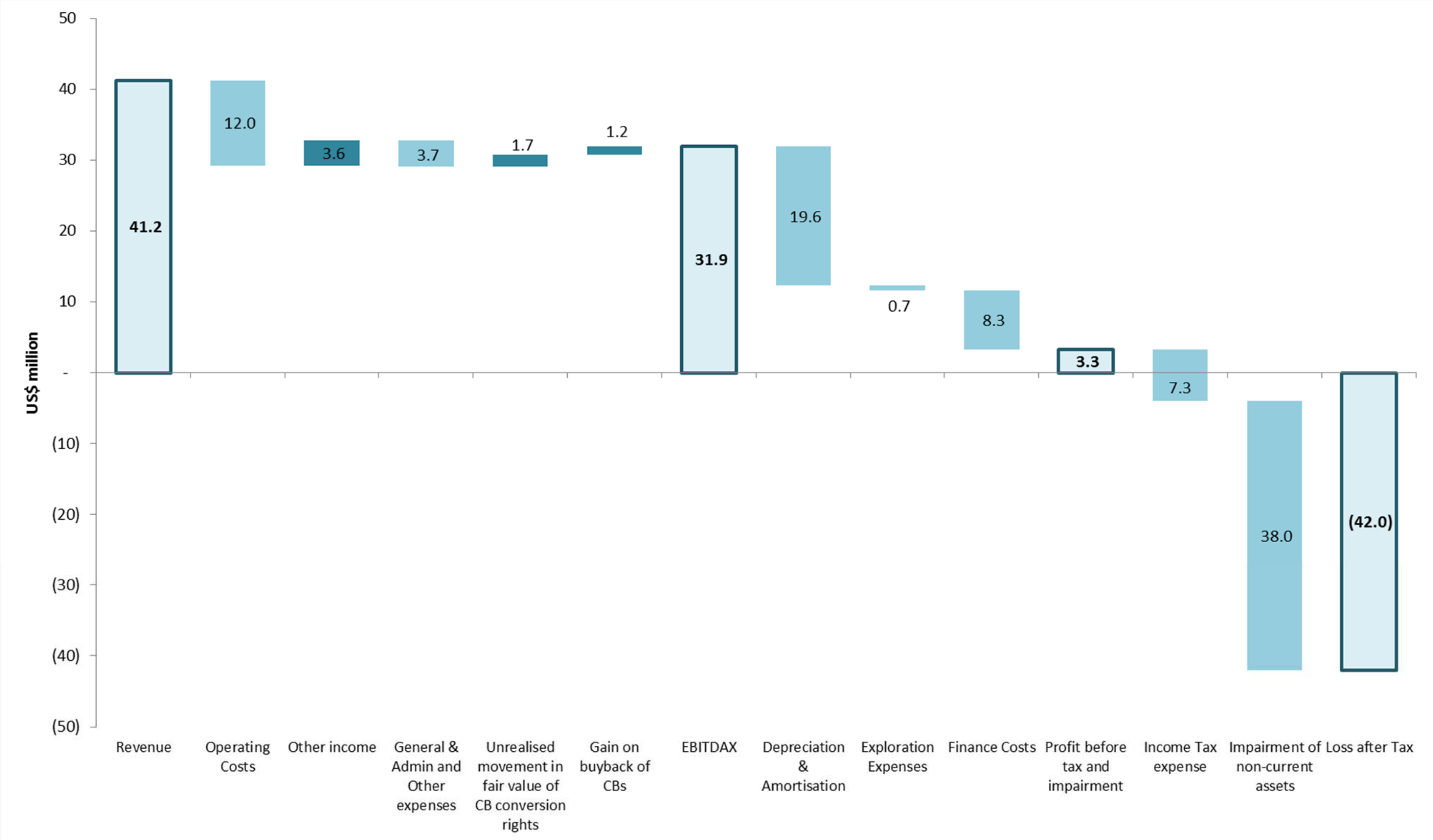
Reserves for each year end are adjusted to account for the prior year's production

Profit and loss

	6 Months to Dec 2015 (US$ million)	6 Months to Dec 2014 (US$ million)	Change (US$ million)	Change (%)
Production	681,900 bbls	618,665 bbls	62,235 bbls	10
Sales	694,245 bbls	565,396 bbls	128,849 bbls	23
Realised oil price	US$59.41/bbl	US$94.00/bbl	US$(34.6)/bbl	(37)
Sales revenue	41.2	53.1	(11.9)	(22)
Gross profit on oil sales	9.9	22.3	(12.4)	(56)
Unrealised gain/(loss) on revaluation of conversion options on bonds	1.7	4.7	(3.0)	(64)
Gain on buyback of convertible bonds	1.2	-	1.2	-
Exploration and development expenses	(0.7)	(10.9)	10.2	94
EBITDAX*	**31.9**	**43.7**	(11.8)	(27)
Profit before tax and impairment	3.3	7.9	(4.6)	(58)
Impairment of non-current assets	(38.0)	-	(38.0)	-
Income tax expense	(7.3)	(0.6)	(6.7)	(1,117)
Net Profit after Tax	**(42.0)**	**7.3**	(49.3)	(675)

*Note - EBITDAX is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments). The Directors consider EBITDAX to be a useful measure of performance as it is widely used by the oil and gas industry. EBITDAX information has not been subject to any specific audit procedures by the Group's auditor but has been extracted from the half-year financial report for the half-year ended 31 December 2015, which have been subject to review by the Group's auditors.

Profit and loss analysis



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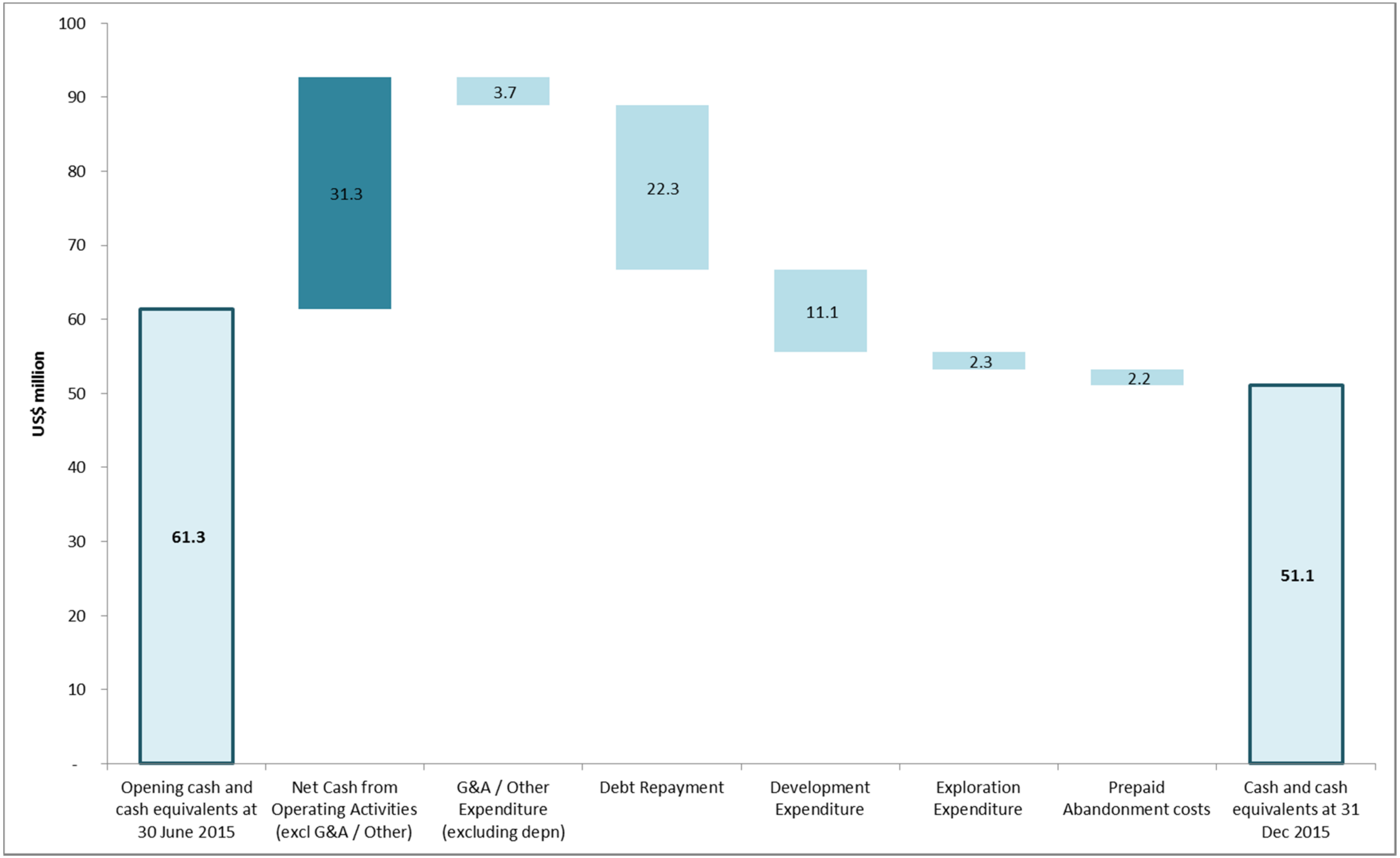
Horizon Oil

Cash flow

	6 Months to Dec 2015 (US$ million)	6 Months to Dec 2014 (US$ million)	Change (US$ million)	Change (%)
Opening cash	**61.3**	**98.9**	**(37.6)**	**(38)**
Net cash from operating activities (excl G&A/other)	31.3	26.3	5.0	19
General & Administrative (excluding depreciation)	(3.7)	(4.2)	0.5	12
Net proceeds/(repayments) relating to debt	(22.3)	(9.2)	(13.1)	(142)
Investment Activities				
Development expenditure	(11.1)	(28.4)	17.3	61
Exploration expenditure	(2.3)	(30.3)	28.0	92
Prepaid abandonment costs	(2.2)	(9.7)	7.5	77
Closing cash	**51.1**	**43.5**	**7.6**	**17**

An increase in cash from operating activities combined with G&A savings and significantly reduced exploration and development expenditure allowed the early redemption of US$21.2 million of the outstanding convertible bonds

Cash flow analysis



Outlook for the next 12 months

Corporate Outlook

- Continued reduction of overall gearing levels, including redemption of remaining US$58.8 million Convertible Bonds in June 2016
- Drive further reductions in capex and G&A over the course of 2016

Maari/Manaia and PEP 51313, offshore New Zealand

- Further optimisation of oil production through workover program following the successful completion of the Maari Growth Projects
- Finalise insurance recoveries in relation to 2013 field shut-in associated with facility repairs and equipment upgrades
- Undertake an upgrade of the *FPSO Raroa's* mooring system in late Q1/early Q2 at same time as scheduled annual maintenance shutdown, designed to "future-proof" the system for the next decade

Block 22/12, offshore China

- Horizon Oil's entitlement to cost recovery oil at 31 December 2015 was US$110.5 million, and our production entitlement is forecast to increase from 26.95% to over 35% of production in 2016
- Progress Beibu Gulf fields Phase II development plan for the WZ 12-8E field (10.5 mmbo gross, 2.8 mmbo net), with integration of WZ 12-10-1 discovery, with aim for submission of Overall Development Plan late 2016 / early 2017

PDL 10 (Stanley), PRL 21 (Elevala/Tingu/Ketu) and onshore Papua New Guinea

- Progress arrangements for sales of Stanley gas to regional PNG industrial consumers, while refining project costs
- Progress towards Final Investment Decision in PRL 21
- Progress feasibility study for a Western Province-based greenfield mid-scale LNG project in partnership with Osaka Gas, while monitoring brownfield LNG development opportunities in the region