



16 November 2016

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

### AMENDMENT TO EXPLANATORY MEMORANDUM

Further to the Company's Notice of Annual General Meeting (**AGM**) and Explanatory Memorandum dated 21 October 2016 (**Notice**) in respect of the Company's AGM scheduled for 29 November 2016, the Company proposes a change to the formula for calculating the value realised on exercise of share appreciation rights (**SARs**). This change is relevant to shareholders' consideration of Resolution 5 in the Notice.

Resolution 5 of the Notice provides for shareholders to consider and, if thought appropriate, to pass the following resolution as an ordinary resolution:

*"That approval be given for all purposes for the grant of up to 16,617,522 securities (including share appreciation rights ("**SARs**") and shares which may be issued as a result of the exercise or vesting of SARs) to the Chief Executive Officer and Managing Director, Mr Brent Emmett, in accordance with the terms of his employment agreement and as set out in the accompanying Explanatory Memorandum."*

The Notice and Explanatory Memorandum states that the number of SARs to be issued to Mr Emmett is a function of his remuneration and the present day value of the SARs and that the value realised on exercise of the SARs will be based on the appreciation, if any, in the share price of the Company at the time of exercise from the volume weighted average price of shares in the Company for the 10 business day period up to the day before the effective allocation date, being A\$0.0483 (**Allocation Price**).

The Board has resolved to maintain the maximum number of securities which may be issued to Mr Emmett at 16,617,522 securities, but to increase the Allocation Price to A\$0.0930.

The net effect of this variation is that the value capable of being realised by Mr Emmett on exercise of the SARs is reduced. The maximum number of securities that may be acquired by Mr Emmett, including any shares issued on exercise of the SARs, will be reduced.

The Notice and Explanatory Memorandum is taken to be varied as described above from the date of this announcement. Other than as described above, the Notice and Explanatory Memorandum remains unchanged and shareholders are encouraged to read the Notice and Explanatory Memorandum in its entirety.

Enclosed with this announcement is an Appendix 3B which notes the change to the principal terms of 16,617,522 securities.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Michael Sheridan', with a stylized, cursive script.

**Michael Sheridan**

Chief Financial Officer & Company Secretary

For further information please contact:

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Horizon Oil Limited ("Company")

ABN

51 009 799 455

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- 1 +Class of +securities issued or to be issued

- 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

- 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Pursuant to Appendix 3B dated 21 October 2016, the Company provided details regarding the proposed issue of 40,989,917 SARs (16,617,522 of which are subject to shareholder's approval).

The Board has resolved to vary the principal terms of the proposed issue of 16,617,522 SARs, which are the subject of shareholder's approval (**Tranche 2 SARs**).

The Tranche 2 SARs are exerciseable at A\$0.0930. The maximum number of shares to be issued on exercise of the SARs will be 16,617,522. Other than as described, the principal terms of the Tranche 2 SARs remains unchanged (being the terms set out in Appendix 3B dated 21 October 2016).

**Appendix 3B**  
**New issue announcement**

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4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>	
5	Issue price or consideration	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	
6b	The date the security holder resolution under rule 7.1A was passed	
6c	Number of +securities issued without security holder approval under rule 7.1	
6d	Number of +securities issued with security holder approval under rule 7.1A	

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)		
6f	Number of securities issued under an exception in rule 7.2		
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.		
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements		
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements		
7	Dates of entering +securities into uncertificated holdings or despatch of certificates		
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		1,301,981,265	Ordinary shares
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		1,500,000	Partly paid shares
		3,866,667	Options issued under Company's employee incentive schemes
		98,068,522	Share appreciation rights
		300,000,000	Options exercisable at \$0.061 on or before 5.00pm (Sydney time) on 14 September 2021.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
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**Part 2 - Bonus issue or pro rata issue**

11	Is security holder approval required?	
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12	Is the issue renounceable or non-renounceable?	
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13	Ratio in which the +securities will be offered	
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14	+Class of +securities to which the offer relates	
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15	+Record date to determine entitlements	
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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
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17	Policy for deciding entitlements in relation to fractions	
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18	<p>Names of countries in which the entity has +security holders who will not be sent new issue documents</p> <p>Note: Security holders must be told how their entitlements are to be dealt with.</p> <p>Cross reference: rule 7.7.</p>	
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19	Closing date for receipt of acceptances or renunciations	
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20	Names of any underwriters	
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21	Amount of any underwriting fee or commission	
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22	Names of any brokers to the issue	
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23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do <sup>+</sup> security holders dispose of their entitlements (except by sale through a broker)?	
33	<sup>+</sup> Despatch date	

**Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

- 34    Type of securities  
      *(tick one)*
- (a)   ☐    Securities described in Part 1

- (b)    ☒    All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35    ☐    If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36    ☐    If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37    ☐    A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

- 38    Number of securities for which +quotation is sought
- 39    Class of +securities for which quotation is sought



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|----|--|--|
| 40 | <p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul> |  |
| 41 | <p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>   |  |

**Appendix 3B**  
**New issue announcement**

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42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  
Print name:

  
Michael Sheridan  
Company Secretary

Date: 16 November 2016