



Horizon Oil Limited ABN 51 009 799 455

Level 6, 134 William Street, Woolloomooloo NSW Australia 2011

Tel +61 2 9332 5000, Fax +61 2 9332 5050 www.horizonoil.com.au

29 November 2016

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

CORPORATE PRESENTATION

The Chairman's address and CEO's presentation to shareholders at the Company's annual general meeting to be held today at Level 1, Grand Ballroom, The Sydney Boulevard Hotel, 90 William Street, Sydney are attached.

The Annual General Meeting will also be available on live webcast. To register, please copy and paste the link below into your browser:

<http://webcasting.boardroom.media/broadcast/57edc857cf09bc4a2cca6079>

Yours faithfully,

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

Michael Sheridan

Chief Financial Officer & Company Secretary

For further information please contact:

Mr Michael Sheridan

Telephone: (+612) 9332 5000

Facsimile: (+612) 9332 5050

Email: exploration@horizonoil.com.au

Or visit www.horizonoil.com.au

CHAIRMAN'S ADDRESS 2016 HORIZON OIL LIMITED AGM

Ladies and Gentlemen,

I have been pleased to be involved with Horizon Oil for a number of years and in that time the Company has developed and put on production worthwhile offshore oil fields in New Zealand and China. With continuing optimisation of production from existing well bores and relatively modest further capital investment in nearby undeveloped oil accumulations, these fields will continue to produce and generate cash at roughly current levels for the next 5 years or so.

It is these cashflows that will continue to pay down the debt that was taken on to develop Maari and Beibu Gulf and, most importantly, be reinvested in monetising Horizon Oil's material gas and condensate resources onshore Papua New Guinea. While long-lived stable production is a valuable asset itself, derisking of the PNG gas and condensate project offers tremendous potential upside value.

Financial Year Highlights



Financial year highlights

Performance	3% increase in production from prior year to 1,354,982 barrels, 13% increase in sales to 1,376,069 barrels at an average realised price (inclusive of hedging) of US\$55.19 per barrel, generating revenue of US\$76.0 million
Production	Combined production rate of Maari and Beibu Gulf fields ~3,900 bopd net to Horizon Oil at year end Cumulative gross oil production since commencement, as at 30 June 2016: Maari field 31.6 million barrels; Beibu Gulf fields 12.3 million barrels
Profit & Loss	An underlying profit of US\$3.0 million, excluding the impact of US\$147.5 million non-cash impairment write-downs. Impairment charge primarily results from low oil price and brings carrying values inline with the recent independent valuation ranges EBITDAX of US\$54.0 million
Capex	Capex spending was reduced by ~68% from prior year to US\$24.5 million, US\$17.5 million of the spending was related to finalisation of development work in New Zealand and an appraisal/development well in China
Debt	Horizon Oil and its major shareholder, IMC Investments Limited, executed a subordinated secured non-amortising debt facility of US\$50 million to refinance the remaining US\$58.8 million convertible bonds, subject to shareholder approval. Early redemption of US\$21.2 million of 5.5% convertible bonds in the year, realising a US\$1.2 million gain Net debt at 30 June 2016: US\$131.8m (US\$128.3 net of capitalised transaction costs)

In the 2016 year, the Company enjoyed the strong underlying operating performance of its Block 22/12 and Maari oil fields.

Shareholders will note that production and sales increased year-on-year to over 1.35 million barrels of oil, generating revenue of US\$76 million. The beneficial impact of the low operating costs of the Company's production assets, US\$12.90/bbl in 2016, and its oil price hedging policy led to EBITDAX of US\$54 million in a depressed oil price environment.

The board and management continued an aggressive and deliberate response to continued low oil prices which reached their low point in January this year.

Capital expenditure was reduced by 68% to US\$24.5 million and continues to be reduced. Operating costs were further reduced, particularly in Block 22/12.

Similarly, the Company continued its debt reduction program through the year, repaying 25% of both the convertible bonds and senior debt from cash reserves, and thereafter further reduced the debt levels with the successful refinancing of the remaining convertible bonds in September 2016 with a US\$50 million subordinated secured debt facility from our major shareholder IMC. The loan required issuing 300 million warrants to IMC which, if exercised will serve to repay the debt. In that case there will be dilution to shareholders of 18.7%, which we consider to be acceptable in the current market. As a result of that facility, the Company's near term borrowing-related obligations were greatly reduced and average debt maturities were extended approximately 3 years.

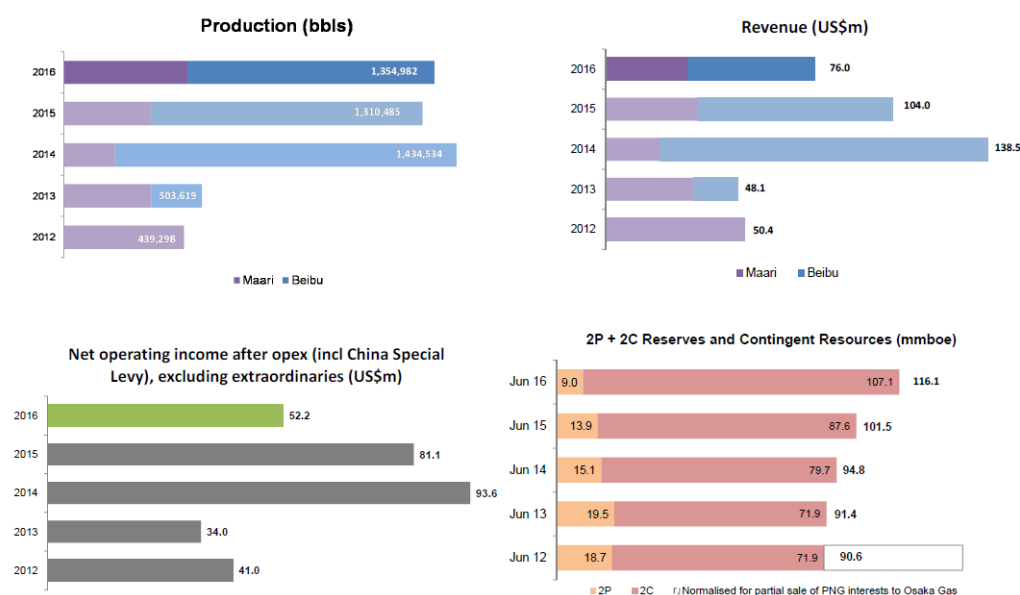
The Company's exposure to future oil price volatility has been mitigated by hedging in excess of 1 million barrels of oil to March 2018 at prices between US\$50 and US\$56/bbl, locking in revenue of US\$56m.

These actions, together with the strong underlying high margin oil production, have greatly enhanced the certainty and stability of the Company's future cashflow and facilitate the continued reduction of the Company's net debt from free cashflow.

Key Performance Measures - Last 5 Years



Key performance measures – last five financial years



Average cash cost of US\$12.90/bbl for the year was achieved and expected to remain broadly in line in FY17

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

As demonstrated by the key performance measures, Horizon Oil's production over the last 3 years has exceeded 1.3 million barrels of oil per annum and, while clearly affected by the fall in oil prices, the Company has continued to generate revenue and net operating cashflow at robust levels. Production and income levels will be sustained into the future, taking into account the material cost recovery oil entitlement in Beibu Gulf, China which began in April 2016.

Brent Emmett will show you in his presentation at the close of this meeting the significant reductions that management have achieved over the last four years in production operating costs, exploration and development capital expenditure and administrative costs. They have succeeded in this while negotiating a favourable refinancing of the Company in a difficult environment and advancing our production and development projects. As a result Horizon Oil has very profitable oil production, is financially stable and is well-placed to realise substantial value in Papua New Guinea.

As a board we regularly compare the salaries of our managers with those of other E&P companies with comparable-sized producing operations and business development programs. We believe that the salaries we pay are in market, especially taking into account that they remain frozen at 2014 levels and that we have suspended payment of cash bonuses since that time. We believe we have struck the right balance between fairly rewarding and incentivising our executives and exercising discipline in controlling administrative costs.

I hope you will stay on after the formal business of the meeting is concluded and hear Brent's presentation on Horizon Oil and where we sit in the current industry environment.

John Humphrey
Chairman



HORIZON OIL LIMITED

ABN 51009799455

Annual General Meeting
29 November 2016

Disclaimer

Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Horizon Oil Limited, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

All dollars in the presentation are United States dollars unless otherwise noted.



HORIZON OIL LIMITED

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Formal Business
John Humphrey

Formal Business

- Notice of Meeting
- Chairman's Address
- Items of Business
- Closure of Meeting

- CEO's Presentation
- Questions



HORIZON OIL LIMITED

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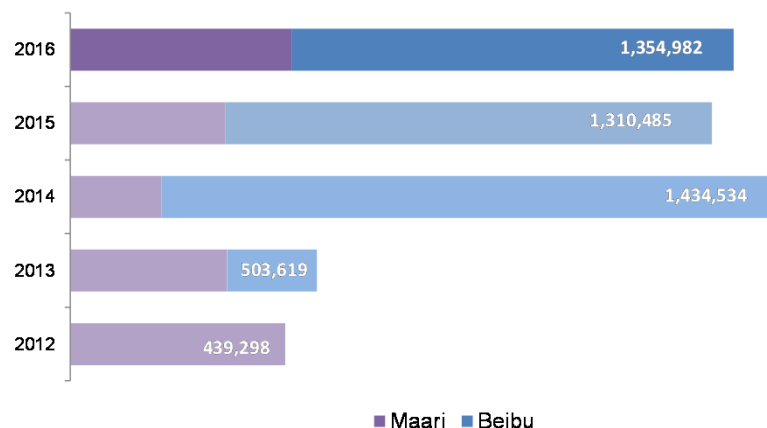
Chairman's Address
John Humphrey

Financial year highlights

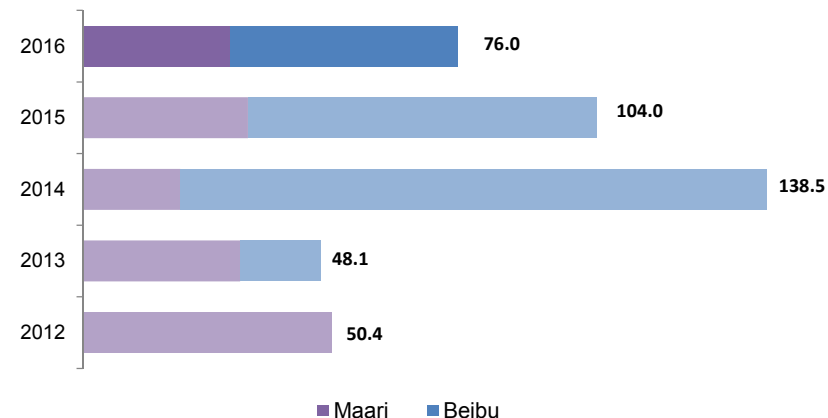
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	Early redemption of US\$21.2 million of 5.5% convertible bonds in the year, realising a US\$1.2 million gain
	Net debt at 30 June 2016: US\$131.8m (US\$128.3 net of capitalised transaction costs)

Key performance measures – last five financial years

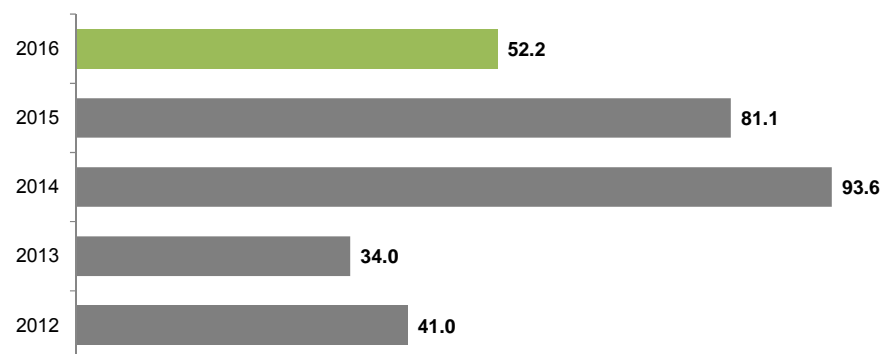
Production (bbls)



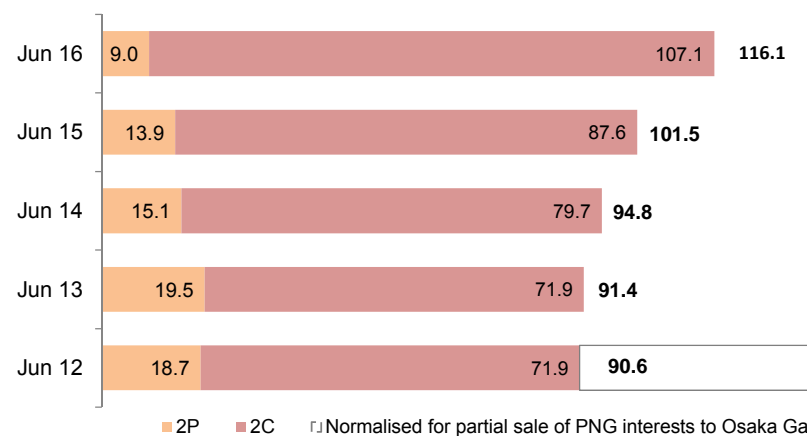
Revenue (US\$m)



Net operating income after opex (incl China Special Levy), excluding extraordinary (US\$m)



2P + 2C Reserves and Contingent Resources (mmboe)



Average cash cost of US\$12.90/bbl for the year was achieved and expected to remain broadly in line in FY17

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



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Items of Business

Proxy Voting Summary

Resolutions		For %	Open %	Against %
2.	To adopt the Remuneration Report	92.93% (590.4m)	0.05% (0.32m)	7.02% (44.6m)
3.	To elect Ms Sandra Birkenleigh as a Director	99.15% (662.3m)	0.05% (0.32m)	0.80% (5.4m)
4.	To re-elect Mr Gerrit de Nys as a Director	97.36% (650.8m)	0.05% (0.32m)	2.59% (17.3m)
5.	The approval of 2016 grant of long term incentives (LTIs) to Mr Brent Emmett, Chief Executive Officer and Managing Director in accordance with the terms of his employment	92.87% (599.6m)	0.04% (0.26m)	7.09% (45.8m)
6.	The approval of the Renewal Proportional Takeover Provisions in Company's Constitution	98.54% (658.1m)	0.05% (0.31m)	1.41% (9.4m)



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Closure of Meeting



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CEO's Address
Brent Emmett

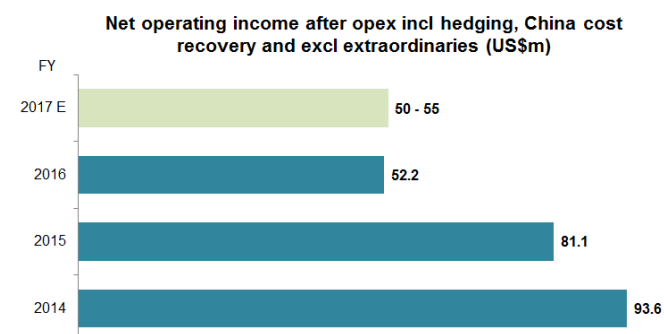
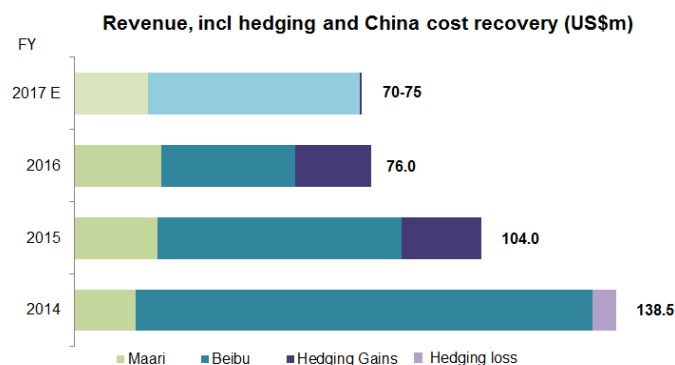
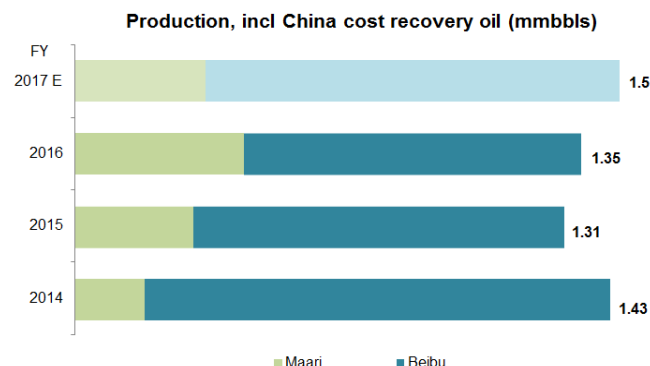
Presentation outline

- 2016 key achievements
- Production, income and costs
- Balance sheet
- Oil price hedging
- Share price and valuation
- Macro outlook for oil and LNG
- Asset review
 - China
 - New Zealand
 - Papua New Guinea
- Strategic imperatives
- Priorities for 2017

Key achievements 2016

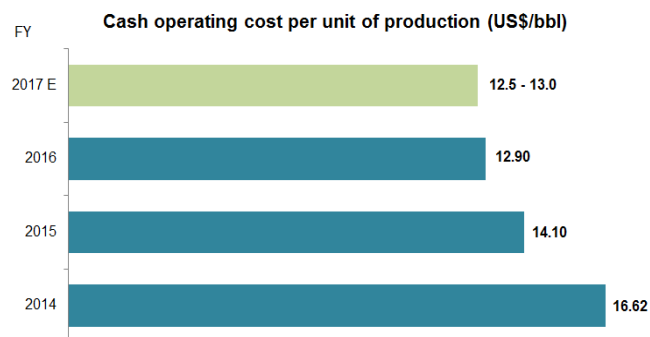
- Robust revenue and cashflow maintained, resulting from strong production performance from China and New Zealand fields
- Effect of low oil prices significantly mitigated by oil price hedging program and onset of cost recovery oil entitlement in Beibu Block 22/12
- Further material reductions achieved in field operating costs, exploration and development capital expenditure and net G&A expense
- US\$80m in convertible bonds repaid from cash and a US\$50m subordinated, non-amortising loan from IMC
- Planning for WZ 12-8E field development in Beibu advanced to FEED stage
- Good progress on advancing large gas and condensate resources in Papua New Guinea towards commercialisation

Production and income – stable production and operating income to continue

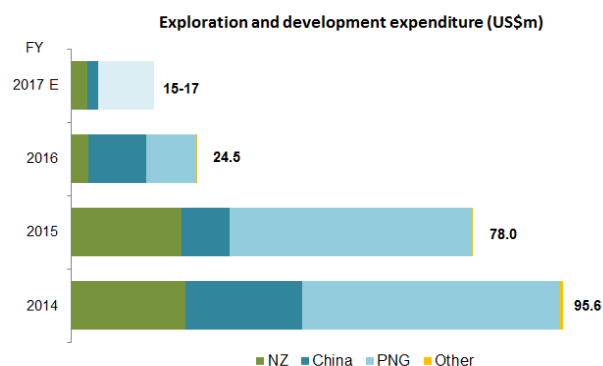


- Production levels maintained, despite deep cuts to E&D capex
- Production, including benefit of China cost recovery and WZ12-8E development, expected to continue around current level through CY2022
- Revenue has fallen as a result of the severe fall in oil prices beginning in mid CY2014
- Oil price hedging has significantly offset the decrease in production revenue
- FY2017E reflects impact of full year of cost recovery production in Beibu
- Net operating income forecast at US\$50 – 60m for calendar years 2016 – 2022, assuming development of WZ 12-8E and with consensus oil price assumption

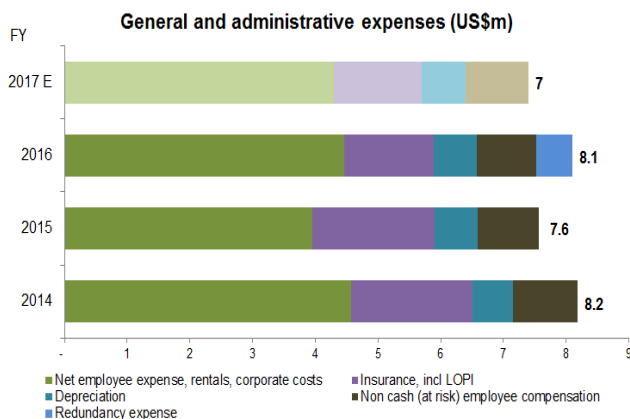
Costs – continuing emphasis on cost control and spending discipline



- Continuing reductions delivered in operating cost per barrel
- Further reduction in Beibu operating cost achieved in first half of CY2017 when 13.9 mmbo production milestone reached

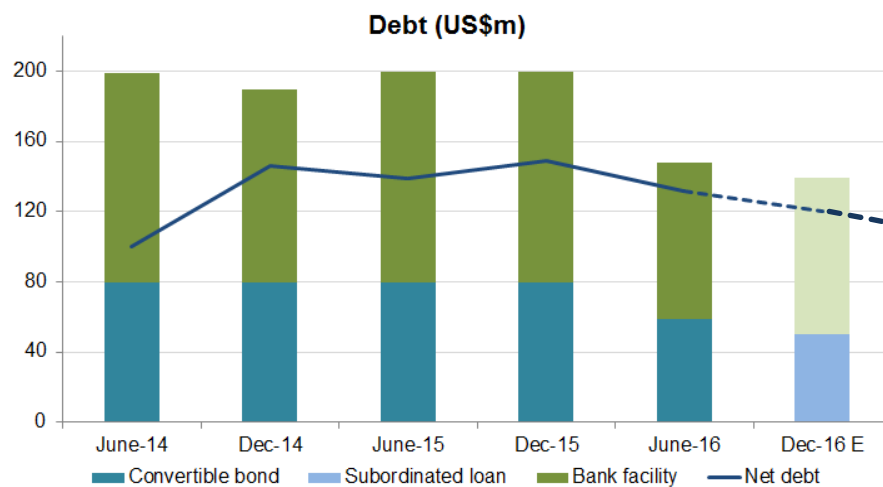


- Annual E&D spend reduced to manageable levels through cost deflation and disciplined investment approach



- Net G&A costs continue to be reduced, off a low base for the size of the enterprise and development work scope

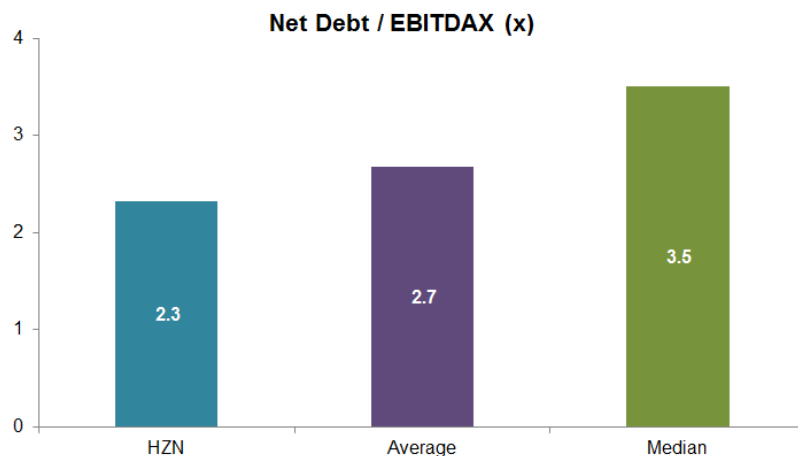
Balance sheet – financial stability in a difficult environment is the objective



- Milestone payment of US\$130m from Osaka Gas, payable on FID of LNG project in PNG

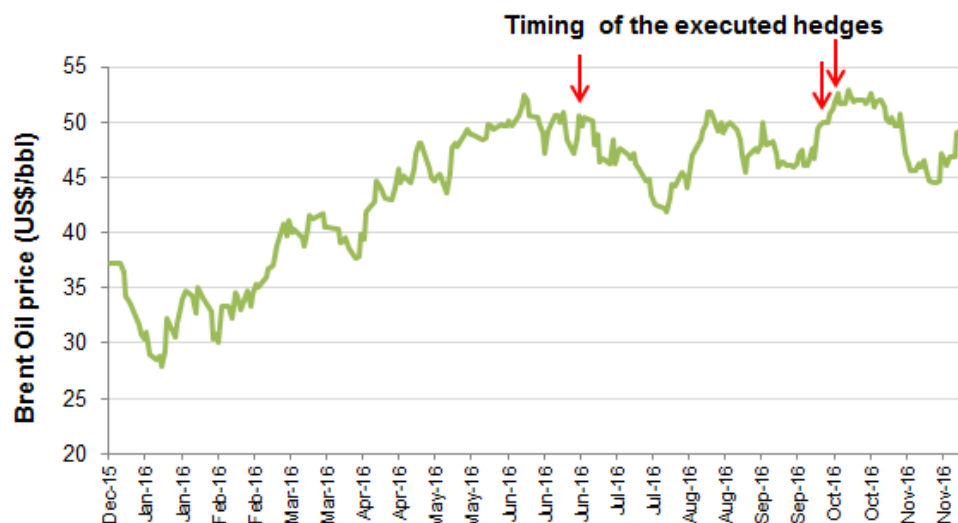
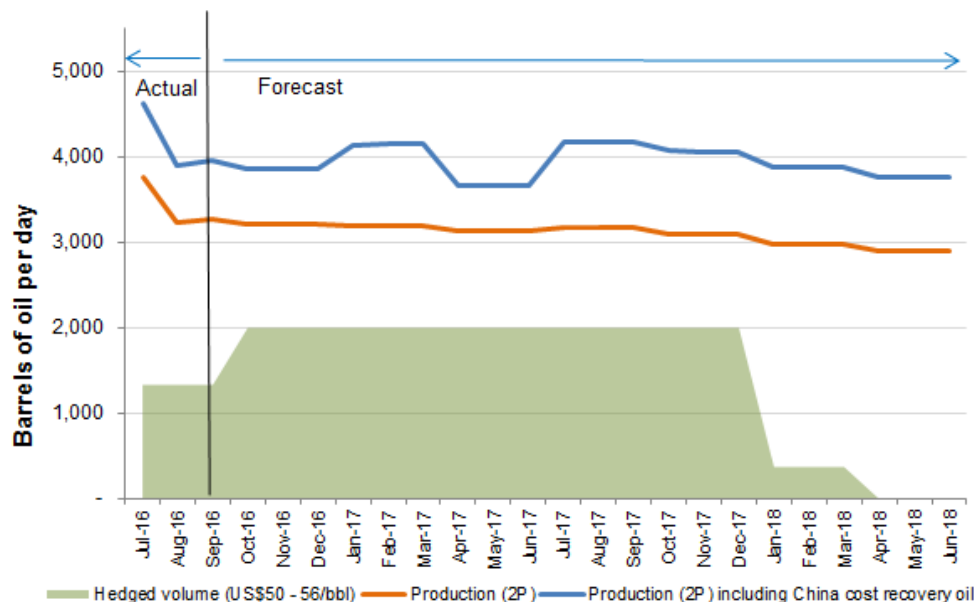
At 30 September 2016:	US\$m
Cash on hand	13.7
Drawdown on US\$120m bank facility	89.1
Subordinated debt	50.0
Net debt	125.4

- Continuing focus on reducing debt
- Short-dated US\$80m convertible bonds redeemed with cash and 3-5 year loan from IMC (LIBOR +9%). 300 million options (18.7% of capital) with exercise price of 6.1¢ issued to IMC
- Senior debt (LIBOR +2.95%) remains on foot
- HZN's level of debt is undemanding compared to peers



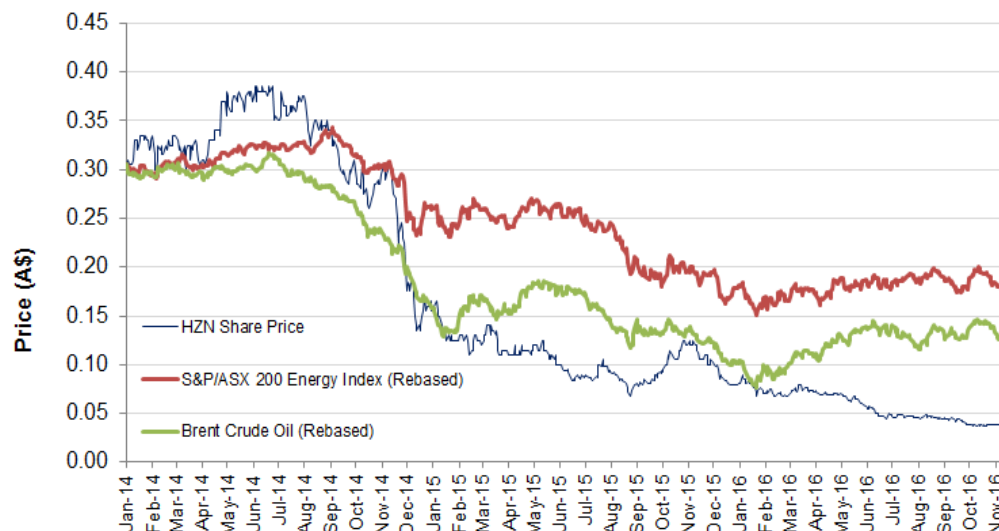
Peer group of 7 indebted ASX E&P companies, excl HZN
Source: Company filings, broker reports as at 15 Nov 2016

Oil price hedging and loss-of-production insurance (LOPI) to reduce financial risk

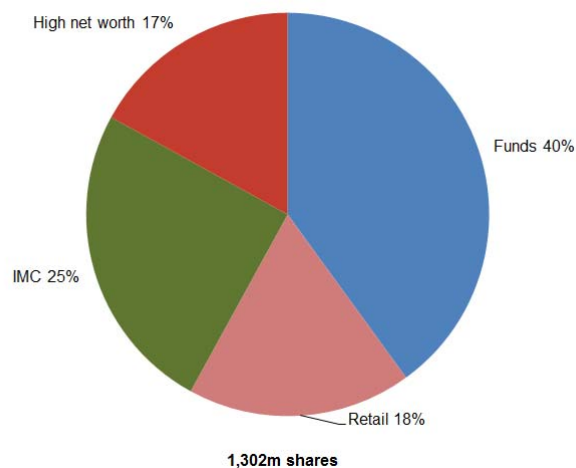


- LOPI in place for Maari and Beibu Gulf fields
- Beibu production risk mitigated by multiple fields and zones on stream
- Oil price hedging in place in accordance with Board policy at prices of US\$50 – 56/bbl; US\$56m in future revenue locked in
- Hedging implemented with a progressive, layered approach to flatten risk profile
- China cost recovery oil is effectively hedged because the entitlement is a dollar amount, escalated at 9% pa

Share price and share register composition – focus on restoring share price

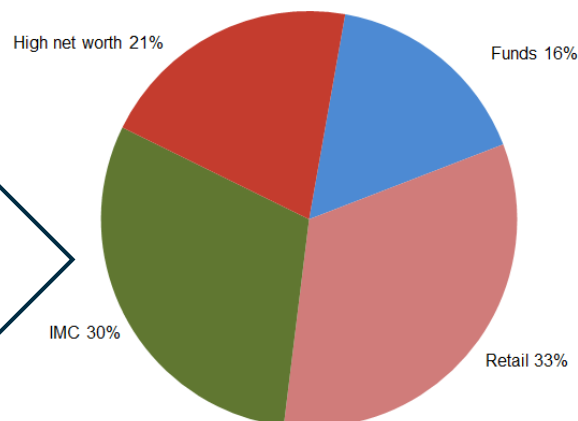


- Energy companies severely hit by collapse of oil price, as institutional investors abandoned the sector
- HZN has not recovered compared to peers because of ongoing perception of financial risk
- Campaign to restore share price underway



November 2014

Institutions have sold off 25% of register

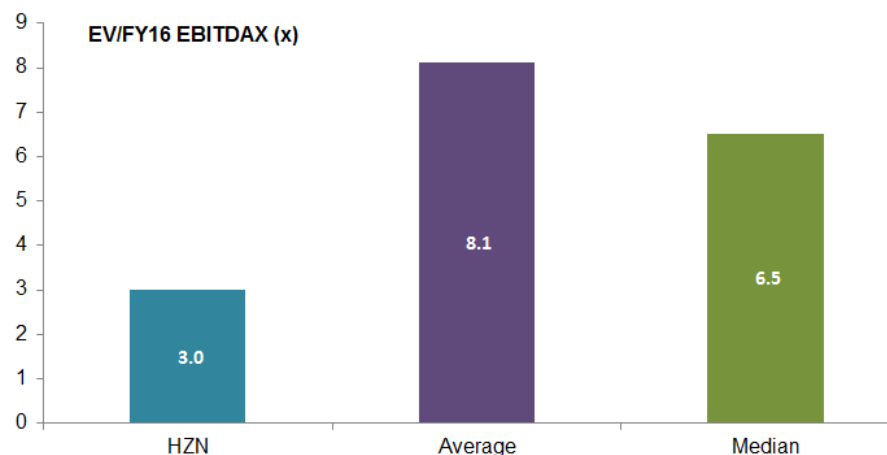


November 2016

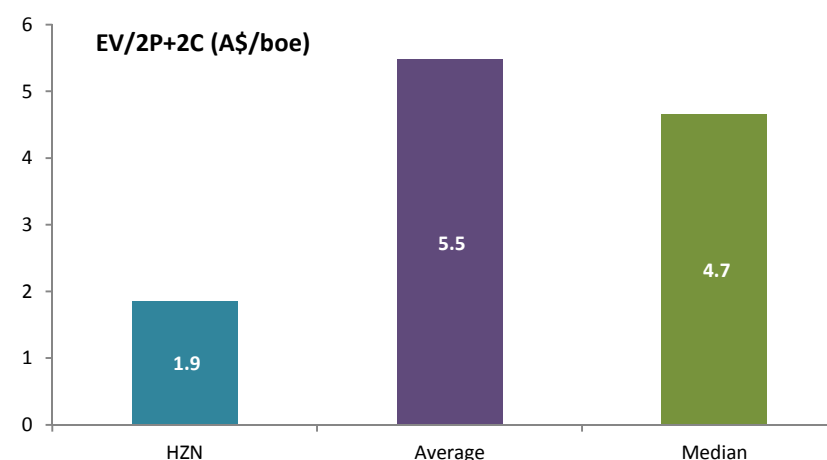
Valuation – stable production cashflow plus exposure to material growth

Grant Samuel Valuation Summary 29 July 2016		
	Value Range Risky (US\$m)	Value Range Unrisked (US\$m)
Beibu Gulf	180 – 210	179 – 214
New Zealand	30 – 40	27 – 42
PNG	30 – 60	274 – 552
Other assets and liabilities	4 – 4	
Head office costs	(35) – (30)	
Enterprise value	209 – 284	
Adjusted net borrowings	(119) – (119)	
Equity value	90 – 165	
Value per share	A\$0.093 – 0.171	

- GS valuation and peer valuation multiples indicate HZN is deeply undervalued
- Material upside potential to PNG assets confirmed

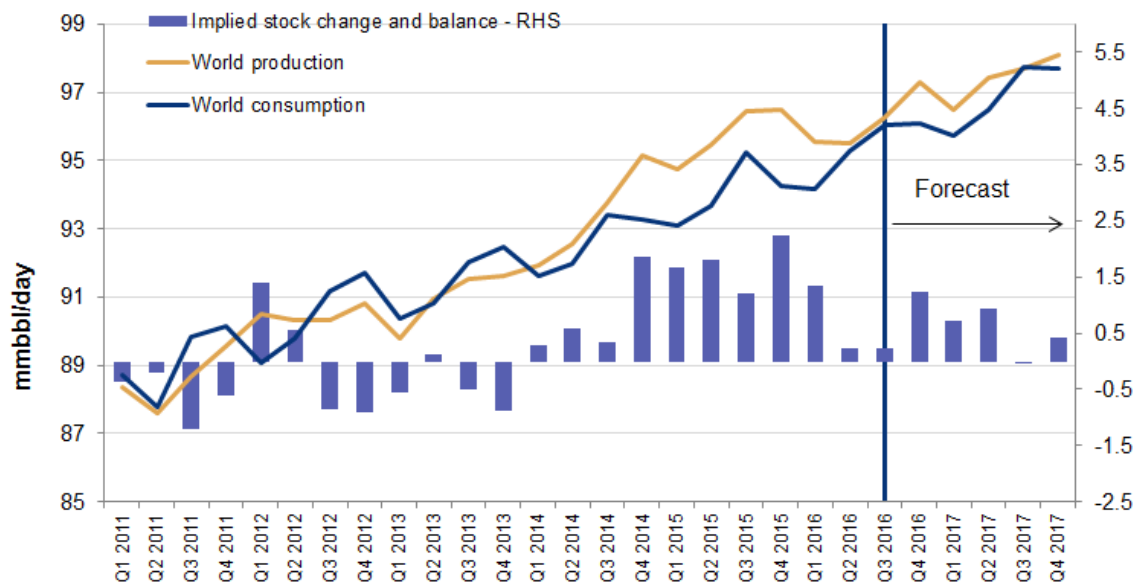


Peer group of 12 ASX E&P companies, excl HZN
Source: Company filings, broker reports as at 15 Nov 2016

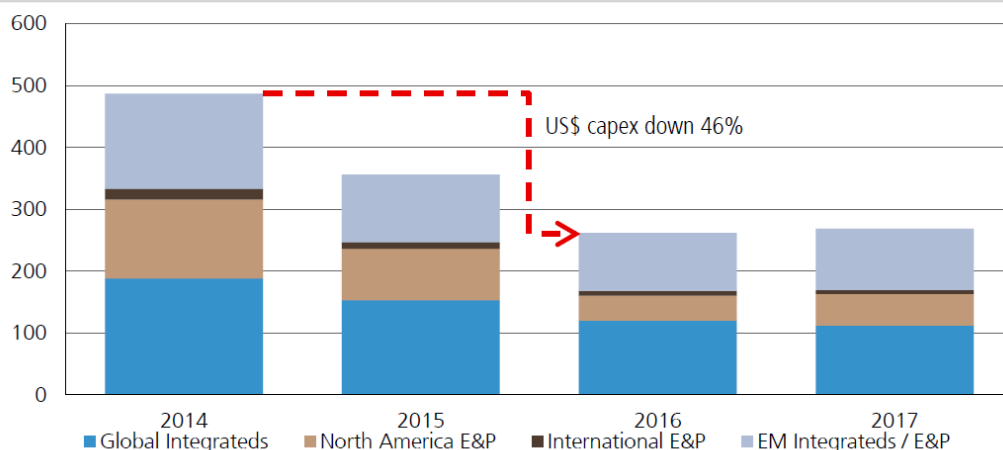


Peer group of 12 ASX E&P companies, excl HZN
Source: Company filings, broker reports as at 15 Nov 2016

Macro outlook for oil



Global upstream capex (\$bn)



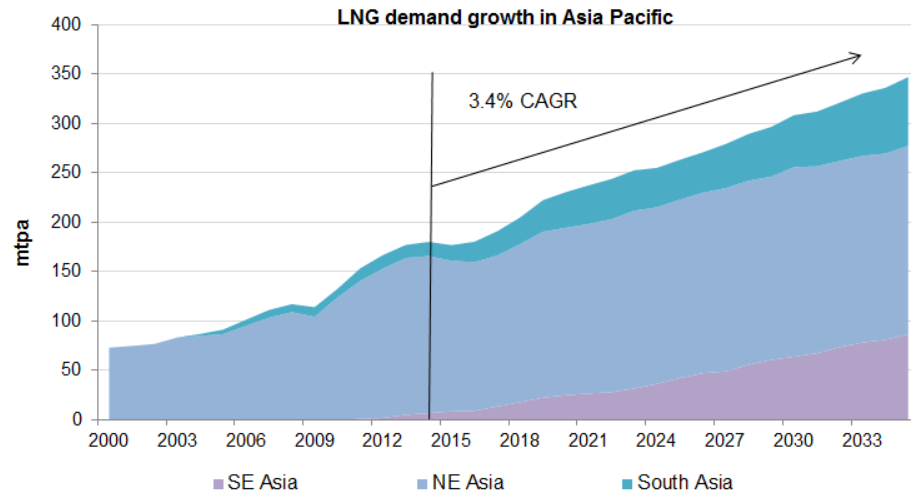
Source: Broker research

- Supply/demand moving towards balance after 2½ years of over-supply
- Glut extended by increased production from OPEC and Russia
- OPEC proposal to freeze/cut production currently uncertain
- Annual upstream investment running at half of 2014 levels

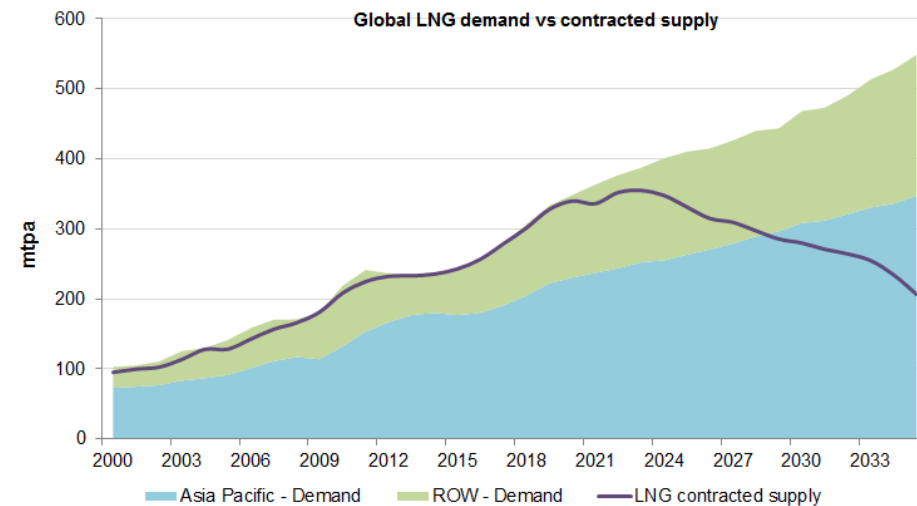
IEA Nov 2016:

"We estimate that, if new project approvals remain low for a third year in a row in 2017, then it becomes increasingly unlikely that demand (as projected in our main scenario) and supply can be matched in the early 2020s without the start of a new boom/bust cycle for the industry."

Macro outlook for LNG



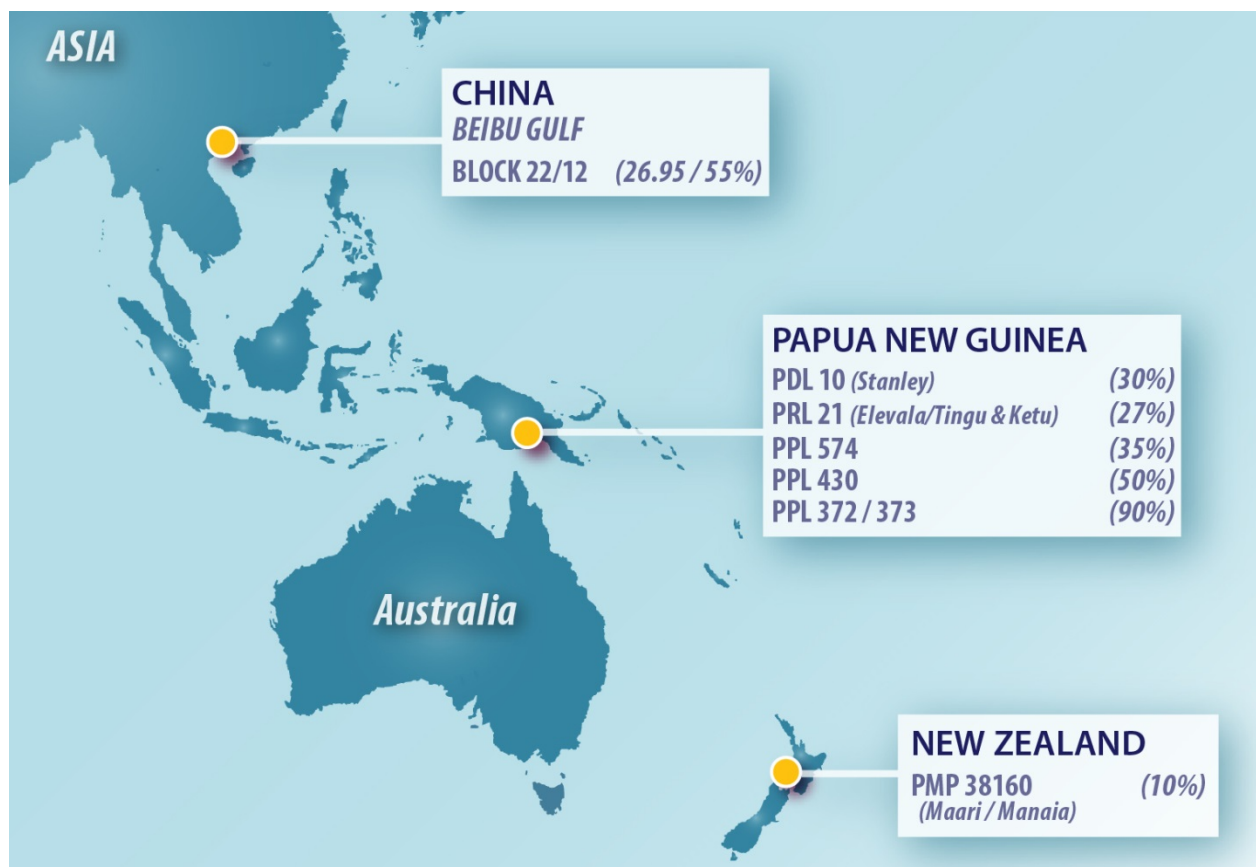
Source: Wood Mackenzie, LNG Tool, Q3 2016 Dataset



Source: Wood Mackenzie, LNG Tool, Q3 2016 Dataset

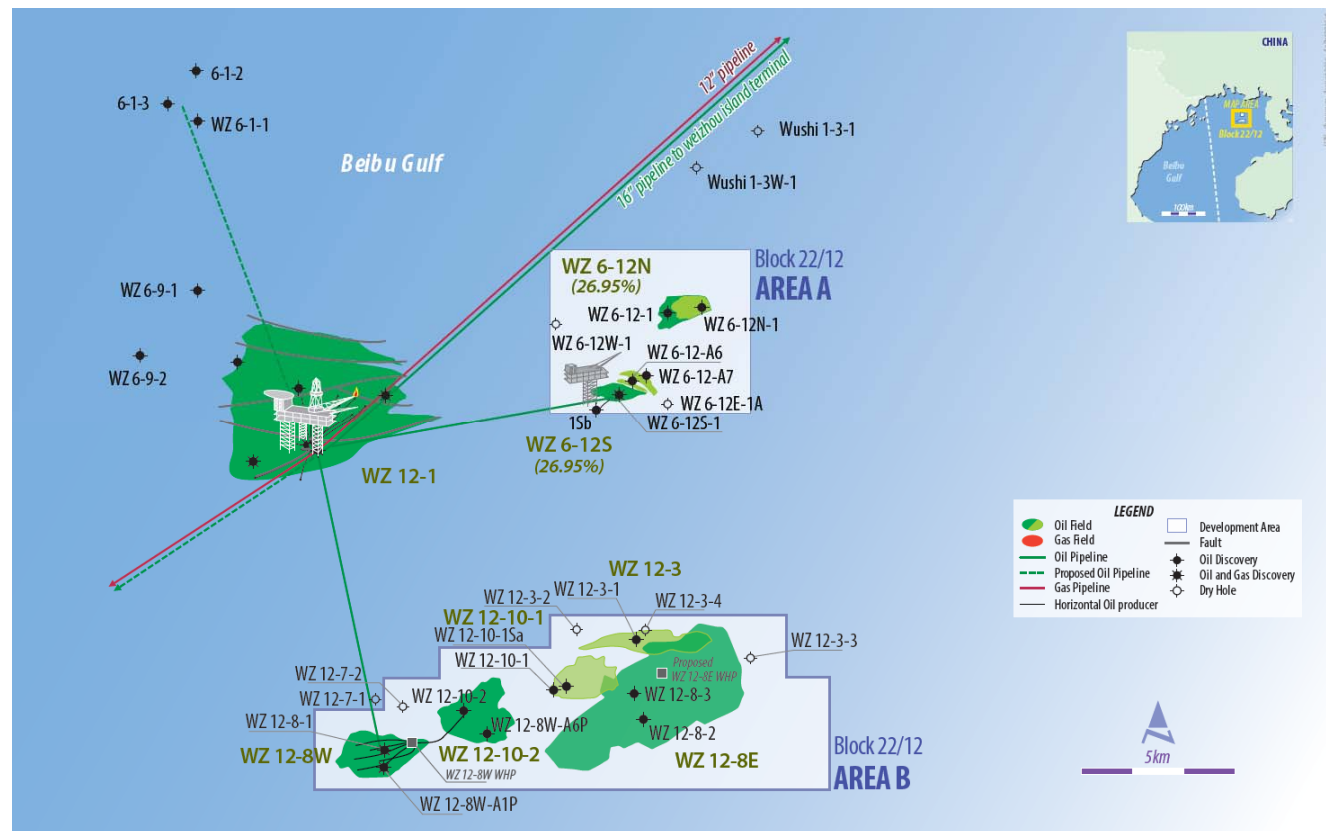
- LNG demand continues to grow, especially in Asia
- Market opens up in 2021/22; need to make investment decisions to meet demand in 2017/18
- Market is moving towards shorter term contract and spot sales, with greater pricing flexibility
- Entrance of many new buyers into the market and their need for smaller, more flexible supply suits Horizon Oil's mid-scale LNG project

Asset review



- Focus remains on Asia-Pacific region and existing asset areas
- These are proven, conventional plays with scale, upside and manageable risk
- Working with experienced partners such as CNOOC, OMV, Repsol and Osaka Gas
- Horizon Oil currently producing oil but will have a diversified oil and gas production base in the future
- Potential exists for gas export project into Asian market

Beibu Gulf field production and future development areas – China



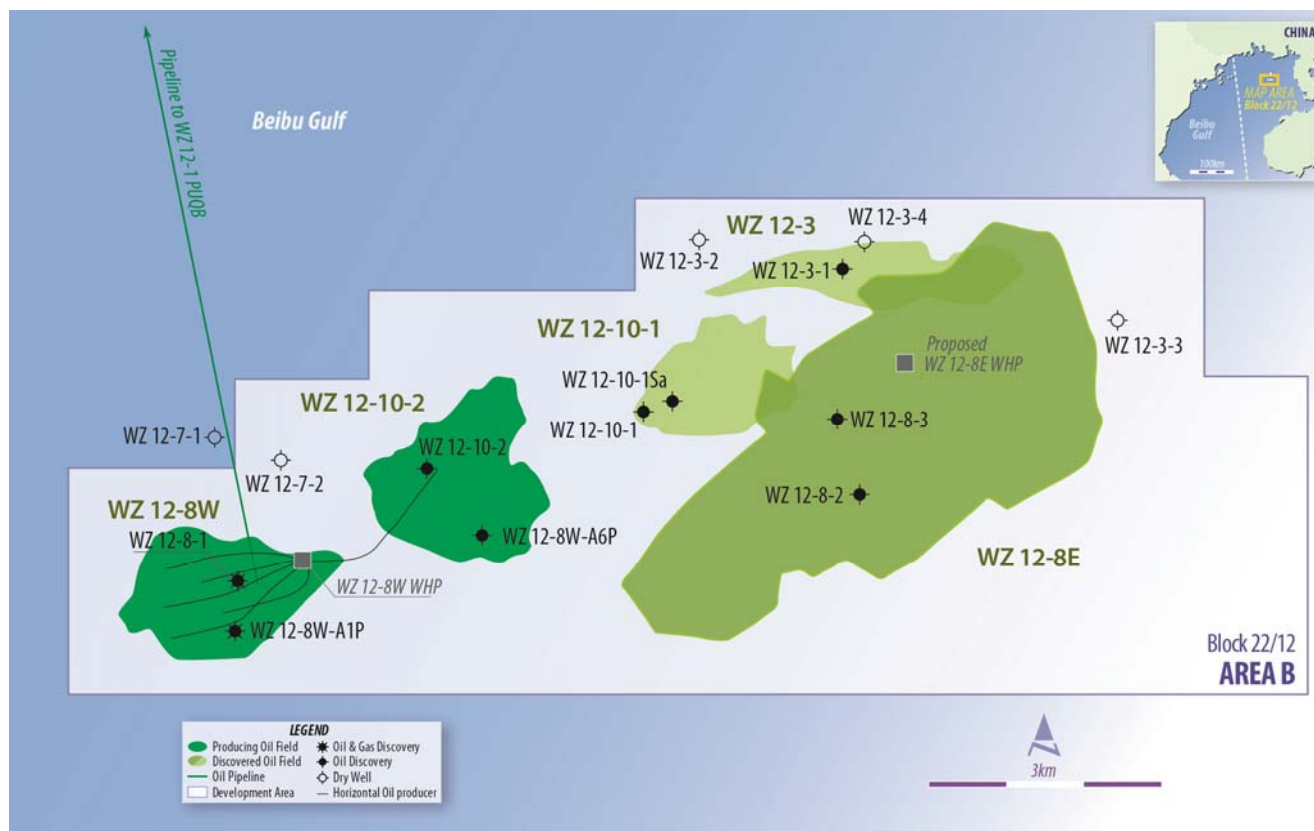
- WZ 6-12N and WZ 12-8W fields continue producing above forecast, currently ~8,000 bopd
- Potential for higher oil recovery from WZ 12-8W from WZ 12-8M well drilled at end 2015
- Remaining cost recovery oil entitlement of US\$110m to be received over CY 2016 – 20, unrecovered balance escalates at 9% pa
- WZ 12-8E complex with 11.1 mmbo gross potential has entered FEED and ODP process commenced; 2 stage development with target first production January 2019

Block 22/12 Post-CNOOC Back-in:

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

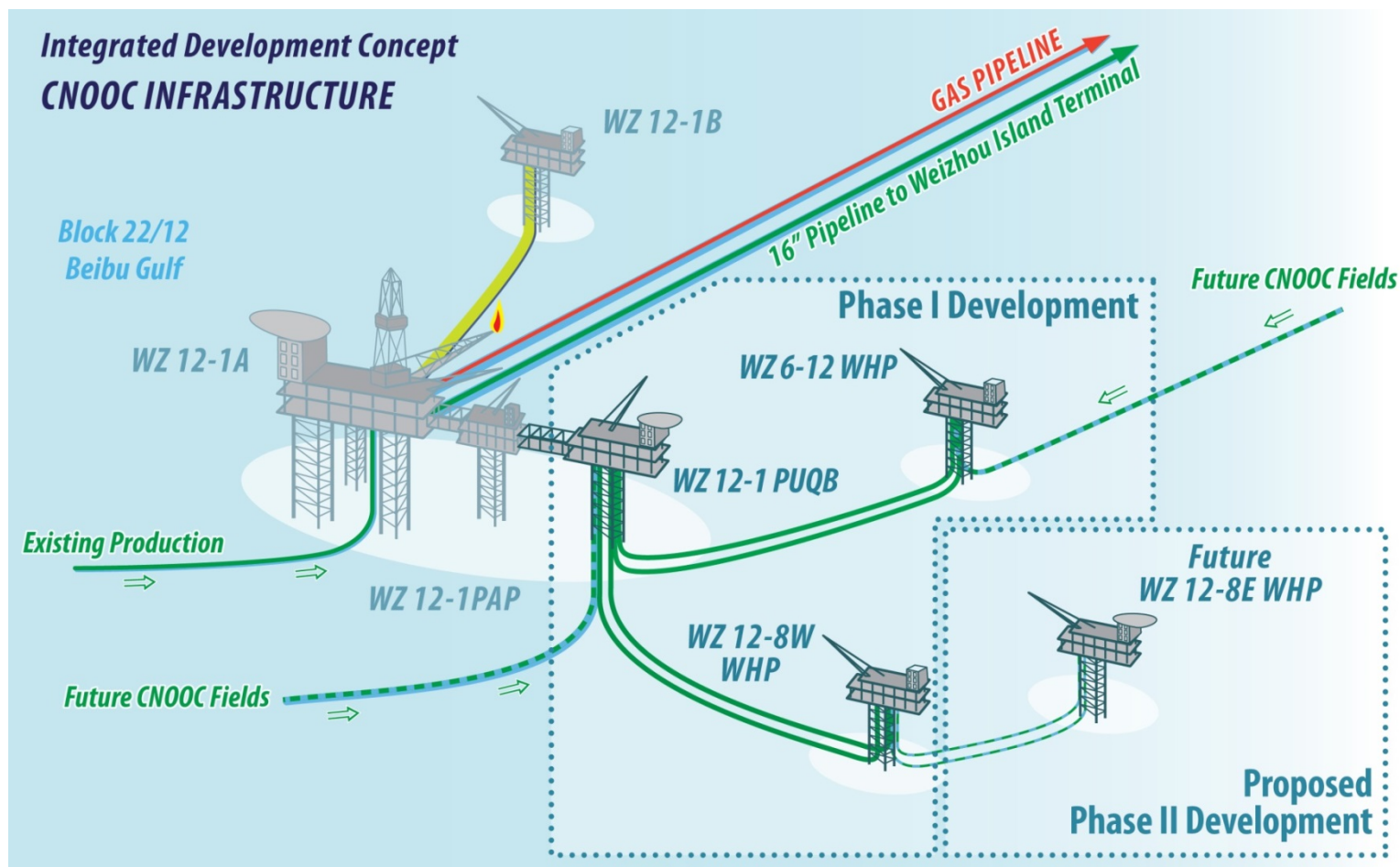
Gross reserves and resources at 30/06/16 (mmbo)	2P	2C
Produced	12.3	
Remaining	21.4	11.1

Beibu Gulf future development projects – WZ 12-8 Development Area



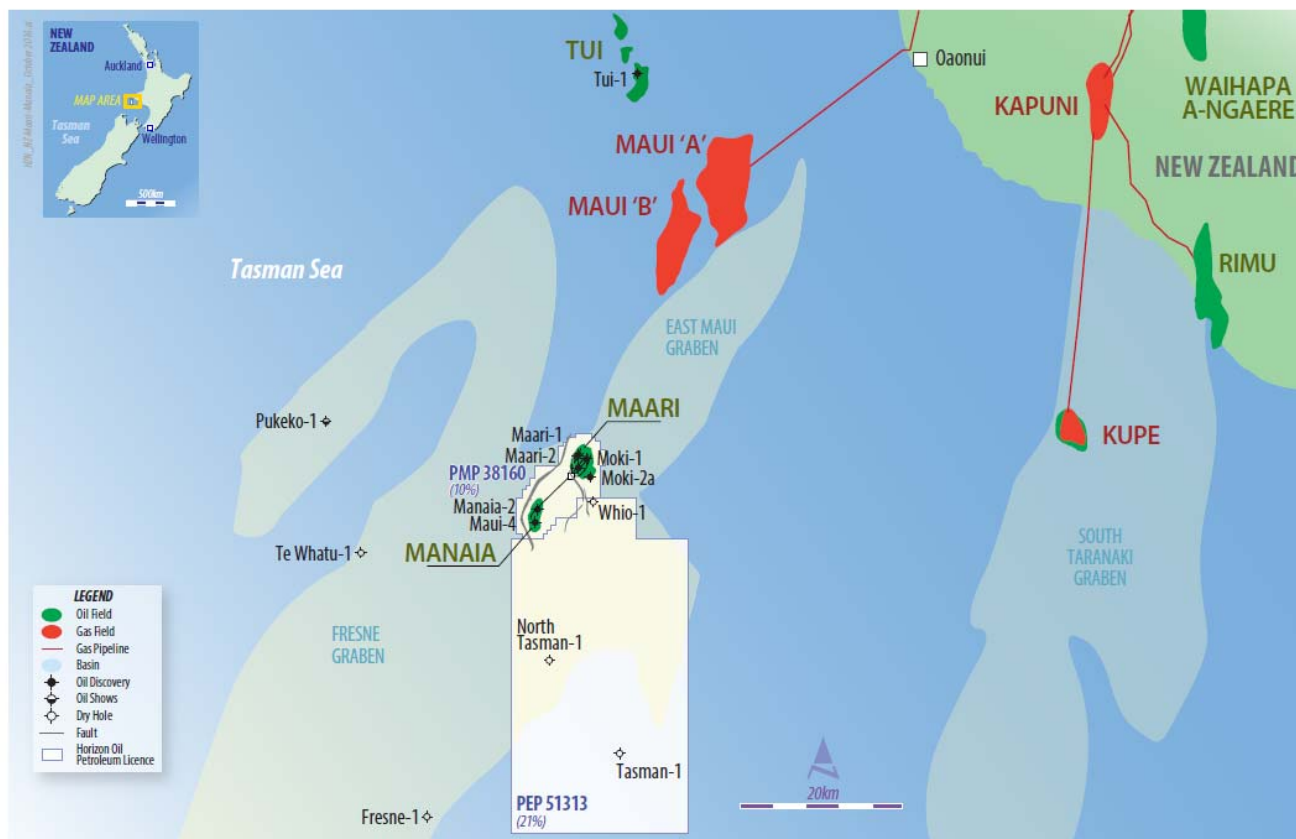
- Integrated development of WZ 12-8E and WZ 12-3 fields (audited gross 2C resources 11.1 mmbo) envisaged; development plan (ODP) to be submitted for Government approval in 2017
- Platform on WZ 12-8E will be a leased, mobile production unit to minimise capex
- Flexible flowlines to tie the platform back to the WZ 12-8W platform

Beibu Gulf fields – phased development scheme



- Phased approach to development of new reserves – use of existing infrastructure:-
 - reduces costs and engineering risk
 - accelerates timeline
 - enhances economics of fields already on stream

Maari /Manaia fields – New Zealand

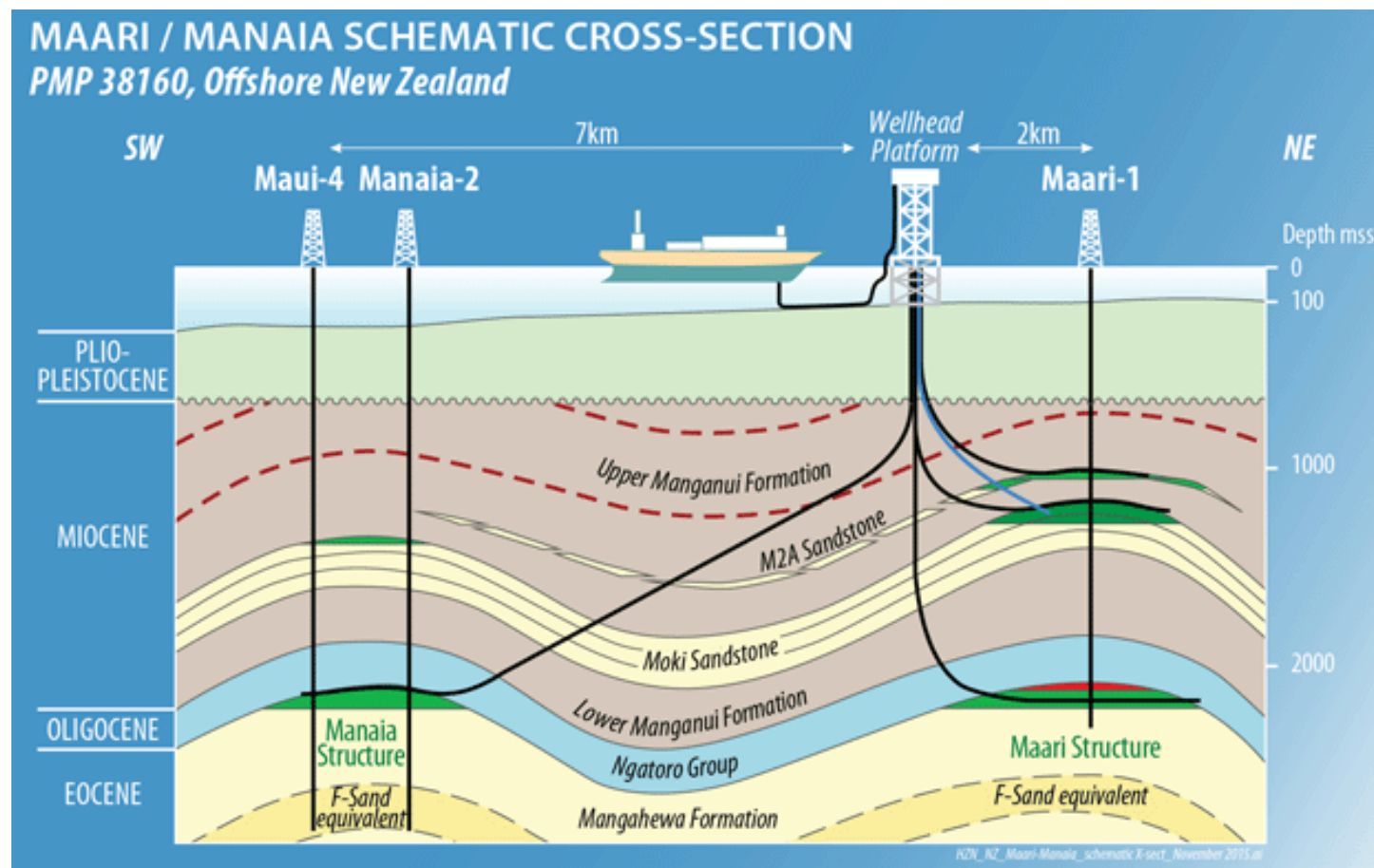


- Maari Growth Projects Program successfully completed in July 2015
- Field production currently ~10,000 bopd
- Regular workover program to replace ESPs, clean scale and add perforations has successfully enhanced production
- Water injection repairs to be finalised in December 2016
- 2017 production improvement projects include 3 workovers, WI enhancement and platform de-bottlenecking
- Further infill wells and Manaia Moki development under consideration

Gross reserves and resources at 30/6/16 (mmbo)	2P	2C
Produced	31.5	
Remaining	23.7	29.2

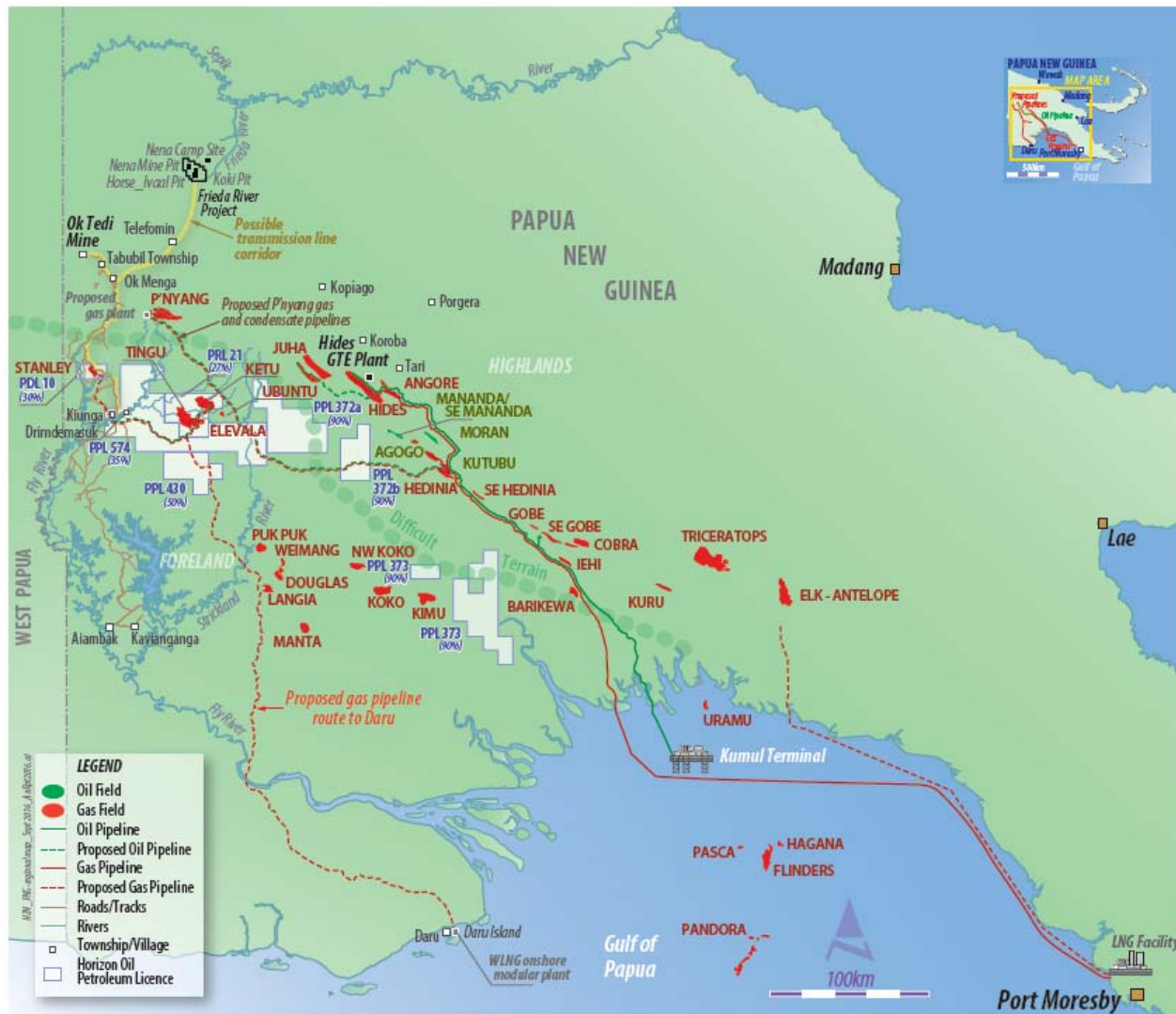
PMP 38160:	
HZN	10%
OMV	69% (Op)
Todd	21%
CUE	5%

Manaia – Maari schematic cross-section



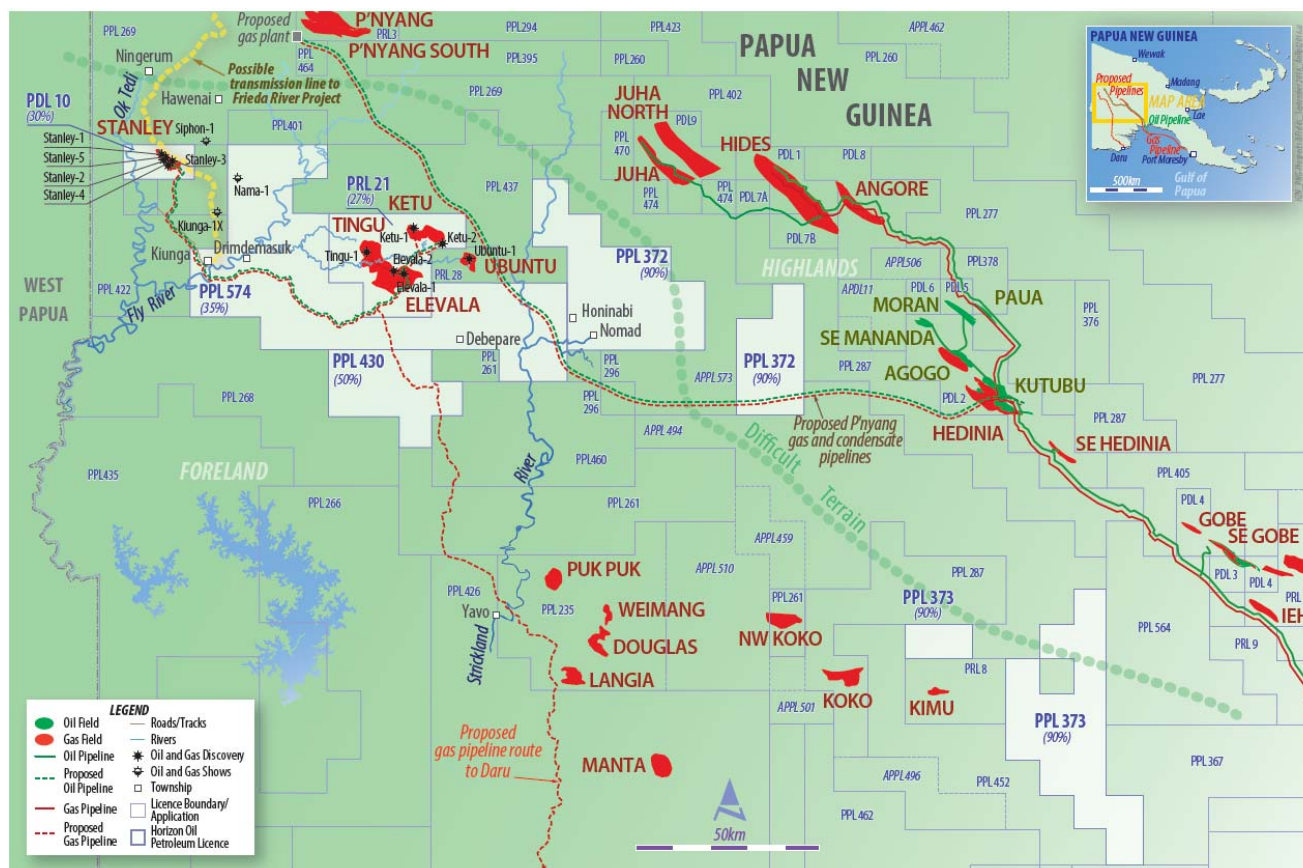
- Multiple oil accumulations on production
- Potential to develop Moki zone at Manaia in future

Papua New Guinea



- PNG is rich in oil, gas and minerals with track record of successful large-scale development projects, notably the Kutubu oil project and the 8 mtpa PNG LNG project
- Stable fiscal regime and succession of “pro-development” governments
- Jurisdiction well-supported by lenders
- Horizon Oil acreage position
~7,900 sq km in foreland terrain, primarily in wet gas “sweet spot”

Horizon Oil acreage and JV partners – resource development overview

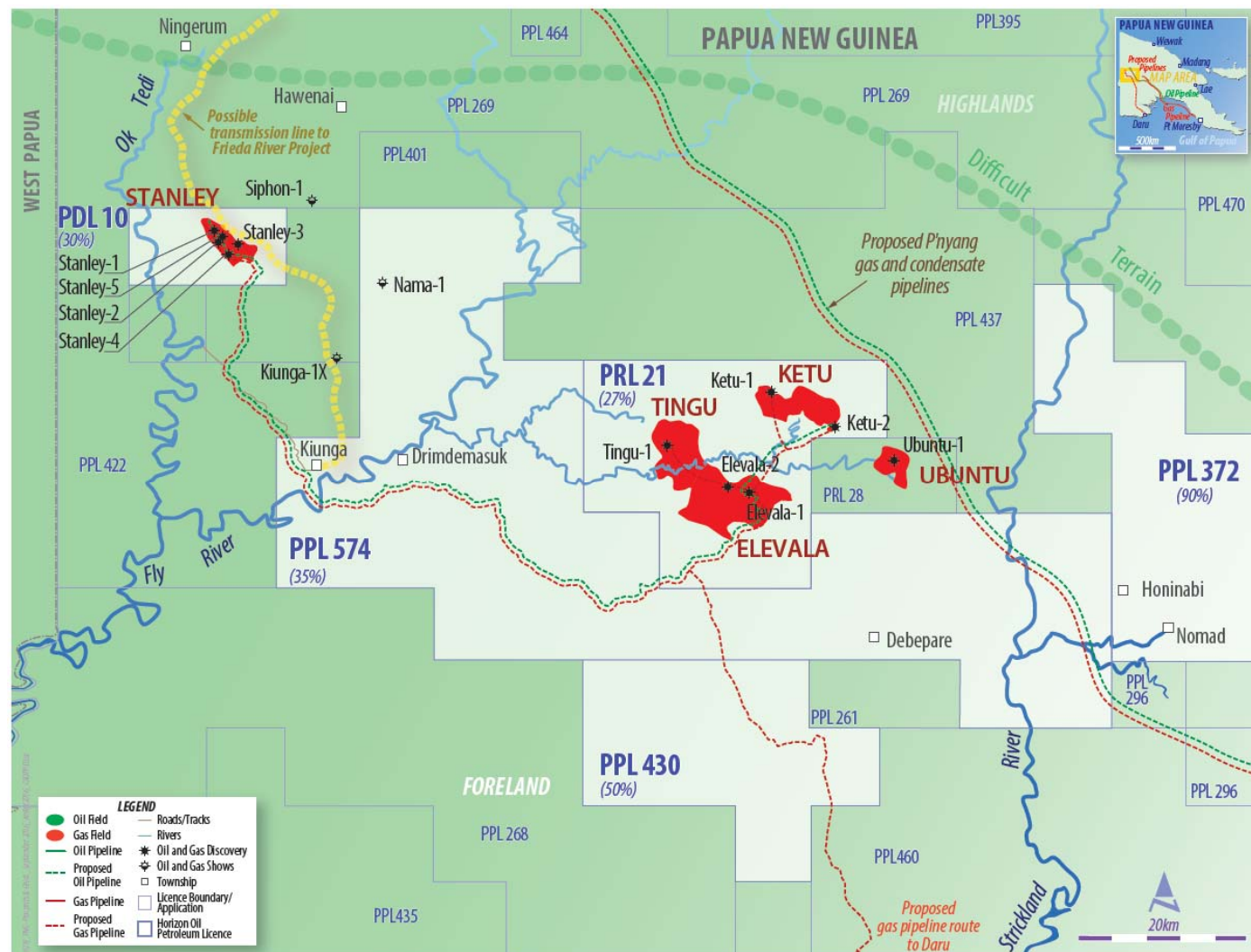


- Development of Stanley field (PDL 10) to be coordinated with PRL 21
 - Phase 1: gas-to-power for domestic customers
 - Phase 2: aggregation with PRL 21
- PDL 10 and PRL 21 gas to be the foundation supply for a Western Province gas aggregation scheme
- Mid-scale LNG (~1.5 mtpa) is the leading option emerging for gas monetisation

PDL 10:		PRL 21:		PPLs 372 and 373:		PPL 574:	
HZN	30%	HZN	27.0%(Op)	HZN	90.0% (Op)	HZN	35.0%(Op)
Repsol	40%(Op)	Repsol	32.5%	PPL 430:		Osaka Gas	10.0%
Osaka Gas	20%	Osaka Gas	18.0%	HZN	50.0%(Op)	Eaglewood	45.0%
Mitsubishi	10%	Kina	15.0%	Eaglewood	50.0%	P3GE	10.0%
		Mitsubishi	7.5%				

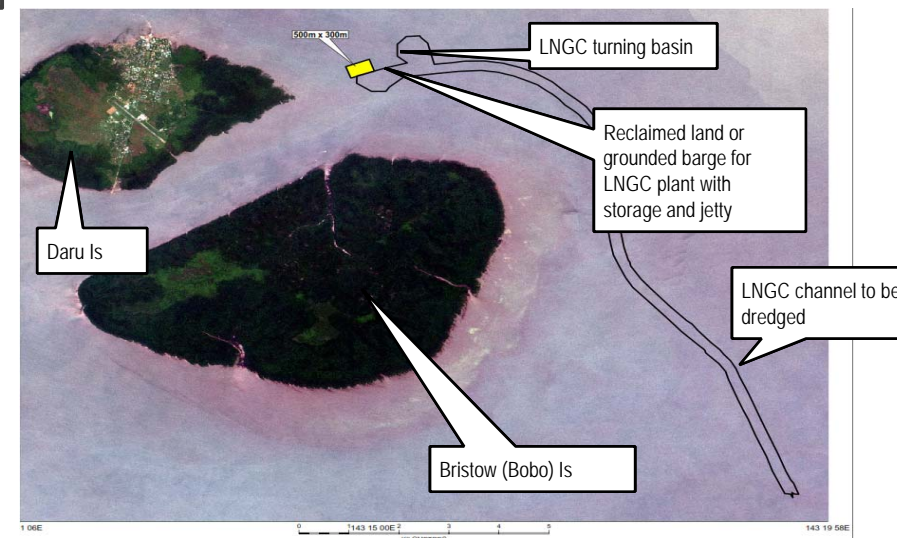
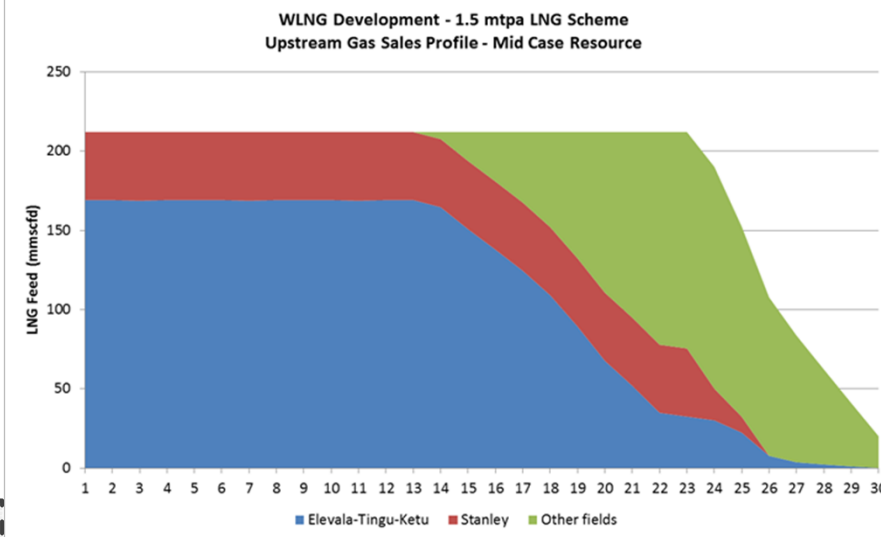
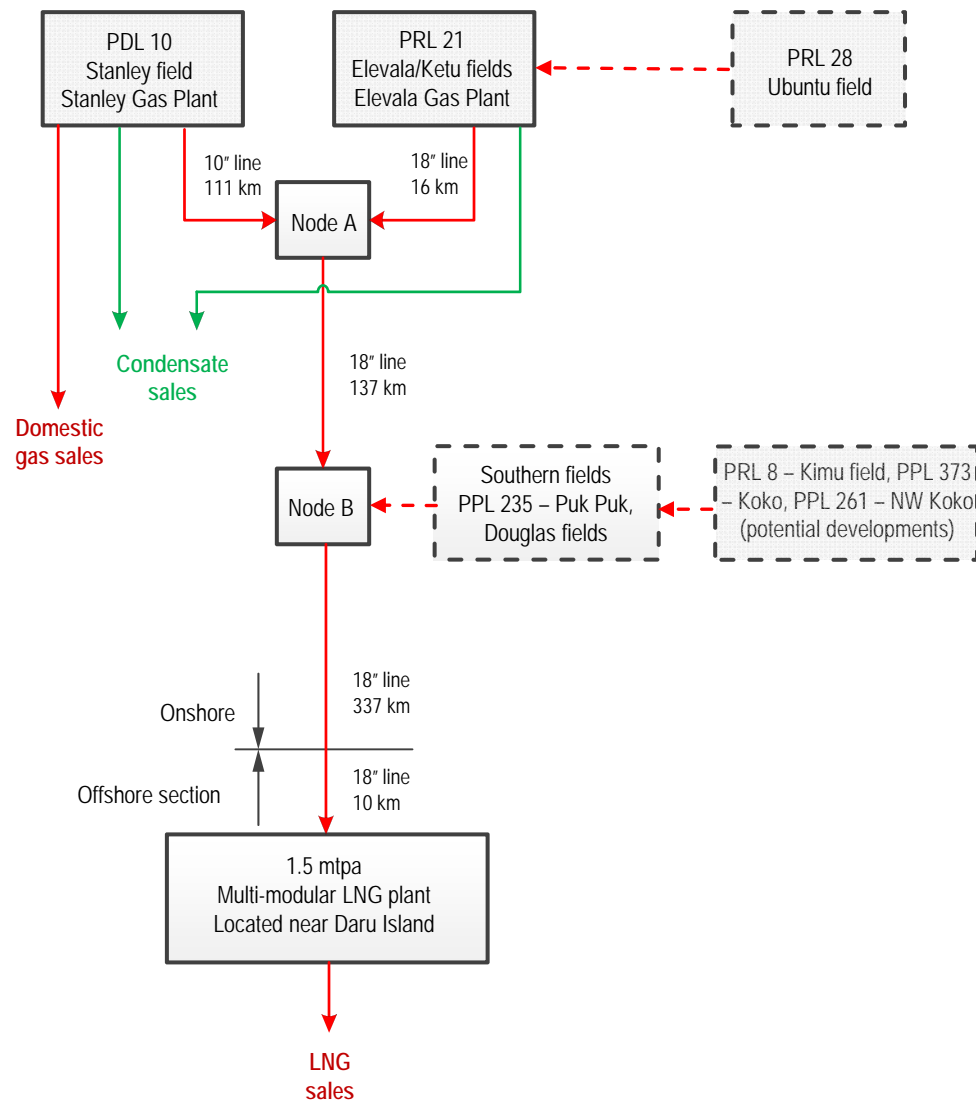
Gross resources at 30/6/16	2C
Condensate (mmbbl)	66.9
Raw gas (bcf)	1,794

Stanley and Elevala/Ketu field development planning progress



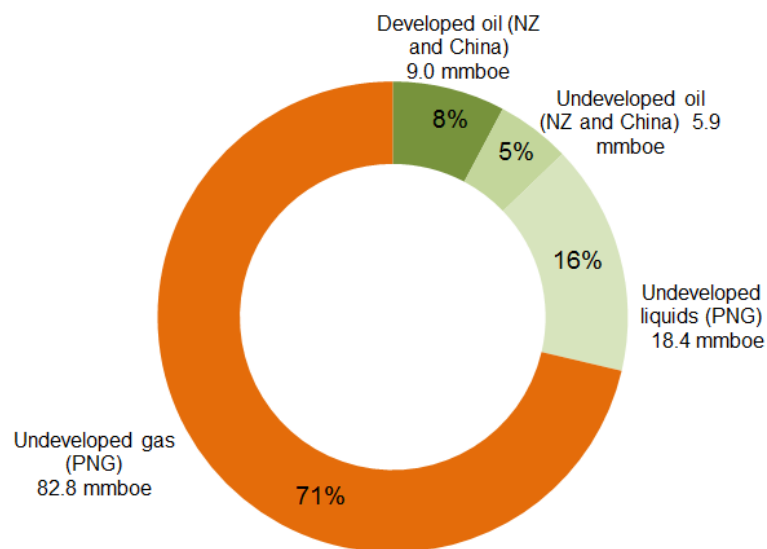
- PDL 10 JV continued its optimisation review of project design, execution and timing prior to entering into contracts for fabrication and construction of the project facilities
- PRL 21 JV progressed the feasibility study for a Western Province based mid-scale LNG development concept, the cornerstone volumes of which are the condensate rich Elevala/Tingu, and Ketu fields
- Development application for Elevala/Tingu/Ketu fields in PRL 21 progressing
- Environmental permitting near completion

Schematic of Western LNG project



Strategic imperatives

Total audited reserves and contingent resources of 116.1 million barrels of equivalent
8% developed / 92% undeveloped – 29% oil / 71% gas



Portfolio composition as at 30 June 2016

1. Maintain cashflows from Maari and Beibu Gulf fields at current levels over the next five years by optimising the existing production wells and developing the WZ 12-8E field
2. Develop PNG gas and condensate resources to meet the LNG market window opening in 2021/22
 - Chinese entities are potential gas offtakers, facility providers and project investors
 - Milestone payment of US\$130m upon FID from Osaka Gas
 - Strategic relationship with IMC important

Priorities for 2017

Corporate

- Continued focus on reduction of overall gearing levels
- Maintenance of low capex profile and G&A over the course of FY17

Block 22/12, offshore China

- Optimise production from existing well bores and continue to reduce operating cost
- Progress Beibu Gulf Phase II development plan for the WZ 12-8E oil accumulation, integrating WZ 12-10-1 and WZ 12-3-1 discoveries, with aim of submission of Overall Development Plan in early 2017

Maari/Manaia, offshore New Zealand

- Further optimisation of oil production through workover program following completion of the Maari Growth Projects Program
- Complete repairs to field water injection system and to fatigue crack on cross member of wellhead platform
- Finalise insurance recoveries in relation to facility repairs and upgrades associated with the FPSO *Raroa's* mooring system

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

- Progress arrangements for sales of Stanley gas to regional PNG industrial consumers, while refining project costs
- Progress feasibility study for the Western Province-based greenfield mid-scale LNG project – “Western LNG”, while monitoring other gas commercialisation opportunities in the region. Key specific objectives are:
 - Advance pipeline and liquefaction components design
 - Investigate market opportunities for LNG
 - Commence planning to finance project



HORIZON OIL LIMITED

ABN 51009799455

Questions





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

Detailed Investor Presentation

Latest Quarterly Report

Analyst reports on HZN

Level 6, 134 William St,
 Woolloomooloo NSW 2011

Tel: +612 9332 5000

Fax: +612 9335 5050

Email: exploration@horizonoil.com.au



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 38 years relevant experience within the industry and consents to the information in the form and context in which it appears.