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22 March 2017

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

HORIZON OIL (HZN)
INVESTOR PRESENTATION

Please find attached Horizon Oil's March 2017 investor presentation.

Yours faithfully,

Brent Emmett
Chief Executive Officer

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Horizon Oil
Investor Presentation
March 2017

HORIZON OIL LIMITED

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Disclaimer

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While every effort is made to provide accurate and complete information, Horizon Oil accepts no responsibility for any loss, damage, cost or expense incurred by you as a result of any error, omission or misrepresentation in information in this presentation.

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.

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

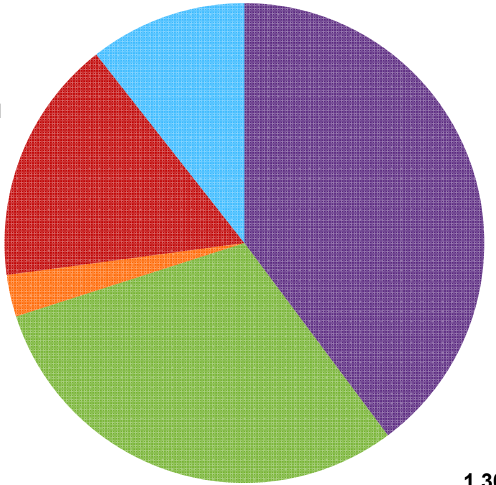
Horizon Oil (ASX:HZN) at a glance

- Sydney-based public company listed on Australian Securities Exchange (ASX)
- Portfolio of exploration, development and producing assets in Asia-Pacific region
- Current production net to Horizon Oil from Maari/Manaia fields in New Zealand is 1,000 bopd and from Beibu Gulf fields in China is 3,000 bopd (including cost recovery production entitlement)
- Large gas and oil resources in Papua New Guinea, with development plan emerging
- Net operating cash flow after opex of US$53.5m in CY2016
- Audited 2P reserves of 9.0 mmbo and 2C contingent resources of 24.3 mmbo and 497 bcf gas (total 116.1 mmbo)
- Prospective resources of 75 mmbo and 884 bcf gas (222.3 mmboe) best estimate
- Beibu Gulf – cost recovery oil entitlement of US$105m
- Milestone payment of US$130m from Osaka Gas, payable on FID of LNG project in PNG
- At 31 December 2016:-

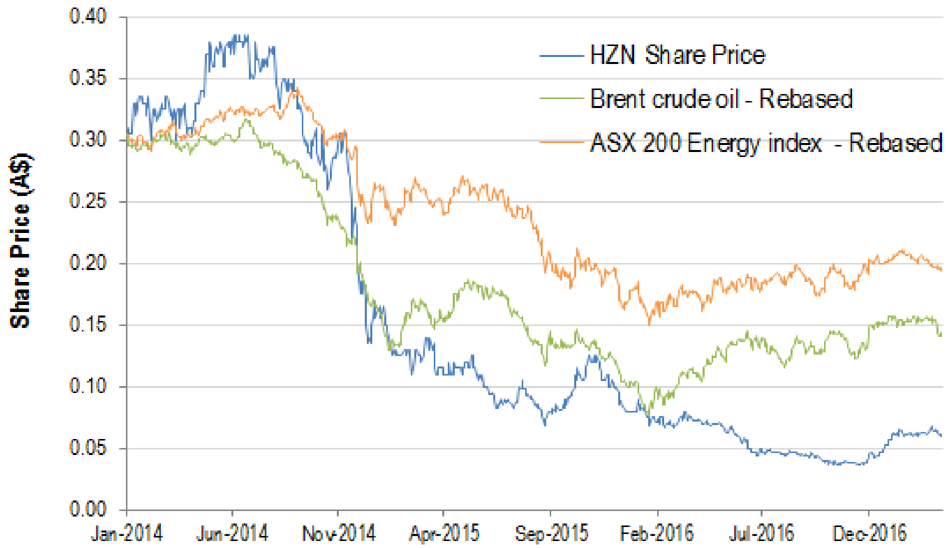
Cash on hand	US$ 18.3m
Drawdown on US$120m bank facility	US$ 89.1m
Subordinated debt	US$ 50.0m
Net debt	US$120.8m

Corporate information as at 15 March 2017

Shareholders



1,302m shares



ASX Listed	**HZN**
Fully Paid Shares	**1,301,981,265**
Employee Options	**3,866,667**[1]
Share Appreciation Rights	**91,590,246**[2]
IMC Options	**300,000,000**[3]
Number of Shareholders	**5,965**
Market Capitalisation	**A$78m**
Top 20 / Issued Capital	**57.95%**
12 Months	
Last	**A$0.06**
High	**A$0.084**
Low	**A$0.036**
Volume	**388m**

[1] Options – issue price ranging from A$0.20 - A$0.43

[2] Share Appreciation Rights – exercise price ranging from A$0.048 - A$0.37

[3] IMC Options - exercisable at A$0.061 on or before 14 September 2021

* Company currently holds 1,500,000 forfeited partly paid shares on trust

Board of Directors

John Humphrey	Chairman
Brent Emmett	Chief Executive Officer / Managing Director
Gerrit de Nys	Director
Andrew Stock	Director
Sandra Birkensleigh	Director
Greg Bittar	Director

Senior Management

Brent Emmett	Chief Executive Officer / Managing Director
Michael Sheridan	Chief Financial Officer / Company Secretary
Alan Fernie	General Manager – Exploration and Development

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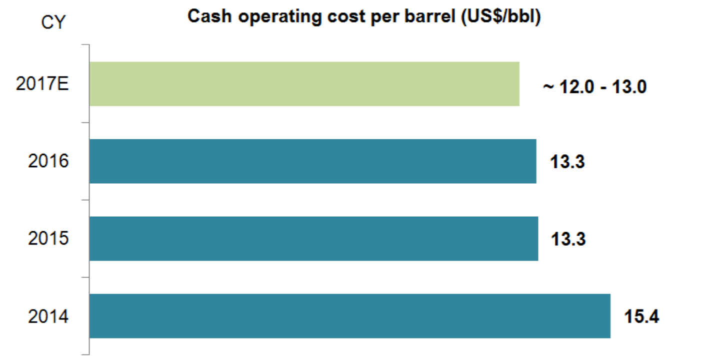
Horizon Oil as an investment proposition

Horizon Oil is poised for a share price re-rating off the back of:-

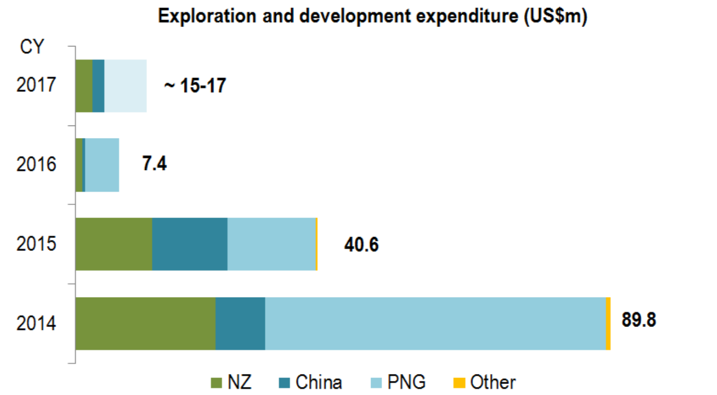
- ***Strong, long-lived production profile and cash flow***
- ***Enviable free cash flow breakeven per barrel compared to peer companies***
- ***Stable financial position with steadily decreasing debt position***
- ***Strategic stake in large oil and gas development project in Papua New Guinea***

- Material, stable net operating cash flow from China and New Zealand of US$50 – 60 million pa over the period 2017 – 2022
- Ongoing tight control over field operating expense, exploration and development expenditure and administrative expenses
- Positioned to withstand future oil price volatility with free cash flow breakeven of US$33/bbl; downside further protected with oil price hedging and loss-of-production insurance in place
- Stable financial position, with good track record in reducing debt; debt expected to be paid down in ~4 years
- Material upside potential attached to large, appraised gas-condensate resource in Papua New Guinea; development planning for a 1.5 mtpa mid-scale LNG scheme, *Western LNG*, at an advanced stage

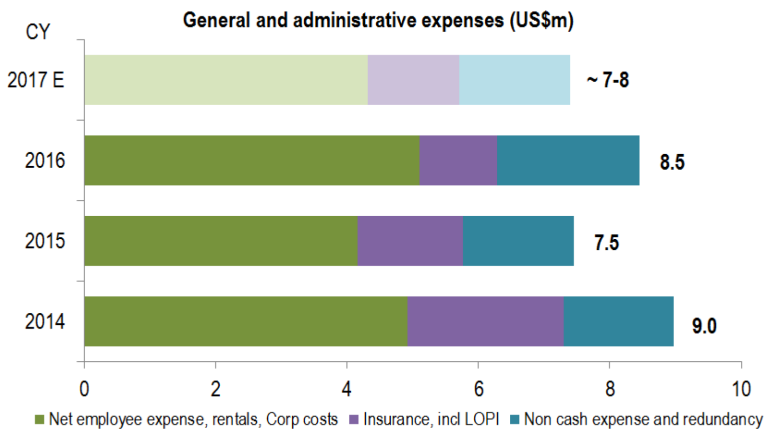
Costs – continuing emphasis on cost control and spending discipline



- 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



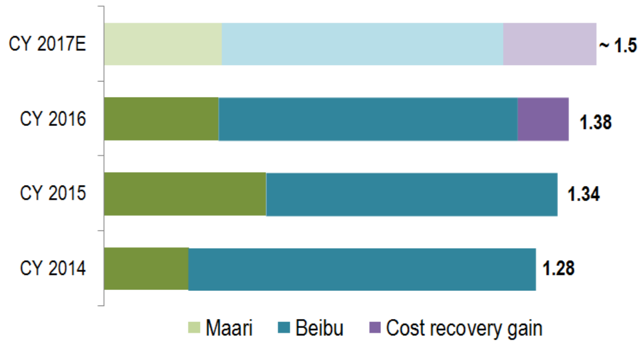
- Annual E&D spend reduced to manageable levels through cost deflation and disciplined investment approach



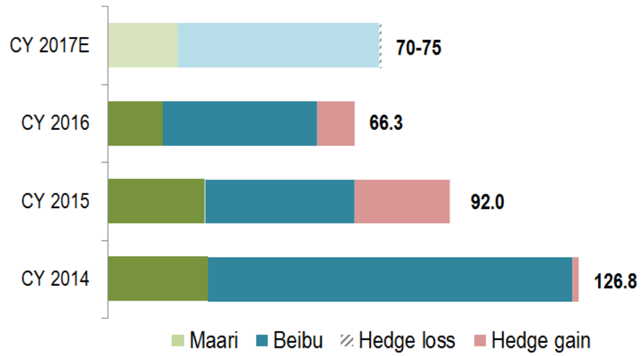
- Net G&A costs continue to be reduced, off a low base for the size of the enterprise and development work scope

Production and income – stable production and operating income to continue

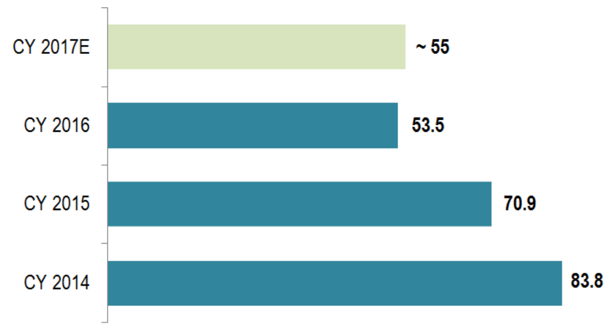
Sales incl China cost recovery oil (mmbbls)



Revenue, incl hedging and China cost recovery (US$m)



Net operating cashflow after opex incl hedging, China cost recovery and excl extraordinaries (US$m)

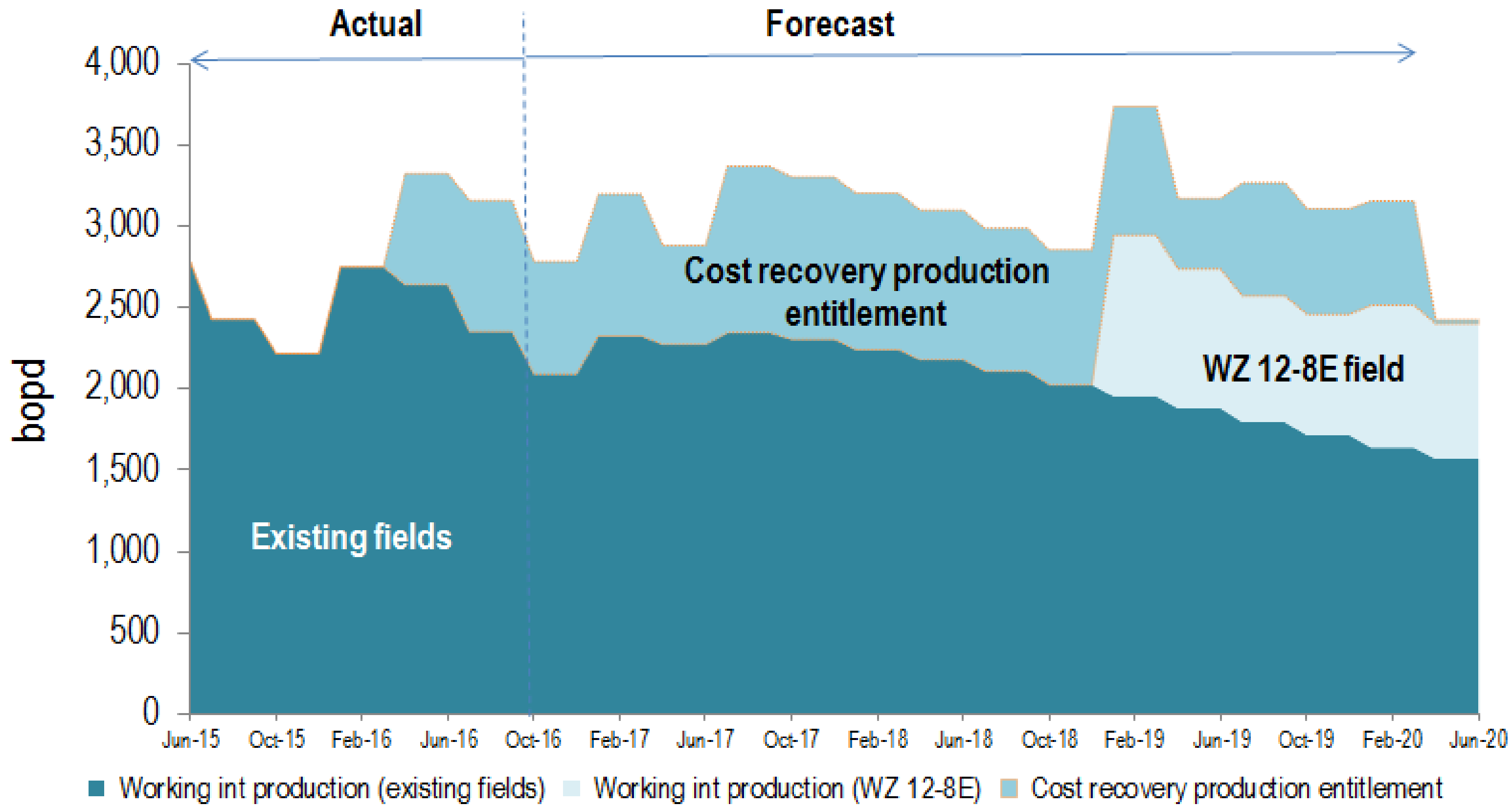


- Continued increase in sales volumes, despite deep cuts to E&D capex
- Sales, including benefit of China cost recovery and WZ12-8E development, expected to continue around current level through CY2022

- Revenue forecast to increase in 2017, including China preferential cost recovery entitlement
- Hedging policy has mitigated impact of prolonged downturn in oil price

- Net operating cashflow forecast at US$50 – 60m for calendar years 2017 – 2022, assuming development of WZ 12-8E and with consensus oil price assumption

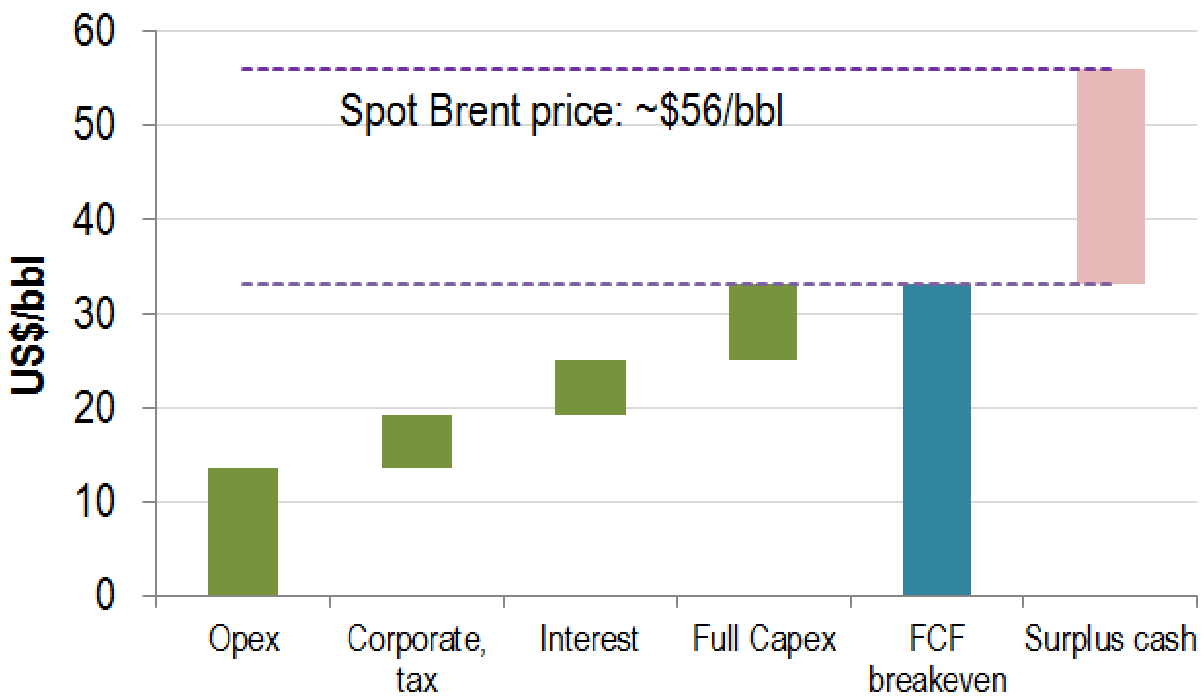
Block 22/12 production and cost recovery is driving cash generation



- Horizon Oil's Block 22/12 production entitlement increased from 26.95% to ~35% of production, following the commencement of its entitlement to preferential cost recovery
- Horizon Oil's unrecovered cost recovery balance at 31 December 2016 was US$105 million. Unrecovered entitlement is escalated at 9% p.a.

Note: Forecast cost recovery based on Brent forward curve as at 8 Feb 2017 and production forecasts included in RISC Independent Technical Specialists' Report , July 2016

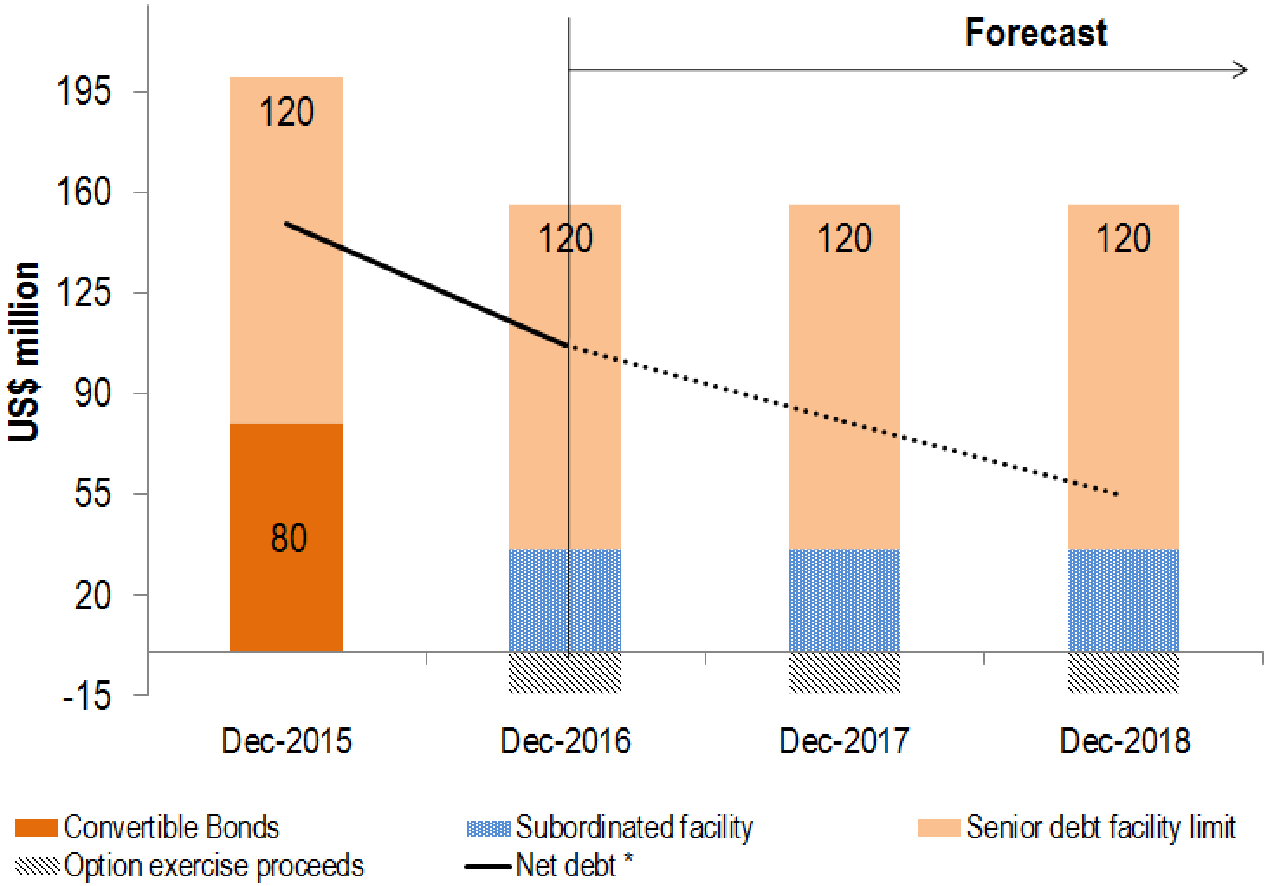
2017 Free Cash Flow (FCF) breakeven at ~$33/bbl provides capacity for debt repayment



- Continued focus on cost reduction and low opex in China drives down the breakeven price
- Low breakeven price mitigates against potential oil price volatility, particularly in low oil price environment
- Oil price volatility reduced by rolling hedging policy: ~50% of CY 2017 production hedged at ~US$54/bbl
- China and New Zealand oil production insured for loss of production risk (LOPI)

Note: FCF breakeven includes the full capex and excludes impact of hedges

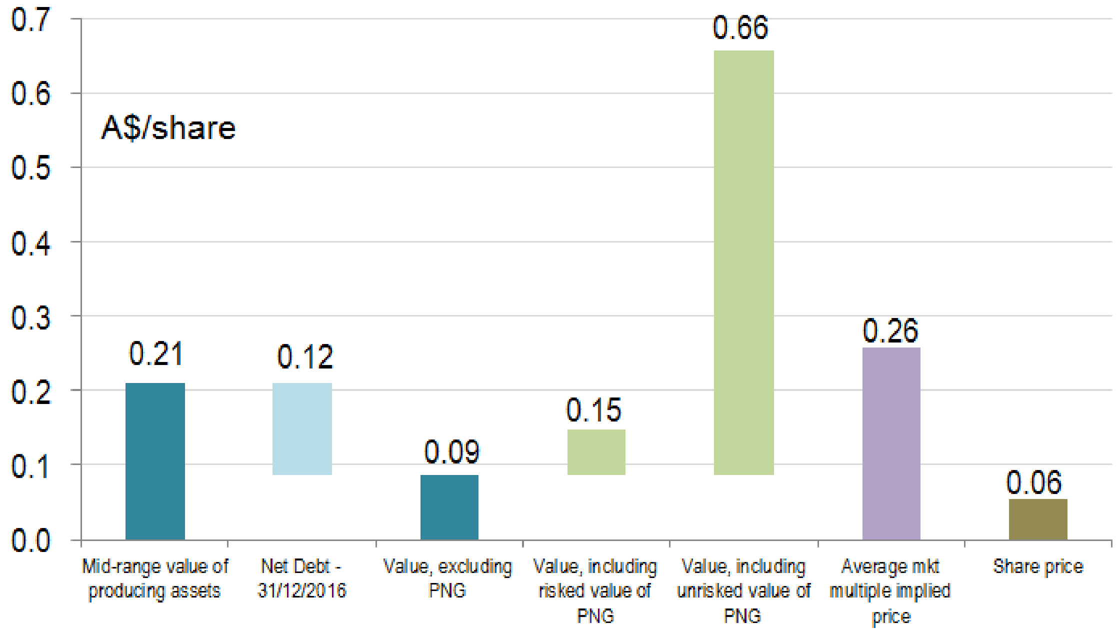
Continued debt reduction in low oil price environment



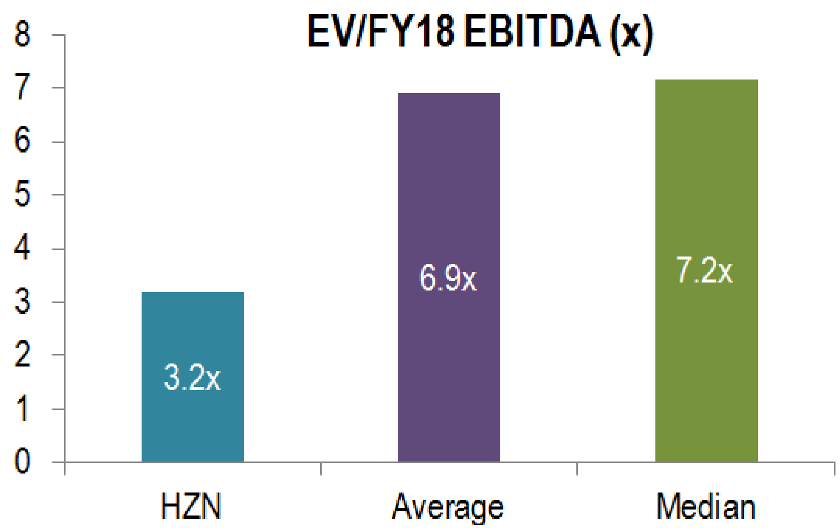
Note: Factoring in proceeds from exercise of options attached to the subordinated facility (US$14 million) reduces the net debt to US$106.8 million at 31 Dec 2016

- Horizon Oil's proven, developed and producing Beibu Gulf and Maari fields provide substantial existing debt capacity in a challenging environment for small and mid-cap companies to access debt from commercial lenders
- Horizon Oil refinanced the outstanding US$58.8 million convertible bonds with cash and a 5 year non amortising subordinated debt facility of US$50 million
- Net debt reduced to US$120.8 million at 31 December 2016, with US$18.3 million cash on hand

Independent valuation and peer market multiples point to HZN share price re-rating



- HZN shares are undervalued with respect to Grant Samuel independent valuation report and peer multiples
- With improving oil market fundamentals, lower gearing and with PNG moving to FID stage, HZN share price is expected to fill the valuation gap

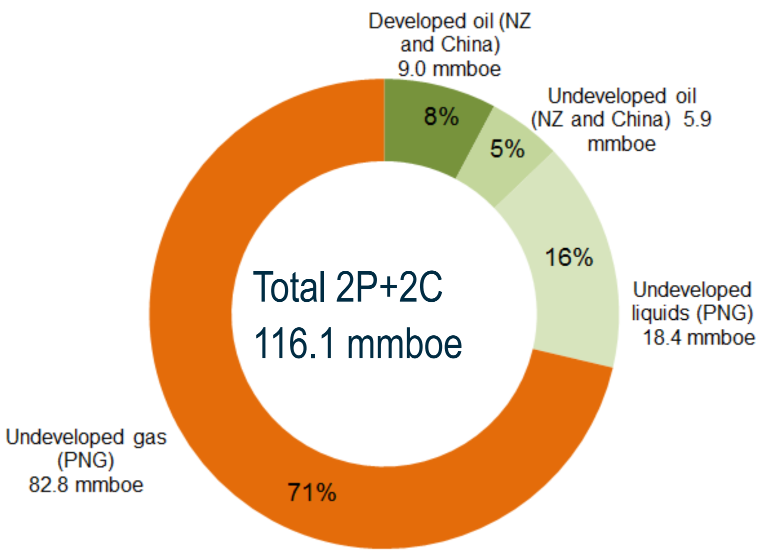


Note 1: Values of producing assets and PNG assets are mid-range valuations from Grant Samuel independent valuation report, which was produced in July 2016 as part of the debt refinancing

Note 2: Market multiples (EV/FY18 EBITDA) are based on a peer group of 7 income producing mid cap ASX Energy companies, incl HZN
Source: Company filings, broker reports , share price as at 17 Mar 2017

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 based on independent reserves assessment as at 30 June 2016

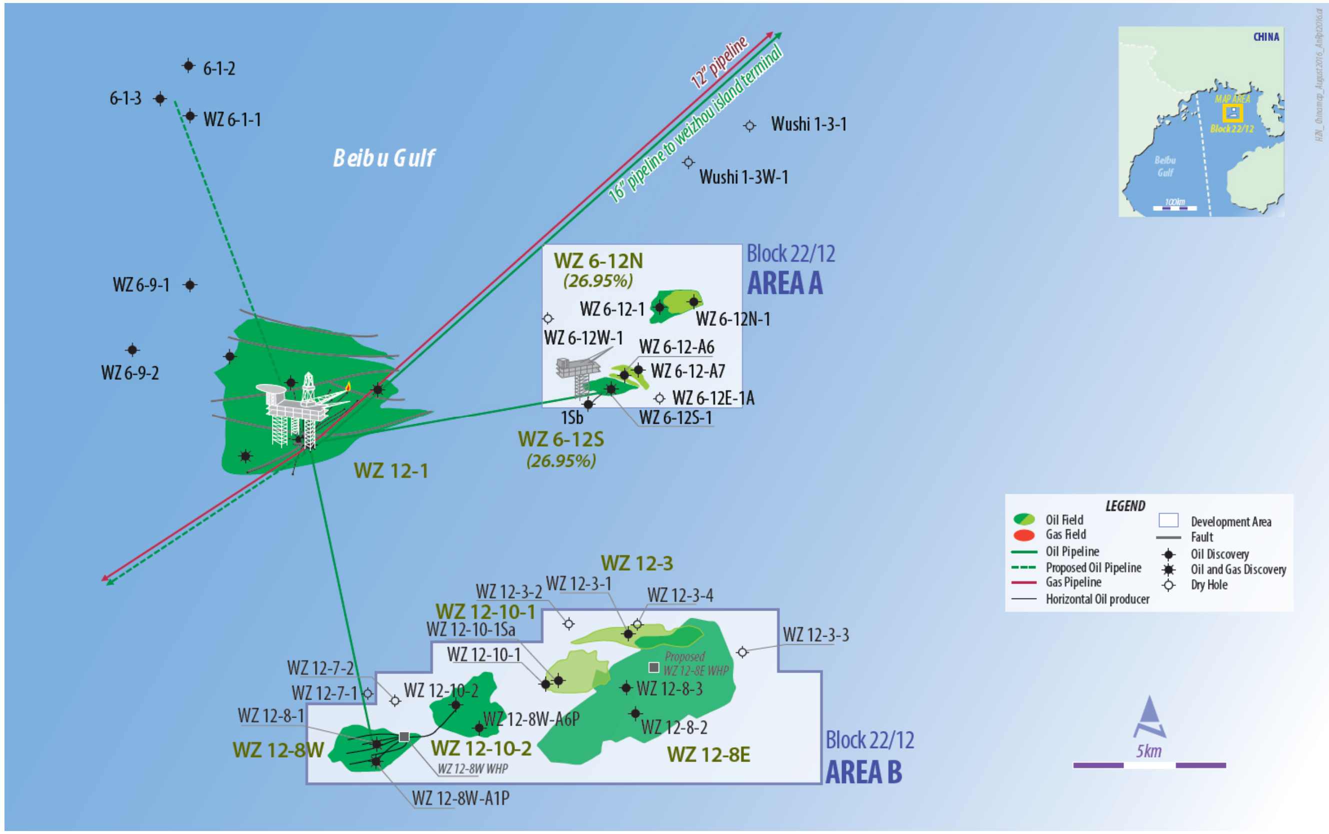
1. Maintain cashflows from Maari and Beibu Gulf fields at current levels over the next five years by optimising the existing production wells and developing the WZ 12-8E field

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

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 growing Asian market

Beibu Gulf field production and future development areas – China



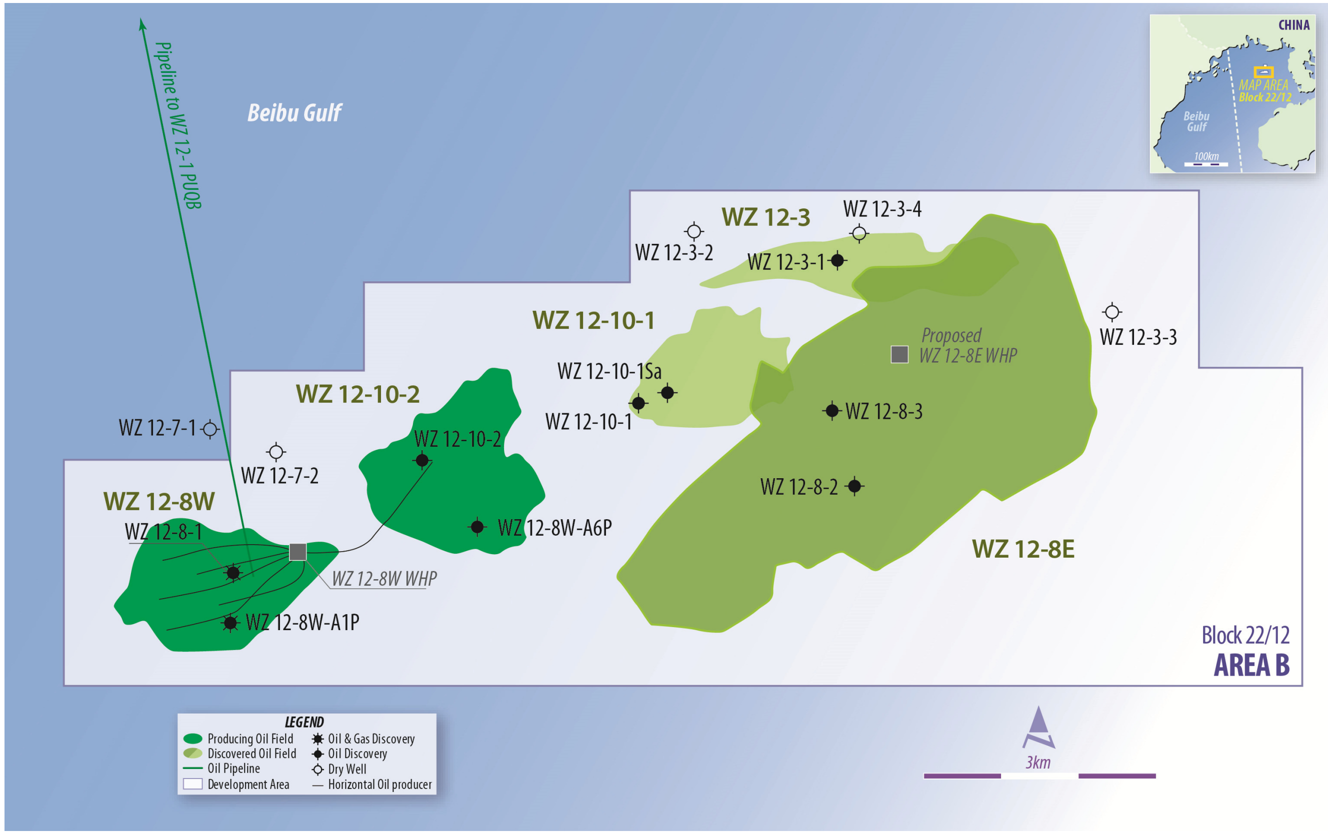
Block 22/12 Post-CNOOC Back-in:

HZN	26.95%
CNOOC	51.00% (Op)
Fosun	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

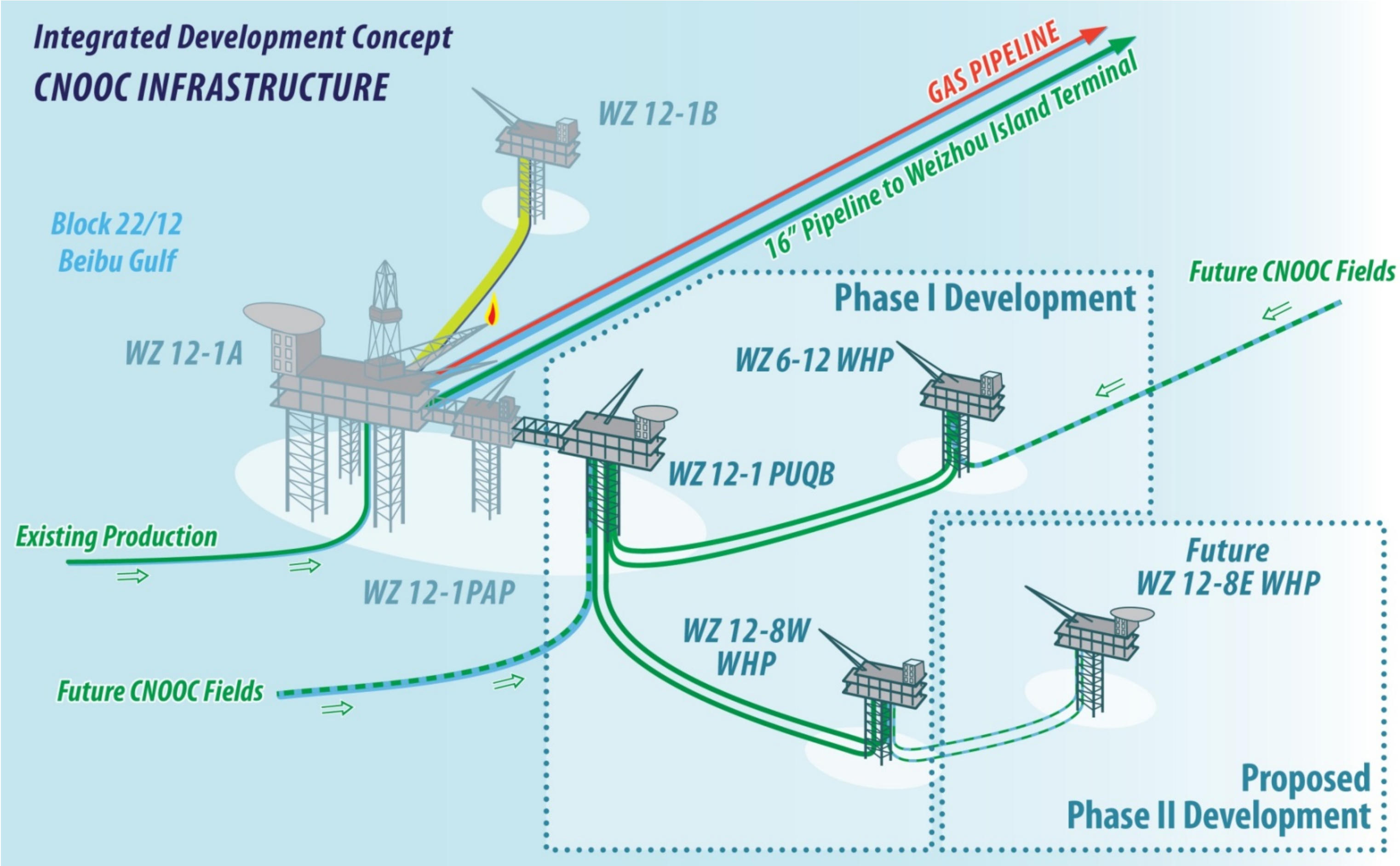
- WZ 6-12N and WZ 12-8W fields continue producing above forecast, currently ~8,300 bopd
- Remaining cost recovery oil entitlement of US$105m to be received over CY 2017 – 20, unrecovered balance escalates at 9% pa
- Fixed operating tariff recently reduced from US$4.75 to US$0.50/barrel
- WZ 12-8E complex with 11.1 mmbo gross potential has entered FEED and ODP process commenced; 2 stage development with target first production January 2019

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



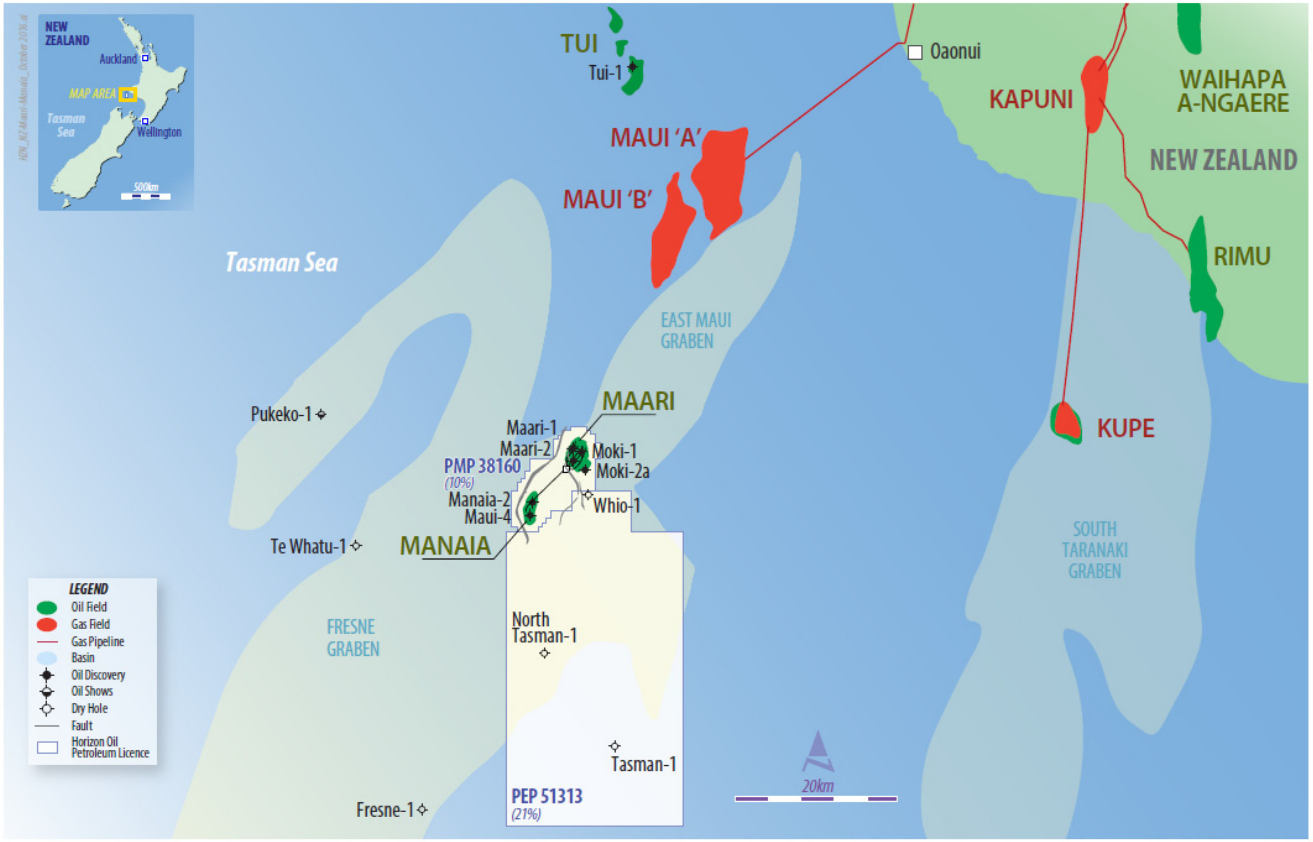
- Integrated development of WZ 12-8E and WZ 12-3 fields (audited gross 2C resources 11.1 mmbo) envisaged; development plan (ODP) to be submitted for Government approval in 2017
- Platform on WZ 12-8E will be a leased, mobile production unit to minimise capex
- Flexible flowlines to tie the platform back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



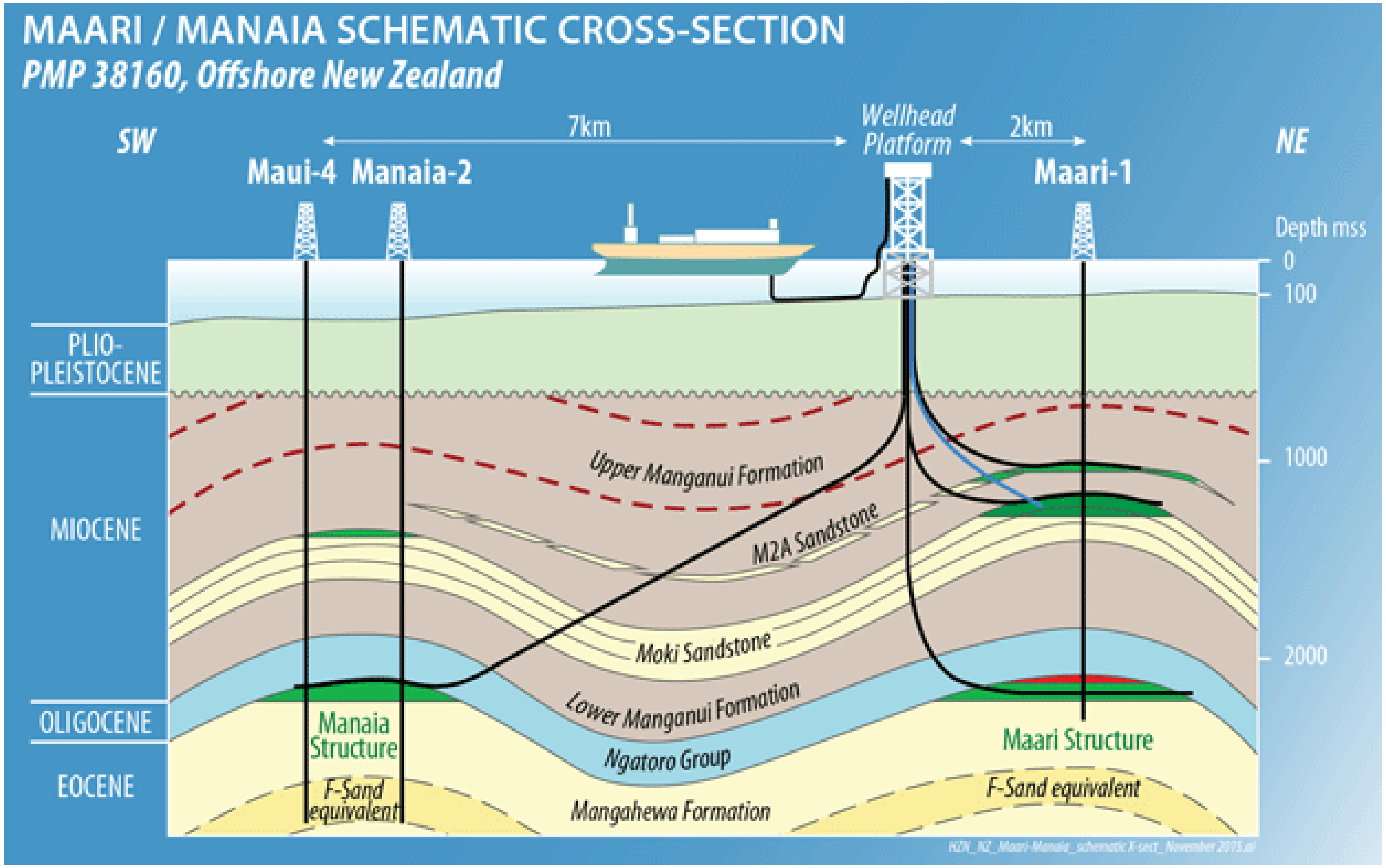
Gross reserves and resources at 30/6/16 (mmbo)	2P	2C
Produced	31.6	
Remaining	23.7	29.2

PMP 38160:

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

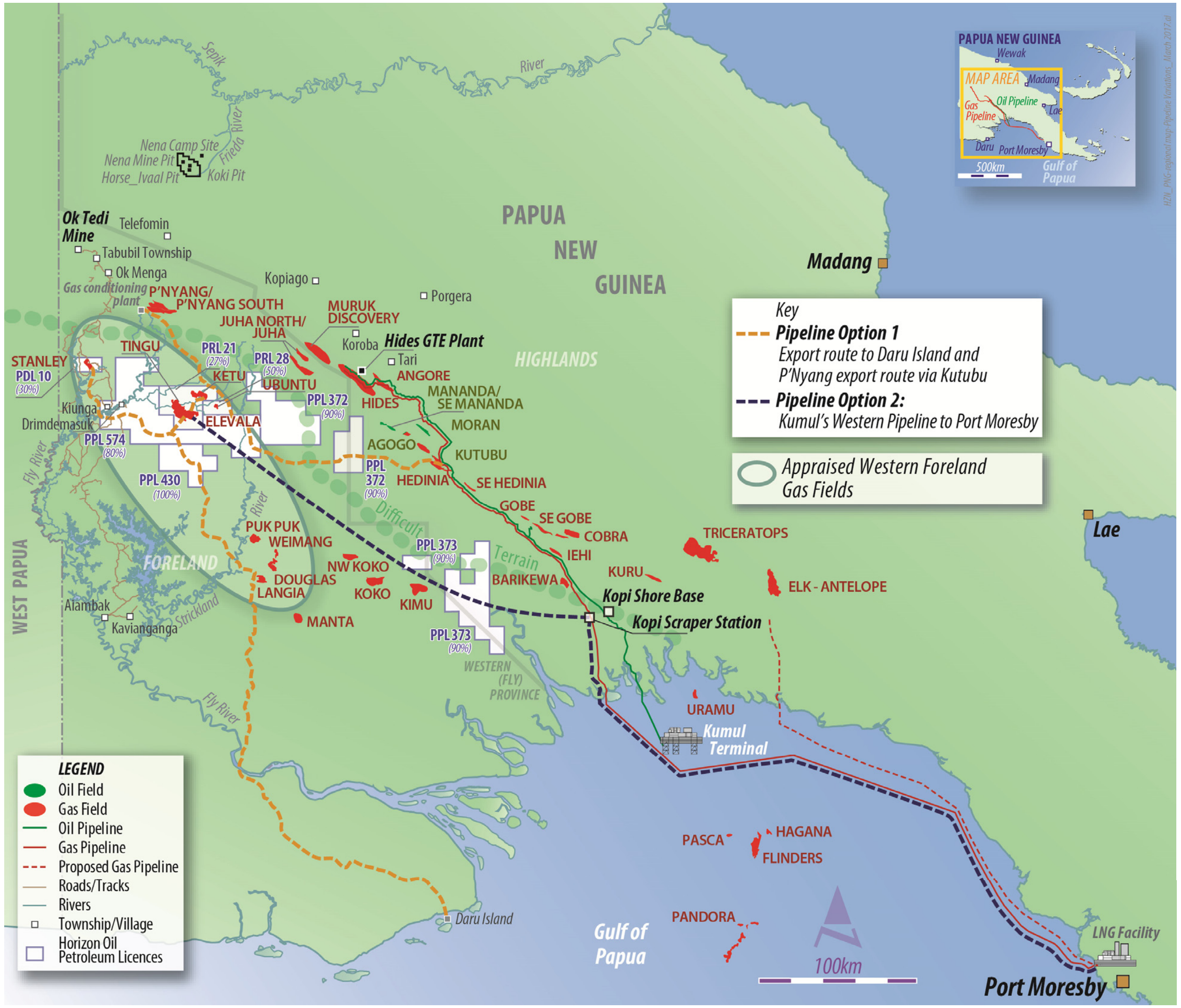
- Maari Growth Projects Program successfully completed in July 2015
- Field production currently ~10,000 bopd
- Regular workover program to replace ESPs, clean scale and add perforations has successfully enhanced production
- Water injection (WI) repairs and temporary repair to platform strut completed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

Manaia – Maari schematic cross-section



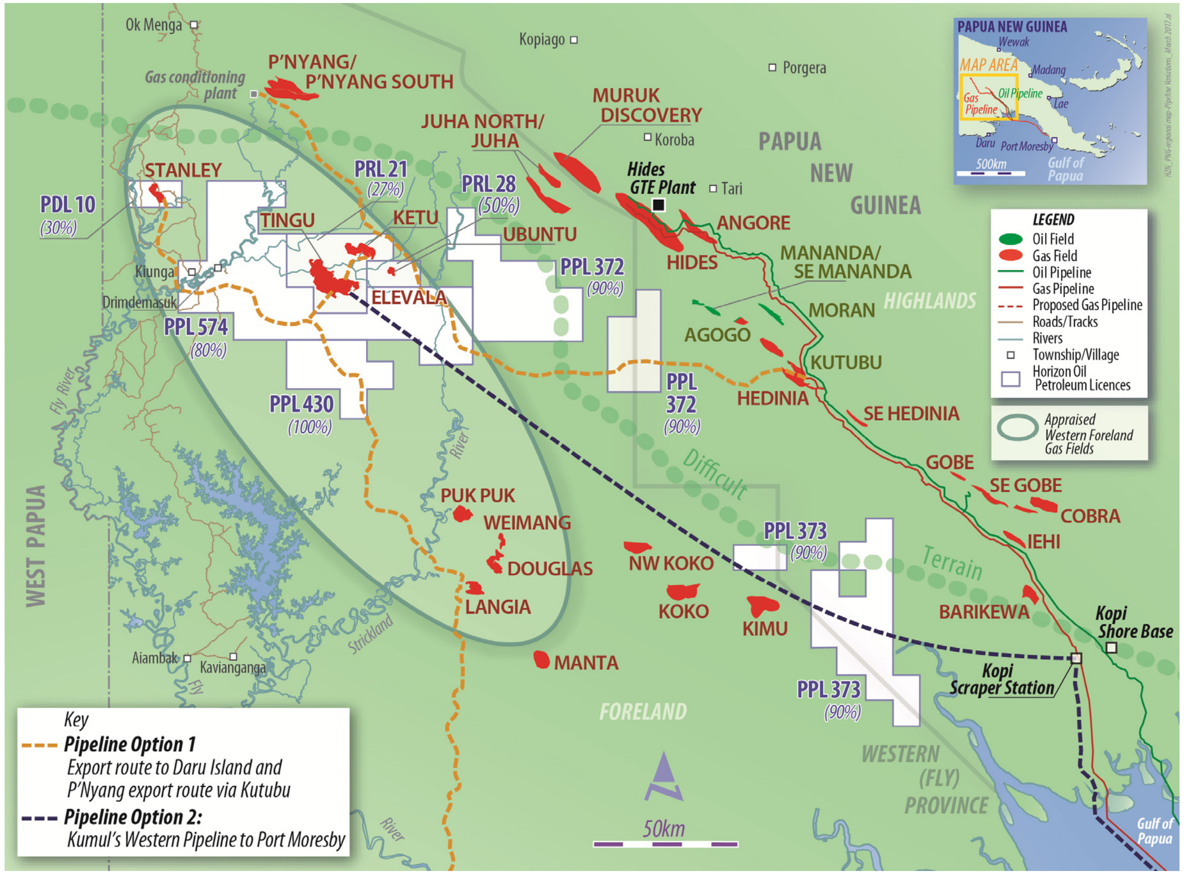
- Multiple oil accumulations on production
- Potential to develop Moki zone at Manaia in future

Papua New Guinea – the regional picture



- 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 ~8,000 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) ("Western LNG") is the base case concept for gas monetisation
- Alternative concept is gas export via proposed open access "Western Pipeline"

PDL 10 (Stanley):	
HZN	30%
Repsol	40%(Op)
Osaka Gas	20%
Mitsubishi	10%

PRL 21 (Elevala/Ketu):	
HZN	27.0%(Op)
Repsol	32.5%
Osaka Gas	18.0%
Kina	15.0%
Mitsubishi	7.5%

PRL 28 (Ubuntu):	
HZN	50% (Op)
Repsol	37.5%
P3GE	12.5%
PPLs 372 and 373:	
HZN	90% (Op)
Jurassic	10%

PPL 430:	
HZN	100%(Op)
PPL 574:	
HZN	80%(Op)
Osaka Gas	10%
P3GE	10%

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

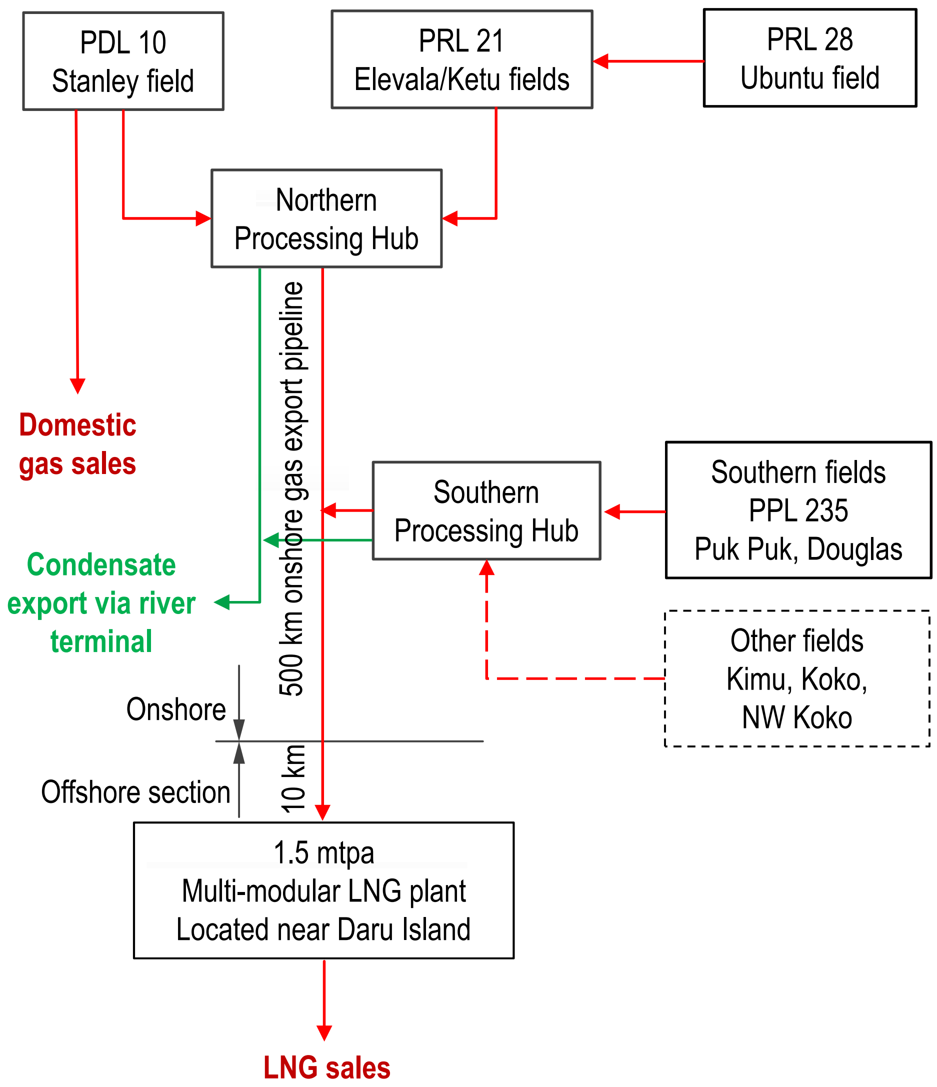
Commercialisation opportunities for Western Province gas

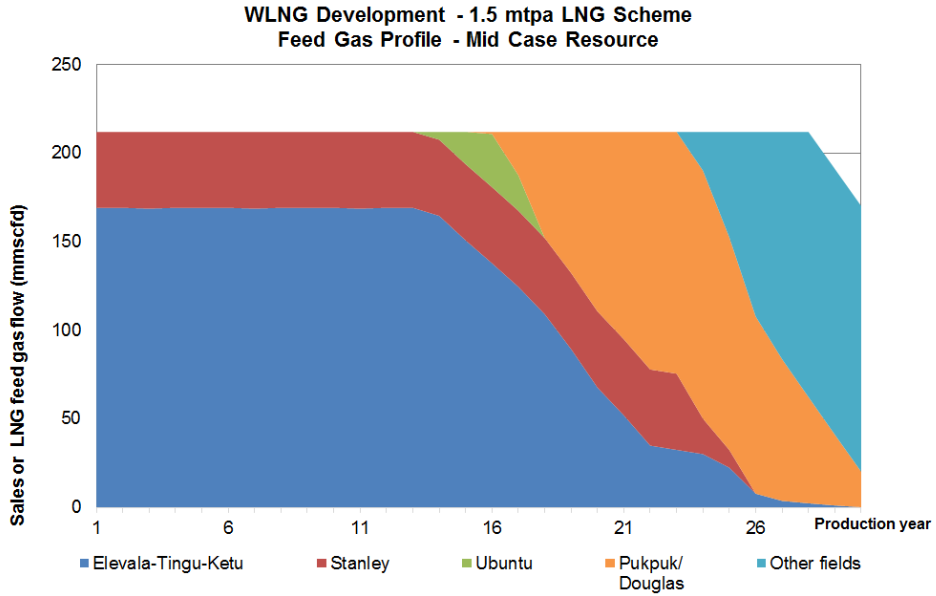
- **Sales to domestic buyers for power generation and other industrial use**
  - Gas-to-power for mines, industrial consumers and village/town supply
  - Gas for petrochemical and fertiliser production in PNG
  - Pipeline export to West Papua: Merauke, Jayapura

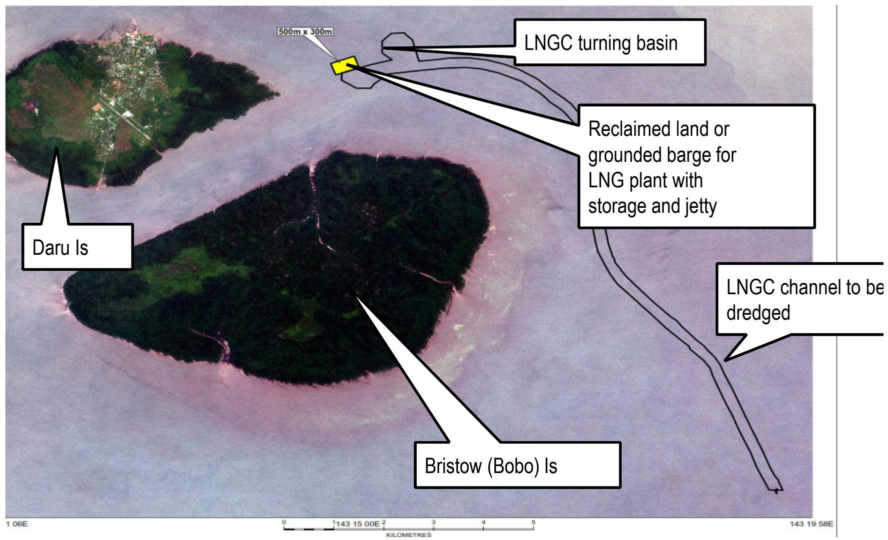
- **Mid-scale Western LNG project – aggregation of appraised Western Foreland gas**
  - To feed expandable mid-scale LNG plant (1.5 - 2.0 mtpa) located on or near Daru Island
  - Option for early condensate recovery will remain on table if oil price/economics permit
  - LNG customers:
    - City and mining project power demand in PNG and East Indonesia, as substitute for diesel or fuel oil
    - Singapore LNG and products hub
    - North Asian markets

- **Western Pipeline project – aggregation of P'nyang with Western Foreland gas**
  - To feed dedicated expansion train at PNG LNG site at Caution Bay, Port Moresby
  - Export to Caution Bay via Kumul Petroleum's proposed open access Western Pipeline
  - Option to participate solely as upstream gas supplier - or through midstream and downstream projects as well

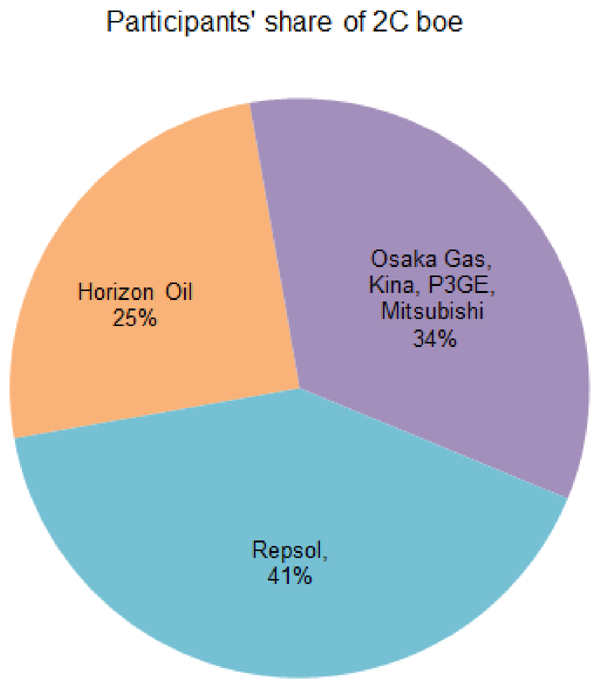
Western LNG – base case for Western Foreland appraised gas development







Who owns the gas and what is the size of the prize?



Resource owners

Horizon Oil and Repsol operate all appraised Western Foreland fields and hold a combined 66% of the total 2C resource:
2.0 – 2.5 tcf gas and 60 – 70 mmbbl condensate

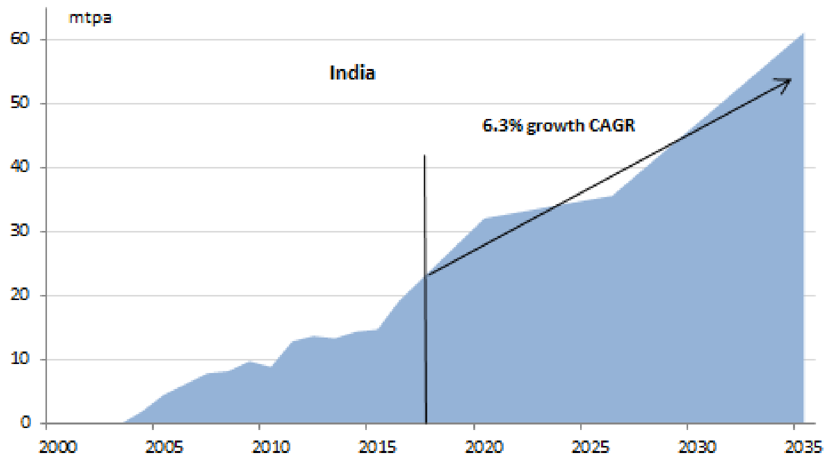
The prize

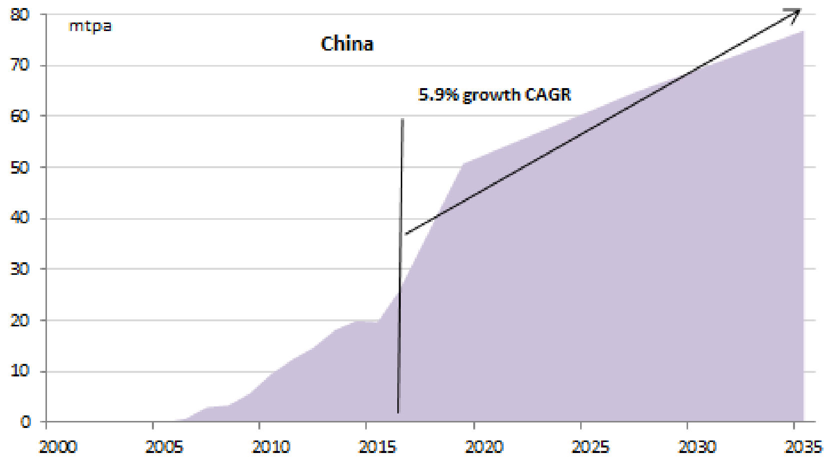
- **Western LNG** (appraised Western Foreland fields)
  - Potential to generate approximately US$20 – 30 billion in total revenues over the life of the project
  - Cumulative after tax cashflow (real) of approximately US$10 billion
  - ~15% IRR (real, ungeared)
- **Western Pipeline** (P'nyang plus appraised Western Foreland fields)
  - Has the potential to generate US$55 – 65 billion in total revenues over the life of the project
- **Multiple other benefits – to landowners, communities and the State**
  - Employment, economic development opportunities, infrastructure, tax revenues, etc.

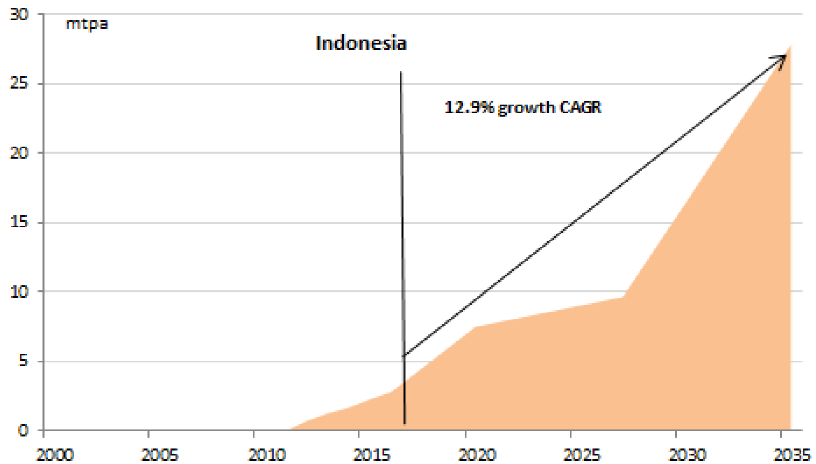
Note: Revenues and project economics are Horizon Oil estimates, are approximate, assume oil price of US$75/bbl and gas price of US$9/GJ in $2020, unescalated

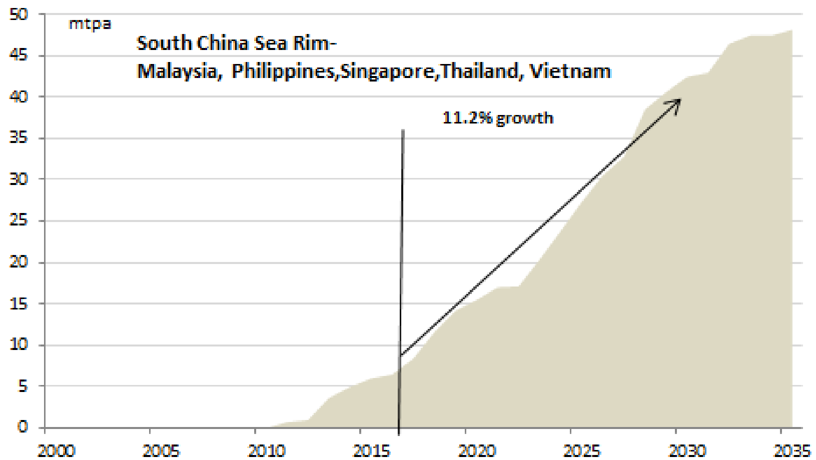
LNG demand target areas – India, China, South China Sea Rim, Indonesian Archipelago

LNG demand forecast in target areas









Source: Wood Mackenzie, LNG Tool, Q4 2016 Dataset

Note: Stylised projections based on underlying annual forecasts

Outlook for the next 12 months

Corporate Outlook

- Operating cashflows expected to increase as a result of additional revenues earned from China production entitlement through cost recovery of remaining US$105 million (net to Horizon Oil)
- Continued focus on reduction of overall gearing levels
- ~50% of CY 2017 sales hedged at an average price ~US$54/bbl
- Maintenance of low capex profile and G&A over the course of FY17

Maari/Manaia, offshore New Zealand

- Further optimisation of oil production through workover program and installation of multiphase pumps
- Finalise insurance recoveries in relation to facility repairs and equipment upgrades associated with the FPSO *Raroa's* mooring system and water injection line

Block 22/12, offshore China

- Preparation of the Overall Development Plan for the WZ 12-8E field continues, with completion scheduled in early 2017. The audited gross 2C resources for the field (including WZ 12-10-1 and WZ 12-3-1) are 11.1 mmbo

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

- Progress the development concept for the Western Province gas aggregation scheme, through collaboration of the PDL 10 and PRL 21 joint ventures, and the formation of a Joint Working Team
- Subsequent to the half-year period end, HZN acquired Eaglewood Energy (BVI) Limited, which holds a strategic 50% interest in the discovered Ubuntu gas and condensate field in PRL 28 (adjacent to PRL 21), in addition to some smaller exploration interests in PNG

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