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13 November 2017

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

INVESTOR PRESENTATION

Please find attached an updated investor presentation.

Yours faithfully,

Kylie Quinlivan
Corporate Counsel & Assistant Company Secretary

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Horizon Oil

HORIZON OIL LIMITED / ABN 51 009 799 455

Investor Presentation

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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.

In this presentation, estimates of petroleum resources may be reported in units of equivalency between gas to oil (reported as barrels of oil equivalent (boe)). A conversion factor of 6 cubic feet of gas to 1 barrel of oil has been applied.

The reserve and resource information contained in this presentation 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) snapshot

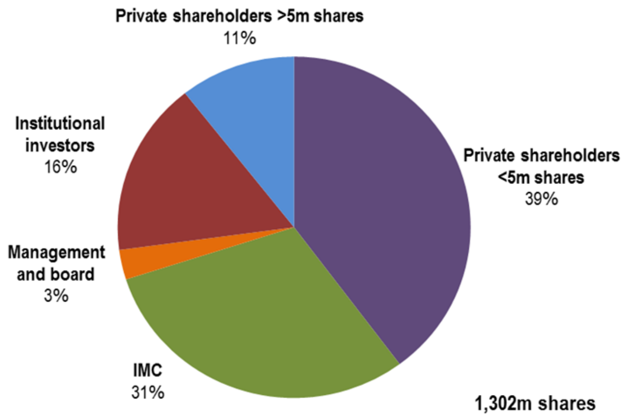
- Sydney-based public company listed on Australian Securities Exchange (ASX)
- Portfolio of exploration, development and producing assets in Asia-Pacific region, with **net production of ~4,100 bopd**, with **free cash flow breakeven after all-in costs of less than US$33/barrel of oil over calendar year 2017**:
  - 26.95% interest in Beibu Gulf fields offshore China, producing ~3,200 bopd net (including cost recovery production)
  - 10% interest in Maari/Manaia fields offshore New Zealand, producing ~880 bopd net[1]
  - Large gas and condensate resources onshore Papua New Guinea, with development plan firming
- **Net operating cash flow after cash opex of US$51.7m** in FY 2017
- 2P reserves at end FY 2017 of 8 mmbo and 2C contingent resources of 29 mmbo and 603 bcf gas [2]
- Beibu Gulf – **remaining cost recovery oil entitlement at 30 September 2017 of US$86.6m**, escalating at 9% pa
- **Milestone payment of US$130m** from Osaka Gas, payable on FID of LNG project in PNG
- At 30 September 2017:-

Cash on hand	US$28.4m
Drawdown on US$120m bank facility	US$88.0m
Subordinated debt	US$45.0m
Net debt	US$104.6m

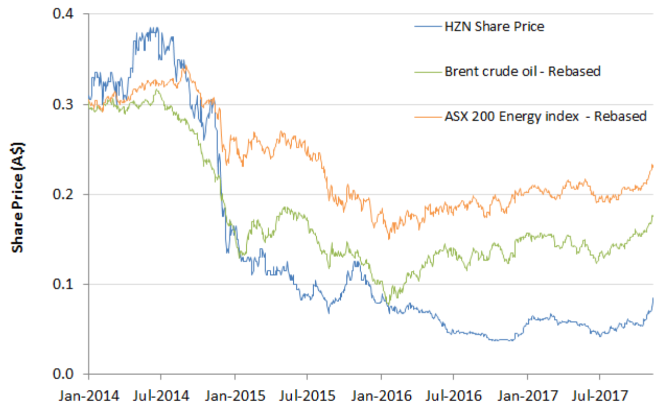
[1] See HZN's announcement dated 6 Nov 2017 regarding acquisition of a further 16% interest in Maari/Manaia fields
[2] Calculated after the acquisition of a 20% interest in PRL 40 and divestment of 20% interest in PRL 28, subject to customary PNG Govt approval. See HZN's market announcement of the transaction dated 18 July 2017

Corporate summary

Shareholders



Share Price vs Brent Crude vs ASX 200 Energy Index - Rebased



HZN share capital (as at Nov 2017)	
ASX Listed	**HZN**
Fully Paid Shares	**1,301,981,265**
Employee Options	**1,700,000**[1]
Share Appreciation Rights	**115,142,318**[2]
IMC Options	**300,000,000**[3]
Number of Shareholders	**5,564**
Market Capitalisation	**A$110m**
Top 20 / Issued Capital	**60.47%**
12 Months	
Last (10 Nov 2017)	**A$0.085**
High	**A$0.085**
Low	**A$0.036**
Average Daily Volume	**730,000**

[1] Options – issue price ranging from A$0.20 - A$0.43
[2] Share Appreciation Rights – strike price for valuation purposes ranging from A$0.048 - A$0.37. A further 22,577,706 SARs to be issued subject to shareholder approval.
[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

Strong, long-lived production profile and cash flow

- Best-of-peer-group net operating cash flow from China and New Zealand, to average US$60 – 70 million pa over the period FY 2018 – 2022, with modest future capital spend ***(includes contribution from additional Maari interest)****
- Free cash flow breakeven over 2017 of US$33/bbl resulting from ongoing tight control over field operating expense, exploration and development expenditure and administrative expenses
- Stable financial position, with steadily decreasing debt – downside further protected with oil price hedging and loss-of-production insurance

Strategic stake in large oil and gas development project in Papua New Guinea

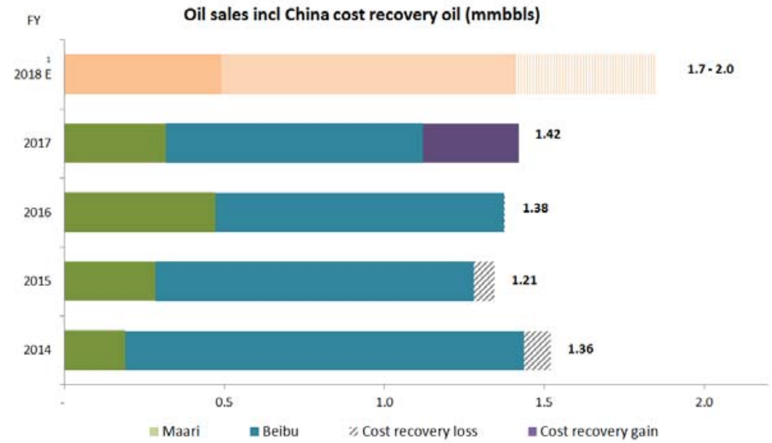
- Material upside potential attached to large, appraised gas-condensate resource in Papua New Guinea; development planning for a 1.5 mtpa mid-scale LNG scheme, Western LNG (WLNG), at an advanced stage

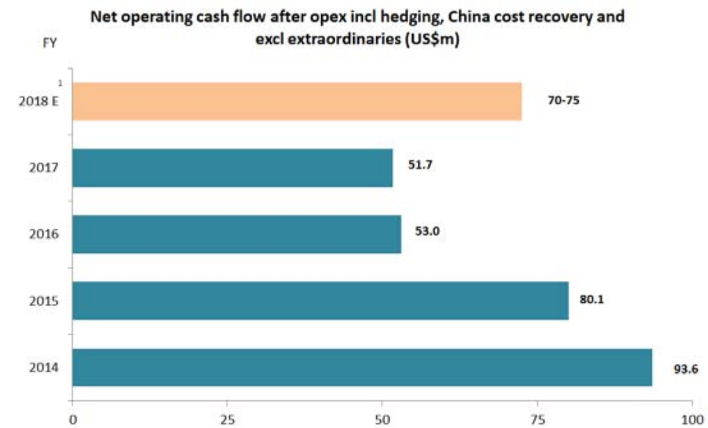
Share price

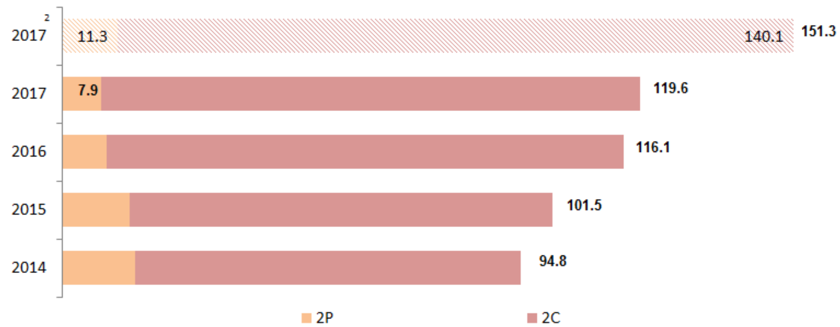
- HZN significantly undervalued with respect to peer group on net operating cash flow alone
- Long-lived oil production and balance sheet gearing provides good exposure to oil price upside
- Announcements on progress on Western LNG, including triggering of US$130 million milestone payment on FID, potential catalysts to share price appreciation

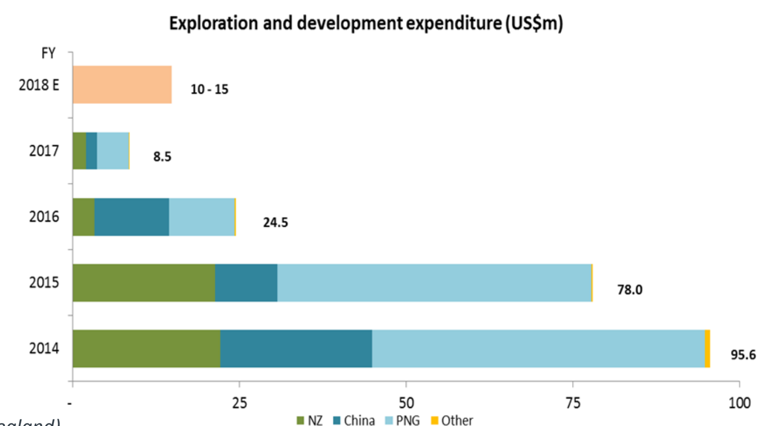
* See HZN's announcement dated 6 Nov 2017

Five year performance – solid track record





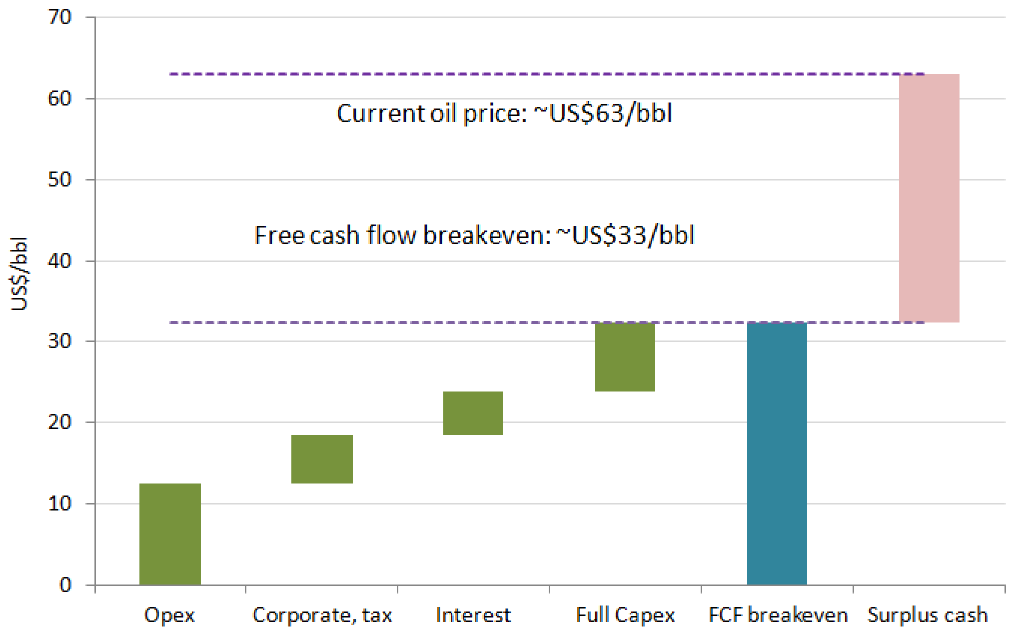




[1] *Includes impact of Maari acquisition. See HZN's announcement dated 6 Nov 2017*

[2] *Reserves and Resource statement at 30 June 2017, adjusted for subsequent transactions in PNG and PMP 38160 (New Zealand) pending customary government approvals. See HZN's announcements dated 18 Jul and 6 Nov 2017*

Calendar year 2017 free cash flow (FCF) breakeven of US$33/barrel provides capacity for debt repayment

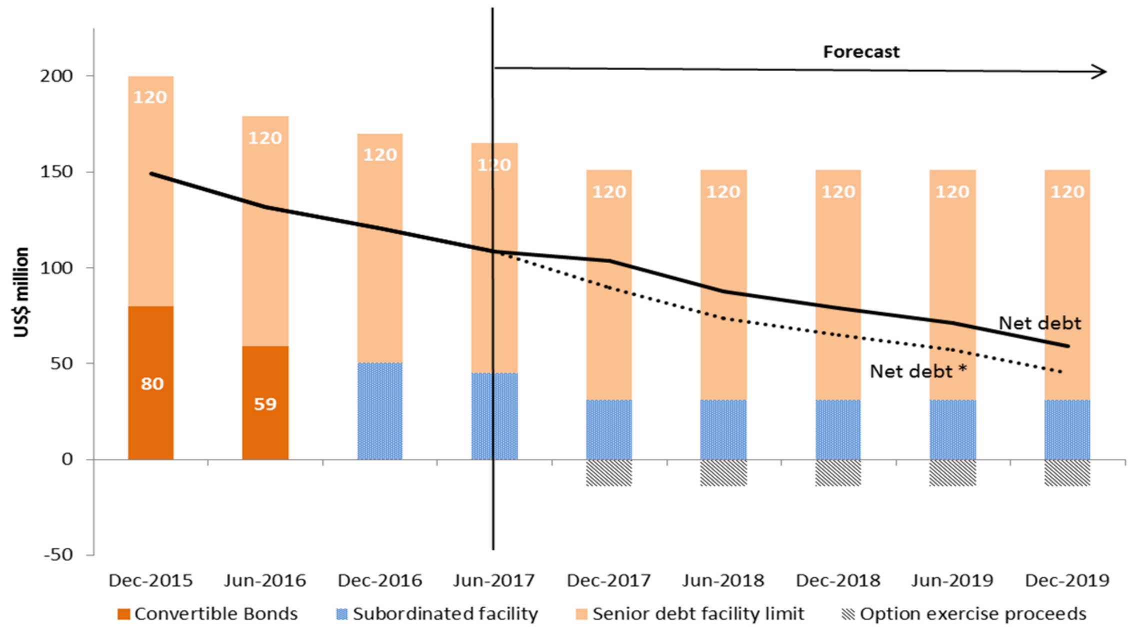


- Low breakeven price provides stability in low oil price environment and capacity for debt repayment
- Low opex in China and tight control over capital spend underwrites the low breakeven price
- FCF breakeven will increase in 2018 with acquisition of additional Maari interest* because of increased proportion of higher opex oil – challenge will be to work Maari opex and sustaining capex down

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

* See HZN's announcement dated 6 Nov 2017

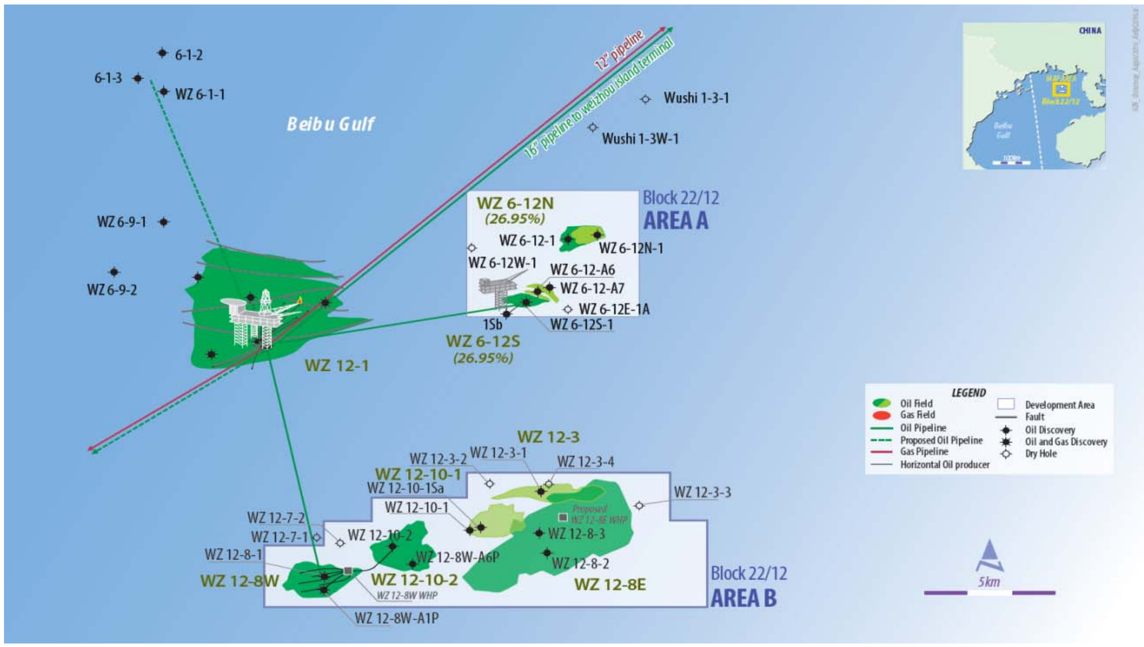
Debt reduction trajectory continuing



**Note: Forecast net debt factors in proceeds from exercise of options attached to the subordinated facility (US$14 million)*

- Horizon Oil's proven, developed and producing Beibu Gulf and Maari fields provide substantial debt security in a challenging environment for small and mid-cap companies to access debt
- The Company refinanced the outstanding US$58.8 million convertible bonds with cash and a 5 year non-amortising subordinated debt facility of US$50 million
- Horizon Oil commenced repayment of the subordinated debt facility through a voluntary prepayment of US$5 million in mid 2017
- Net debt reduced to US$104.6million at 30 September 2017, with US$28.4 million cash on hand

Beibu Gulf producing fields and future development targets

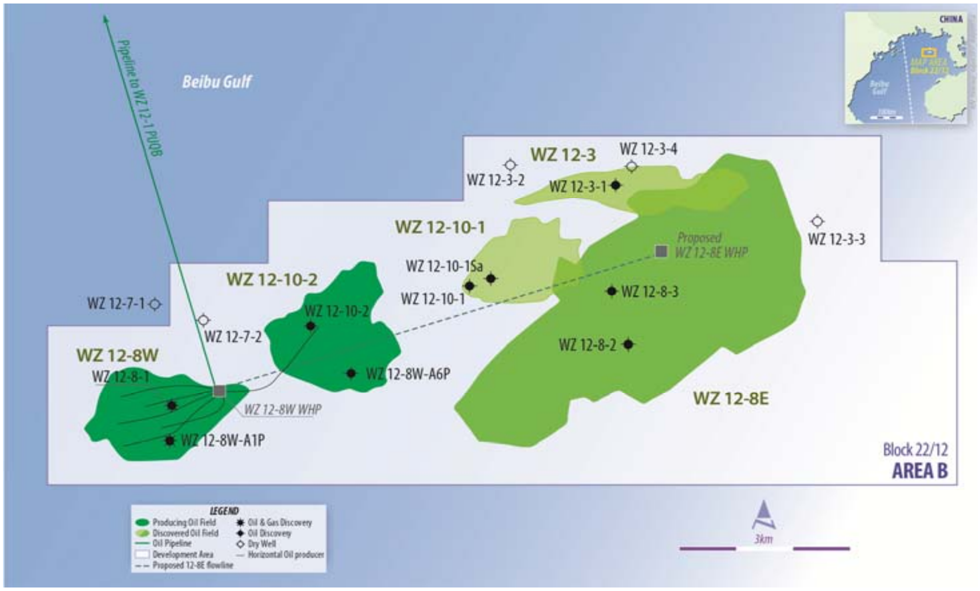


Block 22/12 Post-CNOOC Back-in:	
HZN	26.95%
CNOOC	51.00% (Op)
Fosun	19.60%
Majuko Corp	2.45%

Gross reserves and resources at 30/6/17 (mmbo)	2P	2C
Produced	15.3	
Remaining	19.4	11.8

- WZ 6-12N and WZ 12-8W fields continue producing above forecast, currently ~9,300 bopd
- Remaining cost recovery oil entitlement of US$86.6m to be received over 2017 – 20, unrecovered balance escalates at 9% pa
- Fixed operating tariff reduced from US$4.75 to US$0.50/barrel in Q1 2017
- Six well workover program successfully completed on WZ 6-12 field, lifting gross production about 1,500 bopd
- 2 infill wells to be drilled on WZ 12-8W in December 2017

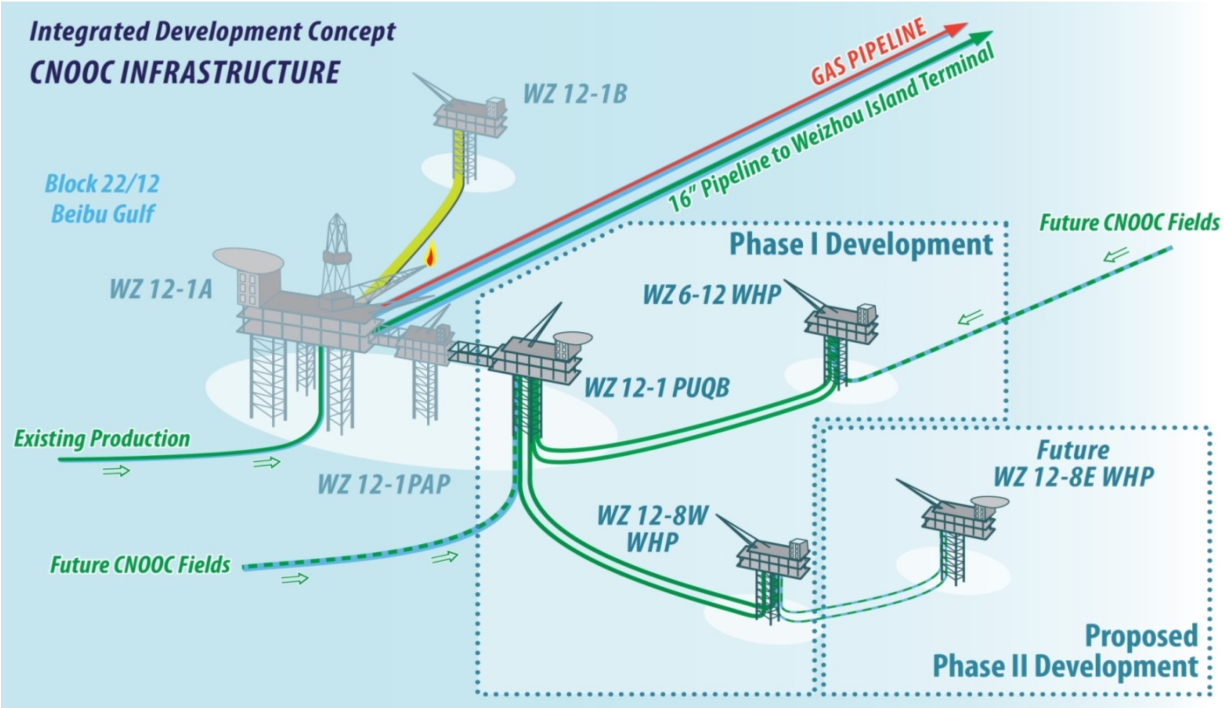
Beibu Gulf future development projects – WZ 12-8E and associated fields



Leased mobile production platform (MOPU)

- Development plan (ODP) for integrated development of WZ 12-8E and associated fields (audited gross 2C resources 11.1 mmbo) to be submitted for Government approval in 2018; 3 stage development with target first production 2019
- 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 approach

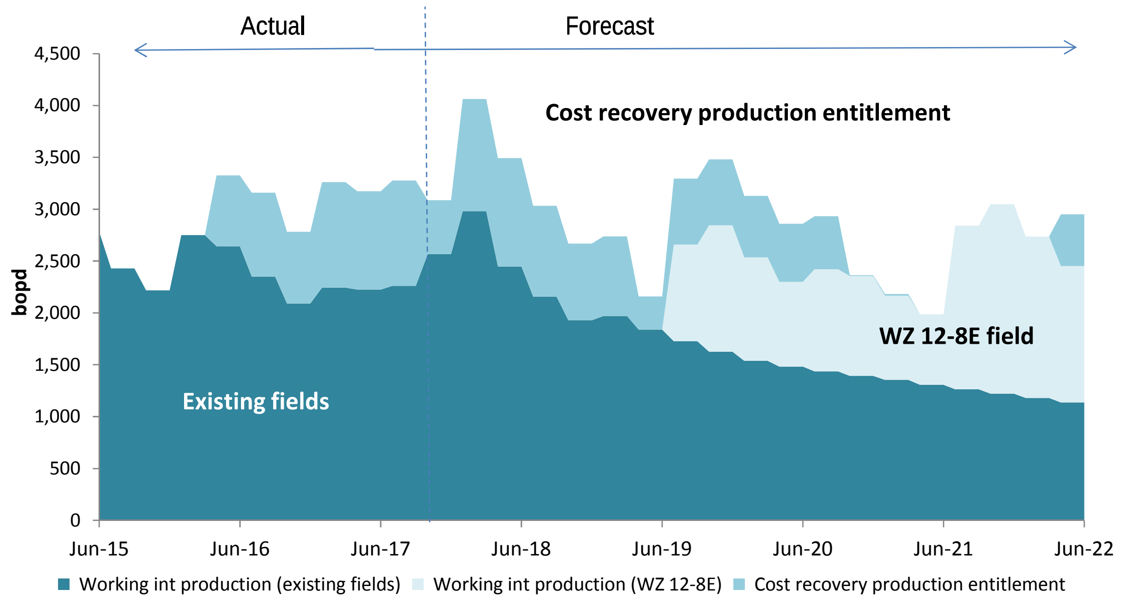


Phased approach to development of new reserves – use of existing infrastructure:-

- reduces costs and engineering risk
- accelerates timeline
- enhances economics of fields already on stream

Beibu Gulf production and cost recovery driving cash generation through 2022

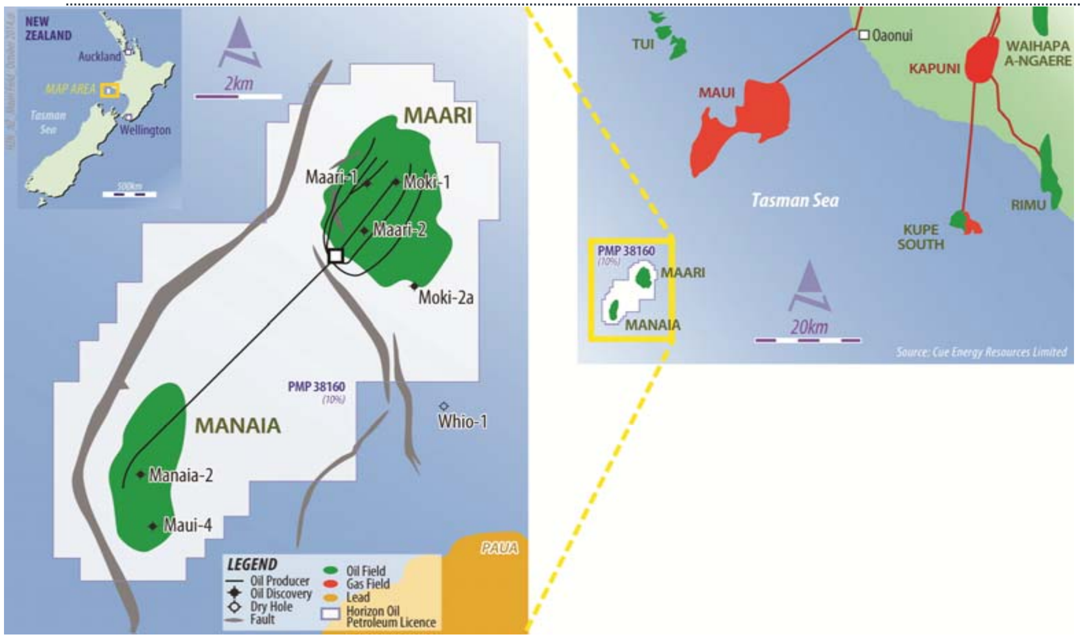
Horizon Oil



- Horizon Oil's Block 22/12 production entitlement increased from 26.95% to ~37% of production, following the commencement of its entitlement to preferential cost recovery in 2016
- The company's unrecovered cost recovery balance at 30 September 2017 was US$86.6 million, escalating at 9% pa

Note: Forecast cost recovery based on Brent forward curve as at 10 Nov 2017 and production forecasts included in Independent Technical Specialists' Report (RISC) – Sept 2017

Maari /Manaia fields – New Zealand



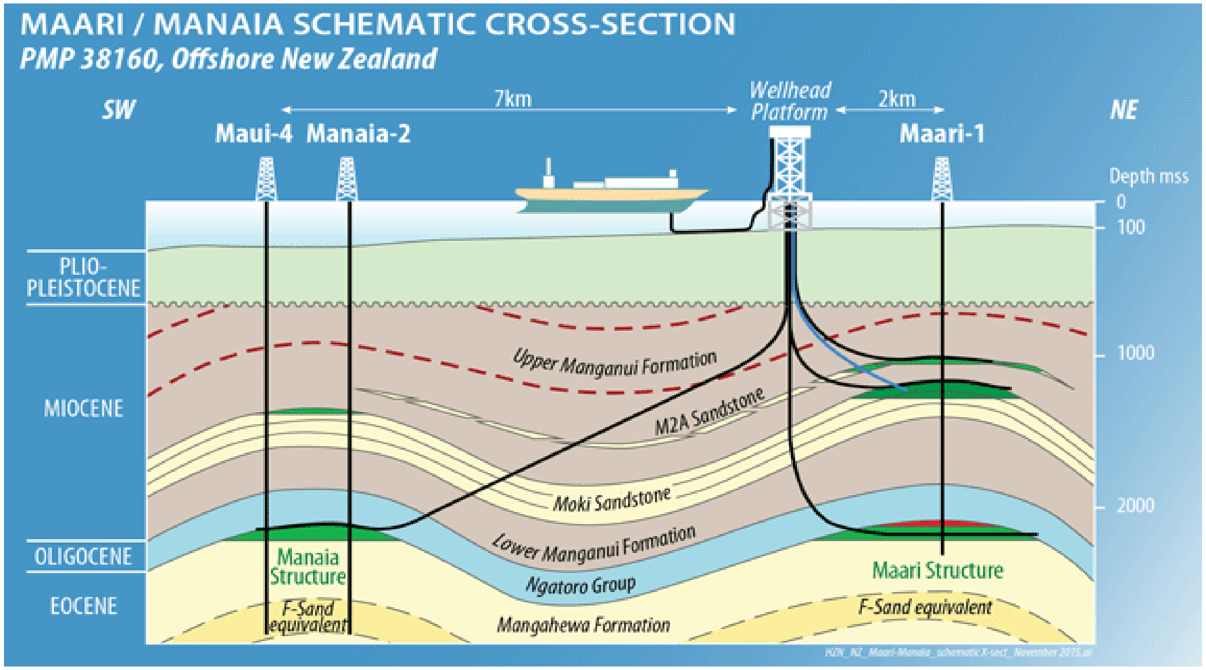
PMP 38160:	
HZN	10%*
OMV	69% (Op)
Todd	21%*
CUE	5%

Gross reserves and resources at 30/6/17 (mmbo)	2P	2C
Produced	34.6	
Remaining	20.8	69.2

- Field production currently ~8,800 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; permanent repair to WHP completed mid 2017
- 2017 production improvement projects include workovers, re-perforations, WI enhancement and installation of surface pumps to reduce well back pressure
- Further infill wells and Manaia Moki development under consideration

* See HZN's announcement dated 6 Nov 2017

Manaia – Maari schematic cross-section



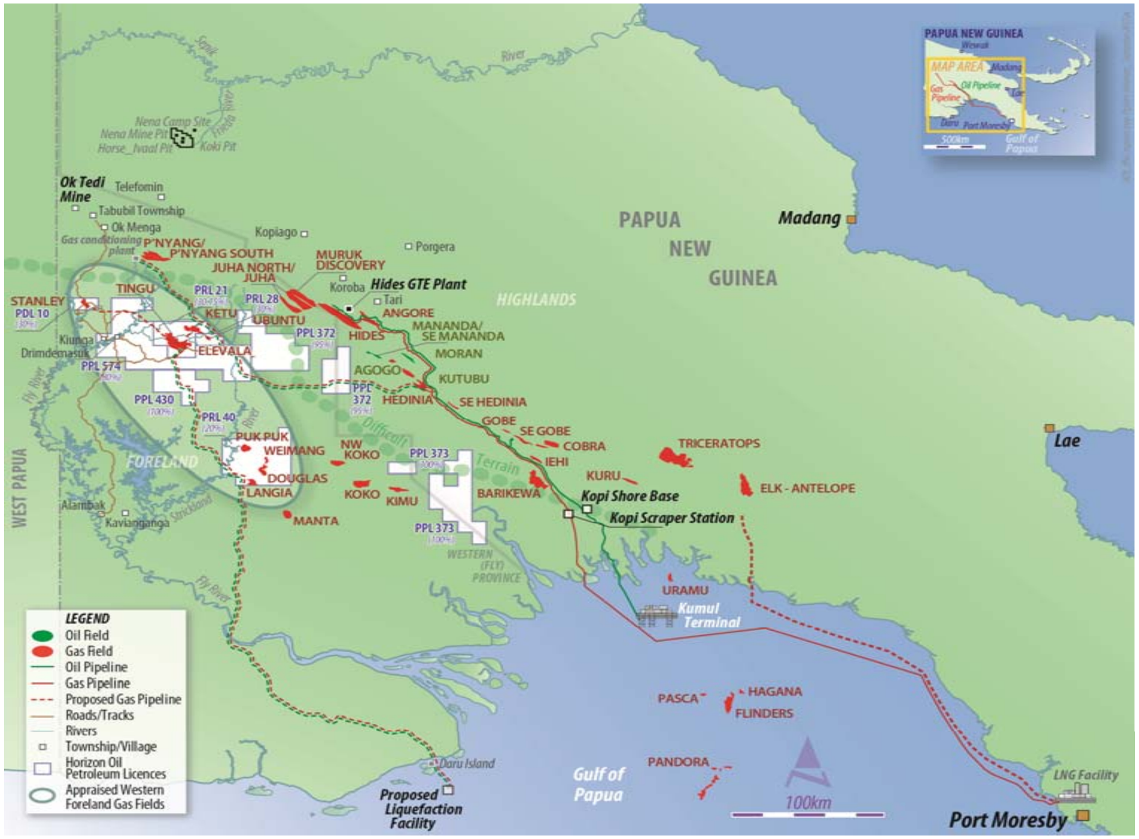
- Multiple oil accumulations on production serve to diversify risk
- Potential to develop Moki zone at Manaia in future – gross 2C resource 50.0 mmbo

Acquisition of additional 16% interest in Maari/Manaia fields – metrics

- Acquisition of additional 16% interest in PMP 38160 from Todd, increasing HZN interest in the producing Maari and Manaia fields to 26%*.
- Purchase price US$17.6m; effective date of 31 December 2017; acquisition subject to customary joint venture and New Zealand Government approvals including Overseas Investment Office approval; no pre-emptive rights.
- HZN net production will increase by 1,400 bopd to ~ 5,500 bopd (34%↑) ; purchase price repaid from additional production income within about 18 months.
- Increases HZN independently audited net 2P reserves by 3.4 mmbo to 11.3 mmbo (43%↑) and 2C resources by 11.0 mmbo to 140.1 mmboe (9%↑)
- After pay out, net debt will be lower and decreasing faster than without the acquisition. Additional reserves will significantly increase borrowing base under the bank RBL facility and this will enable accelerated payment of the subordinated debt, which carries a higher interest rate than the senior debt.
- When the acquisition completes, net operating cash flow from China and New Zealand expected to average US$60 – 70 million per year over the next five years, based on a consensus oil price deck.

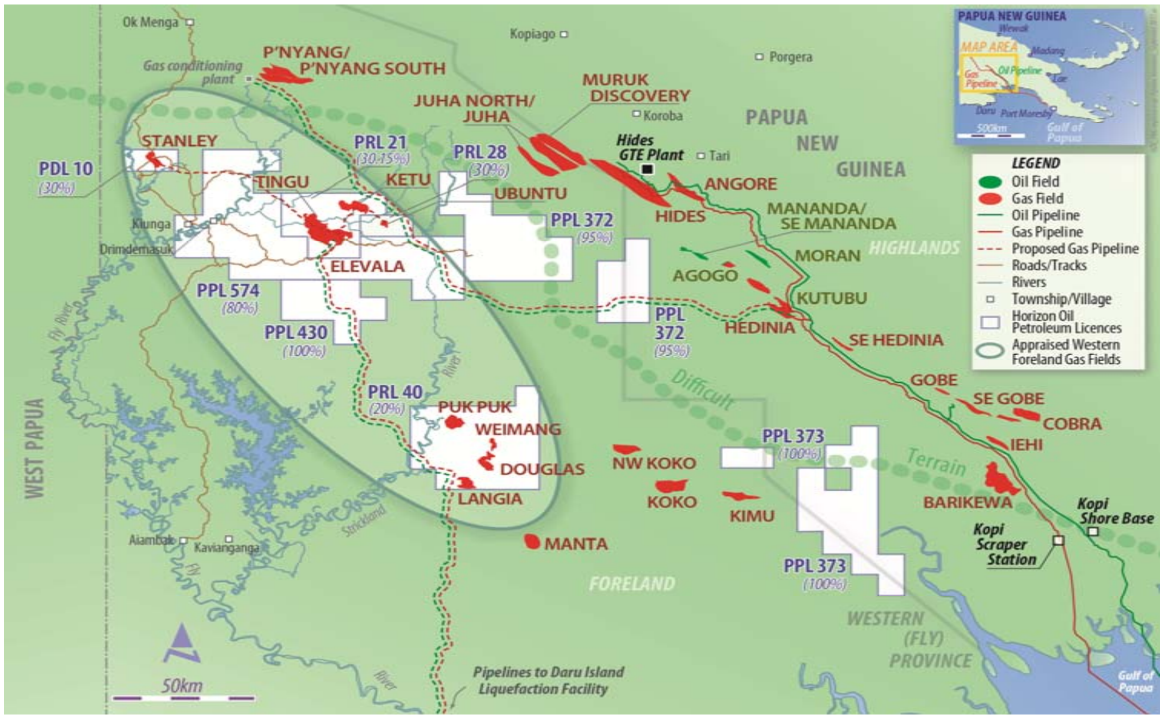
* See HZN's announcement dated 6 Nov 2017

Papua New Guinea – the regional picture



- PNG is a pro development jurisdiction with stable petroleum fiscal regime
- Rich mineral and petroleum province with a history of successful large scale resource projects delivery eg. PNG LNG
- Jurisdiction well supported by the international banks
- Challenging logistics, however capital and operating cost environment is competitive in the region

Horizon Oil acreage and JV partners – resource development overview



- Significant gas resource discovered and appraised in uncomplicated structures, with highly productive sandstone reservoirs
- High level of condensate and LPG contained in the gas
- Relatively easy surface access and terrain for field operations

Gross resources at 30/6/17	2C
Condensate mmbbl)	62.1
Raw gas (bcf)	2,192

PDL 10 (Stanley):

HZN	30%
Repsol	40%(Op)
Osaka Gas	20%
Kumul	10%

PRL 21 (Elevala/Ketu):

HZN	30.15% (Op)
Repsol	32.5%
Osaka Gas	18.0%
Kina	15.0%

PRL 28 (Ubuntu):

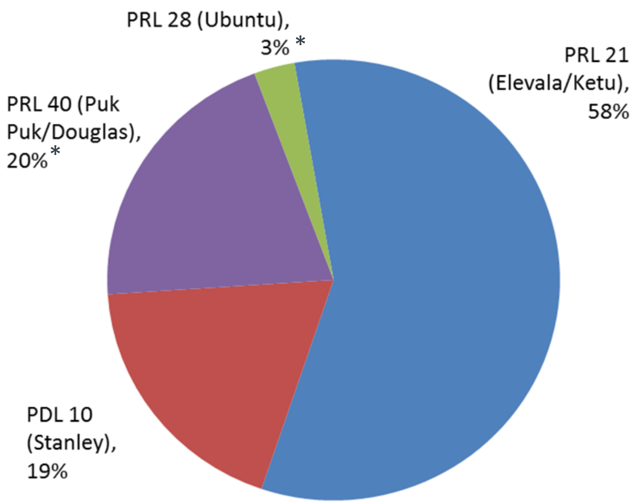
HZN	30% (Op)*
Repsol	37.5%
Kumul	20%*
P3GE	12.5%

PRL 40 (Puk Puk/Douglas:

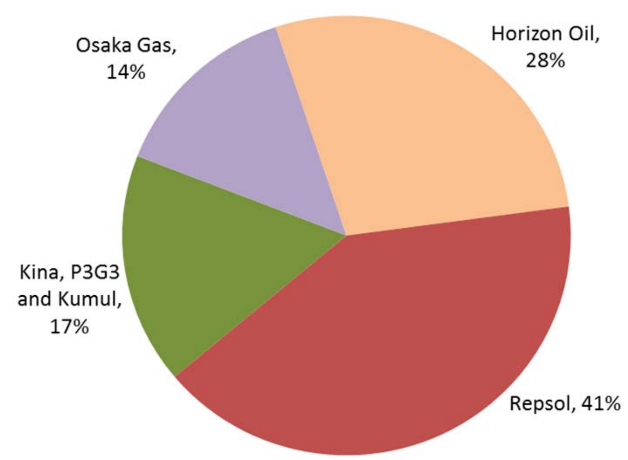
Repsol	60% (Op)
HZN	20%*
Kumul	20%*

* See HZN's market announcement of the transaction dated 18 July 2017

Appraised western foreland fields
– concentrated resource distribution and ownership



Field share of boe



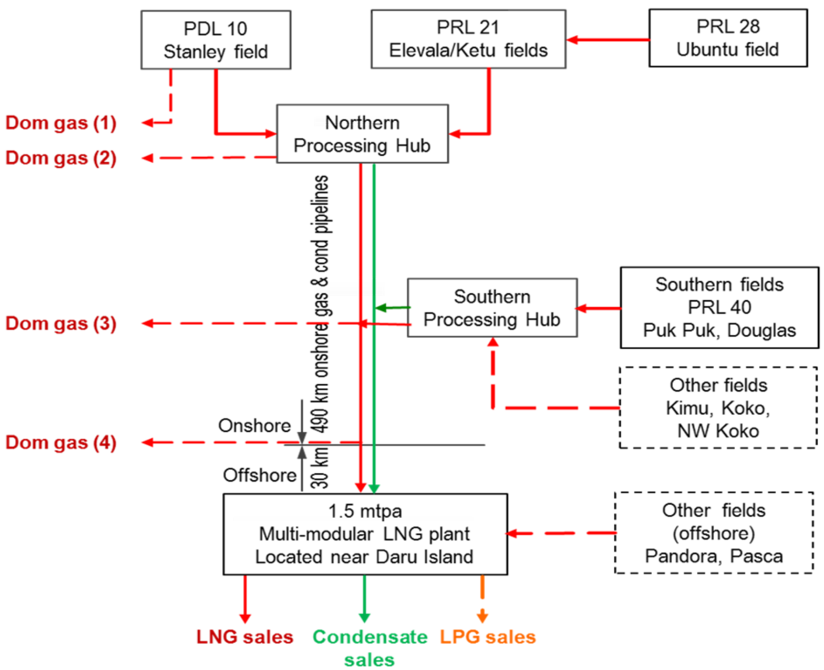
Participants' share of boe

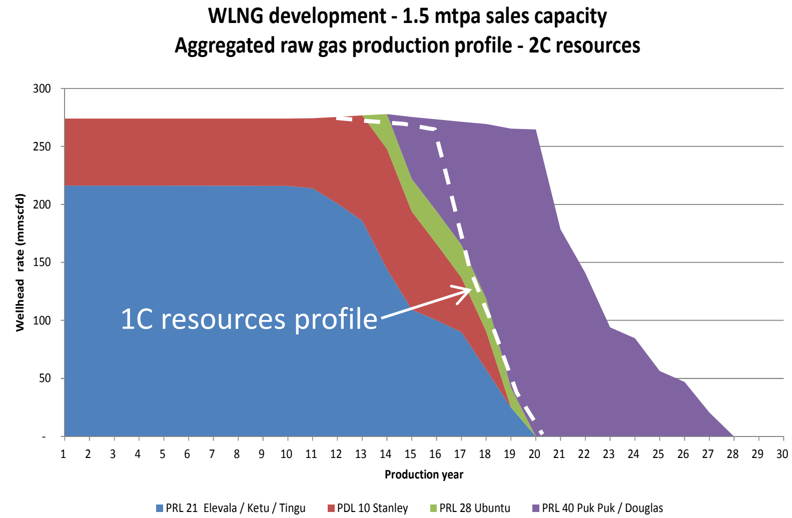
- Contingent resource (2C) : 2.0 – 2.5 tcf gas
  60 – 70 mmbbl condensate
- Horizon Oil and Repsol have a combined interest of 70% of the total resource and operate all the fields , which will facilitate aggregation
- Foundation gas concentrated in 2 licences

* See HZN's market announcement of the transaction dated 18 July 2017

Note: Petroleum resource ranges used in this presentation are based on Horizon Oil's 2017 Reserves and Resources Statement, announced on 29 August 2017

Western LNG development scheme





- Gas for the domestic PNG market available at multiple locations
- LNG, condensate and LPG available for PNG-based customers at liquefaction facility

Development scheme selection criteria

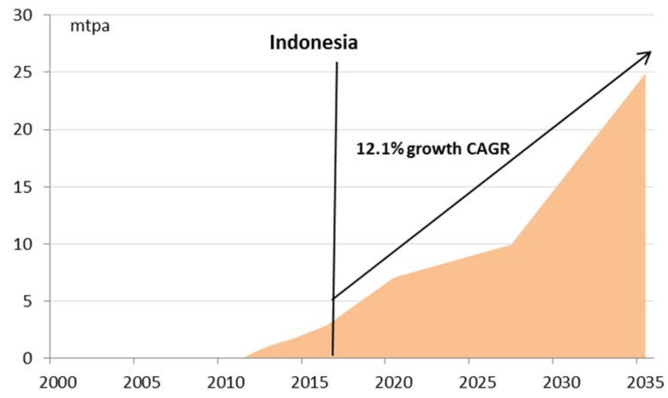
Upstream gas processing plant

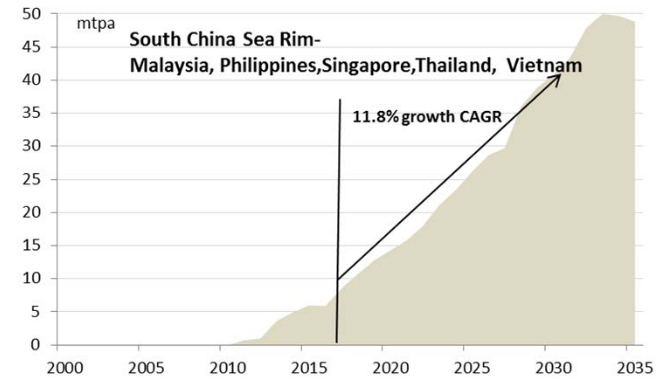
Gas and condensate export pipelines

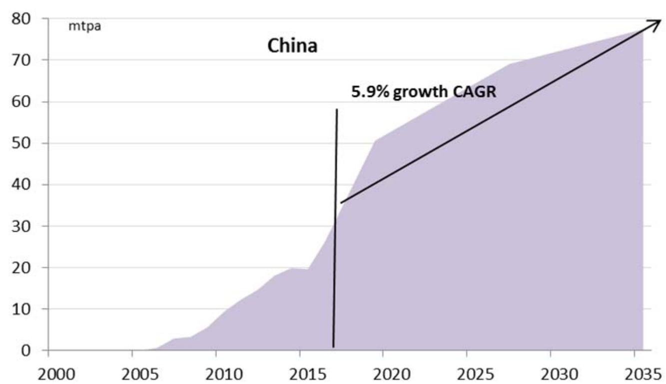
- Standalone development – 1.5 mtpa right-sized for appraised resource base
- Simple concept with lowest technical and execution risk
- Maximum use of standard, proven technology
- System uptime consistent with global LNG projects (90-95%)
- Utilisation of leading contractors, preferably with prior PNG experience

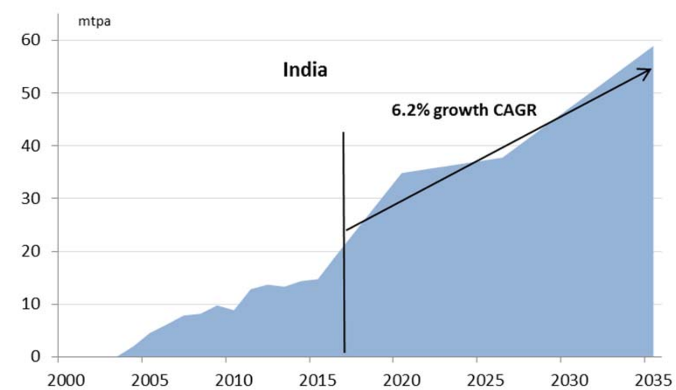
Near shore liquefaction facility

LNG demand forecast in target areas



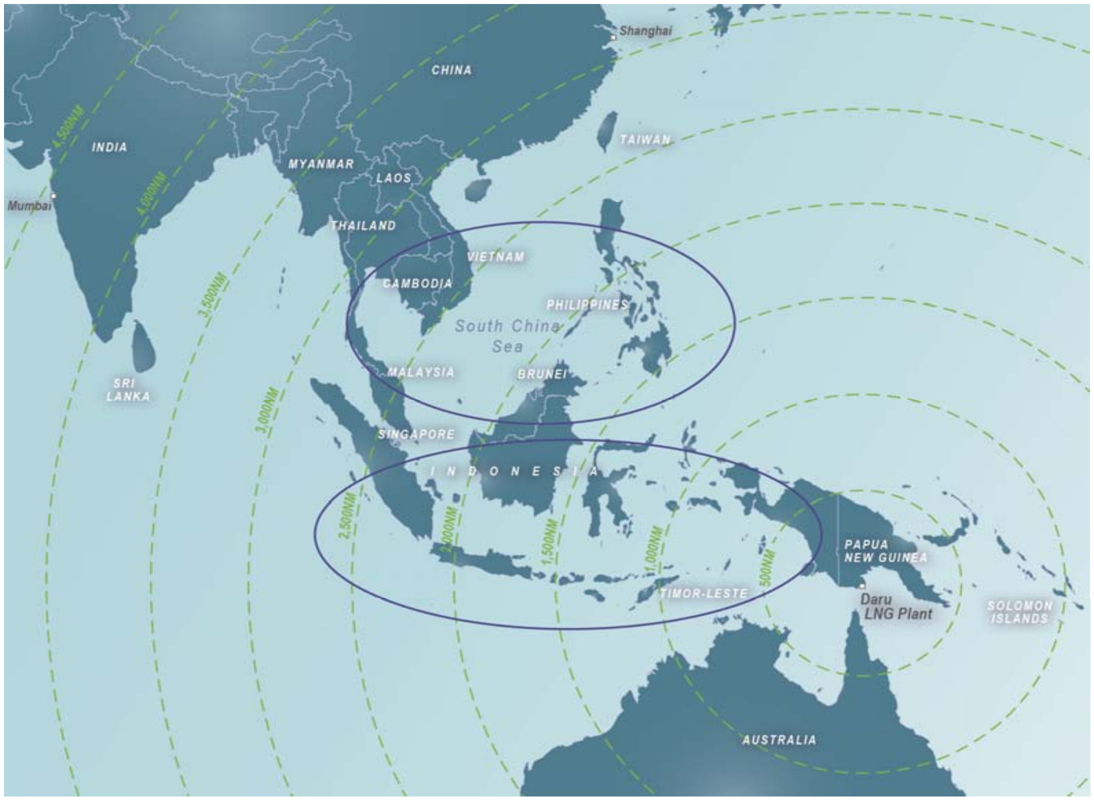






Source: WoodMac, LNG Tool, Q2 2017 dataset
Note: Stylised projections based on underlying annual forecasts

WLNG well-placed to supply emerging demand areas – Indonesia, South China Sea Rim, China, India



- Strong increase in demand forecast in emerging Asian economies, pointing to supply shortfalls from 2023
- Many new entrants seeking to import LNG to:
  - Offset decline in domestic gas supply
  - Displace liquid fuel for power generation
  - Diversify energy mix
- New buyers looking for flexible supply arrangements and smaller cargoes
- Advent of FSRUs will facilitate and expedite implementation of smaller projects

Western LNG project, PNG – key points

Horizon Oil

- Preliminary project economics are attractive, with 20+ year plateau production for 2C gas resource and economics strengthened by significant condensate production.
- 520 km gas and condensate pipelines will connect western foreland fields, containing appraised resources of 2.0 - 2.5 tcf gas and 60 - 70 million barrels of condensate, to a 1.5 mtpa (sales capacity) modular liquefaction facility to be located near-shore Daru Island.
- Pre-FEED contractors currently engaged on main project elements – upstream processing, pipelines and FLNG – with target completion end 2017. Target Basis of Design and FEED in 2018/19 and FID in 2019.
- Horizon Oil owns interests in all fields that will comprise the gas aggregation, equivalent to 28% of the total resource. Repsol owns 41% and the two companies operate all licences.
- Development scheme primary focus is on LNG and condensate sales, but also contemplates gas sales into the domestic market at multiple outlets and LPG sales, with resultant benefits to landowners, communities, Western Province and the State.
- Western LNG to target rapidly growing markets in nearby Indonesian Archipelago, South China Sea Rim, China and India; objective is to have project on stream in time to meet under-supply to these markets – forecast from 2023.

Outlook for 2018

Financial

- **Operating cash flows to significantly increase from Jan-18** with increased interest in Maari/Manaia, continuing steady production at Beibu Gulf fields, including cost recovery production entitlement and ongoing control of opex and capex
- **Continued focus on debt reduction**
- Continuing policy of **oil price hedging**: 750,000 barrels hedged over period Nov-17 to Dec-18 **at average ~US$58/bbl**

Block 22/12, offshore China

- Workover and drilling of 2 infill wells in WZ 12-8W field to commence in December 2017
- Completion of the Overall Development Plan and Final Investment Decision for the **WZ 12-8E** field development expected in 2017, **with first oil expected in 2019**

Maari/Manaia, offshore New Zealand

- **Complete acquisition of additional 16% interest*** and finalise insurance recoveries (**expected recovery of ~US$3 million**)
- **Further optimisation of oil production** through workover program and installation of multiphase pumps

WESTERN LNG - PDL 10 (Stanley), PRL 21 (Elevala/Ketu), PRL 28 (Ubuntu) and PRL 40 (Puk Puk/Douglas), Papua New Guinea

- **Progress the development concept for the Western Province gas aggregation and mid-scale LNG project** (WLNG) to Basis of Design and FEED (front-end-engineering and design) stage

* See HZN's announcement dated 6 Nov 2017

Horizon Oil

WESTERN LNG

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