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29 November 2017

The Manager, Company Announcements
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**HORIZON OIL (HZN)
PNG MINING AND PETROLEUM CONFERENCE PRESENTATION**

Please find attached Brent Emmett's presentation to the PNG Mining and Petroleum Conference held at The Stanley Hotel, Papua New Guinea today.

Yours faithfully,

Kylie Quinlivan
Corporate Counsel & Assistant Company Secretary

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Western LNG – Developing Western Province Gas

Brent Emmett CEO Horizon Oil Limited

PNG Mining and Petroleum Conference
28 – 30 Nov 2017

Session 5: Other proposed petroleum
developments and oil production

Disclaimer



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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 (General 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.

Presentation key points

- Where Western LNG sits in the Papua New Guinea LNG landscape
- Western Province hosts a large gas and condensate resource, well-defined by seismic, appraisal drilling and testing
- Planning for an uncomplicated, low-risk 1.5 mtpa LNG development and export scheme is at an advanced stage
- Western LNG will bring significant benefits to Western Province landowners and communities and to the State

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 over 4,000 bopd**, generating average annual **net operating cash flow of US\$50 – 60 million**:
 - 26.95% interest in Beibu Gulf fields, offshore China
 - 10% interest in Maari/Manaia fields, offshore New Zealand¹
 - Large gas and condensate resources onshore Papua New Guinea, with development plan firming
- **Entered Papua New Guinea in mid 1990s**, with small non-operated interests
- Increased interests in Stanley and Elevala/Ketu fields 2008 – 2013 and operated seismic, well testing and appraisal drilling programs **to prove up resource base**
- Acquired interests in Ubuntu and Puk Puk/Douglas fields in 2017²: current position 8 licences, 10,000 sq km
- **In 2017 began pre-FEED on Western LNG gas aggregation project**



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

Western LNG project, PNG – key points



- 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.

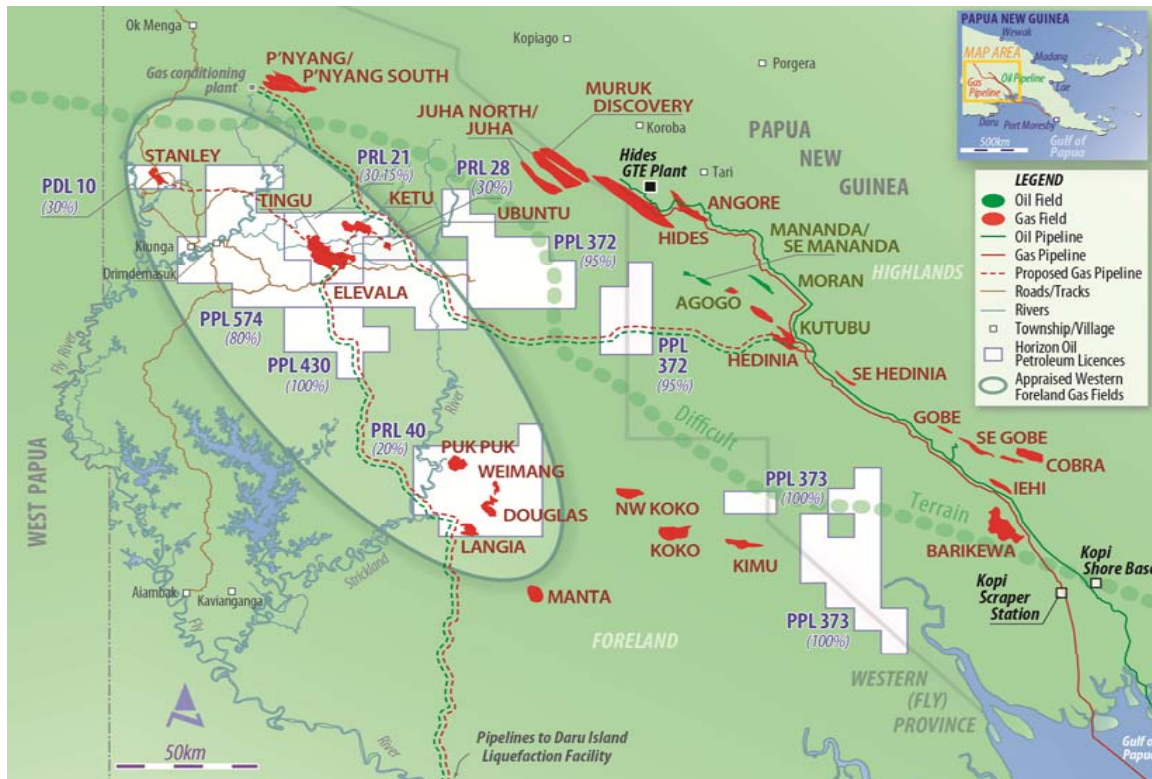
* See HZN's market announcement of the transaction dated 18 July 2017

Papua New Guinea's LNG landscape



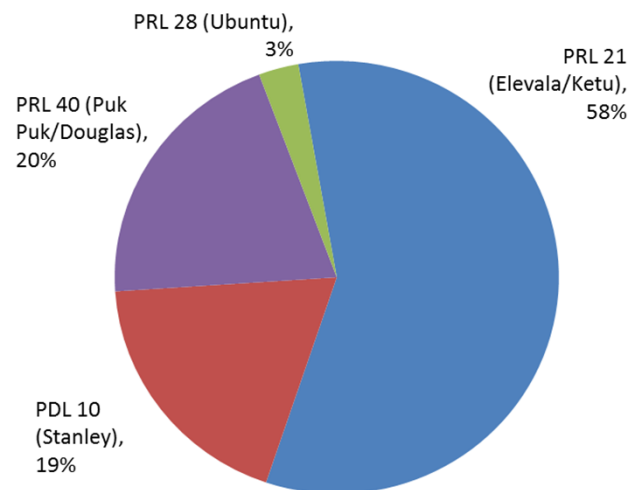
- PNG is a pro development jurisdiction with stable petroleum fiscal regime
- Rich mineral and petroleum province with a history of successful large scale resource projects delivery e.g. PNG LNG
- Jurisdiction well supported by the international banks
- Challenging logistics, however capital and operating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

Appraised western foreland fields to be aggregated for Western LNG

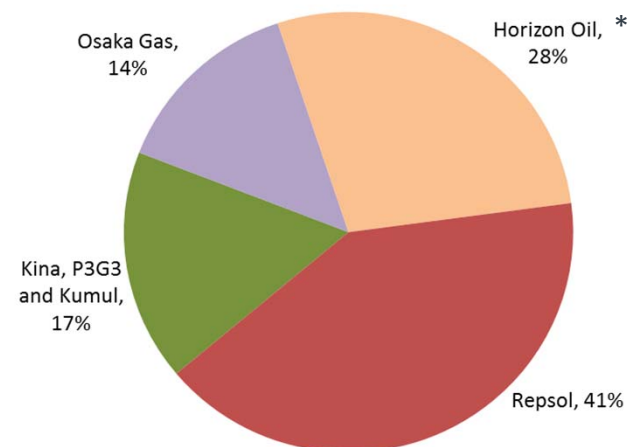


- Significant gas resource discovered and appraised in uncomplicated structures, with highly productive sandstone reservoirs
- High level of condensate and LPG contained in the gas
- Relatively easy surface access and terrain for field operations

Appraised western foreland fields – resource distribution and ownership



Field share of boe



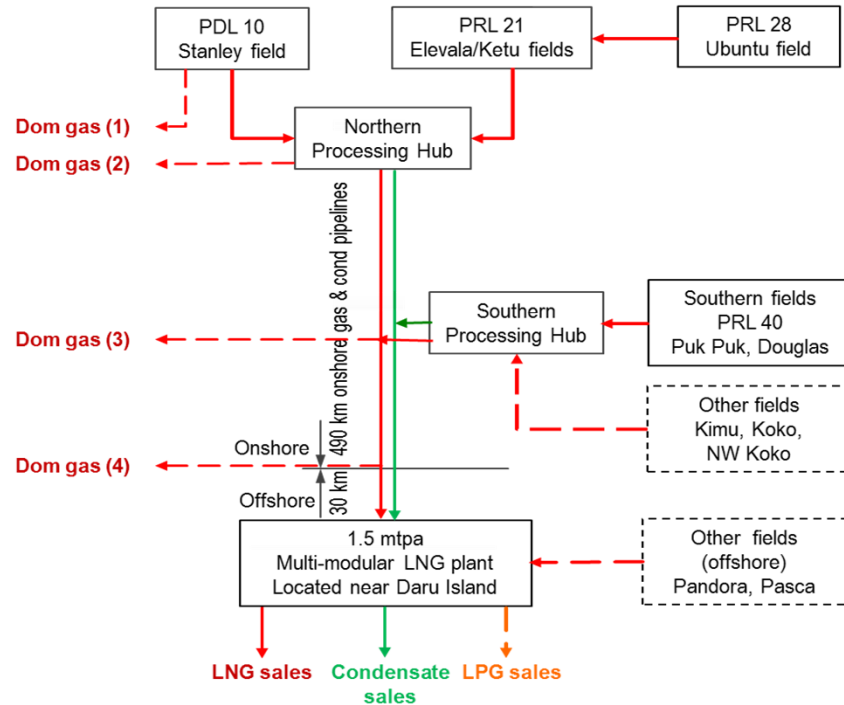
Participants' share of boe

- 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

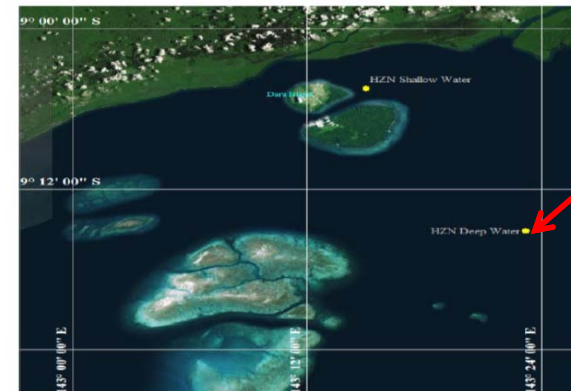
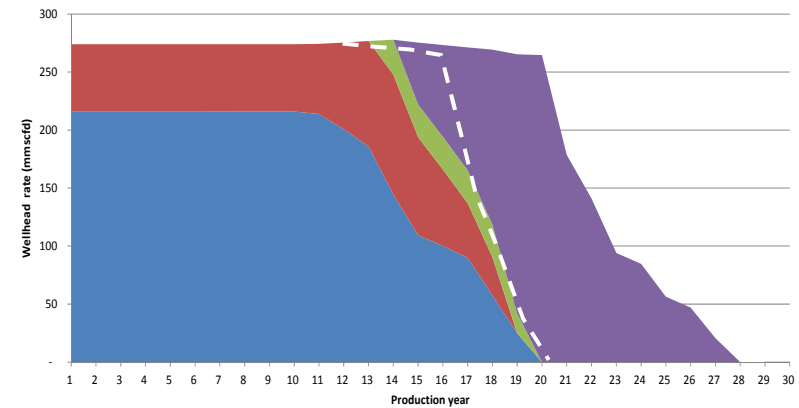
Note: Petroleum resource ranges used in this presentation are based on Horizon Oil's 2017 Reserves and Resources Statement, announced on 29 August 2017

Western LNG development scheme



- Gas for the domestic PNG market available at multiple offtake locations along pipeline route
- LNG, condensate and LPG available for PNG-based customers at liquefaction facility located near Daru island

WLNG development - 1.5 mtpa sales capacity
Aggregated raw gas production profile - 2C resources



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

Western LNG 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

Benefits – to landowners, communities and the State



- Creates long term employment and economic development opportunities in Western Province
- Powerful generator of tax revenue and export income for 20+ year project life and will reduce reliance on hard currency-funded imports
- Provides gas for power generation for PNG mines, industries and communities, as well as gas to PNG-located industrial consumers (e.g. methanol, fertilizer)
- Project infrastructure will benefit communities, the petroleum industry and other industries
- Potential to lift health and education standards

Horizon Oil's health and community initiatives



Water and sanitation



Remote area health patrols



Vocational training and life skills



Case based training for rural health workers



SISTERS OF MERCY IN AUSTRALIA & PAPUA NEW GUINEA

Our partners



Community health education




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