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

HORIZON OIL (HZN) SECURITIES TRADING POLICY

Pursuant to ASX Listing Rule 12.10, attached is Horizon Oil's revised Securities Trading Policy.

Yours faithfully

A handwritten signature in black ink, appearing to read "Kylie Quinlivan". The signature is fluid and cursive, with a long, sweeping tail.

Kylie Quinlivan
General Counsel and Company Secretary

For more information please contact:

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HORIZON OIL LIMITED

(ABN: 51 009 799 455)

SECURITIES TRADING POLICY

Approved by the Board on 21 August 2018

Background¹

In order to preserve the reputation and integrity of Horizon Oil Limited ("Horizon Oil"), it is vital that when people associated with Horizon Oil deal in the company's securities those dealings are not only fair, but are seen to be fair. When directors and employees deal in securities of Horizon Oil they must be sure that it does not reflect badly on them or Horizon Oil. The following policy is designed to avoid the possibility that misconceptions, misunderstandings or suspicions might arise.

The general scheme of this policy regarding allowable dealings by employees and directors in Horizon Oil's securities is that those persons should:

- never engage in short term trading of Horizon Oil's securities;
- not deal in Horizon Oil's securities while in possession of price sensitive information;
- notify the Company Secretary of any material intended transactions involving Horizon Oil's securities;
- not enter into a hedging arrangement or deal in a financial derivative (including options) relating to Horizon Oil securities; and
- restrict their buying and selling of Horizon Oil's securities within the 'trading window'.

The law imposes a number of significant restrictions on directors and employees of Horizon Oil when they deal in their Horizon Oil shares. As fiduciaries these corporate managers must not utilise their position for their own gain or for the gain of any person other than Horizon Oil.

The Corporations Act 2001 (Cth) imposes severe penalties (both criminal and civil) on persons who conduct insider trading activities. Perhaps more importantly, any perceptions of improper conduct by members of Horizon Oil has the potential to substantially damage Horizon Oil's reputation.

Employees, senior management and their related parties have implemented the policy set out in this document in an effort to prevent the incidence of insider trading in Horizon Oil securities. The policy provides a general summary of the law in Australia in relation to insider trading, and as such operates in addition to the legal requirements. It is the personal responsibility of each individual to comply with this policy.

This is an important document. If you do not understand any aspect of this policy, it is strongly recommended that you contact the Company Secretary or Assistant Company Secretary.

1. Overview of the insider trading provisions in the Corporations Act

It is illegal for anybody to deal in any securities of a body corporate (including Horizon Oil) when in possession of information that the person knows, or ought reasonably to know:

- is not generally available (including information that Horizon Oil has not disclosed to the market in accordance with Horizon Oil's Continuous Disclosure Policy); and
- might have a material effect on the price or value of those securities if it was generally available ("Inside Information").

This prohibition extends to procuring another person to deal and, in the case of securities of listed corporations, extends to communicating the inside information to another person, if the

¹ ASX Corporate Governance Council's revised Corporate Governance Principles and Recommendations 3rd edition

person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the securities in question or procure another person to do so.

“Dealing” includes applying for, acquiring or disposing of, or entering into an agreement to apply for, acquire or sell, securities, and “deal” has a corresponding meaning.

“Securities” include shares, derivatives and other financial products that can be traded on a financial market including financial products issued or created over Horizon Oil securities by third parties and products which operate to limit economic risk in securities holdings in Horizon Oil.

2. Confidentiality and Inside Information

A person in possession of Inside Information about Horizon Oil has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person. Confidentiality is also stressed in relation to external advisers.

3. Dealing with security analysts, institutional investors and journalists

You may be exposed to persons outside Horizon Oil such as security analysts, institutional investors and journalists. It is important that you be aware that selective disclosure of non-public information may result in a breach of the insider trading rules. Thus, if a report containing material non-public information concerning Horizon Oil was communicated only to local or trade journals and if full public disclosure of the information was not made at the same time, it is possible that this may give rise to breach of the Corporations Act.

It is important to stress that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed. For example, the confirmation of an analyst’s educated guess about a situation not known to the general public may be just as much a violation as the direct conveyance of information to an analyst. This is clearly the case even if the analyst’s case is based upon his or her independent and creative analysis of publicly available information.

Example:

At a luncheon attended at Johnson & Co’s offices security analysts from Sharp Dealing discussed generally with management the company’s declining earnings. At one point Mr Cautious reveals that a preliminary earnings statement would be released shortly, from which the analysts could deduce that earnings would be lower than expected. A week after the lunch on the basis of a follow up phone call from the security analysts, Mr Cautious confirmed that there was a good possibility that earnings would be down, and added that this information was confidential. In these circumstances, the first tip is likely to be considered immaterial, however, the second tip is, in all probability, material and a breach of this policy and the Corporations Act.

You convey information in breach of this policy and the Corporations Act by expressing subjective attitudes about Horizon Oil’s performance or by calling attention to disparate bits of information not available as an aggregate to the general public. It is essential to avoid the indirect conveyance of information by any means whatsoever.

If during the course of a discussion with an analyst, journalist or other outsider, material non-public information concerning Horizon Oil is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until Horizon Oil has made full public disclosure of that information. The

Company Secretary should be notified of the situation immediately so that a decision can be made regarding disclosure of the information. In view of the pitfalls inherent in responding to analyst's projections and questions regarding previously undisclosed operating results or other developments, no comment at all should be made on these matters except to correct serious factual errors in situations in which the facts are in the public domain.

4. Restrictions on trading

Directors, Senior Management, Other Employees and Consultants of Horizon Oil, whose positions expose or are likely to expose them to information regarding the Horizon Oil, being:

- the Board;
- the Chief Executive Officer of Horizon Oil;
- the Manager – Exploration and Development and the Chief Financial Officer;
- anyone else who is an Employee of, or Consultant to, Horizon Oil and / or any of its subsidiaries,

(collectively called “**Restricted Personnel**” for the purposes of this policy) are to be subject to restrictions on trading in Horizon Oil securities other than at certain times of the year. This includes any employee or consultant who may be exposed to Inside Information in the course of their duties.

5. Associated parties

Each person in Restricted Personnel has a personal responsibility to ensure that his or her “associated parties” (being immediate family including a spouse (or equivalent) or dependent), family company or trust) complies with the same respective restrictions as apply to Restricted Personnel of Horizon Oil.

Embargo on Restricted Personnel's dealing in Horizon Oil shares

In addition to the overriding prohibition on dealing when a person is in possession of Inside Information, Restricted Personnel and their associated parties are embargoed from dealing in Horizon Oil securities during the following periods:

- on 30 June up to and including the date upon which Horizon Oil gives to the ASX its full year financial results; and
- on 31 December up to and including the date upon which Horizon Oil gives to the ASX its half-yearly results.

If any member of Restricted Personnel is unsure as to the precise start and finish dates of these periods; they should consult the Company Secretary. For the avoidance of doubt, it is stressed that no dealing is to occur whilst in the possession of Inside Information - this restriction applies at all times.

Each Senior Manager, Employee and Consultant will be provided with a copy of this policy on approval of the policy by the Board and thereafter on the employment of new Employees and engagement of new Consultants. Within 10 days of receipt, each member of Restricted Personnel is required to return a copy of the policy with the following signed acknowledgment:

<i>[Date]</i>
<p>Horizon Oil [51 009 799 455] Attention: Company Secretary</p> <p>Securities trading policy <i>I have been supplied with a copy of Horizon Oil's securities trading policy. I have read and considered the contents of the policy.</i></p> <p><i>I give my unqualified undertaking to comply with the letter and the spirit of the policy in all my dealings with or on behalf of the Horizon Oil.</i></p> <p>Yours sincerely <i>[Name]</i></p>

6. Total embargo on “short-term” trading

In order to prevent the unfair use of information, Restricted Personnel are generally prohibited from short-term trading at all times. Short-term trading is a purchase and sale of the same securities within a six month period.

This embargo on short term trading may be excepted in some very limited circumstances for example, exercising options in employee share ownership plans, redemption of securities or certain other option exercises.

7. Exemption to trade during embargo period

The Board may, in exceptional circumstances only, approve any member of Restricted Personnel or his or her associated parties trading in Horizon Oil securities during an embargo period. An exemption will not be granted by the Board if it considers there is information that is not generally available, but if it were, would be likely to “materially affect” the price of Horizon Oil securities.

8. Board of directors’ discretion

The Board of Horizon Oil have an absolute discretion to place an embargo on Restricted Personnel and / or employees and / or their respective associated parties trading in Horizon Oil securities at any time.

9. Hedging

Restricted Personnel must not enter into a hedging arrangement, deal in a financial derivative (including options) or enter into any other arrangement to protect against or limit the risk associated with a holding of Horizon Oil securities.

10. Notification rules in relation to dealing in Horizon Oil securities

Restricted Personnel are required to notify the relevant Nominated Representative of Horizon Oil of intended dealings in securities, by themselves or their associated parties, of Horizon

Oil three days prior to such intended dealings. In the case of Directors, the Nominated Representative is the Chairman. In the case of all other Restricted Personnel, the Nominated Representative is the Company Secretary.

The notice must be in writing and shall include:

- name of security holder;
- proposed date of dealing;
- type of proposed transaction (purchase, sale, etc.); and
- number of securities involved.

Assuming the Nominated Representative does not advise that the intended dealing is prohibited, following completion of the proposed dealing, the member of Restricted Personnel must provide written confirmation to the relevant Nominated Representative that the dealing has occurred, and details of the price per security.

The Nominated Representative shall send a copy of the written notice and confirmation to the Company Secretary of Horizon Oil.

11. Directors to notify ASX of shareholding

The Directors of Horizon Oil are required to complete either Appendix 3X, 3Y or 3Z (as applicable) and provide it to Horizon Oil to be filed with the ASX in respect of their shareholding in Horizon Oil for the purposes of section 205G of the Corporations Act and Listing Rule 3.19A.

12. Disclosure

In order to maintain transparency, this policy is to be disclosed in its entirety and be made publicly available on the Horizon Oil website, consistent with the disclosure policy.

13. Breaches of policy

Any breaches of this policy will be severely dealt with and may lead to summary termination.