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5 November 2018

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

**HORIZON OIL (HZN) REFINANCING ARRANGEMENTS -
NEW US\$95 MILLION SENIOR DEBT FACILITY AND
REPAYMENT OF REMAINING US\$20 MILLION SUBORDINATED DEBT**

Horizon Oil advises that it has entered into a new senior debt facility with ANZ, Westpac and Industrial and Commercial Bank of China (ICBC). The facility agreement was signed on 5 November 2018.

The proceeds of the new facility will be applied to repay the Company's remaining US\$20 million subordinated debt and retire the residual balance of US\$76.2 million of Horizon Oil's existing senior debt facility with ANZ and Westpac which matures in May 2019.

Terms of new facility

The new senior debt facility, which is structured as a reserves base lending facility, has a maturity date of July 2022 and provides improved terms compared with the existing senior and subordinated debt facilities it replaces.

The interest rate under the new facility is LIBOR plus 2.75%, halving the composite funding costs under the existing senior and subordinated debt facilities. Further, the lender security is limited to Horizon Oil's producing oil assets and customary corporate guarantees for a reserves base lending facility, with Horizon Oil's substantial gas and condensate interests in PNG not subject to charges in favour of the lenders.

CHIEF EXECUTIVE OFFICER, MICHAEL SHERIDAN'S COMMENTS

The new senior debt facility is an important component of Horizon Oil's program of continued debt reduction. The new debt facility consolidates the residual balances of the existing senior and subordinated debt facilities, provides a lower cost of funds, simplifies the Company's capital structure and extends the term over which the residual debt may be repaid. The improved terms of the debt facility are an outcome of the substantial forecast cashflows from Horizon Oil's conventional oil production projects in China and New Zealand. As noted in our recent quarterly report, net debt at 30 September 2018 had been reduced to US\$74.6

million, approximately equivalent to the Company's forecast calendar 2018 EBITDAX, and the debt will continue to be materially reduced over the next 12 months.

Horizon Oil is pleased to maintain its banking relationships with ANZ and Westpac and welcomes ICBC to its lender group. We purposely sought to strengthen our relationship with a Chinese bank given the majority of Horizon Oil's cashflow is generated in China and the advantages of such relationships taking into account our material gas and condensate resources in Papua New Guinea.



Michael Sheridan
Chief Executive Officer

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