HORIZON OIL LIMITED / ABN 51 009 799 455

Half Year Results Presentation 2019

20 February 2019

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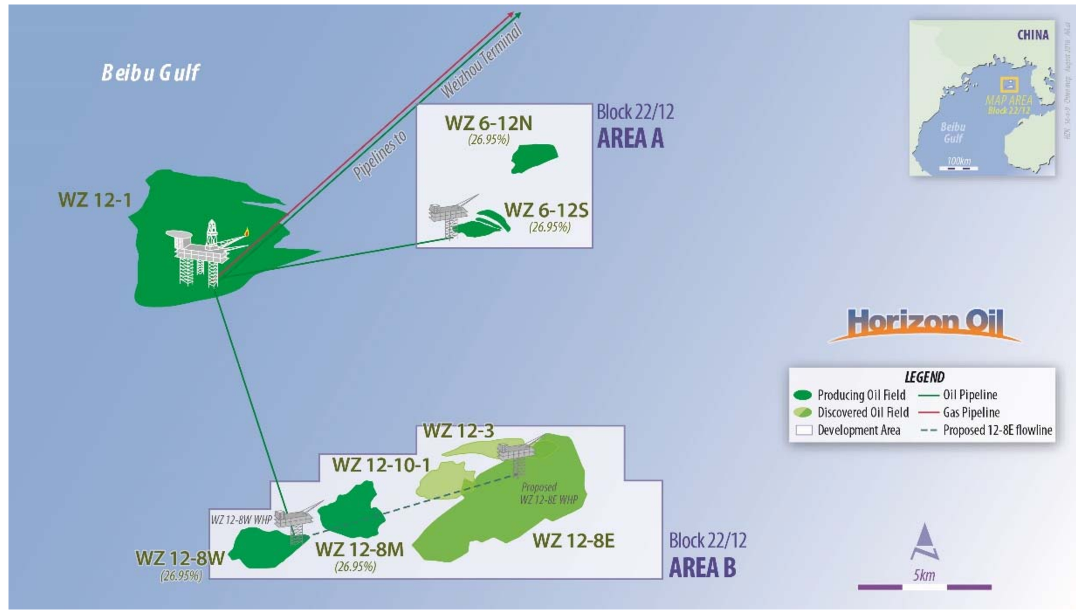
- In this presentation, references are made to EBITDAX, underlying profit and net operating cashflow, which are financial measures which are not prescribed by Australian Accounting Standards.
  - EBITDAX represents the profit adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments)
  - Underlying profit represents the profit adjusted for the unrealised movement in the value of options issued under the subordinated loan facility
  - Net operating cash flow represents revenue after operating costs, excluding non-cash amortisation and inventory adjustments
- All dollars in the presentation are United States dollars unless otherwise noted.
- Unless otherwise stated, all petroleum reserves and resource estimates refer to those estimates as set out in the Horizon Oil's Reserves and Resources Statement as at the balance date (i.e. 30 June) as most recently released to ASX. Horizon Oil is not aware of any new information or data that materially affects the information included in this presentation. All the material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.
- This presentation should be read in conjunction with the 2018 Reserves and Resources Statement, the 2018 Annual Financial Report and the 2019 Half Year Financial Report.

2019 Half Year Highlights

- Oil sales volume of 1.0 million barrels 54% higher than HY 2018, with calendar year sales volumes of 2.0 million barrels
- Sales revenue before hedge settlements of US$70.3 million 88% higher than HY 2018, with calendar year sales revenue of US$139.1 million
- Low operating costs sustained at below US$20/bbl sold, and free cashflow breakeven (inclusive of capital expenditure, corporate, financing costs and tax), at US$36/bbl sold
- Net operating cash flow from oil sales after operating expense of US$47.2 million 77% higher than HY 2018, with calendar year net operating cash flow of US$95.6 million
- EBITDAX of US$44.3 million 81% higher than HY 2018, with calendar year EBITDAX of US$88.3 million
- Net debt reduced by US$24.4 million in the half year to US$64.2 million (from US$88.6 million at 30 June 2018), with US$20.4 million cash on hand; net debt reduced by US$30.1 million over calendar year 2018
- Financial close achieved on new US$95 million senior debt facility resulting in repayment of both the existing senior and subordinated debt facilities, with substantially reduced interest costs at 2.75% plus LIBOR
- Good progress on WZ 12-8E development planning, CNOOC anticipating FID in 2019 with first production targeted in early 2021

Operational Results - China

- Production from the Group's interest in the Beibu Gulf fields increased 26% on the prior half year to 523,141 barrels of oil, with crude oil sales increasing 35% to 716,731 barrels
- Two infill wells were drilled on the WZ 12-8W and WZ 12-8M fields. The wells were brought into production during August 2018 with initial flow rates of 3,500 bopd (gross), currently sustained at approximately 3,000 bopd
- Beibu Gulf operating costs remained below US$10 per bbl sold during the period
- Good progress on WZ 12-8E development planning – key milestone achieved on completion of CNOOC special experts' review, FID anticipated in 2019 with first production targeted in early 2021



Block 22/12 – Producing WZ 6-12/12-8W	
HZN	26.95%
CNOOC	51.00% (Op.)
Fosun/Roc	19.60%
Majuko Corp	2.45%

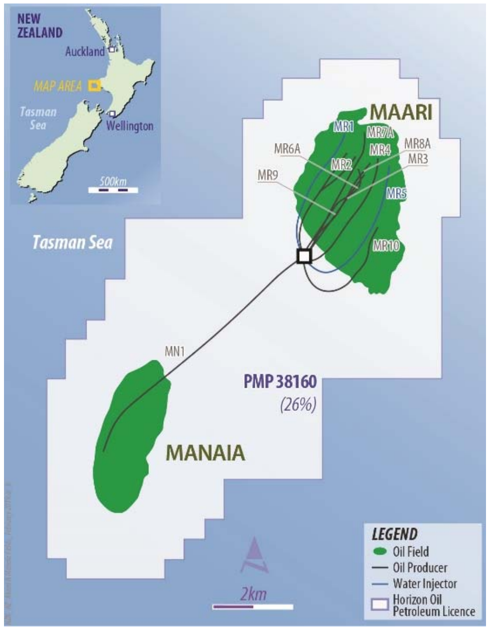
Reserves and Contingent Resources as at 30/06/18 (mmbbl)	100% Basis		Horizon Oil Share	
	2P	2C	2P	2C
Block 22/12	17.1	11.8	4.5	3.0

Operational Results – New Zealand

- Production from the Group's interest in the Maari/Manaia fields increased 100% on the prior half year to 278,763 barrels of oil, with crude oil sales increasing 130% to 304,487 barrels following the acquisition of an additional 16% interest effective 31 December 2017

- Joint venture focus on production optimisation and operating cost reductions able to be derived from ownership of FPSO

- Continued evaluation of opportunities for further improved production and overall recovery rates from water injection optimisation following successful conversion of the MR 5 production well to a water injector during the period



PMP 38160 - Maari/Manaia	
HZN	26.00%
OMV	69.00% (Op)
CUE	5.00%

Reserves and Contingent Resources as at 30/06/18 (mmbbl)	100% Basis		Horizon Oil Share	
	2P	2C	2P	2C
PMP 38160 -Maari/Manaia	17.1	16.4	4.5	4.3

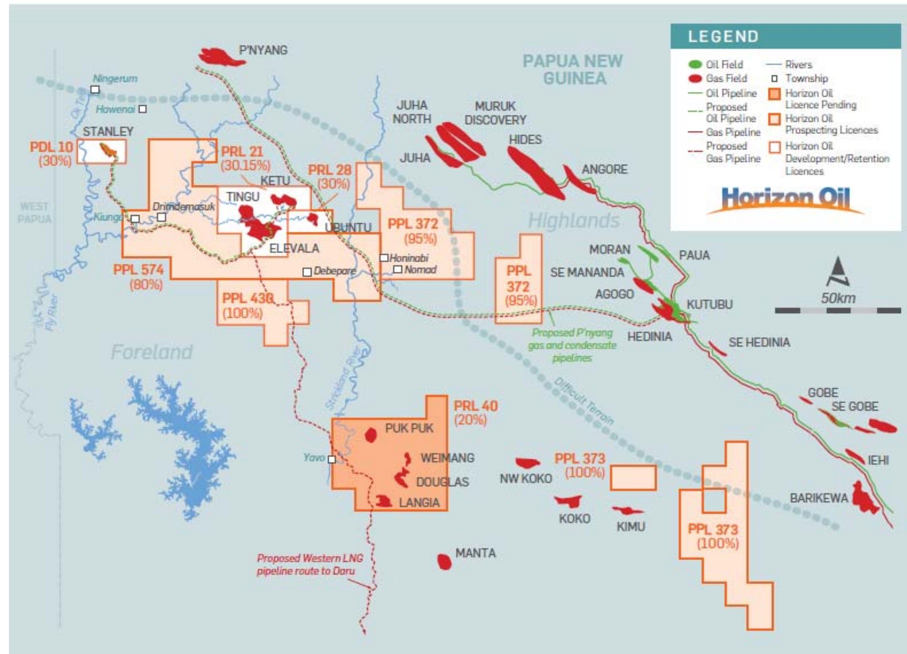
Operational Results – Papua New Guinea

- Horizon Oil holds material interests in all four fields that will supply the proposed Western LNG project and has an ~30% interest in the total gross audited resources including 64 mmbbls of condensate and ~2,200 PJ of sales gas

- Proposed PNG Gas Policy to enable third party access to P'nyang to Kutubu pipeline

- Planning for the proposed Western LNG development project progressed: technical viability of selected project concept and cost estimates confirmed

- Progressing commercialisation pathways for Horizon Oil's material gas and condensate resources in PNG through Western LNG or the emerging opportunity for potential third party access to gas and condensate pipelines proposed as part of PNG LNG's planned expansion



PDL 10 (Stanley)	
HZN	30.00%
Repsol	40.00% (Op)
Osaka Gas	20.00%
Kumul	10.00%

PRL 21 (Elevala/Ketu)	
HZN	30.15% (Op)
Repsol	35.10%
Osaka Gas	18.00%
Kina	16.75%

PRL 28 (Ubuntu)	
HZN	30.00% (Op)
Repsol	37.50%
Kumul	20.00%*
P3GE	12.50%

PRL 40 (Puk Puk/Douglas)	
Repsol	60.00% (Op)
HZN	20.00%*
Kumul	20.00%*

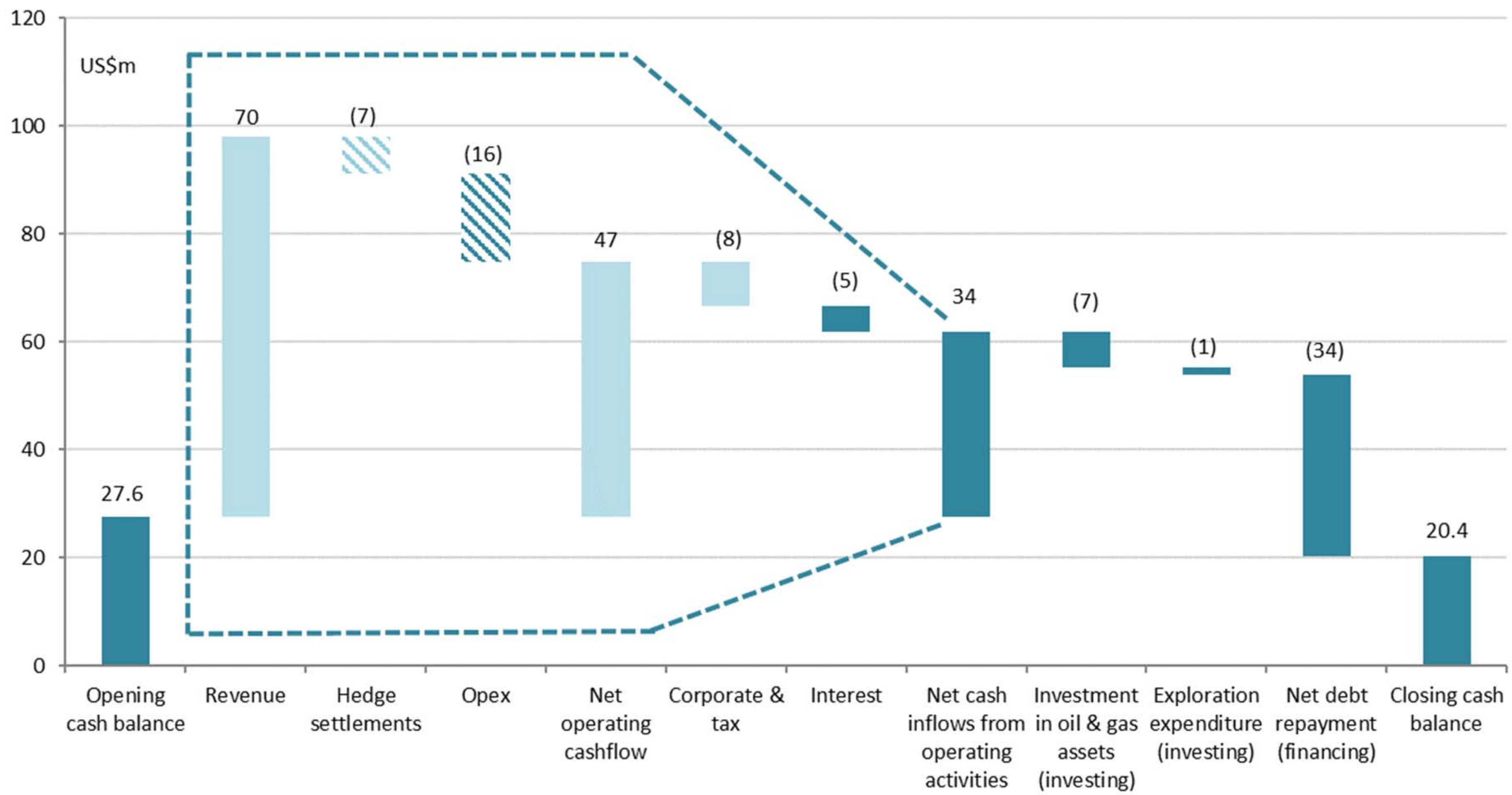
**The Group will exchange a 20% interest in PRL 28 for a 20% interest in PRL 40 (Puk Puk, Douglas, Langia and Weimang gas fields) in a trade with Kumul Petroleum Holdings, PNG's national oil company. Completion of this transaction is conditional on customary PNG Government approvals*

Financial Overview

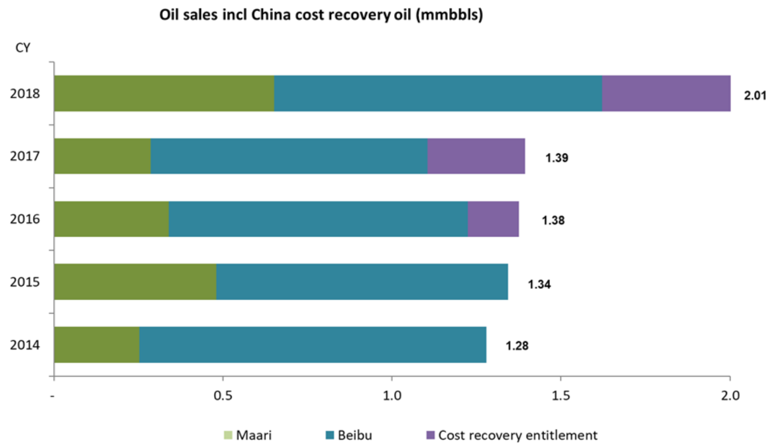
(US$ million)	HY 2019	HY 2018	Δ	Δ (%)
Sales Volume (mbbl)	1,021.2	662.1	359.1	54%
Production Volume (mbbl)	801.9	556.1	245.8	44%
Revenue	**63.6**	**36.4**	**27.2**	**75%**
EBITDAX	**44.3**	**24.5**	**19.8**	**81%**
Statutory Profit / (Loss) after tax	**20.1**	**(9.5)**	**29.7**	**311%**
Less: Financing costs (Unrealised movement in value of options)	11.4	(9.2)	20.6	224%
Underlying profit / (loss) after tax	**8.7**	**(0.4)**	**9.1**	**>1000%**
Cash flow from operating activities	**34.3**	**24.3**	10.0	41%
Net debt	**64.2**	**94.3**	**(30.1)**	**(32%)**
Closing cash	20.4	31.7	(11.3)	(36%)

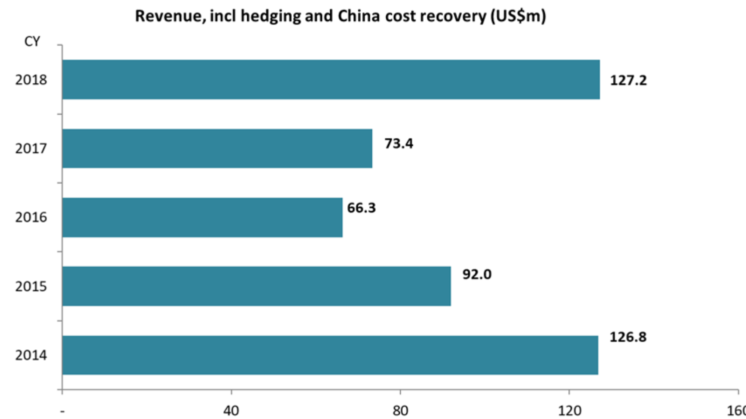
- Material increase in sales and production volumes
- Robust and material increases in revenue, EBITDAX, profit and cashflow generation
- Underlying profit before tax of US$8.7 million, adjusted for unrealised non-cash financing cost
- Net debt reduced by US$30.1 million, after funding Maari/Manaia fields acquisition using internally generated cashflow

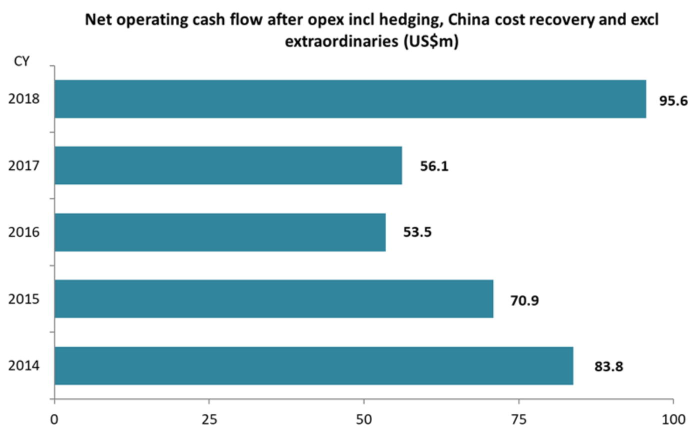
Key Half Year Cashflow Drivers

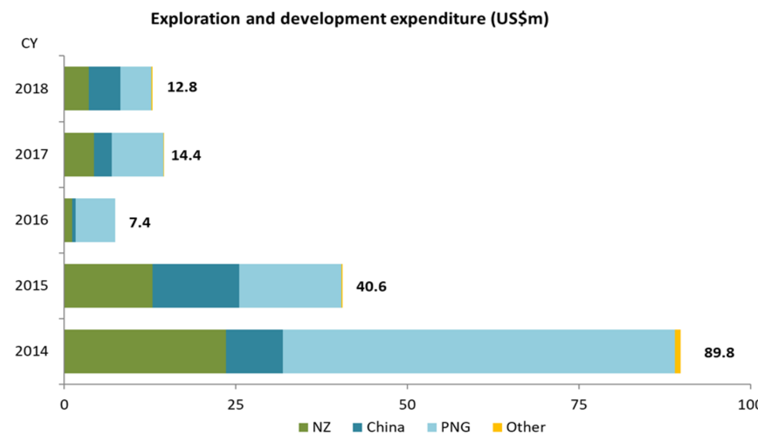


Full Year Performance









2019 Outlook

Financial

- Continued strong operating cash flows supported by developed, low cost, conventional oil fields
- Progressive reduction in debt, forecast in excess of US$30 million in CY19

Block 22/12, China

- Continued higher production entitlement (~35% share of production) through the remainder of FY 2019
- Further infill well opportunities being matured for drilling in late 2019 / 2020
- Final investment decision of the proposed WZ 12-8E phased development, providing access to gross contingent resources of 11.8 mmbbl

Maari/Manaia, New Zealand

- Further optimise oil production through workovers and water injection conversion program, and operating cost reductions

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

- Progressing commercialisation pathways for Horizon Oil's material gas and condensate resources in PNG through Western LNG or the emerging opportunity for potential third party access to gas and condensate pipelines proposed as part of PNG LNG's planned expansion

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