

Notice of 2019 Annual General Meeting



Notice is given that the Annual General Meeting (AGM) of members of Horizon Oil Limited ACN 009 799 455 (**Horizon Oil** or the **Company**) will be held:

Date: Friday, 22 November 2019

Time: 10.00am (Sydney time)

Venue: Mezzanine Level, Robinson/William Room, The Sydney Boulevard Hotel, 90 William Street, Sydney, New South Wales, 2011

BUSINESS

1. Financial Report, Directors' Report and Independent Auditor's Report

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of the Company for the year ended 30 June 2019.

Note: There is no requirement for members to approve these reports.

2. Remuneration Report

To consider and, if thought appropriate, to pass the following as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2019 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Company or the directors.

Voting exclusion statement

The Company will disregard any votes cast on this Resolution 2:

- by or on behalf of a member of the Company's key management personnel (**KMP**), named in the Remuneration Report for the year ended 30 June 2019, or by any of their closely related parties (such as certain of their family members, dependants and companies they control) regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or that KMP's closely related party

unless the vote is cast as a proxy for a person who is entitled to vote on this Resolution 2:

- in accordance with their directions on how to vote on this resolution in the proxy form; or
- by the Chairman and the proxy form expressly authorises the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP for the Company.

3. Election of directors

To consider and, if thought appropriate, to pass the following ordinary resolutions:

- A. "That Ms Sandra Birkensleigh, a non-executive director retiring in accordance with the Company's Constitution, being eligible, is re-elected as a non-executive director of the Company."
- B. "That Mr Michael Harding, who was appointed as a non-executive director of the Company, effective 28 November 2018 in accordance with the Company's Constitution, and being eligible, is elected as a non-executive director of the Company."
- C. "That Mr Christopher Hodge, who was appointed as a non-executive director of the Company, effective 11 April 2019 in accordance with the Company's Constitution, and being eligible, is elected as a non-executive director of the Company."

Note: Each resolution will be voted on separately. Details of the qualification and experience of each of the candidates are set out in the Explanatory Notes. The non-candidate directors unanimously support the re-election of Ms Birkensleigh and the election of Mr Harding and Mr Hodge.

4. Approval of 2019 grant of long-term incentives (LTIs) to Mr Michael Sheridan, Managing Director and Chief Executive Officer

To consider and, if thought appropriate, to pass the following as an ordinary resolution:

"That approval is given for all purposes under the Corporations Act and the Listing Rules of the ASX, including Listing Rule 10.14, for the grant of up to 6,508,496 securities (including share appreciation rights (**SARs**) and shares which may be issued as a result of the exercise or vesting of SARs) to the Managing Director and Chief Executive Officer, Mr Michael Sheridan, in accordance with the terms of his employment agreement and as set out in the accompanying Explanatory Notes."

Voting exclusion statement

The Company will disregard any votes cast on this Resolution 4:

- in favour of the resolution by or on behalf of Mr Sheridan or an associate of Mr Sheridan regardless of the capacity in which the vote is cast; or
- on this resolution as a proxy by a person who is a member of the Company's KMP at the date of the meeting or that KMP's closely related party

unless the vote is cast as a proxy for a person who is entitled to vote on this Resolution 4:

- in accordance with their directions on how to vote on this resolution in the proxy form; or
- by the Chairman and the proxy form expressly authorises the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP for the Company.

5. Renewal of proportional takeover provisions

To consider and, if thought appropriate, to pass the following as a special resolution:

"That Article 6.2 of the Company's Constitution be renewed for a period of three years in accordance with Part 6.5 of the Corporations Act, with effect from the date of the meeting."

Note: Further information in relation to this resolution is set out in the Explanatory Notes.

By order of the Board

Kylie Quinlivan
Company Secretary
14 October 2019

KEY DATES

Eligibility to attend and vote

You will be eligible to attend and vote at the meeting if you are registered as a holder of Horizon Oil shares at 7.00pm (Sydney time) on Wednesday 20 November 2019.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Last date to submit Voting Form

Your completed Proxy Form must be received by no later than 10.00am on Wednesday 20 November 2019.

Notice of 2019 Annual General Meeting (Cont'd.)

MEETING NOTES

The Chairman intends to vote all undirected proxies on, and in favour of all resolutions set out in this Notice.

The Chairman will call a poll for all proposed resolutions. Please refer to the Explanatory Notes for further information on the proposed resolutions.

The *Corporations Act* and Listing Rules prohibits certain persons from voting on items 2 and 4 of business. The voting exclusion statements relating to these items of business are set out in the Notice of Meeting.

QUESTIONS AT THE MEETING

Members may direct questions during the meeting to the Chairman about operations and management of Horizon Oil, or to Horizon Oil's auditor about the content of the auditor's report and the conduct of the audit.

Questions should be submitted no later than Friday 15 November 2019 to:

The Company Secretary
Level 6, 134 William Street
Woolloomooloo NSW Australia 2011

Copies of the questions, if any, to the Company's auditor will be available at or before the 2019 AGM.

ANNUAL REPORT

Horizon Oil's 2019 Annual Report is available on the Horizon Oil website at www.horizonoil.com.au

HOW TO VOTE

Shareholders can vote on items of business by:

- attending the meeting; or
- appointing a proxy, representative or attorney to attend the meeting and vote on their behalf.

APPOINTING A PROXY

1. A proxy form is attached.
2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies.
3. If you are a member entitled to attend and vote, you are entitled to appoint a proxy to attend and vote on your behalf. If you are a member entitled to attend and cast two or more votes, you are entitled to appoint no more than two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which, each may exercise half of the votes. A proxy need not be a member of the Company.
4. If you want to appoint one proxy, please use the proxy form provided. If you want to appoint two proxies, please follow the instructions on the proxy form.
5. The Chairman intends to put each resolution set out in this Notice of Meeting for decision by poll. On a poll, shareholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if a proxy has been appointed, that proxy will have one vote on a show of hands. On a show of hands, every person present and qualified to vote has one vote and if a proxy has been appointed, that proxy will have one vote on a show of hands. Under the *Corporations Act*, if a shareholder appoints two proxies, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.
6. If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the *Corporations Act 2001* (Cth) to exercise its powers as proxy at the AGM. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at www.computershare.com.au

7. If you appoint the Chairman of the meeting as your proxy, and you fail to provide a voting direction in respect of Items 2 or 4 on the proxy form (which you may do by ticking 'For', 'Against' or 'Abstain' opposite Items 2 or 4, as applicable, on the proxy form), you are expressly authorising the Chairman of the meeting to vote in favour of Items 2 or 4, as applicable, even if that resolution is connected directly or indirectly with the remuneration of directors or members of the KMP of the Company. Subject to any applicable laws or voting exclusions, the Chairman intends to vote all available proxies in favour of the resolutions in this Notice of Meeting (including Items 2 and 4).
8. A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 10.00am (Sydney time) on Wednesday 20 November 2019 being 48 hours before the AGM.
9. To be effective, the proxy form must be received by the Share Registry of the Company by online submission or at the address or facsimile number below, not later than 10.00am (Sydney time) on Wednesday, 20 November 2019, being 48 hours before the commencement of the meeting.
10. To be effective, the proxy form must be received at the Share Registry of the Company no later than 10.00am (Sydney time) on Wednesday, 20 November 2019 or by the Company at its registered office, Level 6, 134 William Street, Woolloomooloo NSW 2011. Proxies must be received before that time by one of the following methods:

Online: www.investorvote.com.au

By Mobile: Scan the QR Code on your Proxy form and follow the prompts

By Mail: Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001 Australia

By fax: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

Custodian Voting: For Intermediary Online subscribers only
(custodians) please visit www.intermediaryonline.com to submit your voting intentions

For all enquiries call: (within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

To be valid, a proxy form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

CHAIRMAN'S DEEMED APPOINTMENT AS PROXY

There are some circumstances where the Chairman of the meeting will be taken to have been appointed as a member's proxy for the purposes of voting on a particular resolution even if the member has not expressly appointed the Chairman of the meeting as their proxy. This will be the case where:

- The appointment of the proxy specifies the way the proxy is to vote on a particular resolution; and
- The appointed proxy is not the Chairman of the meeting; and
- A poll is called on the resolution; and
- Either of the following applies:
 - The proxy is not recorded as attending the meeting; or
 - The proxy attends the meeting but does not vote on the resolution.

UNDIRECTED PROXIES

If you appoint the Chairman of the meeting as your proxy (including by default) and you do not specify how the proxy is to vote, you expressly authorise the Chairman to exercise your proxy, even if, in the case of Items 2 and 4, where the resolutions are connected directly or indirectly with the remuneration of one or more members of the KMP, which includes the Chairman.

Explanatory notes

The explanatory notes that follow provide important information regarding the items of business proposed for the Horizon Oil 2019 Annual General Meeting.

Items of business

1. Financial Report, Directors' Report and Independent Auditor's Report

The 2019 Annual Report (which includes the Financial Report, the Director's Report and the Independent Auditor's report) has been made available to members. A copy of the report is available at the Company's website www.horizonoil.com.au

There is no requirement for members to approve these reports. However, the Chairman will allow a reasonable opportunity for members to ask questions or make comments about the reports and the management of the Company. A reasonable opportunity will also be given to members, as a whole, to ask the auditor, or their representative, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

2. Remuneration Report

The Remuneration Report is contained in the Directors' Report of the Company's 2019 Annual Report. A copy of the 2019 Annual Report is available on the Company's website (www.horizonoil.com.au).

The Remuneration Report:

- > explains the principles used by the board to determine the nature and amount of remuneration of directors and executives; and
- > sets out remuneration details for each director and other KMP.

The Chairman will give members a reasonable opportunity to ask questions about or make comments on the Remuneration Report. The Corporations Act requires the Company to propose a resolution that the Remuneration Report be adopted.

The vote on this item is advisory only and does not bind the Company or the directors. However, the board will take the outcome of this vote into consideration when reviewing the remuneration practices and policies of the Company.

The *Corporations Act* prohibits certain persons from voting on this item of business. The voting exclusion statement relating to this item of business is set out in the Notice of Meeting.

Board recommendation

The non-executive directors unanimously recommend that the members vote **in favour** of this resolution (Remuneration Report). The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

3. Election of directors

Item 3 (A) Re-election of Ms Sandra Birkenleigh

Ms Birkenleigh is an independent non-executive director who is retiring by rotation in accordance with the Company's Constitution. She is eligible to be re-elected as a director of the Company and intends to offer herself for re-election with the unanimous support of the other directors.

Ms Birkenleigh was appointed as a director in 2016 and has extensive experience in financial services and risk management, compliance and corporate governance. She was formerly a Global Lead for Governance Risk & Compliance at PricewaterhouseCoopers (PwC); a National Lead Partner Risk and Controls Solutions and a Service Team Leader for Performance Improvement. Ms Birkenleigh is currently a non-executive director of Auswide Bank Limited, MLC Limited, 7-11 Holdings and its subsidiaries, National Disability Insurance Agency and the Sunshine Coast Children's Therapy Centre, an independent member of the Audit Committee of the Reserve Bank of Australia, a member of the Council of University of the Sunshine Coast and Chair of

its Audit and Risk Committee and Chair of the Audit and Risk committee of the Public Trustee of Queensland.

She is chairman of the Audit Committee and a member of the Risk Management, and Remuneration and Nomination Committees.

Board recommendation

The directors, in the absence of Ms Birkenleigh, unanimously recommend that the members vote **in favour** of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Item 3 (B) Election of Mr Michael Harding

Mr Harding was appointed to the position of non-executive director, effective 28 November 2018. Mr Harding joins Horizon Oil as an independent director.

Mr Harding has extensive international experience with British Petroleum (BP) in exploration, production and business management. He has held management positions around the world with BP and particularly associated with gas strategy, business performance, human resource management, and governance in the Asia Pacific region. He was responsible for significant upstream businesses in Australia, Azerbaijan, PNG and the UK. Mr Harding is currently a non-executive director and chairman of Lynas Corporation Limited, a non-executive director and chairman of Downer EDI Limited, and a non-executive director of Cleanaway Waste Management Limited. Mr Harding holds a Masters in Science, majoring in mechanical engineering.

Mr Harding is Chairman of Board and a member of the Audit Committee, Remuneration and Nomination, and Disclosure Committees.

Board recommendation

The directors, in the absence of Mr Harding, unanimously recommend that the members vote in favour of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Item 3 (C) Election of Mr Christopher Hodge

Mr Hodge was appointed to the position of non-executive director, effective 11 April 2019. Mr Hodge joins Horizon Oil as an independent director.

Mr Hodge has over 40 years' oil and gas experience; training as a geologist and petroleum geophysicist. Mr Hodge held senior managerial and consulting positions in major petroleum exploration and production companies, including E&P Advisor to both Mitsubishi and Mitsui in Australia, Managing Director of Adelphi Energy and Exploration Manager of Ampolex. He played a significant part in the growth of each of these companies through a mix of successful exploration, field development and acquisition. Chris is a non-executive director of Xstate Resources. He is a member of the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.

Mr Hodge is a member of the Risk Management Committee.

Board recommendation

The directors, in the absence of Mr Hodge, unanimously recommend that the members vote in favour of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

4 Approval of 2019 grant of long-term incentives (LTIs) to Mr Michael Sheridan, Managing Director and Chief Executive Officer

Approval is sought for CEO LTI Grant

The Company introduced the LTI Plan during 2010 to provide annual performance incentives to the Company's key employees. The Company asks the members to consider and vote upon a grant of 6,508,496 share appreciation rights (SARs) to Mr Sheridan, under the terms of the Company's LTI Plan.

How will the proposed SAR grant be calculated?

The number of 6,508,496 SARs to be issued to Mr Sheridan was calculated by dividing 50% of Mr Sheridan's fixed remuneration (A\$750,000) by the present day value of the SARs as calculated using a Monte Carlo simulation by an independent valuer, Dalway Securities, on the effective allocation date for the SARs, being 1 July 2019 (**Effective Allocation Date**) (A\$0.057617). The VWAP of shares in the Company for the 10-business day period up to the day before the Effective Allocation Date for the purposes of the 2019 SARs award is A\$0.1054.

Shareholder approval of the grant of securities under the LTI Plan to Mr Sheridan is sought for all purposes under the Corporations Act and the Listing Rules of the ASX, including Listing Rule 10.14. If approval is given under this ASX Listing Rule 10.14, then approval is not required under ASX Listing Rule 7.1.

The proposed grant to Mr Sheridan is on the terms and conditions as outlined below.

Summary of the terms of the LTI Plan

In order to provide annual performance incentives to the Company's executives, the Company adopted the LTI Plan on 18 November 2010 to replace previous LTI arrangements for the Company's senior executives. The LTI arrangements apply to senior executives and involve the grant of rights which will vest subject (amongst other things) to the level of total shareholder return (TSR) achieved in the vesting period, relative to an appropriate index. Under the LTI Plan, the board has the discretion, subject to ASX Listing Rule requirements, to grant SARs to executives as LTIs. The board has determined that a fixed proportion of a senior executives' fixed remuneration would be LTIs in the form of SARs, with the number of SARs granted to be based on the present-day value of a SAR.

A SAR is a right to receive either or both a cash payment or shares in the Company, as determined by the board, subject to the Company satisfying certain conditions, including performance conditions.

The LTI Plan provides that the amount of the cash payment or the number of shares in the Company that the participant receives on exercise of the SAR is based on the value of the SAR at the time it is exercised (**SAR Value**). The SAR Value is the excess, if any, of the volume weighted average price (**VWAP**) of shares in the Company for the ten business day period up to the date before the date the SAR is exercised over the VWAP of shares in the Company for the ten business day period up to the day before the Effective Allocation Date for the SARs (being, in the case of 2019 SARs, A\$0.1054). The Effective Allocation Date for the SARs is the grant date of the SARs or any other day determined by the board, at the time of the grant. The Effective Allocation Date would generally be the date the executive's entitlement was determined.

If the board determines that the SARs are to be satisfied in cash, the amount of cash that the participant receives on the exercise of the SARs is the SAR Value multiplied by the number of SARs exercised (less any deduction for taxes that the Company is required to make from the payment).

If the board determines that the SARs are to be satisfied in shares, the number of shares that the participant receives on the exercise of the SARs is the SAR Value divided by the VWAP of shares in the Company for the 10 business day period up to the day before the day the SARs are exercised. Where the number of shares calculated is not a whole number, it will be rounded down to the nearest whole number.

Explanatory notes

Other key terms and conditions of the SARs that may be granted under the LTI Plan include:

Key terms & conditions	Long Term Incentive Plan
Eligible persons:	Under the terms of the LTI Plan, the Company may grant SARs to any employee. However, it is currently intended by the Company to only grant SARs under the LTI Plan to current senior executive employees including executive directors.
Exercise price:	No price is payable by a participant in the LTI Plan on the exercise of a SAR.
SAR Value:	<p>$V \text{ minus } G$</p> <p>where:</p> <p>V equals volume weighted average price (VWAP) of shares in the Company for the 10 business day period up to the date before the date the SAR is exercised; and</p> <p>G equals the VWAP of shares in the Company for the 10 business day period up to the day before the Effective Allocation Date for the SARs.</p>
Satisfaction of exercise of SARs in cash or by issue of shares:	<p>Subject to ASX Listing Rules, the Company may satisfy the exercise of SARs by a participant by payment in cash, issue of shares or a combination, at the board's discretion.</p> <p>Cash payment on exercise of SARs is calculated by multiplying the number of SARs exercised by the SAR Value (less applicable taxes).</p> <p>The number of shares that may be issued in satisfaction of exercise of SARs is calculated as follows:</p> <ul style="list-style-type: none"> the aggregate SAR Value is calculated by multiplying the number of SARs exercised by the SAR Value; and the aggregate SAR value is divided by the 10-day VWAP of shares in the Company ending on the exercise date, rounded down to the nearest whole share.
Performance requirements:	<p>Under the LTI Plan, the number of SARs that vest is generally determined by reference to whether the Company achieves certain performance conditions.</p> <p>The number of SARs that vest is determined by reference to the Company's total shareholder return (TSR) over the relevant period relative to that of the S&P/ASX200 Energy Index (Index). TSR for the Company is the rate of return of the Company's share price over the relevant performance period. TSR for the Index is the rate of return of the Index over the relevant performance period.</p> <p>The number of SARs that vest is:</p> <ul style="list-style-type: none"> if the Company's TSR is equal to that of the Index (Minimum Benchmark), 50%; if the Company's TSR is 14% or more above that of the Index, 100% (Maximum Benchmark); and if the Company's TSR is more than the Minimum Benchmark but less than the Maximum Benchmark, pro rata between 50% and 100% based on the Company's TSR performance between the Minimum Benchmark and Maximum Benchmark. <p>The Maximum Benchmark of 14% above the Index return equates to the performance level likely to exceed the 75th percentile of market returns of companies (weighted by company size) in the Index.</p> <p>Furthermore, even where these performance conditions are satisfied, the SARs will not vest unless the Company achieves a TSR of at least 10% over the relevant period.</p> <p>The performance conditions are tested on the date that is three years after the Effective Allocation Date of the SARs, and are then re-tested every six months after that until the date that is five years after the Effective Allocation Date of the SARs (the final retesting date). The performance conditions are also tested where certain circumstances occur, such as a takeover bid for the Company.</p> <p>If the SARs have not, pursuant to these performance conditions, vested by the final retesting date that is five years after the date the SARs are granted, the SARs will lapse.</p>
Cessation of employment:	If a holder of SARs under the LTI Plan ceases to be employed by a member of the Company's corporate group, then this generally does not affect the terms and operation of the SARs. The board does, however, under the LTI Plan have discretion, to the extent permitted by law, to cause the SARs to lapse or accelerate the date on which the SARs become exercisable.
Maximum number of shares that can be issued:	Subject to various exclusions, the maximum number of shares that may be issued on the exercise of SARs granted under the LTI Plan is capped at 5% of the total number of issued shares of the Company.
Restrictions on exercise:	<p>A SAR cannot be exercised unless it has vested. Where a SAR vests, a participant may not exercise the SAR until the first time after the time the SAR vests that the participant is able to deal with shares in the Company under the Company's securities trading policy.</p> <p>SARs are exercised by submitting a notice of exercise to the Company.</p>
Lapse:	<p>SARs will lapse where:</p> <ul style="list-style-type: none"> the SARs have not vested by the final retesting date which is five years after the date of grant (see above); if the SARs have vested by the final retesting date that is five years after the date of grant, the SARs have not been exercised within three months of the date that the SARs would have first been able to be exercised if they vested at the final retesting date that is five years after the date of grant. This may be more than five years and three months from the date of grant depending on whether the holder of the SAR is able to deal with shares in the Company under the Company's securities trading policy at the date five years after the date of grant; the employee ceases to be employed by the Company (or a member of its corporate group), and the board determines that some or all of the SARs lapse (see above); the board determines that the employee has committed, or it is evident that the employee intends to commit, any act (whether by commission or omission) which amounts or would amount to fraud or serious misconduct; or the employee provides a notice to the Company that they wish the SARs to lapse.
Share ranking and quotation:	Shares provided pursuant to the exercise of a SAR will rank equally with the shares in the Company then on issue. Quotation on the ASX will be sought for all shares issued upon the exercise of SARs. SARs are not assignable or transferable.
No right to dividends, bonus or rights issues:	The SARs will not confer on the holder an entitlement to dividends or to participate in bonus issues or rights issues unless the board determines that the SARs will be satisfied in shares and until the SARs are exercised and shares are provided to the holder.

Explanatory notes

Key terms & conditions	Long Term Incentive Plan
No voting rights:	The SARs will not confer an entitlement to vote at general meetings of the Company unless the board determines that the SARs will be satisfied in shares and until the SARs are exercised and shares are provided to the holder.
Non-quotation:	The Company will not apply to the ASX for official quotation of the SARs.
Capital re-organisation:	In the event of a reorganisation of the capital of the Company, the rights of the SARs holder will be changed to the extent necessary to comply with the ASX Listing Rules and shall not result in any additional benefits being conferred on SARs holders which are not conferred on members.
Effect of take-over or change of control of Company, death or disablement:	<p>The LTI Plan contains provisions to deal with SARs where there is a takeover or change of control of the Company. Depending on the nature of the takeover or change of control event, the Company will either have the discretion or be required (if a change of control occurs) to determine a special retesting date for the performance requirements discussed above.</p> <p>For example, the board will have discretion to determine a special retesting date where a takeover bid is made for the Company or a scheme of arrangement is entered into. In that case, the special retesting date will be the date determined by the board. Where a statement is lodged with the ASX that a person has become entitled to acquire more than 50% of the Company, the board will be required to determine a special retesting date, and the special retesting date will be the day the statement is lodged with the ASX.</p> <p>The SARs may vest if the performance requirements discussed above are satisfied in relation to that special retesting date.</p>

As required by Listing Rule 10.15, the following information is provided in respect of the grant of SARs under the LTI Plan to an executive director:

Listing Rule	Content requirement	Item 4 LTI Plan
10.15.2	The maximum number of Company's ordinary shares that may be acquired on exercise of the proposed grant of securities and the formula for calculating the number of securities to be issued:	<p><i>In the case of SARs:</i></p> <p>The maximum number of SARs granted to Mr Sheridan is 6,508,496 SARs, calculated on the basis of 50% of Mr Sheridan's fixed remuneration divided by the present day value of a SAR (A\$0.057617) on the Effective Allocation Date (1 July 2019), as calculated using a Monte Carlo simulation by an independent valuer, Dalway Securities.</p> <p><i>In the case of satisfaction of exercise of SARs by issue of ordinary shares (at the board's discretion):</i></p> <p>The maximum number of ordinary shares that may be issued to Mr Sheridan to satisfy exercise of SARs is 6,508,496 ordinary shares applying the following formula.</p> <p>The number of shares that may be issued in satisfaction of exercise of SARs is calculated as follows:</p> <ul style="list-style-type: none"> the aggregate SAR Value is calculated by multiplying the number of SARs exercised by the SAR Value; and the aggregate SAR Value is divided by the 10 day VWAP of shares in the Company ending on the exercise date, rounded down to the nearest whole share. <p>Where 'SAR Value' is calculated as follows:</p> $V \text{ minus } G$ <p>where</p> <p>V equals volume weighted average price (VWAP) of shares in the Company for the 10 business day period up to the date before the date the SAR is exercised; and</p> <p>G equals the VWAP of shares in the Company for the 10 business day period up to the day before the Effective Allocation Date for the SARs.</p> <p>For the 2019 SARs, "G" is A\$0.1054.</p> <p>By way of example:</p> <ul style="list-style-type: none"> > provided the Company outperforms by 14% the S&P ASX 200 Energy Index and the 10 business day VWAP of the Company before the day the SAR is exercised is: <ul style="list-style-type: none"> A\$ 0.18, Mr Sheridan would be entitled to approximately 41.4% of the maximum number of shares > where the Company's rate of return is equal to the <i>S&P ASX 200 Energy Index</i> and the 10 business day VWAP of the Company before the day the SAR is exercised is: <ul style="list-style-type: none"> A\$ 0.18, Mr Sheridan would be entitled to approximately 20.7% of the maximum number of shares > where the Company's rate of return <i>does not meet the rate of return of the S&P ASX 200 Energy Index</i> and the 10 business day VWAP of the Company before the day the SAR is exercised is: <ul style="list-style-type: none"> A\$ 0.18, Mr Sheridan would be entitled to nil shares
10.15.3	Formula for calculating the price of securities to be acquired under the scheme:	Mr Sheridan is not required to pay any price in order to acquire SARs under the LTI Plan. Each 2019 SAR has a present day value on the Effective Allocation Date (1 July 2019) of A\$0.057617, as calculated using a Monte Carlo simulation by an independent valuer, Dalway Securities. No price is payable on exercise of a SAR.

Explanatory notes

Listing Rule	Content requirement	Item 4 LTI Plan
10.15.4	Names of directors and associates who have received securities under the scheme since the last approval; number received; and acquisition price:	Mr Sheridan was issued 5,135,087 SARs following shareholder approval at the 2018 AGM. Mr Sheridan was not required to pay any price in order to acquire SARs under the LTI Plan. Each SAR issued to Mr Sheridan following the AGM had a value of \$0.073027 as calculated by an independent valuer, Dalway Securities.
10.15.4A	Names of directors and associates entitled to participate in scheme:	Mr Sheridan.
10.15.5	Voting exclusion statement:	See voting exclusion statement set out in the Notice of Meeting.
10.15.6	Terms of any loan in relation to acquisition:	There are no loans in relation to the acquisition of SARs or ordinary shares issued under the LTI Plan.
10.15.7	Date on which securities will be issued:	Subject to shareholder approval of the issue of the SARs, within five business days of the 2019 AGM, but in any event no later than 12 months after the date of the 2019 AGM.

The Listing Rules and the Corporations Act prohibit certain persons from voting on this item of business, Resolution 4. The voting exclusion statement relating to this item of business is set out in the Notice of Meeting

Board recommendation

The directors, in the absence of Mr Sheridan, unanimously recommend that the members vote **in favour** of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

5. Renewal of Proportional Takeover Provisions in Company's Constitution

The Corporations Act permits a Company's constitution to include a provision that enables it to refuse to register shares acquired under a proportional takeover bid, unless shareholders approve the bid. Article 6.2 of the constitution was approved by shareholders in 2016, but that approval ceases to have effect on 29 November 2019. The directors consider it in the interests of shareholders to continue to have a proportional takeover provision in the constitution and, accordingly, shareholders are being asked to renew the proportional takeover provisions contained in Article 6.2 of the constitution with effect from the date of this meeting for a further period of three years. A copy of the Company's constitution can be found on the Company's website (www.horizonoil.com.au)

Proportional takeover bid

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares (i.e. less than 100 per cent). This means that control of the Company may pass without shareholders having the chance to sell all their shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control. In order to deal with this possibility, a company may provide in its constitution that:

- in the event of a proportional takeover bid being made for shares in the company, shareholders are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- the majority decision of the company's shareholders will be binding on all individual shareholders.

The directors consider that shareholders should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without shareholders being given the opportunity to dispose of all their shares for a satisfactory control premium. The directors also believe that the right to vote on a proportional takeover bid may avoid shareholders feeling pressure to accept the bid even if they do not want it to succeed.

Effect of a proportional takeover bid provision

If a proportional takeover bid is made, the directors must ensure that a general meeting to approve the bid is held more than 14 days before the last day of the bid period, at which shareholders will consider a resolution to approve the takeover bid.

Each shareholder will have one vote for each fully paid share held, with the vote to be decided on a simple majority. The bidder and its associates are not allowed to vote.

If the resolution is not passed at that meeting, no transfer will be registered, and the offer will be taken to have been withdrawn. If the resolution is not voted on, the bid will be taken to have been approved. If the bid is approved (or taken to have been approved), all valid transfers must be registered. The proportional takeover approval provisions do not apply to full takeover bids and, if renewed, will only apply for three years after the date of the renewal. The provisions may be renewed for a further three-year period, but only by a special resolution passed by shareholder.

Potential advantages and disadvantages

The potential advantages of the proportional takeover approval provisions for shareholders include:

- shareholders will be given the right to decide by majority vote whether to accept a proportional takeover bid;
- the provisions may help shareholders avoid being locked in as a minority and may prevent a bidder acquiring control of the Company without paying an adequate control premium (i.e. paying for all of their shares);
- the provisions may increase shareholders' bargaining power and may help ensure that any bid is adequately priced; and
- knowing the view of the majority of shareholders may help each individual shareholder to decide whether to accept or reject the proportional offer.

The potential disadvantages include:

- they may discourage proportional takeover bids being made for shares in the Company;
- shareholders may lose an opportunity to sell some of their shares at a premium; and
- the likelihood of a proportional takeover succeeding may be reduced.

During the last three years that the existing proportional takeover provisions have been in effect, there were no takeover bids for the Company. The directors are not aware of any potential bid that was discouraged by Article 6.2 of the constitution.

The directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them, other than in their capacity as shareholders. They remain free to make a recommendation as to whether an offer under a proportional takeover bid should be accepted.

While Article 6.2 in the Constitution has been in effect, there have been no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the directors and the shareholders, respectively, during this period.

The directors consider that the potential advantages for shareholders of the proportional takeover provisions operating for the next three years outweigh the potential disadvantages.

As at the date of this Notice, no director is aware of any proposal to acquire or to increase the extent of a substantial interest in the Company.

Board recommendation

The directors unanimously recommend that the members vote **in favour** of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Further Information

If you would like any further information regarding Horizon Oil's AGM please contact the Company's share registry, Computershare on 1300 850 505 (within Australia) or +61 3 9425 4000 (outside Australia)

Registered Office

Horizon Oil Limited
ABN 51 009 799455

Level 6, 134 William Street
Woolloomooloo NSW Australia 2011

Tel +61 2 9332 5000
www.horizonoil.com.au



HZN

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

**Phone:**

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

**Online:**

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (Sydney time) Wednesday, 20 November 2019**.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is

**Control Number: 999999****SRN/HIN: I999999999****PIN: 99999**

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/we being a member/s of Horizon Oil Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Horizon Oil Limited to be held at Mezzanine Level, Robinson/William Room, The Sydney Boulevard Hotel, 90 William Street, Sydney, New South Wales, 2011 on Friday, 22 November 2019 at 10:00am and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2 and 4 (except where I/we have indicated a different voting intention in step 2) even though Items 2 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2 and 4 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a	Re-election of Ms Sandra Birkensleigh as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b	Election of Mr Michael Harding as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3c	Election of Mr Christopher Hodge as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of 2019 grant of long-term incentives (LTIs) to Mr Michael Sheridan, Managing Director and Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Renewal of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

HZN

999999A



Computershare

