



17 August 2017

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

HORIZON OIL (HZN) SEAAOC PRESENTATION

Attached is Horizon Oil's presentation to the Southeast Asia Australia Offshore & Onshore Conference (SEAAOC).

Yours faithfully,

Kylie Quinlivan

Corporate Counsel & Assistant Company Secretary

For more information please contact:

Horizon Oil Limited T: +61 2 9332 5000

Brent Emmett Chief Executive Officer F: +61 2 9332 5050

E: info@horizonoil.com.au

Media enquiries M: +61 419 372 210

Gavan Collery E: gavan@resourcecomms.com

ResourceComms Pty Ltd

Level 6, 134 William St Woolloomooloo NSW 2011 horizonoil.com.au







HORIZON OIL LIMITED / ABN 51 009 799 455

Western LNG – developing gas in Papua New Guinea's foreland



Brent Emmett CEO

Key players in the region – Projects & Initiatives 17 August 2017

SEAAOC

Southeast Asia Australia Offshore & Onshore Conference

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The reserve and resource information contained in this announcement is based on information compiled by Alan Fernie (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.

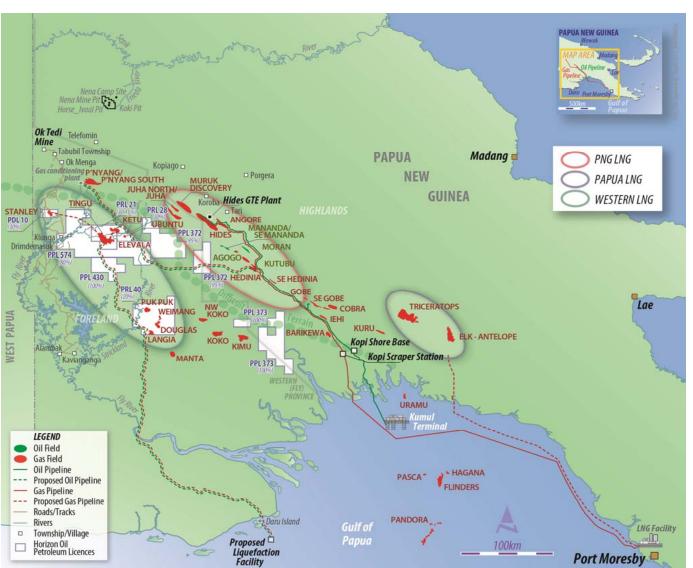
Presentation outline



- Papua New Guinea's LNG landscape
- Appraised western foreland fields gas and condensate ownership
- Western LNG development schematic
- Development concept selection
- Project area terrain
- Floating LNG facility
- Asian LNG demand forecast and target markets
- Western LNG key points

Papua New Guinea's LNG landscape

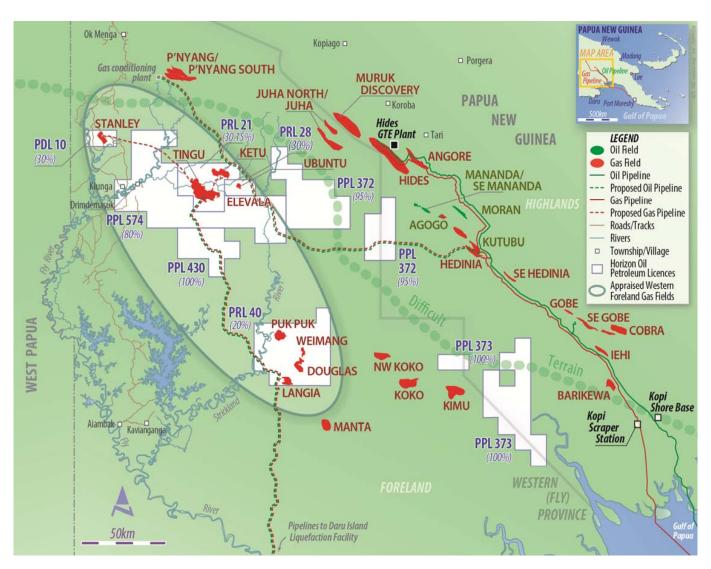




- PNG is a pro development jurisdiction with stable petroleum fiscal regime
- Rich mineral and petroleum province with a history of successful large scale resource projects delivery eg. PNG LNG
- Jurisdiction well supported by the international banks
- Challenging logistics, however capital and operating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

Appraised western foreland fields to be aggregated for Western LNG

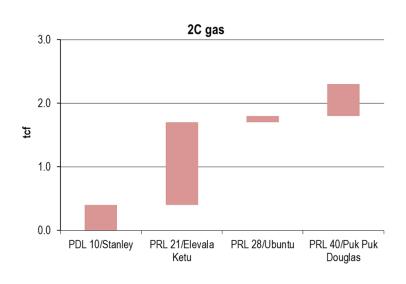


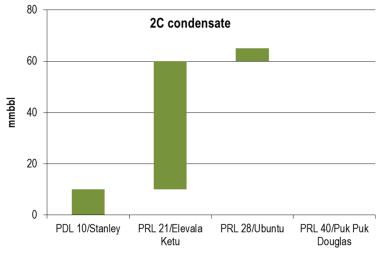


- Significant gas resource discovered and appraised in uncomplicated structures, with highly productive sandstone reservoirs
- High level of condensate and LPG contained in the gas
- Relatively easy surface access and terrain for field operations

Appraised western foreland fields – resources build-up and ownership



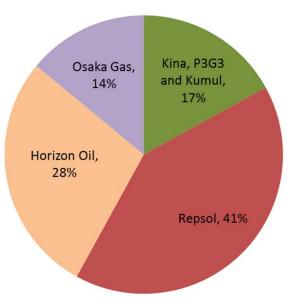




Appraised western foreland fields

Operators: Horizon Oil, Repsol 2C resource: 2.0 – 2.5 tcf gas

60 – 70 mmbbl condensate

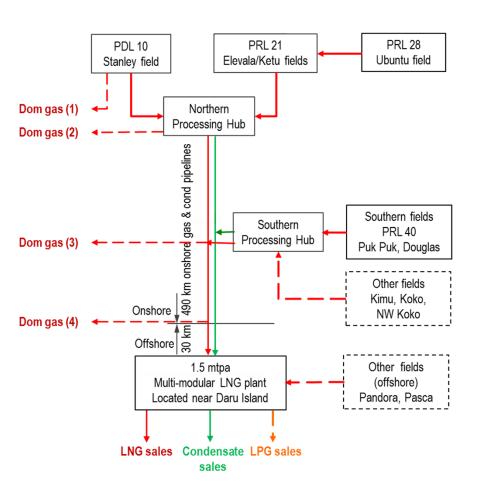


Participants' share of boe

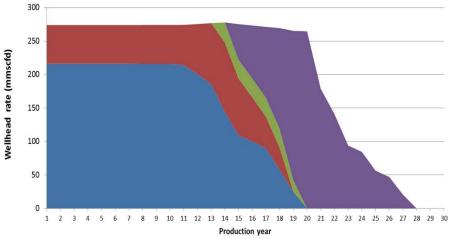
Note: Resource data are Horizon Oil estimates based on public data

Western LNG development scheme

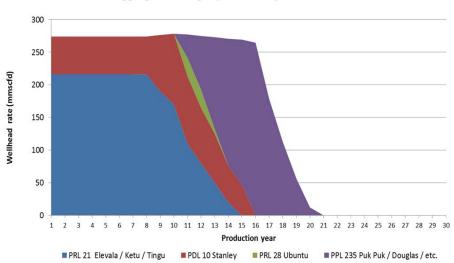




WLNG development - 1.5 mtpa sales capacity Aggregated raw gas production profile - 2C resources



WLNG development - 1.5 mtpa sales capacity Aggregated raw gas production profile - 1C resources



Development scheme selection



Criteria:

- Stand alone development, right-sized for appraised resource base
- Concept with lowest risk and complexity:
 - Minimum 15 years production plateau on 1C resource basis
 - System uptime consistent with global LNG projects (~95%)
 - Maximise use of existing, proven technology
 - Lowest technical and execution risk for upstream and mid-stream components
 - Float-in liquefaction facility of proven design
 - Utilisation of leading contractors,
 preferably with prior PNG experience
- Minimise upfront capex

Selections:

- LNG project scale
 - 1.5 mtpa sales capacity
 - 150,000 cu m market parcels
- Central gas conditioning plant in north
 - Multi-phase pipeline (74 km x 12") from Stanley to Elevala
 - Gather PRL 21, PDL 10 and PRL 28 gas at Elevala
 - 300 mmscfd production capacity
 - Impurities processed at LNG plant
- Second hub in south later (PRL 40)
- Two pipelines (22" gas and 10" condensate) to Daru (490/30 km on/offshore) in one trench with fibre cable
- New build FLNG hull moored 30 km from shore in 25 – 30 m water depth

Ok Tedi mine to Kiunga port, via Stanley plant site







All weather road — Tabubil to Kiunga



Stanley site adjacent to Tabubil to Kiunga road

Ok Tedi plant at Kiunga port on Fly River

Drimdenasuk lay down area to Elevala site – and on to Daru Island







Drimdenasuk lay down area on Fly River



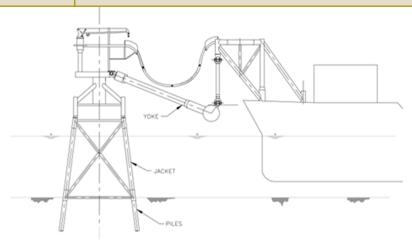
Track from Drimdenasuk to Elevala plant site

Daru Island port with Bobo Island in background

WLNG FLNG new-build concept

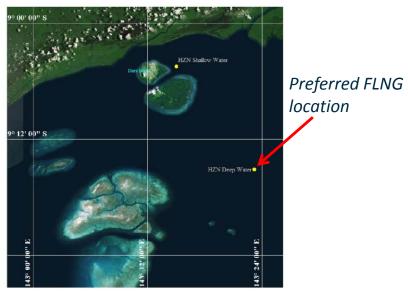


Plant capacity	1.5 mtpa sales (260 mmscfd gas feed rate)
Gas pre-treatment	Acid gas removal (MDEA), dehydration and mercury removal
Liquefaction process	Several options, including SMR, DMR and $\rm N_2$ expander Indirect sea water cooling $\rm N_2$ rejection integrated in liquefaction system
LNG storage and offloading	Sufficient to service 150,000 m ³ LNG carriers. Most likely membrane type storage. Side by side offloading
Condensate storage and export	75,000 bbls in hull Tandem loading to FOB buyers
Mooring system	Benign metocean conditions (0.82 m mean sig. wave height) 25 – 30 m water depth Tower yoke mooring, facilitating weather-vaning capability



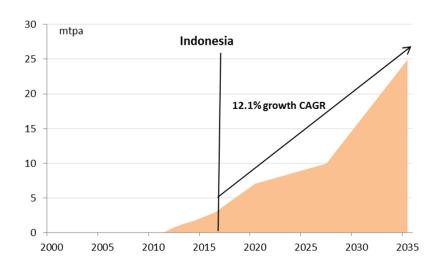
Tower yoke mooring suitable for shallow water location

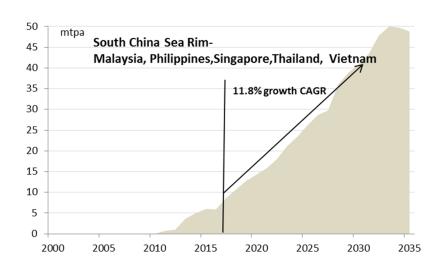


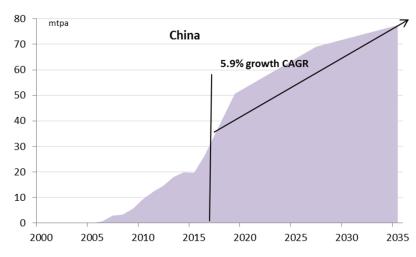


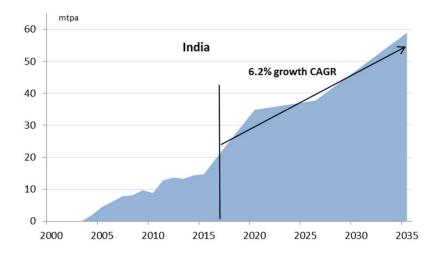
LNG demand forecast in target areas





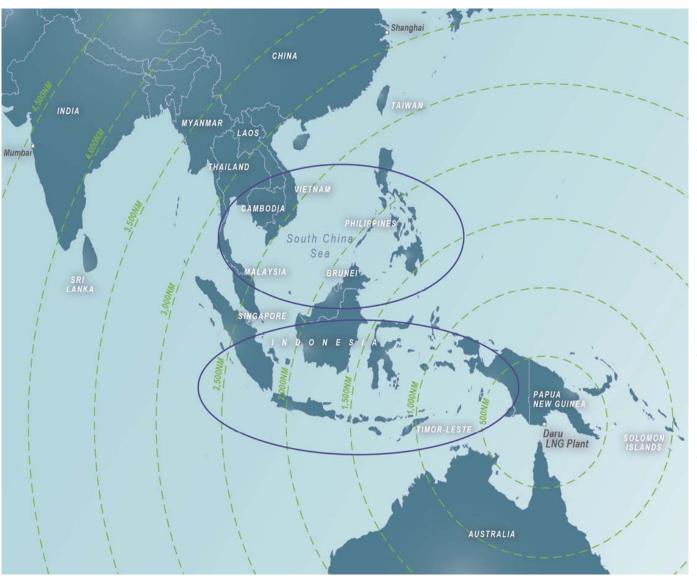






Source: WoodMac, LNG Tool, Q2 2017 dataset Note: Stylised projections based on underlying annual forecasts

LNG demand target areas – Indonesian Archipelago, Horizon Oil South China Sea Rim, China, India



- Strong increase in demand forecast in emerging Asian economies
- 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 may have smaller appetites and lower credit rating
- Advent of FSRUs will facilitate implementation of smaller projects

Western LNG – key points



- 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) floating liquefaction facility to be located offshore 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 these markets forecast to be under-supplied from early 2020s.
- Preliminary project economics are attractive, with 20+ year plateau production for 2C gas resource and economics strengthened by significant condensate production.









WESTERN LNG

For more information please contact:

Horizon Oil Limited

Brent Emmett Chief Executive Officer

Media enquiries Gavan Collery

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T: +61 2 9332 5000

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E: gavan@resourcecomms.com

