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13 March 2018

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

HORIZON OIL (HZN)
EUROZ SECURITIES INSTITUTIONAL PRESENTATION

Please find attached the presentation which will be presented by Michael Sheridan, Chief Financial Officer at the Euroz Securities Rottnest Island Institutional Conference this evening.

Yours faithfully,

Kylie Quinlivan
Corporate Counsel and Assistant Company Secretary

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Euroz Rottnest Island Conference

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While every effort is made to provide accurate and complete information, Horizon Oil accepts no responsibility for any loss, damage, cost or expense incurred by you as a result of any error, omission or misrepresentation in information in this presentation.

In this presentation, estimates of petroleum resources may be reported in units of equivalency between gas to oil (reported as barrels of oil equivalent (boe)). A conversion factor of 6,000 cubic feet of gas to 1 barrel of oil has been applied.

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

Horizon Oil as an investment proposition

Strong, long-lived production profile and cash flow

- Strong net operating cash flow from China and New Zealand, to average US$60 – 70 million pa over the period 2018 – 2022, with modest future capital expenditure
- 5,000+ bopd of net oil sales from China and New Zealand
- Free cash flow breakeven over CY2017 of US$34/bbl, resulting from ongoing tight control of field operating expense, exploration and development expenditure and administrative expenses
- Prudent financial management, with steadily decreasing debt, proactive hedging policy and loss-of-production insurance

Highly leveraged to upside from progression of strategic, large-scale gas/condensate project in Papua New Guinea

- Material upside potential attached to large, appraised gas-condensate resource in Papua New Guinea; development planning for a 1.5 – 2.0 mtpa mid-scale LNG scheme, Western LNG (WLNG), is underway

Compelling investment opportunity

- Low risk leverage to recovering Brent oil prices, with long-lived oil production and reserves
- HZN is trading on favourable ratios compared with peers, EV/EBITDA (2018) of 3.3 vs. peer group average of >10x
- Leverage to material upside from progression of Western LNG, including triggering of US$130m milestone payment on FID

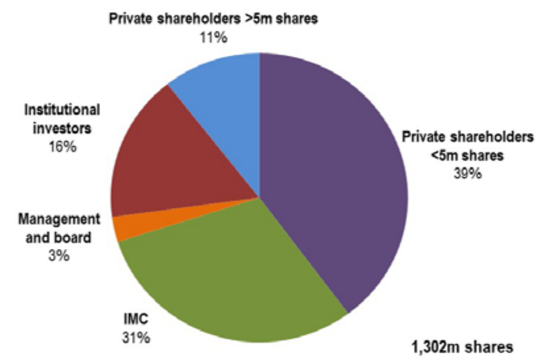
Horizon Oil (ASX:HZN) snapshot

A focused portfolio of conventional production, development and exploration assets in Asia-Pacific region, including :

- 26.95% interest in Beibu Gulf oil fields, offshore China
- 26% interest in Maari/Manaia oil fields, offshore New Zealand
- Large gas and condensate resources, onshore Papua New Guinea

Key data	
2P Reserves	11.3 mmbo
2C Resources	140 mmboe (40 mmbo and 603 bcf)
Market Capitalisation[1]	A$176m
Cash at hand[2]	US$31.7m
Drawn debt under debt facilities[2]	US$126.0m
Net Debt[2]	US$94.3m
CY 2017 EBITDAX	US$51m
CY 2018 EBITDAX (forecast)	US$70m
Shares on Issue	1,302 million
Employee Options	1.85 million
Share Appreciation Rights	115 million
IMC Options	300 million

1. As at 9 March 2018
2. As at 31 December 2017



Key achievements – 2017

- Steady production, sales and cash flow from producing fields maintained with successful workover programs – in line with guidance

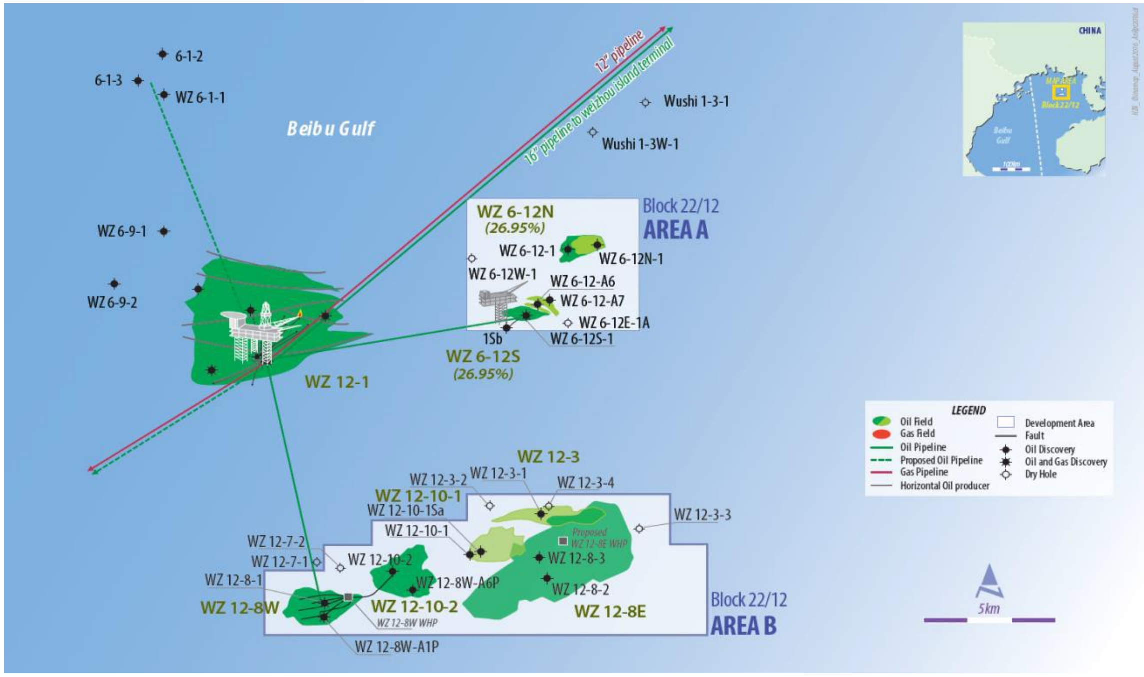
- Cash operating cost, exploration and development capital expenditure and G&A expense all reduced – free cash flow breakeven of US$34/bbl

- Net debt reduced to US$94.3 million at 31 December 2017, compared with US$120.8 million at end calendar year 2016

- Good progress made on planning for 1.5 – 2.0 mtpa Western LNG development project in Papua New Guinea with pre-FEED for main project elements now complete; acreage position strengthened and 2C resource materially increased as a result of strategic acquisitions

- Reserves, production and cash flow outlook for 2018 and beyond significantly enhanced with acquisition of additional 16% interest in Maari/Manaia field

Beibu Gulf, China (26.95%)

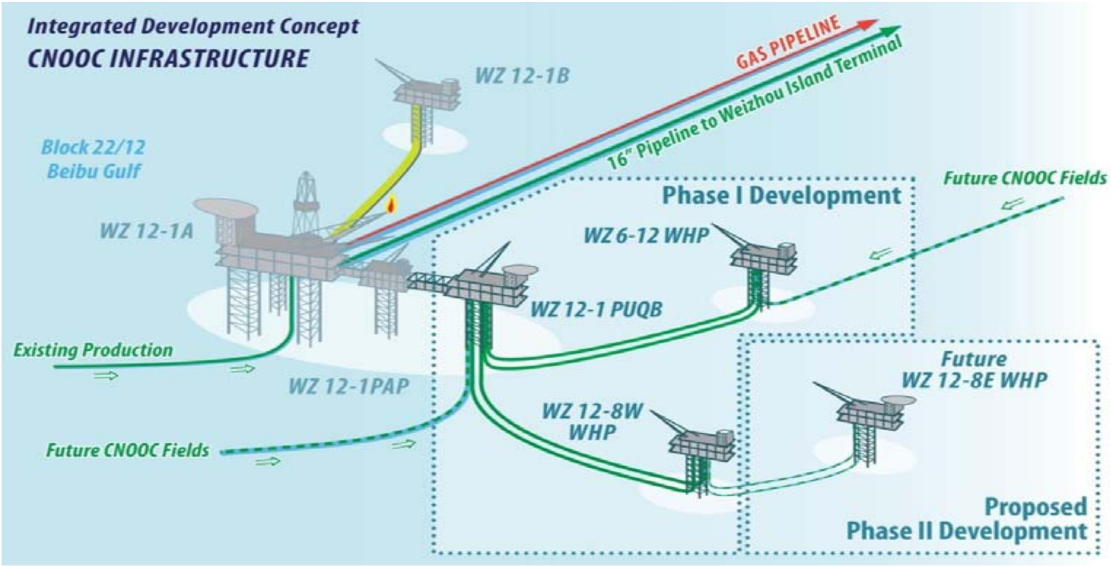


Block 22/12	
HZN	26.95%
CNOOC	51.00% (Op)
Fosun Majuko	19.60%
Corp	2.45%

Gross reserves and resources at 30/6/17 (mmbo)	2P	2C
Produced	15.3	
Remaining	19.4	11.8

- WZ 6-12 and WZ 12-8W fields commenced production in 2013
- Fields continue to produce above forecast, currently at ~9,000 bopd following successful workover program in 2017
- Customary petroleum contract, with remaining cost recovery oil entitlement of US$76.7m to be received over 2018 – 20
- Low operating costs currently <US$10/bbl sold
- Two infill wells to be drilled on WZ 12-8W field in Q2 2018

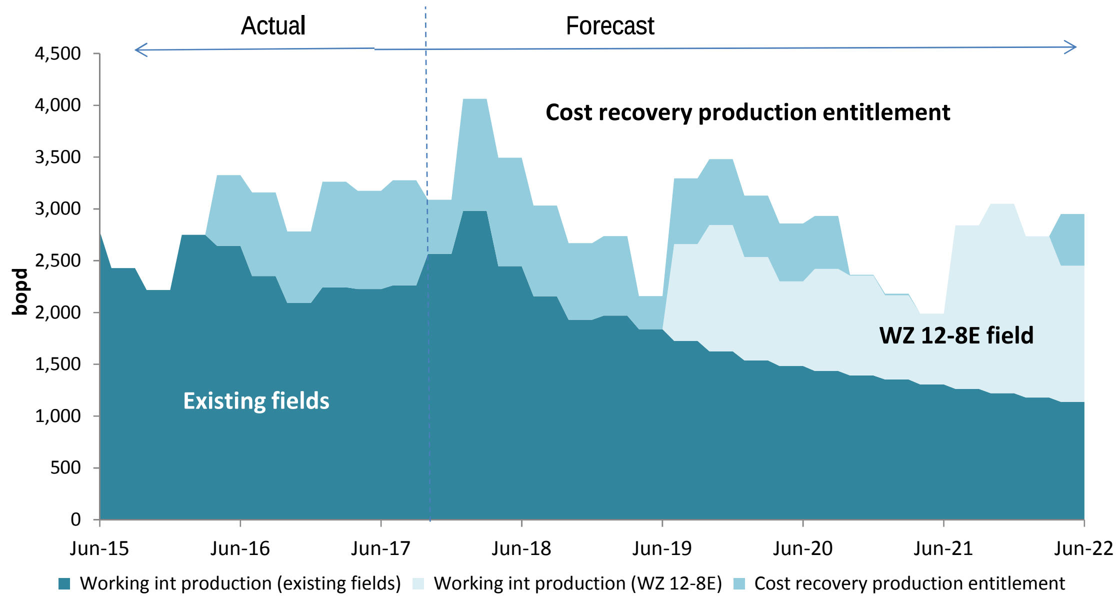
Beibu Gulf - near-term development projects



Leased mobile production platform (MOPU)

- Development plan (ODP) for integrated development of WZ 12-8E and associated fields (audited gross 2C resources 11.1 mmbo) to be submitted for Government approval in 2018
- Three stage development, with target first production in 2019
- Platform on WZ 12-8E will be a leased, mobile production unit to minimise capex
- Flexible flowlines to tie platform back to the WZ 12-8W platform
- Phased development approach reduces cost and risk and enhances ability to optimise development

Beibu Gulf production and cost recovery driving cash generation to 2022

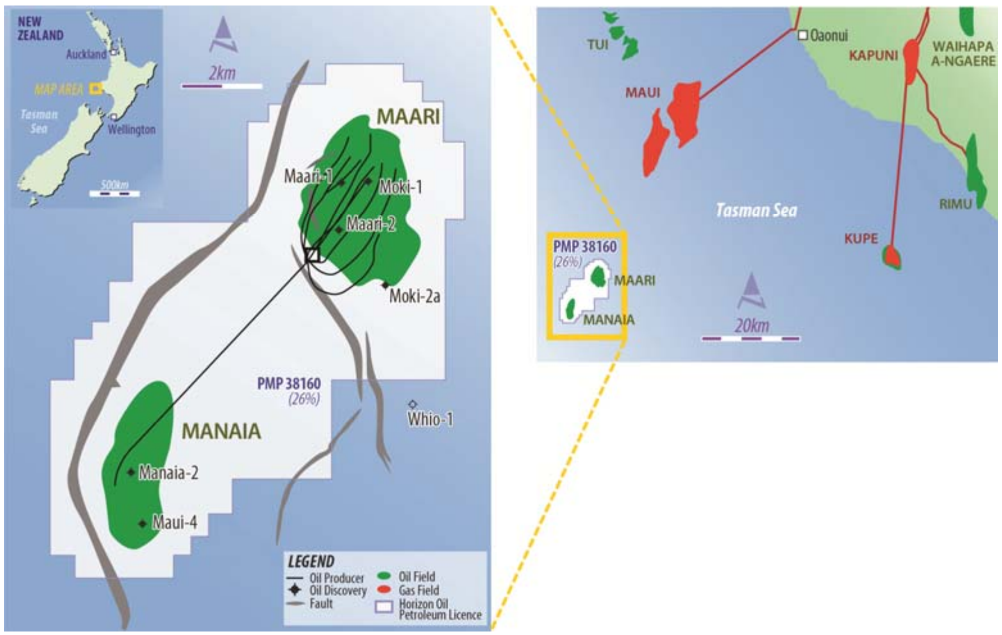


- Under the petroleum contract, Horizon Oil preferentially recovers prior costs from production, effectively increasing net production entitlement
- Horizon Oil's Block 22/12 production entitlement increased from 26.95% to ~37% of production, following the commencement of its entitlement to preferential cost recovery in 2016
- The company's unrecovered cost recovery balance at 31 December 2017 was US$76.7 million, escalating at 9% pa

Note: Forecast cost recovery based on Brent forward curve as at 10 Nov 2017 and production forecasts included in Independent Technical Specialists' Report (RISC) – Sept 2017

Maari / Manaia fields, New Zealand (26%)

Horizon Oil



PMP 38160:

HZN	26%*
OMV	69% (Op)
CUE	5%

Gross reserves and resources at 30/6/17 (mmbo)	2P	2C
Produced	34.6	
Remaining	20.8	69.2

- Maari oil field commenced production in 2009
- Gross production currently ~8,000 bopd
- Acquisition of additional 16% interest, with effect from 31 December 2017, increasing interest to 26%
- Regular workover program to replace ESPs, clean scale and add perforations has successfully enhanced production
- Further infill wells and Manaia Moki development under consideration

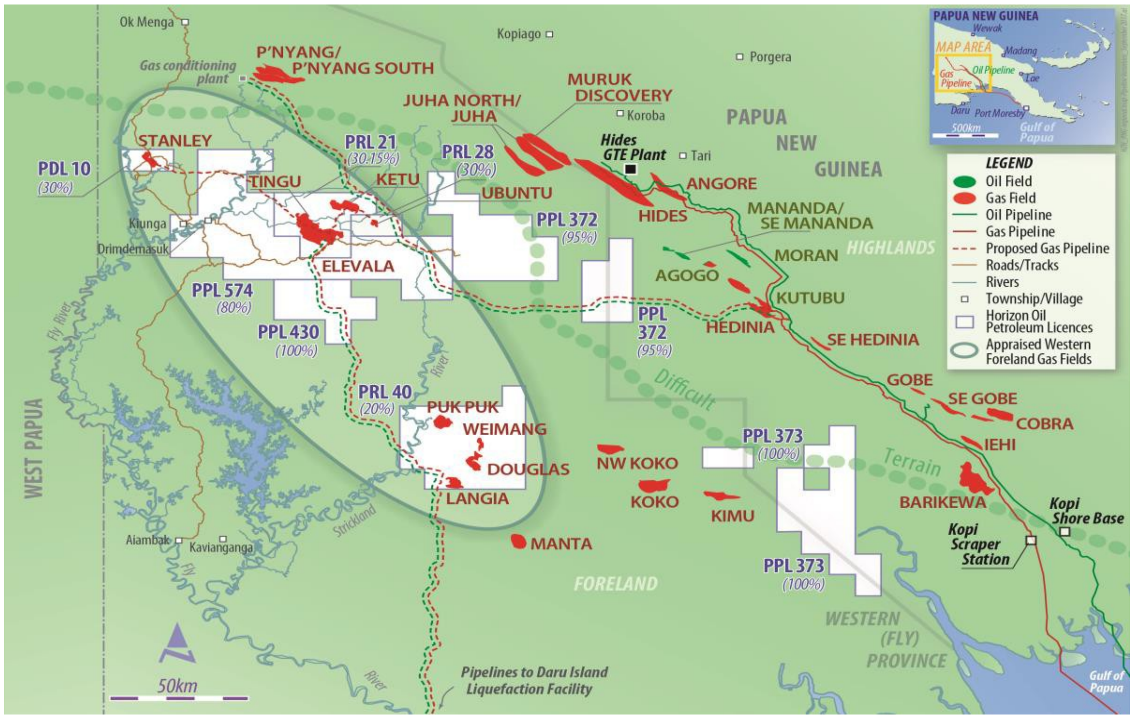
* See HZN's announcement dated 6 Nov 2017; regulatory approvals received; transaction pending finalisation of completion process

Maari/Manaia Fields - acquisition of additional 16% interest

- Acquisition of additional 16% interest in PMP 38160 from Todd, increasing HZN interest in the producing Maari and Manaia fields to 26%*
- Purchase price US$17.6m; effective date of 31 December 2017; regulatory approvals received, completion process in train. Value accretive at ~US$5.70/bbl for developed 2P reserves and ~US$14,000/flowing bbl
- HZN net production increased by 1,400 bopd to ~ 5,500 bopd (34%↑); purchase price repaid from additional production income within 12-15 months
- Increases HZN independently audited net 2P reserves by 3.4 mmbo to 11.3 mmbo (43%↑) and 2C resources by 11.0 mmbo to 140.1 mmboe (9%↑)
- After pay out, net debt will be lower and decreasing faster than without the acquisition. Additional reserves will significantly increase borrowing base under the bank RBL facility and this will enable accelerated payment of the subordinated debt, which carries a higher interest rate than the senior debt
- When the acquisition completes, net operating cash flow from China and New Zealand expected to average US$60 – 70 million pa over the next five years, based on a consensus oil price deck

* See HZN's announcement dated 6 Nov 2017

Western Forelands Region, PNG



- Strategic acreage position, located in the Western Forelands region of PNG
- Significant ~2.2 tcf 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
- Progressing mid-scale LNG development, **Western LNG**

Gross resources at 30/6/17	2C
Condensate mmbbl)	62.1
Raw gas (bcf)	2,192

PDL 10 (Stanley):

HZN	30%
Repsol	40%(Op)
Osaka Gas	20%
Kumul	10%

PRL 21 (Elevala/Ketu):

HZN	30.15% (Op)
Repsol	35.1%
Osaka Gas	18.0%
Kina	16.75%

PRL 28 (Ubuntu):

HZN	30% (Op)*
Repsol	37.5%
Kumul	20%*
P3GE	12.5%

PRL 40 (Puk Puk/Douglas:

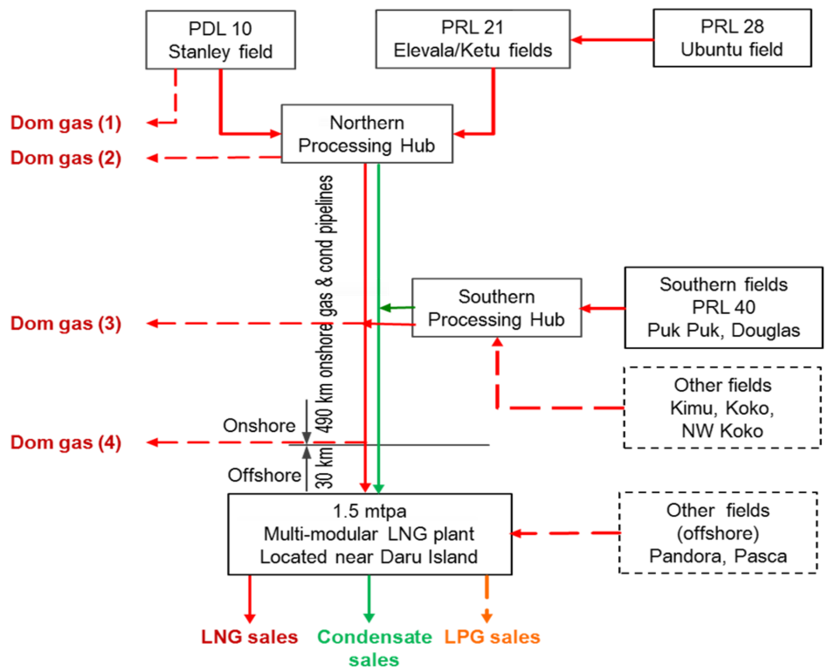
Repsol	60% (Op)
HZN	20%*
Kumul	20%*

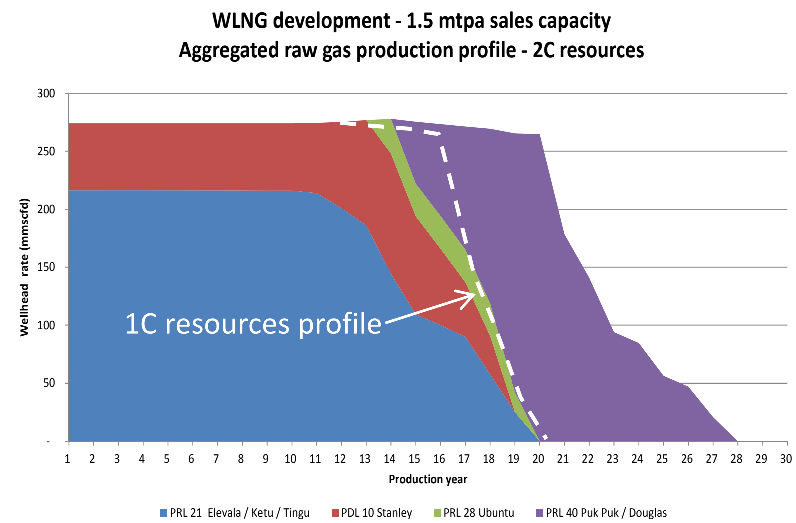
*Pending customary regulatory consents

Western LNG, project overview

- **Western LNG** comprises a 1.5 – 2.0 mmtpa (nameplate) modular liquefaction facility, to be located near-shore Daru Island
- 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
- 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 4 licences
- Preliminary project economics are attractive, with 20+ year plateau production for 2C gas resource (15+ year plateau for 1C gas resource) and economics strengthened by significant condensate production
- 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
- Pre-FEED contractors have completed packages on main project elements – upstream processing, pipelines and FLNG – with integration/optimisation underway. Offshore site investigation work to commence Q2 2018
- Western LNG to target rapidly growing markets in nearby Indonesian archipelago, South China Sea Rim, China and India; objective is to have project on stream in time to meet under-supply to these markets – forecast from 2023

Western LNG development scheme



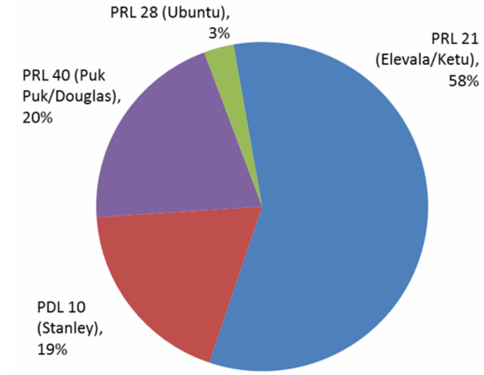


- Gas for the domestic PNG market available at multiple locations
- LNG, condensate and LPG available for PNG-based customers at liquefaction facility

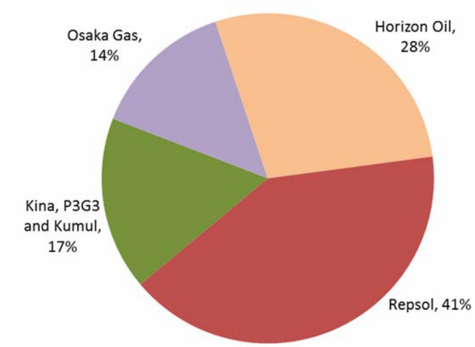
Western LNG, concentrated resources distribution and ownership

- Significant exploration and appraisal activity by HZN and its partners, including 19 wells and 11 production tests, has enabled independent certification of a material resource in the Western Foreland Region
- Flow tests confirmed capacity for Stanley, Elevala/Ketu field production wells to produce in excess of 70 mmscf/day with processed condensate/gas ratios of 60 bbls/mmscf (Elevala/Ketu) and 28 bbls/mmscf (Stanley)
- Gross contingent resources (2C) are estimated at 2.0 – 2.5 tcf gas and 60 – 70 mmbbls of condensate
- Resource ownership is concentrated with Horizon Oil and Repsol holding a combined interest of 70% of the total resource and each operating two of the four Western LNG licences
- Foundation gas for the project is concentrated in 2 licences

Note: Petroleum resource ranges used in this presentation are based on Horizon Oil's 2017 Reserves and Resources Statement, announced on 29 August 2017

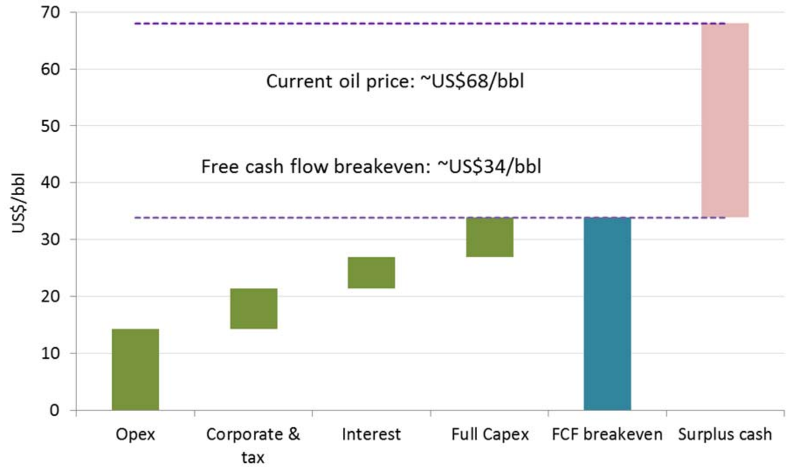


Field share of boe



Participants' share of boe

Free cashflow and revenue protection



Note: FCF breakeven calculated on a cash basis for calendar year 2017 and includes full capex

Oil price hedging

- 1,033,750 barrels hedged Jan-18 to Mar-19 at an average of US$59.19/bbl
- Protects >US$60 million of revenue from oil price volatility
- Policy is to add more layers of hedging as appropriate

Free cash flow breakeven

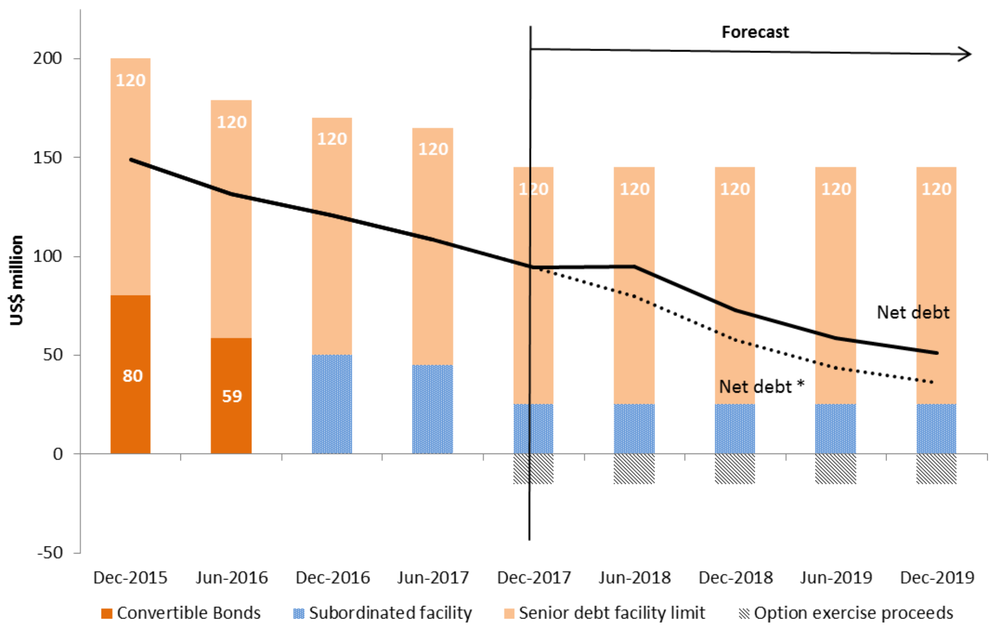
- Low breakeven price provides stability in low oil price environment and funding for development activities in PNG and capacity for debt repayment
- Low opex in China and tight control over capital spend underwrites the low breakeven price
- FCF breakeven will continue at about same level in 2018 after acquisition of additional Maari interest* with increased proportion of higher opex oil offset by costs spread over greater sales volumes

Loss-of-production-insurance (LOPI)

- Over US$62 million of revenue insured in the event of production losses arising from insurable events
- Lost production covered for up to 365 days following 45 – 90 day wait period

* See HZN's announcement dated 6 Nov 2017

Financial highlights – debt reduction continuing



**Note: Forecast net debt factors in proceeds from exercise of options attached to the subordinated facility (US$14 million)*

- Horizon Oil's proven, developed and producing Beibu Gulf and Maari fields provide substantial debt security in a challenging environment for small and mid-cap companies to access debt
- US$58.8 million in convertible bonds redeemed in H2 2016 with cash and a 5 year non-amortising subordinated debt facility of US$50 million
- Horizon Oil commenced repayment of the subordinated debt facility through voluntary prepayments of US$10 million in 2017
- Blended interest rate currently 6.2%, and falling as subordinated loan is pre-paid
- Net debt reduced to US$94.3 million at 31 December 2017, with US$31.7 million cash on hand

Outlook for 2018

Financial

- **Operating cash flows increasing from January 18** with additional interest in Maari/Manaia, continuing steady production at Beibu Gulf fields, including cost recovery production entitlement and ongoing control of opex and capex
- **Continued focus on debt reduction**
- Continuing policy of **oil price hedging**: >1 million barrels hedged over period Jan-18 to Mar-19 **securing over US$60 m of revenue** from approximately 50% of forecast annual sales

Maari/Manaia, offshore New Zealand

- **Complete acquisition** of additional 16% interest
- **Further optimisation of oil production** through workover program and installation of multiphase pumps

Block 22/12, offshore China

- Workover and drilling of 2 infill wells in WZ 12-8W field to commence in 2H 2018
- Completion of the Overall Development Plan and Final Investment Decision for the **WZ 12-8E** field development expected in H2 2018, **with target first oil late 2019/early 2020**

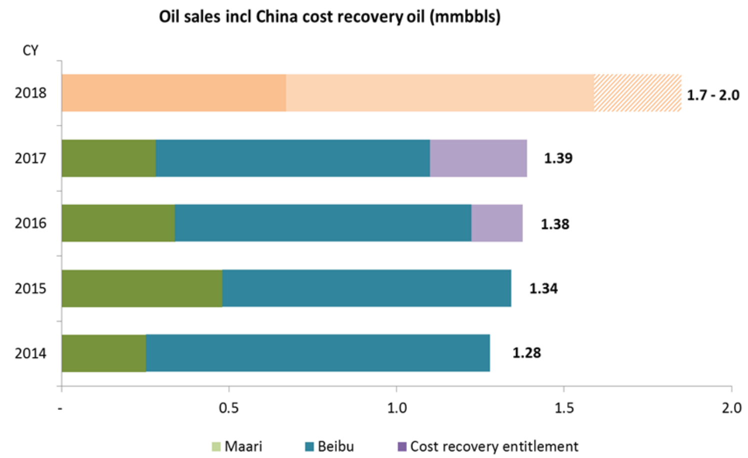
WESTERN LNG - PDL 10 (Stanley), PRL 21 (Elevala/Ketu), PRL 28 (Ubuntu) and PRL 40 (Puk Puk/Douglas), Papua New Guinea

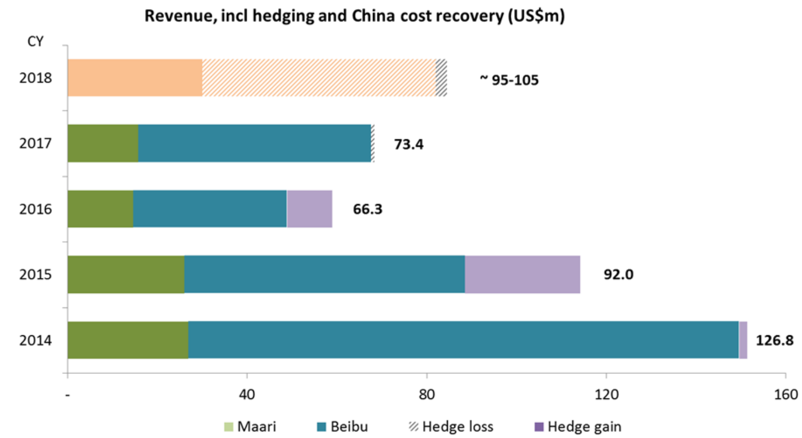
- **Progress the development concept for the Western Province gas aggregation and mid-scale LNG project** (WLNG) to Basis of Design and FEED (front-end-engineering and design) stage

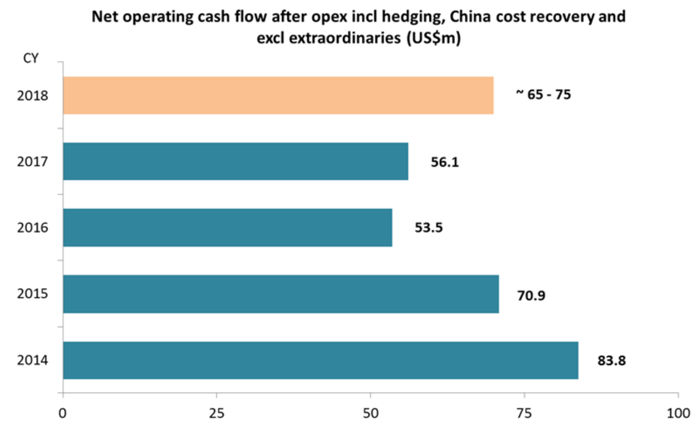
* See HZN's announcement dated 6 Nov 2017

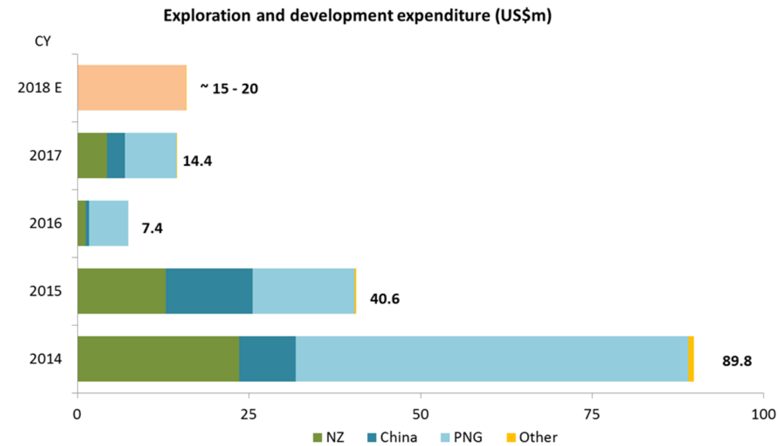
APPENDICES

Solid track record and outlook for CY 2018









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