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12 September 2018

The Manager, Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
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HORIZON OIL (HZN)
RIU - GOOD OIL CONFERENCE PRESENTATION

Please find attached Horizon Oil's presentation to the RIU - Good Oil Conference today which is held at Hyatt Regency Hotel, Perth.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Kylie", written over a light blue horizontal line.

Kylie Quinlivan
General Counsel & Company Secretary

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RIU Good Oil Conference

12 & 13 Sept 2018



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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. 6 Bcf of sales gas equals 1 mmmboe.

Horizon Oil as an investment proposition

Strong, long-lived production profile and strong cash flow generation

- Current production entitlement is ~5,500 bopd of net oil sales from developed, offshore, conventional oil fields
- Strong net operating cash flow from China and New Zealand, FY2019 forecast to be US\$70 – 80 million, with modest capital expenditure
- Low operating costs sustained at below US\$20/bbl, and free cashflow breakeven (inclusive of capital expenditure, corporate, financing costs and tax), at US\$38/bbl sold
- Prudent financial management, with steadily decreasing debt, proactive hedging policy and loss-of-production insurance

Compelling investment opportunity

- Leverage to strengthening Brent oil prices, with long-lived, low cost oil production and reserves
- Low geared balance sheet, net debt/EBITDAX of 1.3X (FY2018)
- HZN is trading on favourable valuation ratios compared with sector, EV/EBITDA (FY2018) of 3.0X

Horizon Oil (ASX:HZN) snapshot



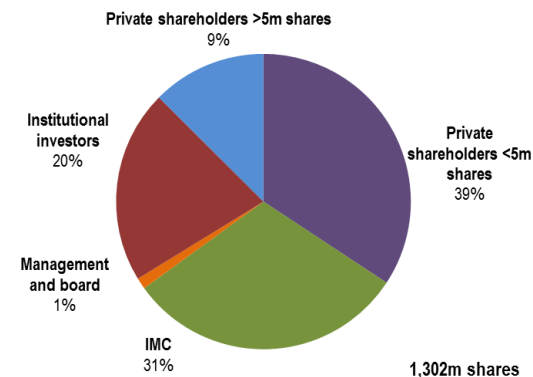
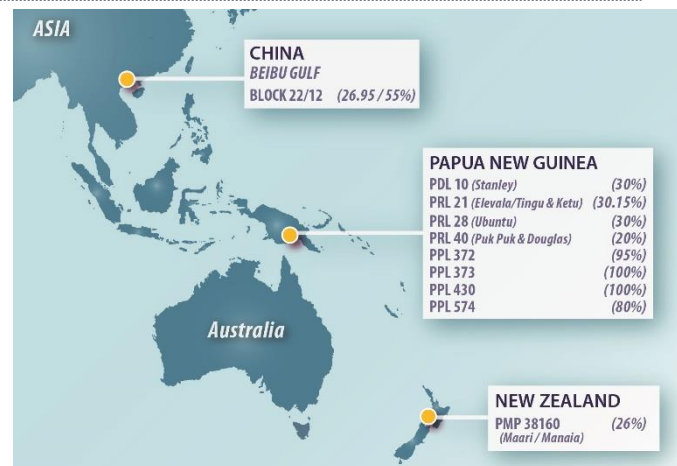
A focused portfolio of conventional production, development and exploration assets in Asia-Pacific region, including :

- 26.95% interest in Beibu Gulf oil fields, offshore China
- 26% interest in Maari/Manaia oil fields, offshore New Zealand
- 30% interest in Western LNG resources base , onshore Papua New Guinea

Key data	
2P Reserves	8.9 mmbo
2C Resources	127 mmboe (27 mmbo and 599 bcf)
Market Capitalisation ¹	A\$156m
Cash at hand ²	US\$27.6m
Drawn debt under debt facilities ²	US\$116.2m
Net Debt ²	US\$88.6m
FY 2018 EBITDAX	US\$68.5m
FY 2019 EBITDAX (forecast)	US\$65m – US\$75m
Shares on Issue	1,302 million
Employee Options	2.6 million
Share Appreciation Rights	129.2 million
IMC Options	300 million

1. As at 10 Sept 2018

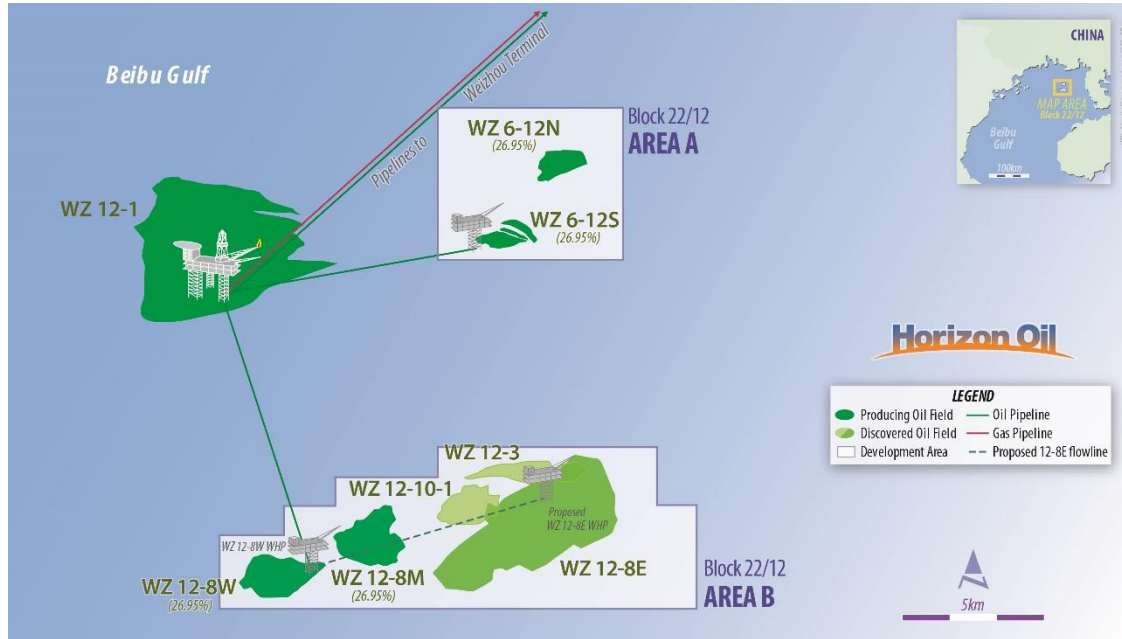
2. As at 30 June 2018



2018 Key Achievements

- **Oil sales** volume of 1.65 million barrels 16% higher than FY 2017
- **Sales revenue** of US\$100.0 million 46% higher than FY 2017
- **EBITDAX** of US\$68.5 million 52% higher than FY 2017
- **Net cashflow from operating activities** of US\$57.6 million 62% higher than FY 2017
- **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\$38/bbl sold
- **Net debt reduced** by ~US\$20 million to US\$88.6 million, with US\$27.6 million **cash on hand**
- **Acquisition** of an **additional 16% interest** in the Maari/Manaia fields in New Zealand; **additional 3.1 mmbbls** added to Proved plus Probable (2P) Reserves
- Continued strong production with current combined **production entitlement** of approximately **5,500 bopd**
- **Good progress on 12-8E development planning**, CNOOC anticipating FID in calendar year 2018
- **Progress made on the Western LNG development project in PNG**, with pre-FEED studies completed during the period confirming technical viability of the proposed concepts and cost estimates confirmed

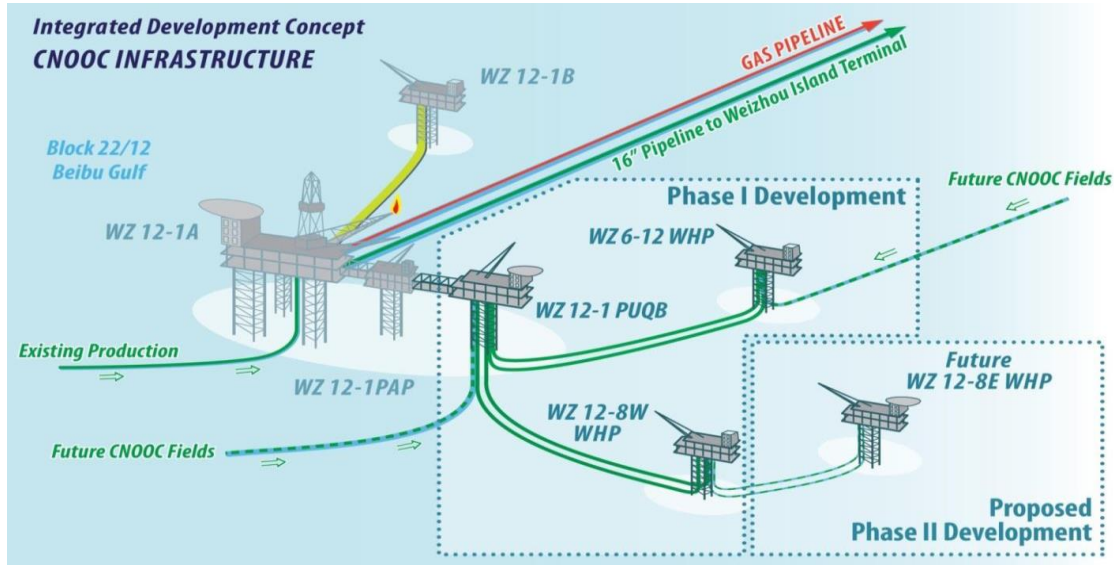
Beibu Gulf, China (26.95%)



- Production from multiple fields via 18 wells, currently approximately 12,000 bopd
- Customary petroleum contract, with remaining cost recovery oil entitlement of US\$49 million to be recovered through 2019 and 2020
- Low operating costs; below US\$10 per bbl sold for FY 2018
- Good progress on WZ 12-8E development planning with CNOOC anticipating FID in calendar year 2018

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

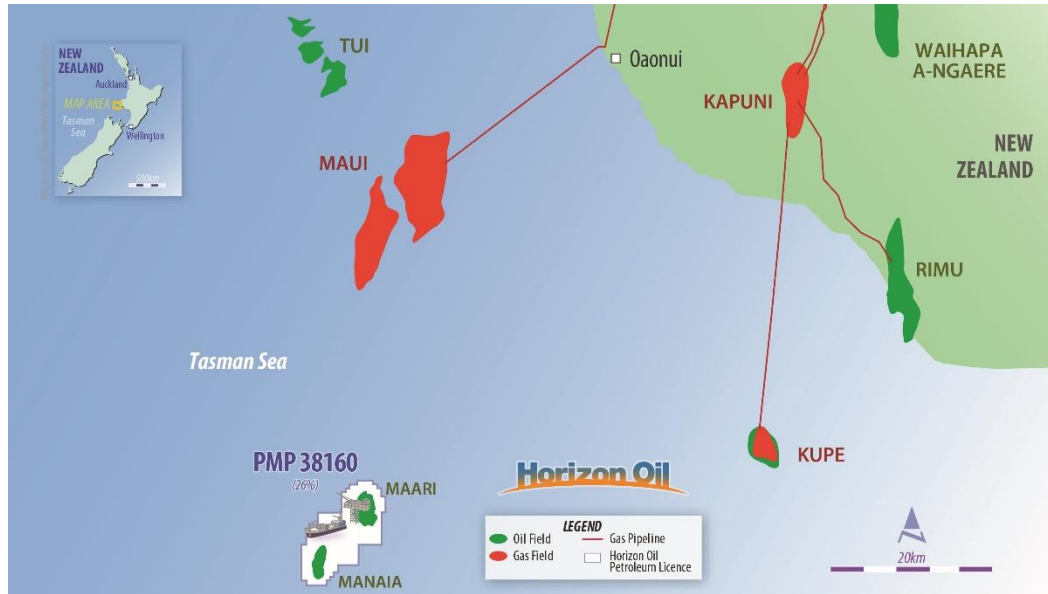
Beibu Gulf - near-term development project



Leased mobile production platform (MOPU)

- Development plan (ODP) for integrated development of WZ 12-8E and associated fields to be submitted for Government approval in 2018
- Three stage development, with target first production in 2020
- 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

Maari / Manaia fields, New Zealand (26%)

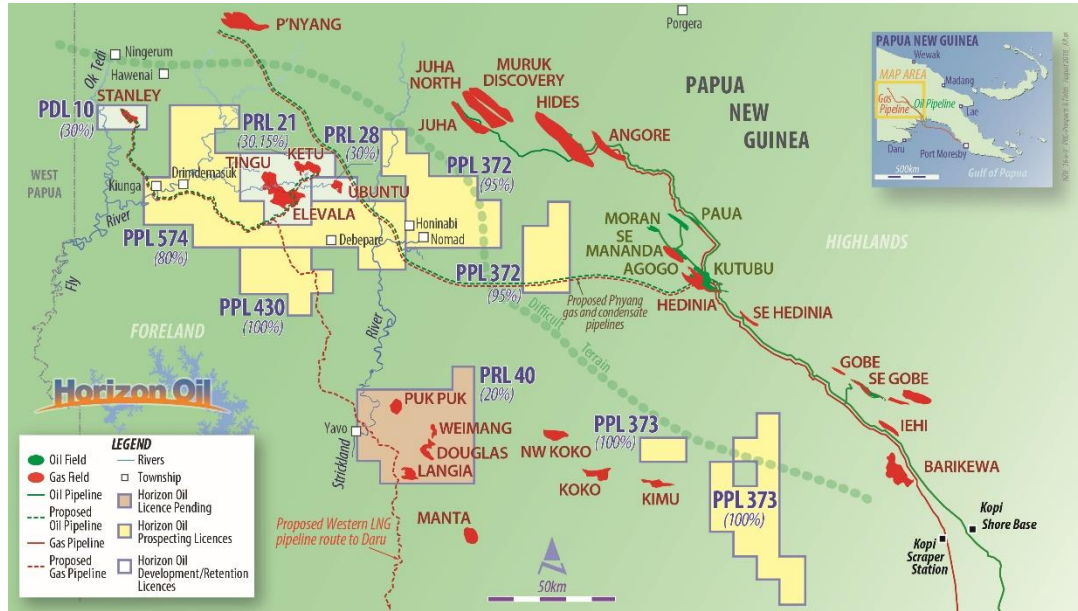


- Gross production currently ~6,500 bopd from 9 production wells
- Joint venture focus on production optimisation and operating cost reductions able to be derived from ownership of FPSO
- Continued evaluation of opportunity for future development of material resources in Maari and Manaia, potentially doubling current reserves

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

Western Forelands Region, PNG



- **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
- **Planning for the proposed Western LNG development project progressed**, with pre-FEED studies completed during the period; technical viability of selected project concept and cost estimates confirmed
- Re-emergence of **Stanley early condensate recovery scheme** as an attractive investment proposition, with the potential to provide nearer term condensate and domestic gas revenue, while planning for, the longer-dated Western LNG project

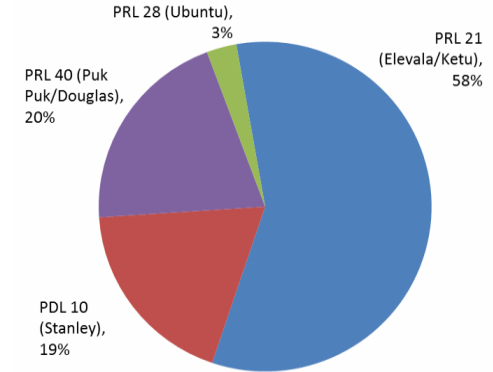
PDL 10 (Stanley)		PRL 21 (Eleva/Ketu)		PRL 28 (Ubuntu)		PRL 40 (Puk Puk/Douglas)	
HZN	30.00%	HZN	30.15% (Op)	HZN	30.00% (Op)	Repsol	60.00% (Op)
Repsol	40.00% (Op)	Repsol	35.10%	Repsol	37.50%	HZN	20.00%*
Osaka Gas	20.00%	Osaka Gas	18.00%	Kumul	20.00%*	Kumul	20.00%*
Kumul	10.00%	Kina	16.75%	P3GE	12.50%		

*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

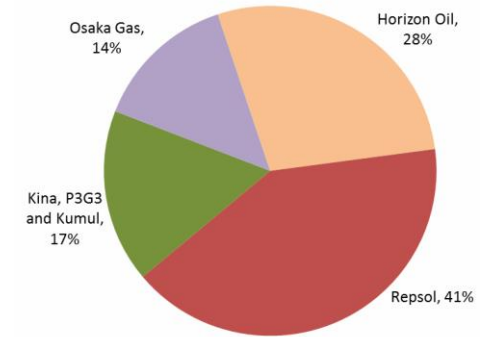
Western LNG resources distribution and ownership



- 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)
- Independently audited gross contingent resources (2C) of ~2200 PJ of sales gas and 64 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



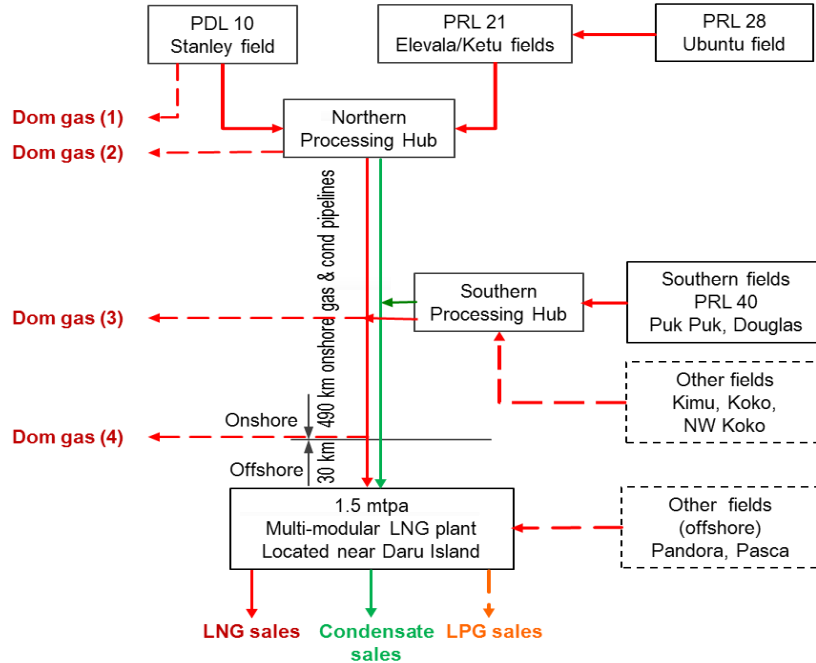
Field share of boe



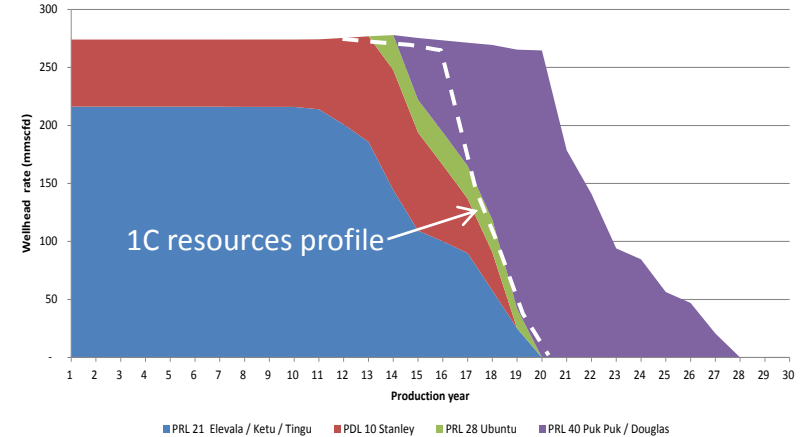
Participants' share of boe

- **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 would connect western foreland fields, containing independently audited appraised resources of 22002 PJ of sales gas and 64 mmbbls of condensate
- Horizon Oil holds interests in the 4 licences that would comprise the gas aggregation, equivalent to 28% of the total resource. Repsol holds 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.
- 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



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



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

Financial

- **Continued strong operating cash flows supported by developed, low cost, conventional oil fields**
- **Progressive reduction in debt**

Block 22/12, China

- **Continued higher production** entitlement (~35% share of production)
- **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 **optimisation of oil production** through water injection conversion program

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

- Re-emergence of **Stanley early condensate** recovery scheme as an attractive investment proposition, with the potential to provide near term condensate and domestic gas revenue, while continuing to progress Western LNG

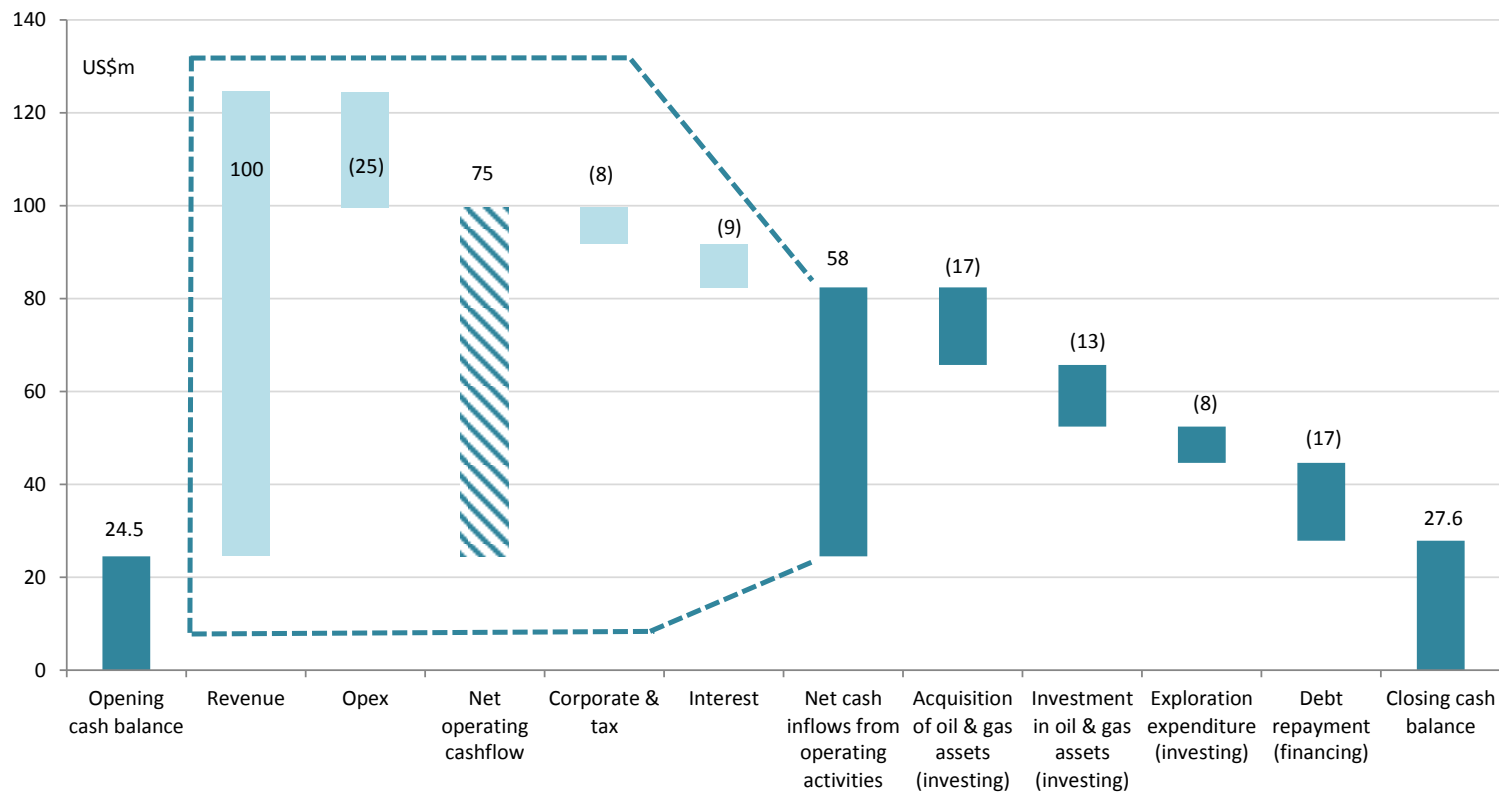
APPENDICES

FY2018 Financial overview

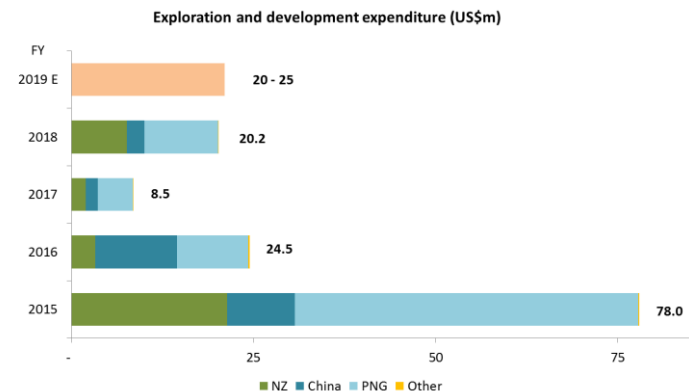
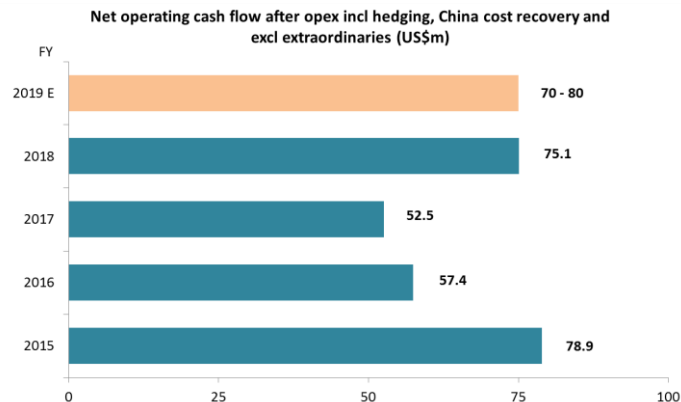
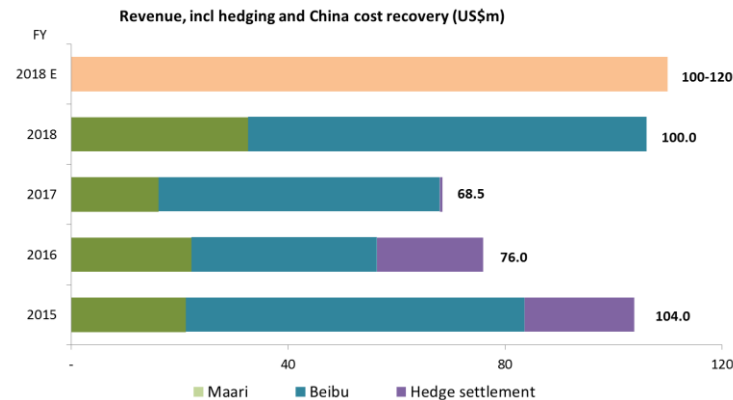
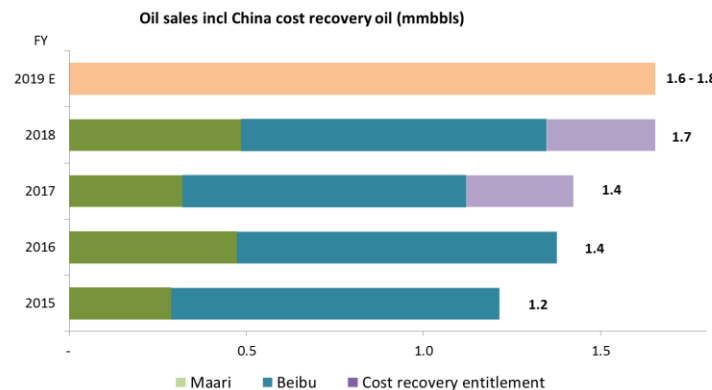
(US\$ million)	FY 2018	FY 2017	Δ	Δ (%)
Sales Volume (mmbbl)	1.65	1.42	0.23	↑ 16%
Revenue	100.0	68.5	31.5	↑ 46%
EBITDAX	68.5	45.2	23.3	↑ 52%
Underlying profit before tax	18.9	2.8	16.1	↑ 586%
Less: Finance costs (unrealised movement in value of options)	(20.5)	1.4	(21.9)	<i>n.m.</i>
Profit/(loss) before tax	(1.6)	4.2	(5.7)	↓ (138%)
Net debt	88.6	108.5	(19.9)	↓ (18%)
Closing cash	27.6	24.5	3.1	↑ 13%

- Material increase in sales volumes
- **Robust and increasing EBITDAX and cashflow generation** at field level
- Underlying profit before tax of US\$18.9 million, impacted by **257% increase in the share price** resulting in an unrealised non-cash financing cost
- **Net debt reduced by ~US\$20 million**, after funding Maari/Manaia fields acquisition using internally generated cashflow

FY 2018 Key cashflow drivers



Full Year performance and 2019 forecast





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