



Horizon Oil Limited ABN 51 009 799 455

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2 July 2014

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

Notice to Convertible Bondholders regarding Convertible Bond Redemption resulting from merger with Roc Oil

Horizon Oil Limited (**Horizon Oil** or **Company**) announced on 29 April 2014 a proposed merger with Roc Oil Company Limited (**Roc Oil**) by way of a scheme of arrangement.

On implementation of the merger, Horizon Oil's convertible bondholders (**Bondholders**) will be entitled to redeem their convertible bonds at the prescribed 'Early Redemption Amount' which is currently approximately US\$105 for every US\$100 of face value of convertible bonds held. As a result of the merger, the conversion price of the convertible bonds would be revised to approximately US\$0.37 (approximately A\$0.39, at current exchange rates).

Consistent with the objective of simplifying the merged group's capital structure and providing greater certainty to Horizon Oil's shareholders in advance of the scheme meeting, Horizon Oil has today announced an offer to each Bondholder to purchase all of their bonds for a cash payment of approximately US\$111.25 for every US\$100 of face value of convertible bonds held, plus interest accrued to the date of redemption, to incentivise early commitment to redemption by such bondholders. The offer to Bondholders represents a premium of approximately 2% to the closing market price of the convertible bonds on 30 June 2014, and has been offered to increase the likelihood that all of Horizon Oil's convertible bonds will be redeemed following implementation of the merger of Horizon Oil and Roc Oil.

Bondholders electing to accept Horizon Oil's offer will grant the Company their proxy to vote at a Bondholder meeting in favour of a resolution to allow for early redemption of any remaining bonds following the merger of Horizon Oil and Roc Oil. Any Bondholders who do not take up the offer but whose bonds are redeemed as part of this process, will not be entitled to the additional cash payment.

The offer is conditional upon the scheme becoming effective.

In addition to simplifying the capital structure of the merged group, the offer to Bondholders may minimise the potential dilution for Horizon Oil and Roc Oil shareholders should those Bondholders have instead elected to have their bonds converted into shares.

Horizon Oil expects to issue relevant documentation to Bondholders on or about 21 July 2014.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Michael Sheridan', written in a cursive style.

Michael Sheridan

Chief Financial Officer and Company Secretary

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