Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Horizon Oil Limited

ABN

51 009 799 455

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 Share appreciation rights ("SARS") +Class of +securities issued or to be issued 2 25,088,617 SARS (10,171,063 of which are subject to Number of +securities issued or shareholders' approval). to be issued (if known) or maximum number which may The number of Horizon Oil Limited shares which may be issued be issued on the exercise of the SARs is dependent on a number of factors including the number of SARs which vest, the Horizon Oil share price at the time of exercise and whether the board, exercising its discretion, issues shares, rather than paying the cash value of the exercised SARs. The maximum number of Horizon Oil Limited shares which may be issued on the exercise of the SARs is 25,088,617 shares.

3	Principal terms of the ⁺ securities (eg, if options, exercise price and expiry date; if partly paid ⁺ securities, the amount outstanding and due dates for payment; if ⁺ convertible securities, the conversion price and dates for conversion)	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 SARs are exercisable at A\$0.0865. The Effective Allocation Date for the SARs is 1 July 2015, and the Effective Grant Date is 13 August 2015.
		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"). The number of SARs that vest is:
		• 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, a percentage between 50% and 100% based on the Company's TSR performance between the Minimum Benchmark and Maximum

The SARs will not vest unless the Company achieves a TSR of at least 10% over the relevant period.

The performance conditions are tested on the date that is three years after the Effective Grant Date of the SARs, and are then re-tested every six months after that until the date that is five years after the Effective Grant 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.

SARs will lapse where:

Benchmark.

- the SARs have not vested by the final retesting date which is five years after the date of grant;
- 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.

⁺ See chapter 19 for defined terms.

The amount of the cash payment or the number of shares in the Company that the SAR holder receives on exercise of the SAR is based on the value of the SAR at the time it is exercised ("SAR Value"), being 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. 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.

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, multiplied by the number of SARs exercised and divided by the volume weighted average price of shares in the Company for the ten 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.

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

No.

Any shares issued on exercise of the above mentioned SARs will rank equally with existing fully paid ordinary shares.

Appendix 3B New issue announcement

5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issue of SARs in accordance with the Company's remuneration policy and Long Term Incentive plan.
ба	Is the entity an ⁺ eligible entity that has obtained security holder approval under rule 7.1A?	No
	If Yes, complete sections $6b - 6h$ in relation to the +securities the subject of this Appendix 3B, and comply with section $6i$	
6b	The date the security holder resolution under rule 7.1A was passed	
бс	Number of ⁺ securities issued without security holder approval under rule 7.1	
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	
бе	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	
6f	Number of securities issued under an exception in rule 7.2	
бg	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	

- 6h If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements
- 6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements
- 7 Dates of entering +securities into uncertificated holdings or despatch of certificates
- 8 Number and +class of all +securities quoted on ASX (*including* the securities in section 2 if applicable)
- 9 Number and +class of all +securities not quoted on ASX (*including* the securities in section 2 if applicable)

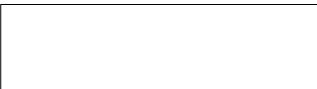
Number	+Class	
1,500,000	Partly paid shares	
3,216,667	Options issued under Company's employee incentive schemes	
1,000,000	General options	
63,772,433	Share appreciation rights	
400	Convertible bonds	

10 Dividend policy (in the case of That rust, distribution policy) on di the increased capital (interests)

The SARS issued do not confer an entitlement to dividends declared and paid by the Company.

Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?



On or about 13 August 2015

Number	+Class
1,301,981,265	Ordinary shares

13	Ratio in which the ⁺ securities will be offered
14	
14	+Class of +securities to which the offer relates
15	+Record date to determine
	entitlements
16	Will holdings on different
	registers (or subregisters) be
	aggregated for calculating entitlements?
17	Policy for deciding entitlements
	in relation to fractions
10	Numero of a constraint in collision due
18	Names of countries in which the
	entity has +security holders who
	will not be sent new issue documents
	Note: Security holders must be told how their entitlements are
	to be dealt with.
	Cross reference: rule 7.7.
19	Closing date for receipt of
	acceptances or renunciations
•	
20	Names of any underwriters
21	Amount of any underwriting fee
	or commission
22	
22	Names of any brokers to the issue
23	Fee or commission payable to
	the broker to the issue
24	Amount of any handling fee
	payable to brokers who lodge
	acceptances or renunciations on
	behalf of ⁺ security holders
25	If the issue is contingent on
23	+security holders' approval, the
	date of the meeting

- 26 form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option participate holders to on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements in full through a broker?
- 31 How do +security holders sell part of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities (tick one)
- Securities described in Part 1 (a)
- (b) \checkmark All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Date entitlement and acceptance



Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

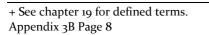
- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories 1 1,000 1,001 - 5,000 5,001 - 10,000 10,001 - 100,000 100,001 and over
- 37 \square A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment



41 Reason for request for quotation now

> Example: In the case of restricted securities, end of restriction period

securities, end of restriction period		
(if issued upon conversion of another security, clearly identify that other security)		
	Number	+Class
Number and ⁺ class of all		
+securities quoted on ASX		

+securities quoted on ASX (including the securities in clause 38)

Quotation agreement

42

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- We will indemnify ASX to the fullest extent permitted by law in respect of any 3 claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

lzer

Sign here:

Print name: Michael Lyon Assistant Company Secretary

Date: 13 August 2015

== == == == ==