



Horizon Oil Limited ABN 51 009 799 455

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8 May 2014

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

MACQUARIE CONNECTIONS CONFERENCE PRESENTATION

Please find attached the presentation which will be presented by Michael Sheridan, Chief Financial Officer at the Macquarie Conference today.

Yours faithfully

A handwritten signature in black ink, appearing to read "Michael Sheridan". The signature is fluid and cursive, with a large, stylized "M" and "S".

Michael Sheridan

Chief Financial Officer and Company Secretary

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Macquarie Connections Australia Conference Presentation May 2014

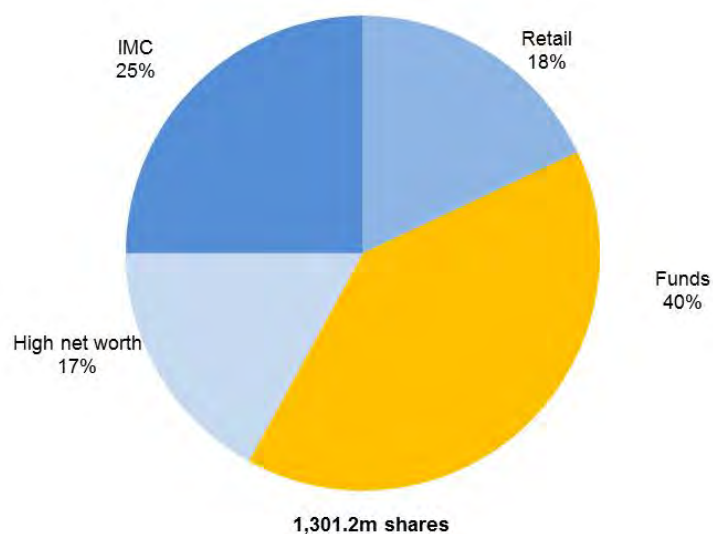
This presentation contains some references to forward looking assumptions, representations, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Horizon Oil Limited that its expectations, estimates and forecast outcomes will be achieved. Actual results may vary materially from those expressed herein.

- Market capitalisation of A\$494m at A\$0.38 per share on 30 April 2014 (1,301.2m shares)
- Current net production:
 - Maari/Manaia 900 bopd priced at Brent plus US\$5-6
 - Beibu Gulf 3,400+ bopd priced at Brent less US\$4
- Current EBITDA ~US\$11m per month
- Forecast exit 2014 production ~5,000 bopd net
- 2P reserves of 16.0 mmbo and 2C contingent resources of 16.1 mmbo/335 bcf gas, post Osaka Gas transaction
- Prospective resources of 111 million barrels of oil equivalent (mmboe) best estimate, post Osaka Gas transaction
- US\$150m reserves-based lending facility in place
- At 31 March 2014:-
 - Cash on hand US\$23.2m
 - Convertible bond US\$80.0m (matures June 2016, unless converted prior)
 - Drawdown on US\$160m facility US\$119.2m
 - Net debt US\$176.0m

Shareholder Distribution and Trading Statistics



SHARE PRICE HISTORY



TRADING STATISTICS

April 2014 (to date)

Last	\$0.380
High	\$0.380
Low	\$0.300
Volume	84,957,886

12 Months

Last	\$0.380
High	\$0.450
Low	\$0.280
Volume	682.04m

Fully paid shares	1,301.2m
Partly paid shares	1.50m ¹
Employee options	11.78m ²
General options	19.0m ⁵
Share appreciation rights	31.28m ³
Convertible bonds	400 ⁴

No. of shareholders	6,026
Market capitalisation	\$494m

Top 20 / Issued Capital	69.3%
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¹Issued in accordance with employee incentive schemes

²Options - issue price ranging from \$0.27 - \$0.44

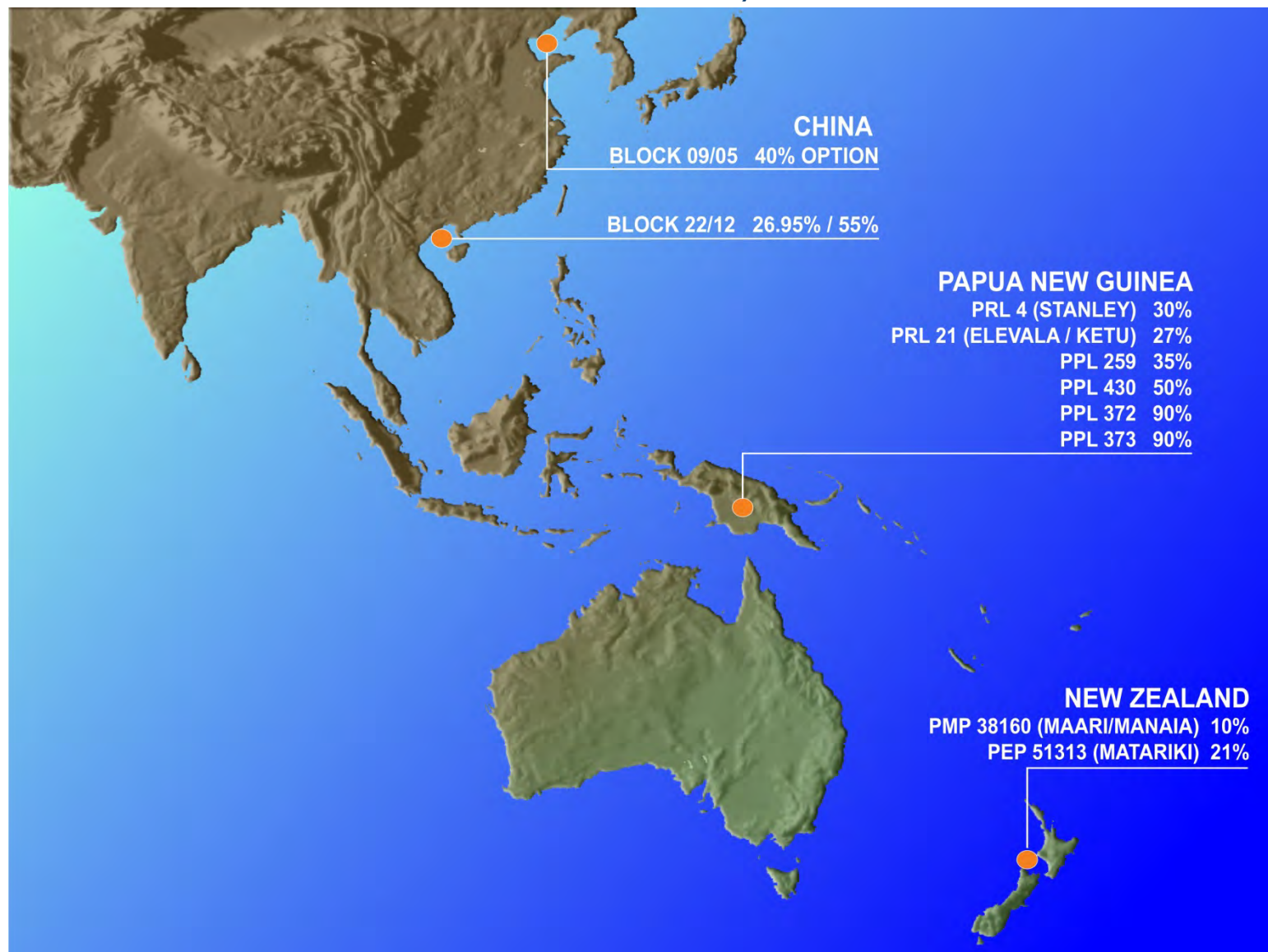
³Share price equivalence of SARS - \$0.30. 3.9 million SARS subject to shareholder approval

⁴Convertible to 384,615 ordinary shares per bond at the initial conversion price of \$0.49

⁵ Includes 15 million options issued to Petsec on acquisition of additional interest in Block 22/12, exercise price \$0.37

Geographic Focus and Asset Location

Focus remains on southeast Asia/Australasia, with...



...new exploration block in China and expanded acreage position in PNG

- Focused southeast Asian/Australasian E&P specialist
- Strong, long-lived cashflows from Maari/Manaia fields, offshore New Zealand, re-invested to fund future capital program. Low risk, new reserves appraisal drilling and mid-life field upgrade program began in Q3 2013
- Beibu Gulf field development, offshore China, on stream in March 2013; currently 12,500 bopd. Additional field to be developed in Phase II
- Large gas/condensate resources and acreage position onshore Papua New Guinea. Condensate production from Stanley field to commence in 2016. Potential for long-life mid-scale LNG project to commercialise gas



Focus on proven, conventional plays with scale, upside and manageable risk



Substantial inventory of discovered reserves and resources to bring into production with minimal exposure to geological risk – 88 million barrels of oil equivalent (mmboe)



Conservative and highly selective approach to exploration in and around discovered reserves and resources – 111 mmboe unrisks best estimate potential

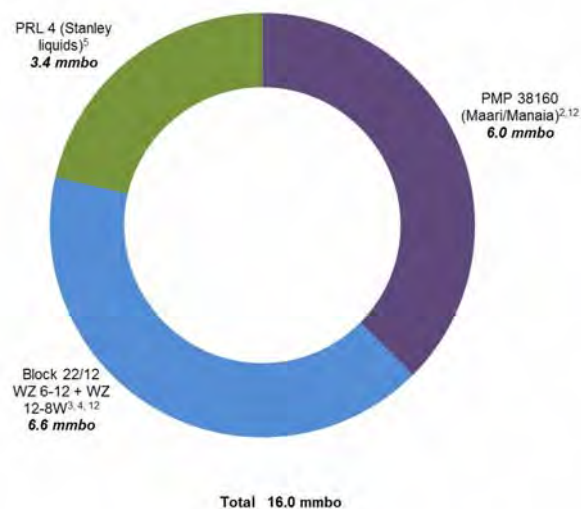


Low risk exposure to commodity price upside, especially oil price, and production growth

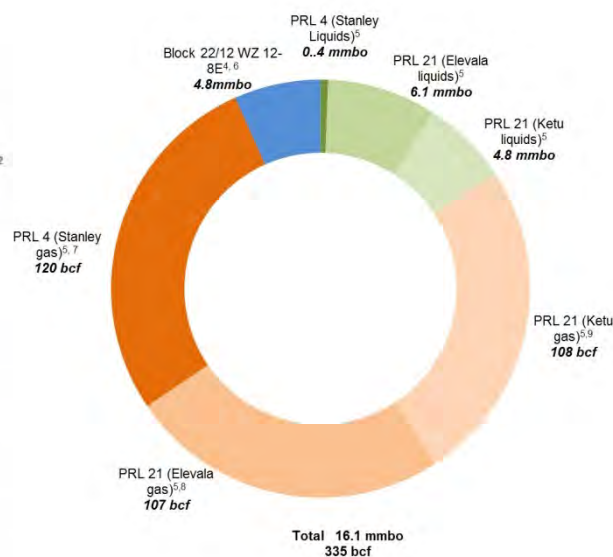
Net Reserves¹, Contingent Resources¹ and Prospective Resources¹ as at 30 April 2013, Post Osaka Gas Transaction



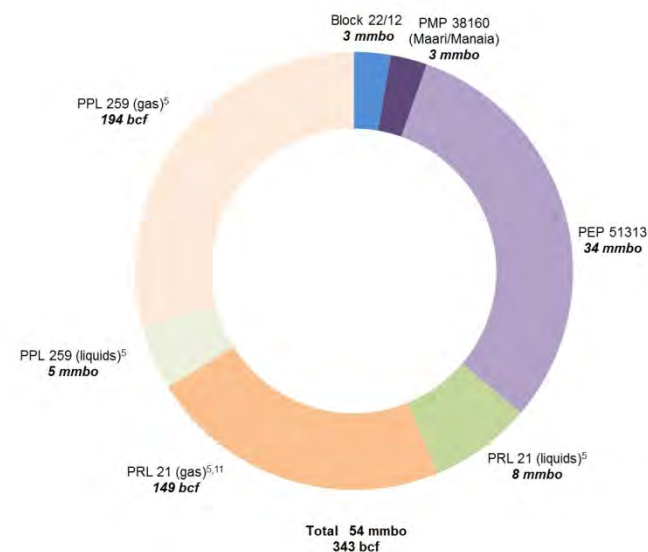
RESERVES Proven + Probable



CONTINGENT RESOURCES Proven + Probable



PROSPECTIVE RESOURCES Best Estimate



¹ Estimated in accordance with SPE-PRMS standard; 6 bcf gas equals 1 boe; 1 bbl condensate equals 1 boe

² Net of production of 22.0 mmbo gross through 31 December 2013

³ Net of production of 3.0 mmbo gross through 31 December 2013

⁴ Reduced to allow for CNOOC participation at 51%

⁵ Subject to reduction to allow for PNG State Nominee participation at 22.5%

⁶ Assumes recovery factor of 20% of oil-in-place

⁷ Includes 2.6 mmbbl LPG (1 tonne LPG equals 11 bbl)

⁸ Includes 3.5 mmbbl LPG

⁹ Includes 3.5 mmbbl LPG

¹⁰ Estimates have an associated risk of discovery and risk of development

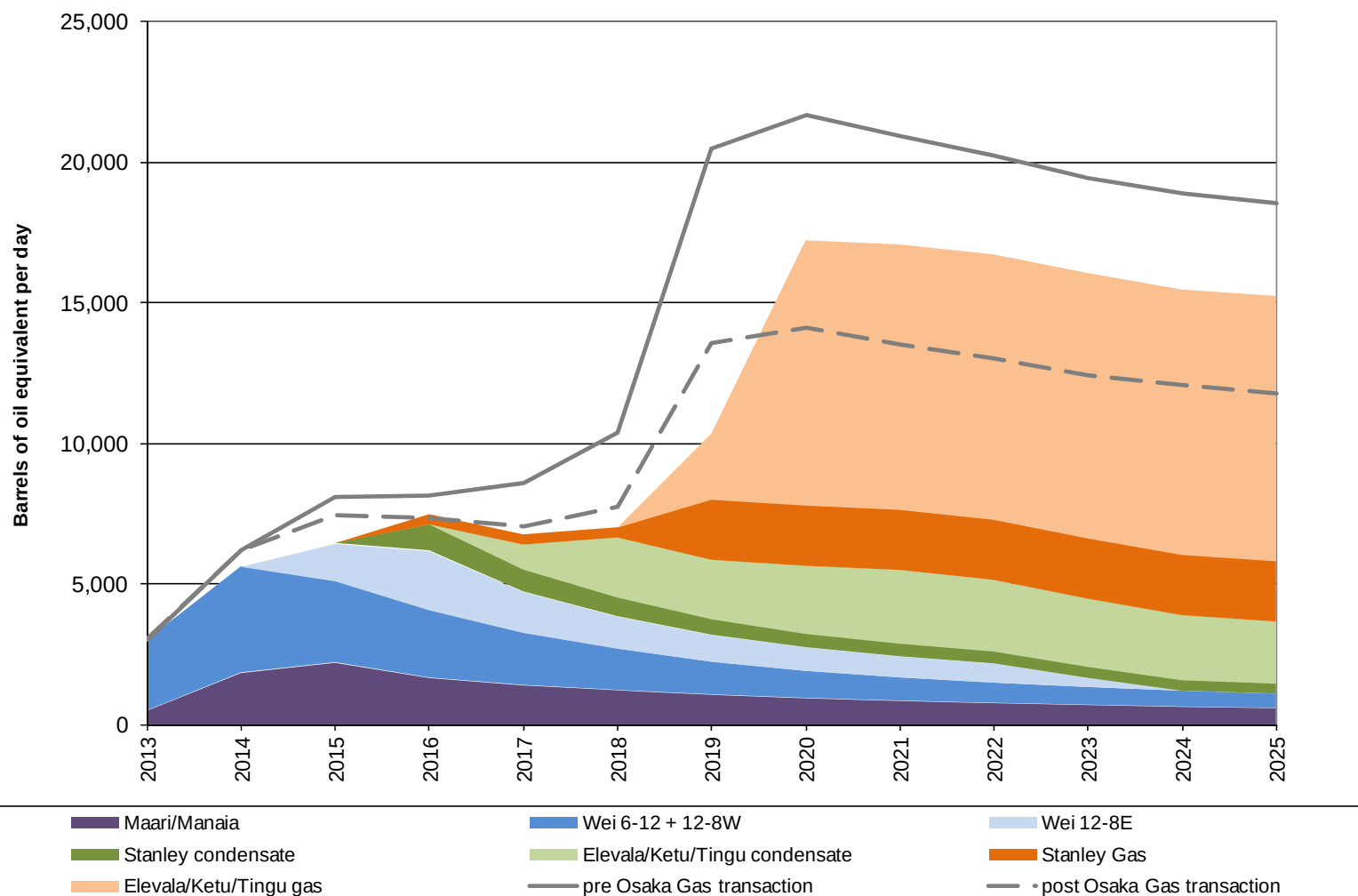
¹¹ Includes 4.8 mmbbl LPG

¹² Revised 1 Jan 2014

**Total reserves
and contingent resources – 88 mmboe
Liquids 36%; Gas 64%**

Prospective resources⁹ – 111 mmboe

Forecast Net Production From Reserves + Contingent Resources as at 30 April 2013, Post Osaka Gas Transaction and Tingu-1



Includes historical production prior to 30 April 2013

Based on proven and probable reserves and contingent resources, estimated in accordance with SPE-PRMS standard

Timing of new field production based on operator estimates



Significant Recent Achievements



Successful sale of 40% of PNG assets to Osaka Gas

- Horizon Oil entered into agreement in May 2013 to sell 40% of its PNG assets to Osaka Gas Co. Ltd. of Japan for US\$204 million, including US\$74 million in cash on completion, a further US\$130 million in cash upon FID for an LNG project, plus potential production payments where threshold condensate reserves exceeded
- Horizon Oil and Osaka Gas to form strategic alliance to commercialise Horizon Oil's net certified reserves and contingent resources of 125 mmboe and develop acreage covering 7,900 sq km in Western Province
- Potential profit of approximately US\$153 million, made up of US\$23 million on completion and a further amount of approximately US\$130 million upon achieving the LNG FID milestone
- Transaction terms imply value of ~US\$500 million of Horizon Oil's PNG interests

Significant gas/condensate discovery at Tingu prospect, PNG

- Approximately 100 mmboe, adding materially to scale of PRL 21 development
- Confirms exploration approach and upgrades Horizon Oil's leads and prospects inventory

Announcement of Proposed Merger with Roc Oil

Would lead to:

- Creation of a leading Asian E&P company with:
- Highly complementary portfolios with assets in China, PNG, Malaysia, Myanmar and Australia/New Zealand
- Strong production base and significant growth pipeline with major projects in China, PNG and Malaysia
- Substantial increase in scale – pro forma market cap of ~\$800 million; net 2P reserves of 36.9 mmboe and contingent resources of 120.7 mmboe

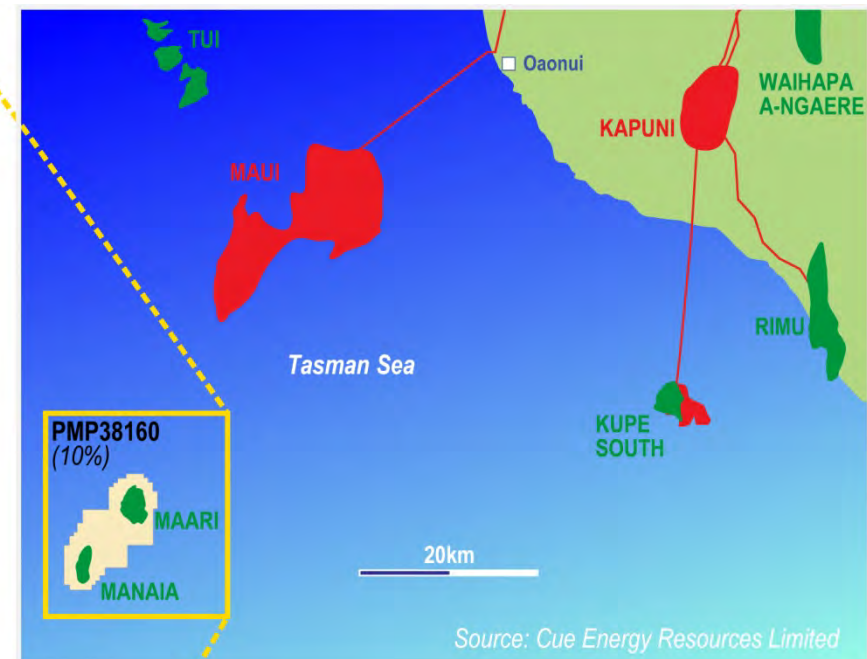
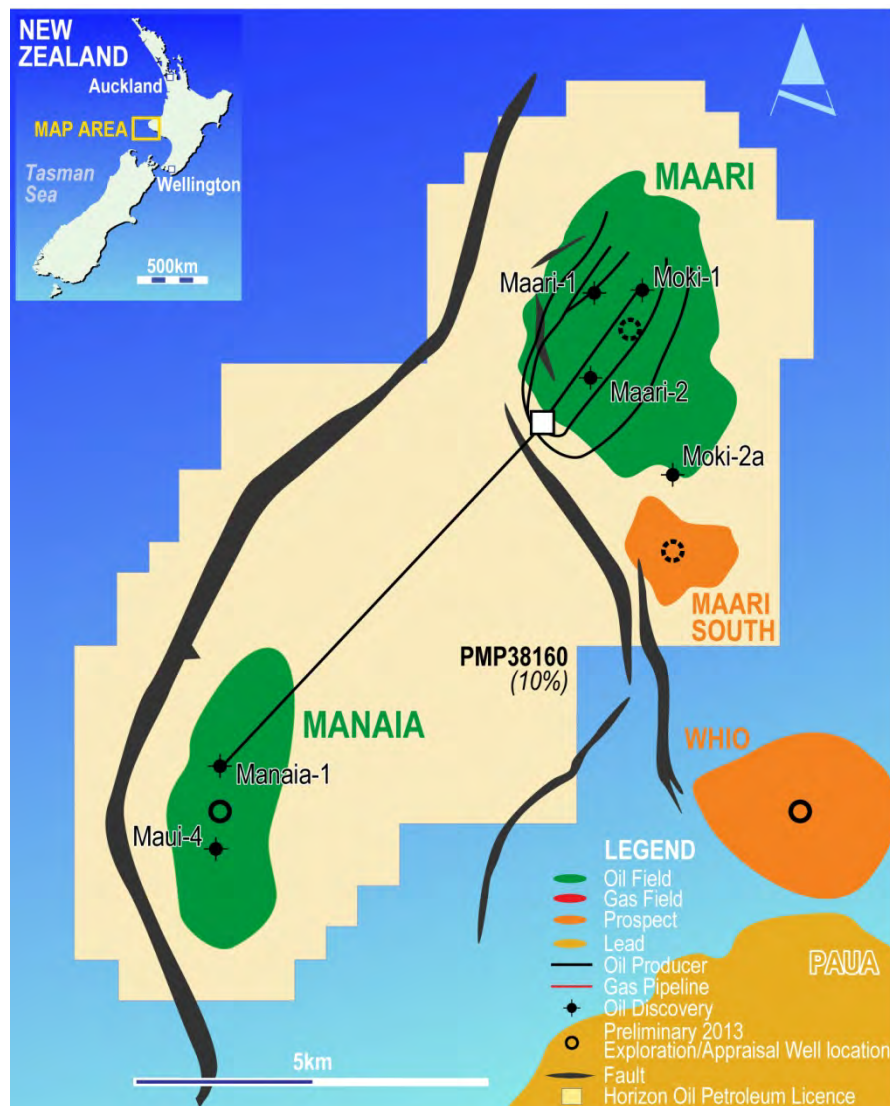
Upcoming News Flow and Share Price Catalysts



Timeframe

- Stanley PDL award and development execution *Q2 2014*
- Improved production performance from Maari/Manaia fields and progress on field upgrade *Ongoing to Q1 2015*
- Progress on Beibu Gulf fields Phase II development plan *Ongoing to Q3/Q4 2014*
- Progress on sales of Stanley gas to regional PNG consumers and larger scale gas commercialisation/export plans *Ongoing*
- Progress on Elevala/Tingu/Ketu development planning *Ongoing 2014*
- Exploration success
 - PEP 51313, New Zealand: Whio -1 1 well *Q3 2014*
 - PNG: exploration drilling in PPL 259 1 well *Q4 2014*

Maari /Manaia Fields – New Zealand



PMP 38160:

HZN	10%
OMV	69% (Op)
Todd	21%
CUE	5%

Gross reserves (mmbo) as at 31 December 2013 (RISC estimate)	2P
Produced	22.0
Remaining	60.0



Maari/Manaia – Key Points



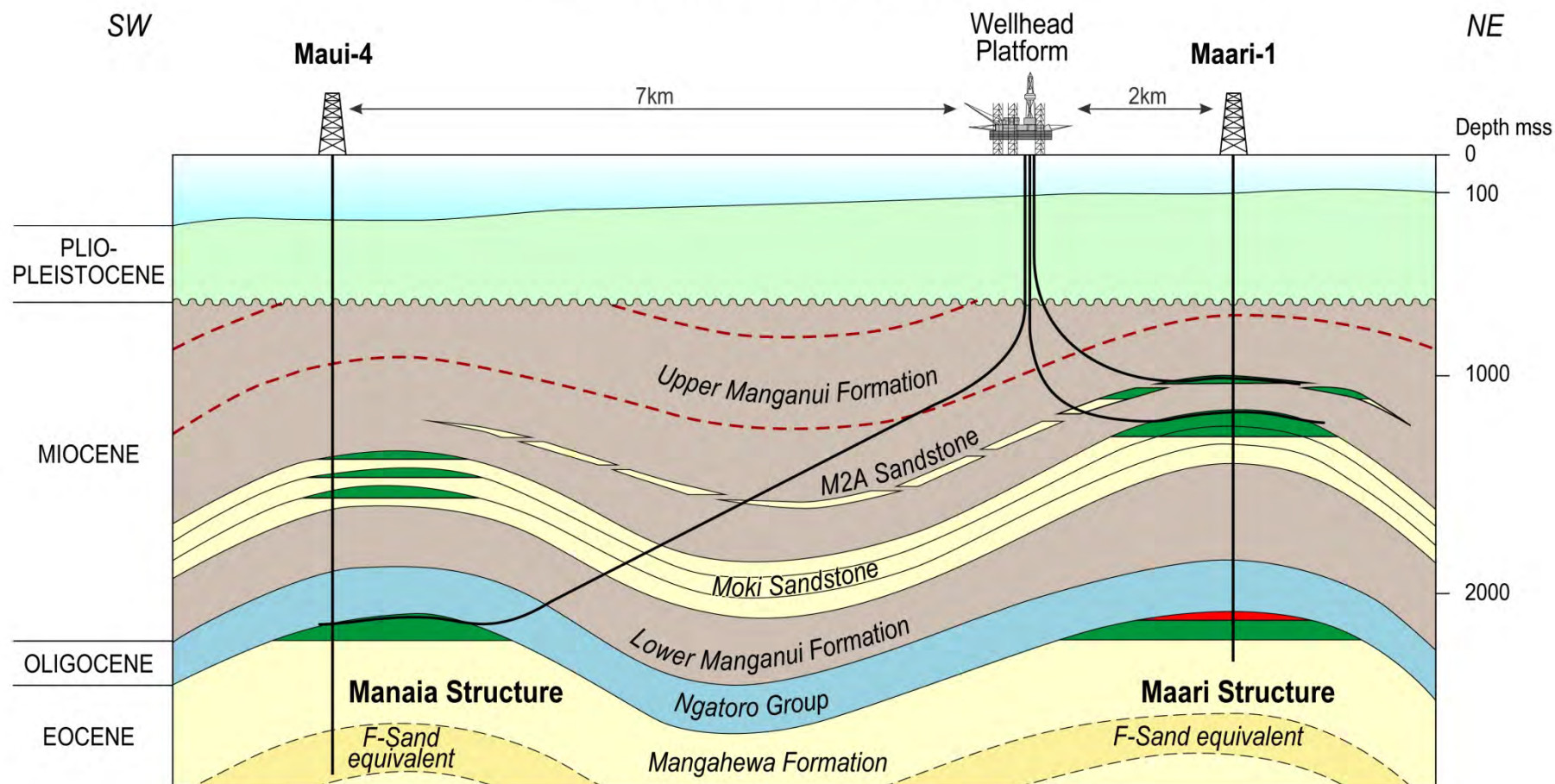
- Wellhead platform / FPSO development in 100 m water depth
- Maari Moki zone developed with 5 producer wells and 3 water injectors – field developed on basis of 60 mmbo recoverable reserves; successful appraisal/development wells drilled from platform on secondary zones – M2A sands and Manaia Mangahewa formation, completed for production
- Nameplate capacity of facilities 35,000 bopd; FPSO *Raroa* purchased in 2013
- Major facility and equipment upgrade undertaken in late 2013, prior to commencement of Maari/Manaia Growth Projects program
- High quality crude receiving US\$5-6 premium to dated Brent price
- Focus now on production optimisation (reconfiguration of water injection scheme and additional producer offtake wells) and “Greater Maari Area” development
- Whio prospect is a potential add-on to the Maari development, if a discovery; to be drilled in Q3 2014 with unrisks potential of 27 mmbo

Maari Field Development Assets

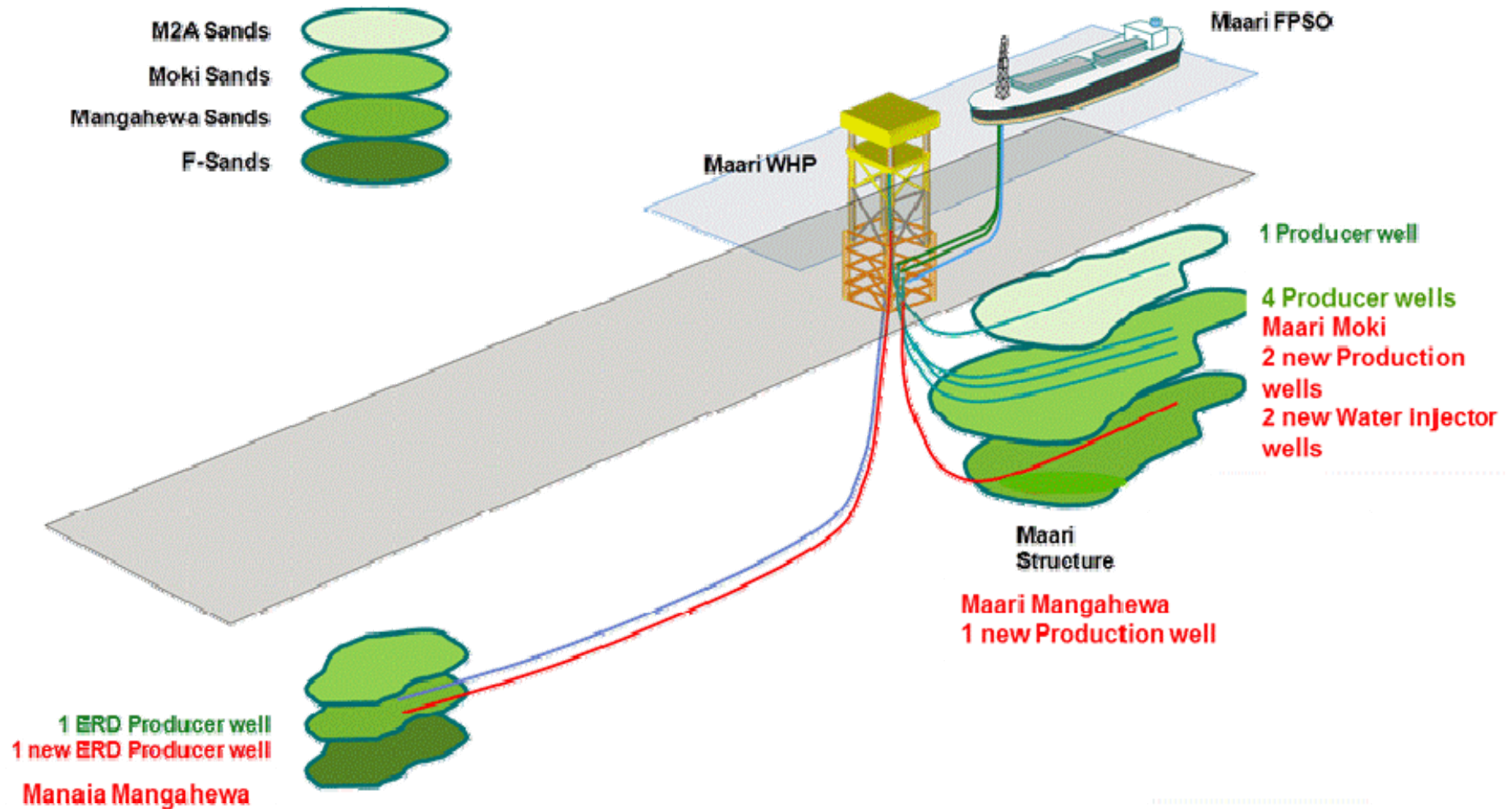


MAARI / MANAIA SCHEMATIC CROSS-SECTION

PMP 38160, Offshore New Zealand



Maari/Manaia Growth Projects



Objective to reconfigure water injection scheme, access undeveloped reserves and optimise production

PEP 51313 – New Zealand



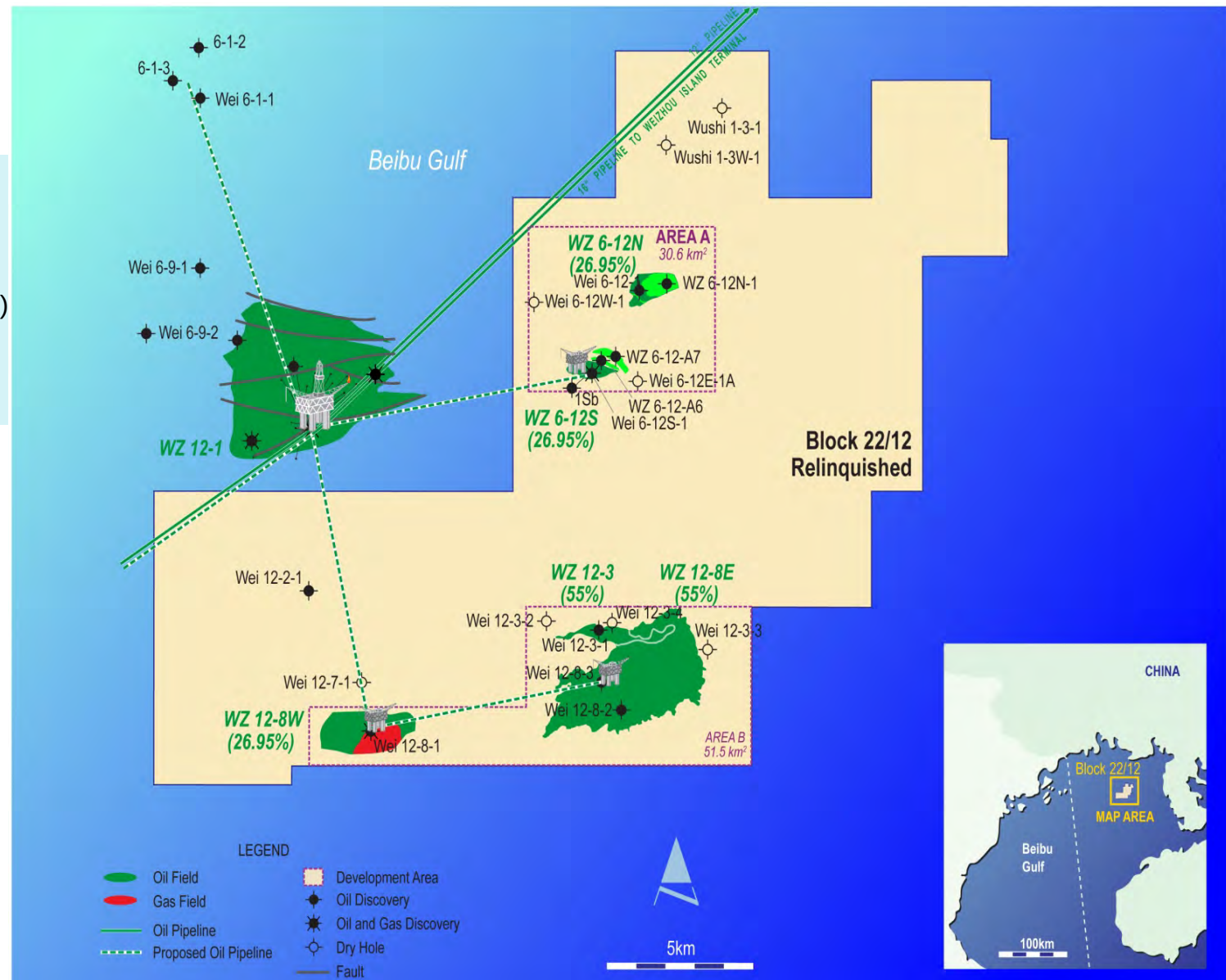
Deep prospect and lead inventory with 163 mmbo exploration potential



Whio-1 to be drilled in Q1 2014 with mean potential of 27 mmbo (operator estimate)

HZN	26.95%
CNOOC	51.00% (Op)
ROC	19.60%
Majuko Corp	2.45%

Gross reserves (mmbo) as at 31 December 2013	2P
Produced	3.0
Remaining	24.4



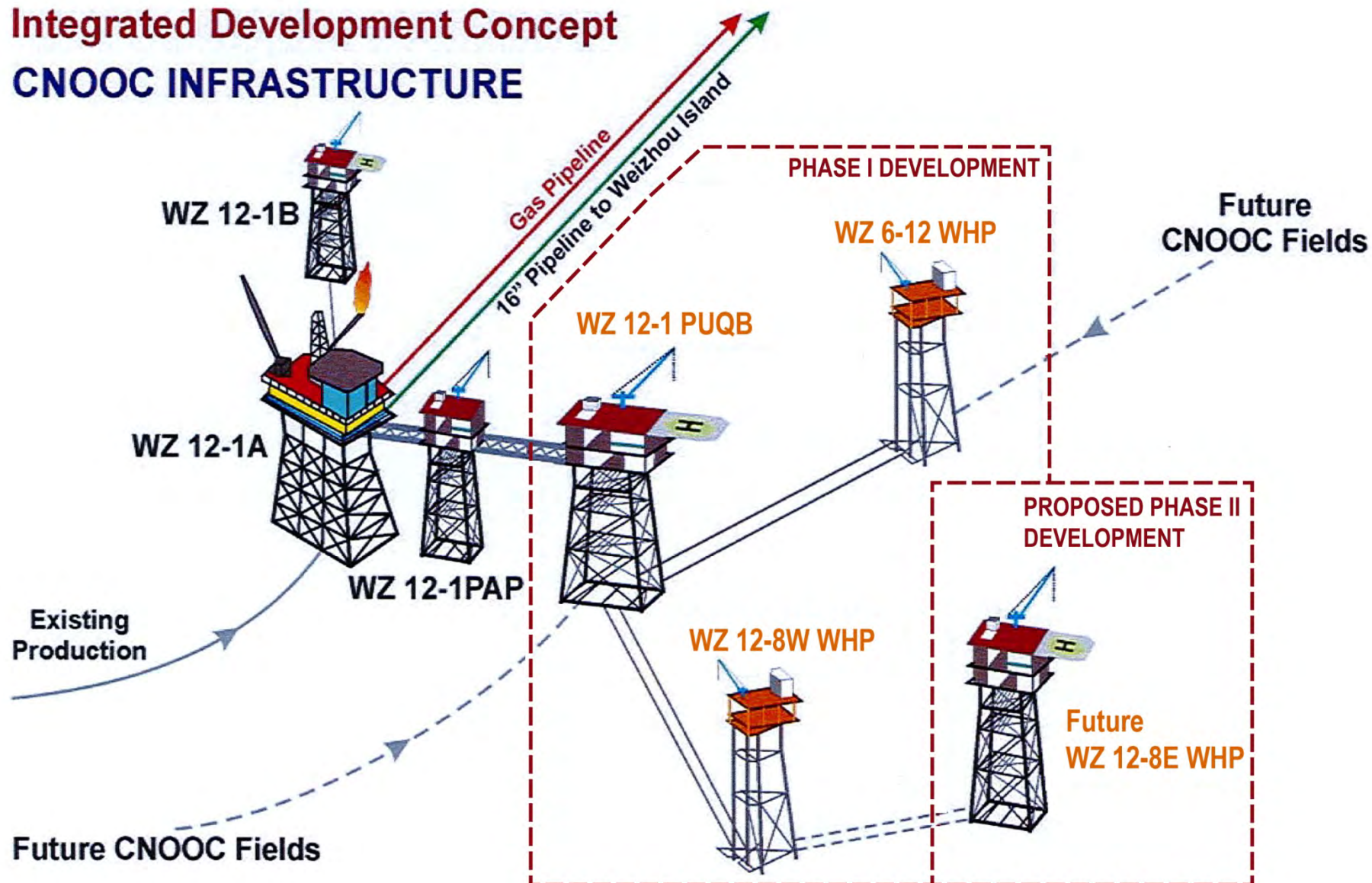


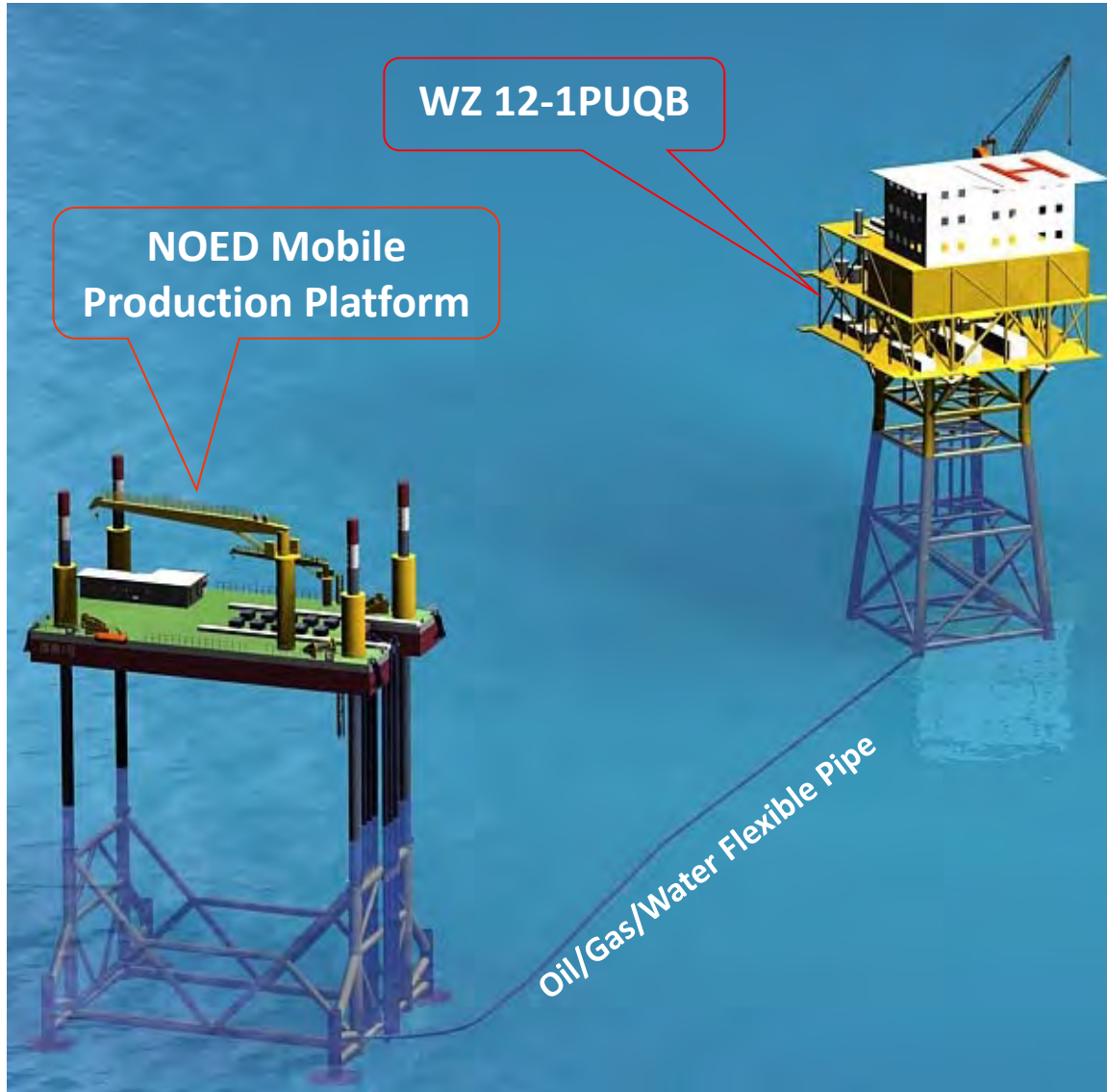
Beibu Gulf Fields – Key Points



- 2 phase development in 40 - 60 m water depth utilising CNOOC platform facilities, export pipeline and terminal on Weizhou Island
- Phase 1 platforms WZ 6-12 and WZ 12-8W connected by pipeline to PUQB utility platform; completion cost within initial US\$300m budget
- Current production ~ 12,500 bopd with 5 wells still on natural flow,
- Horizon Oil share 3,400 bopd; cost recovery entitlement to materially increase production share in 2015
- Oil sales to Chinese refineries - currently priced at ~ US\$4 discount to Brent
- Phase II development plan for WZ 12-8E field scheduled for completion in Q3 2014

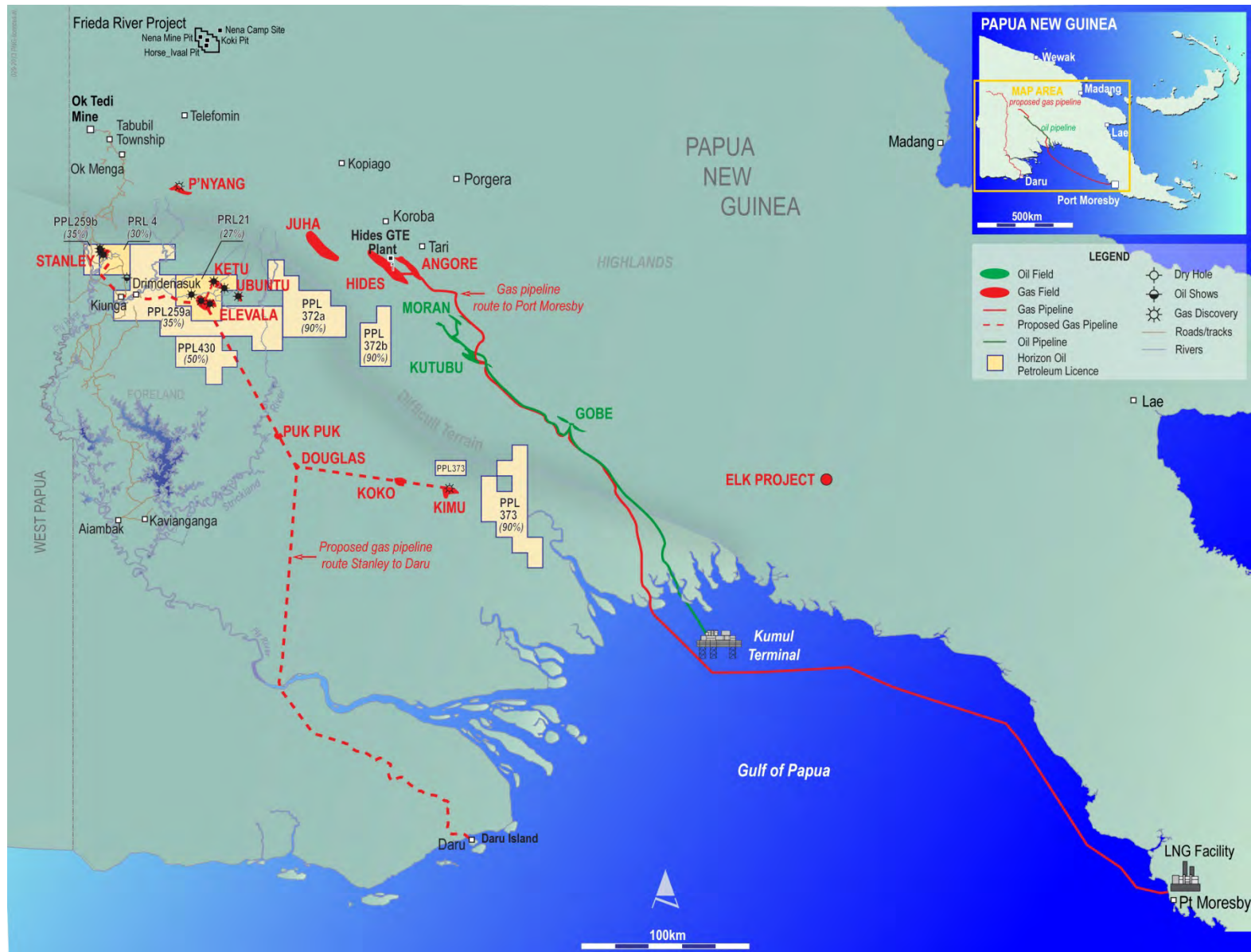
Integrated Development Concept CNOOC INFRASTRUCTURE





- Leased mobile production platform
- Flexible pipeline
- Initially up to three production wells
- Run extended DST or pilot production
- Drill more wells (4-5) depending on production performance wells
- Consider permanent WHP

Papua New Guinea



Horizon Oil acreage position expanded to ~7,900 sq km, primarily in wet gas “sweet spot”

- Commanding 7,900 sq km acreage position in liquids-rich “sweet spot” of foreland area with certified condensate and gas resources of 125 mmboe net, subject to reduction when transaction with Osaka Gas completes
- Stanley (PRL 4) and Elevala/Ketu (PRL 21) fields successfully appraised in 2011/12
- Stanley condensate recovery project FEED completed and FID in July 2012, offer of production development licence has been accepted with licence grant scheduled in May 2014; target first production 2016
- Tingu-1 exploration/appraisal well successful, adding approximately 100 mmboe to resource base; well completed for production and flow-tested
- FEED for Elevala/Ketu condensate recovery project underway and being modified to include Tingu
- Active exploration/appraisal program planned in low geological risk environment and accessible terrain to establish sufficient gas resources for 2– 4 mtpa mid-scale LNG plant on coast

Horizon Oil Acreage and Joint Venture Partners



PRL 4:

HZN	30% (Op)
Osaka Gas	20%
Talisman	40%
Mitsubishi	10%

PRL 21:

HZN	27% (Op)
Osaka Gas	18%
Talisman	32.5%
Kina	15%
Mitsubishi	7.5%

PPL 259:

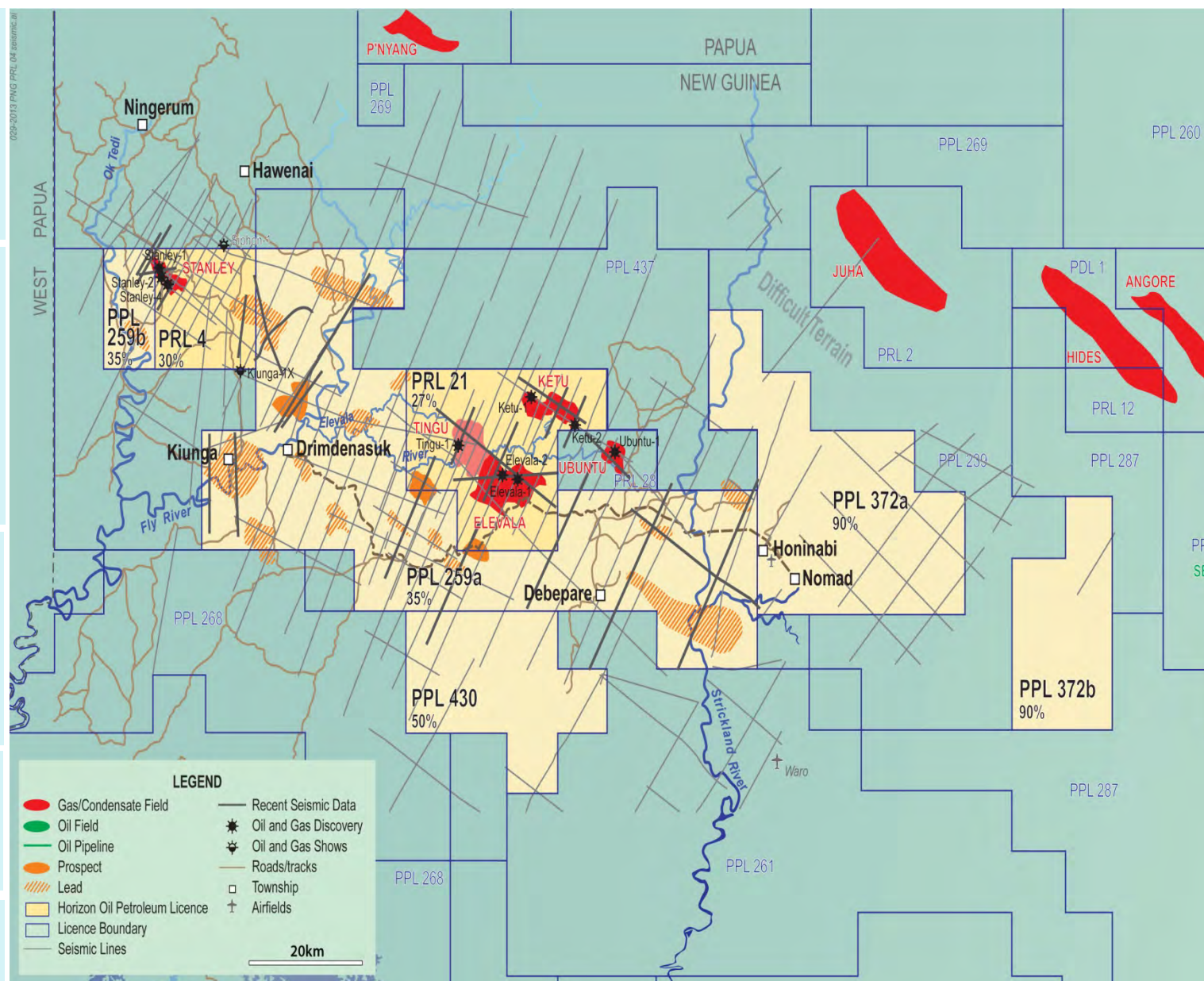
HZN	35%
Osaka Gas	10%
Eaglewood	45%
P3GE	10%

PPL 430:

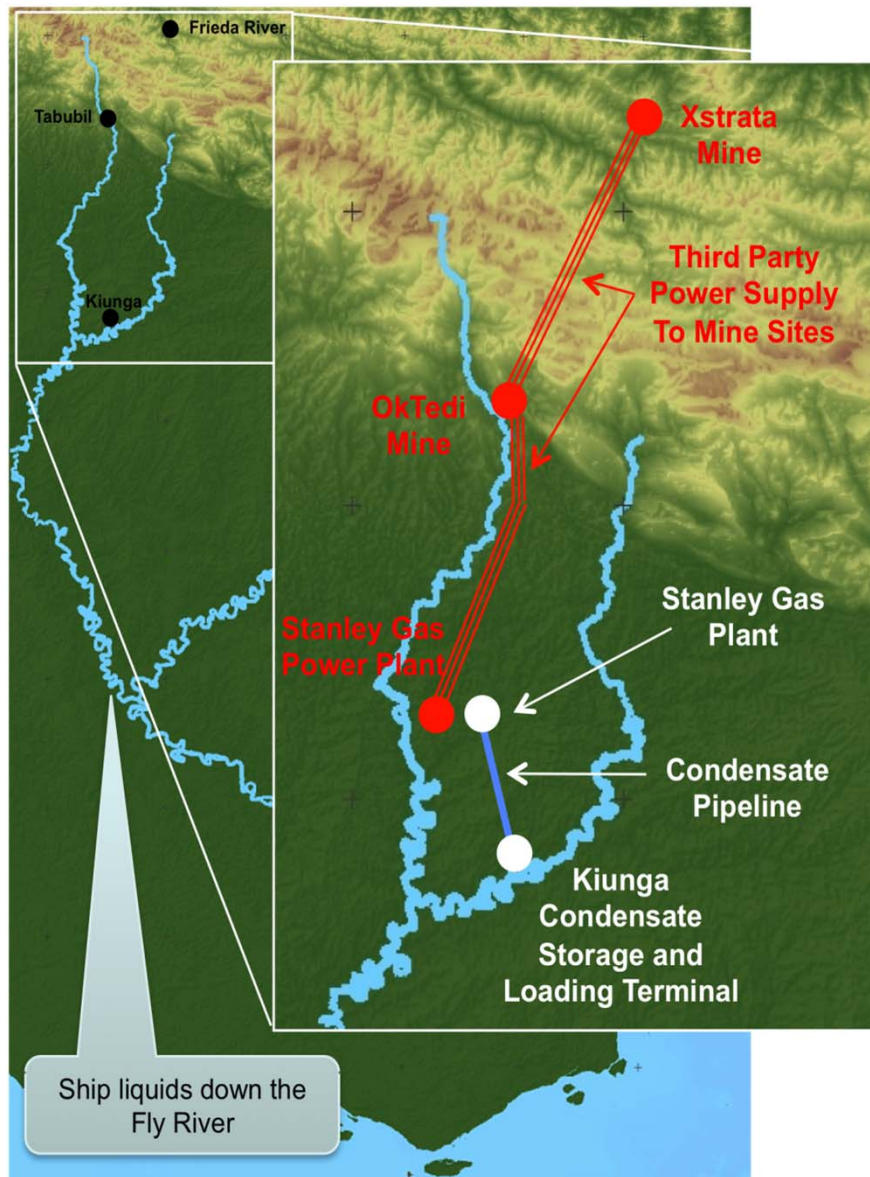
HZN	50% (Op)
Eaglewood	50%

PPLs 372 and 373:

HZN	90% (Op)
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Stanley Project Concept



Facilities

- 2 train, 140 mmscfd gas refrigeration plant
- Mercury removal via adsorption catalyst beds
- Gas sales at plant fence, addition gas recycled to enhance liquids recovery
- 6 inch, 40 km pipeline to transport liquids to Kiunga
- 60,000 bbl storage tank near Kiunga laydown area
- 12 inch, 1 km line between tank and loading facility
- Mooring point loading facility ~1 km downstream of Kiunga main wharf

Tanker

- 33,000 bbl capacity
- Custom designed by P&O
- Fly River and ocean going capability
- Initial buyer expected to be InterOil Napa Napa Refinery, located in Port Moresby

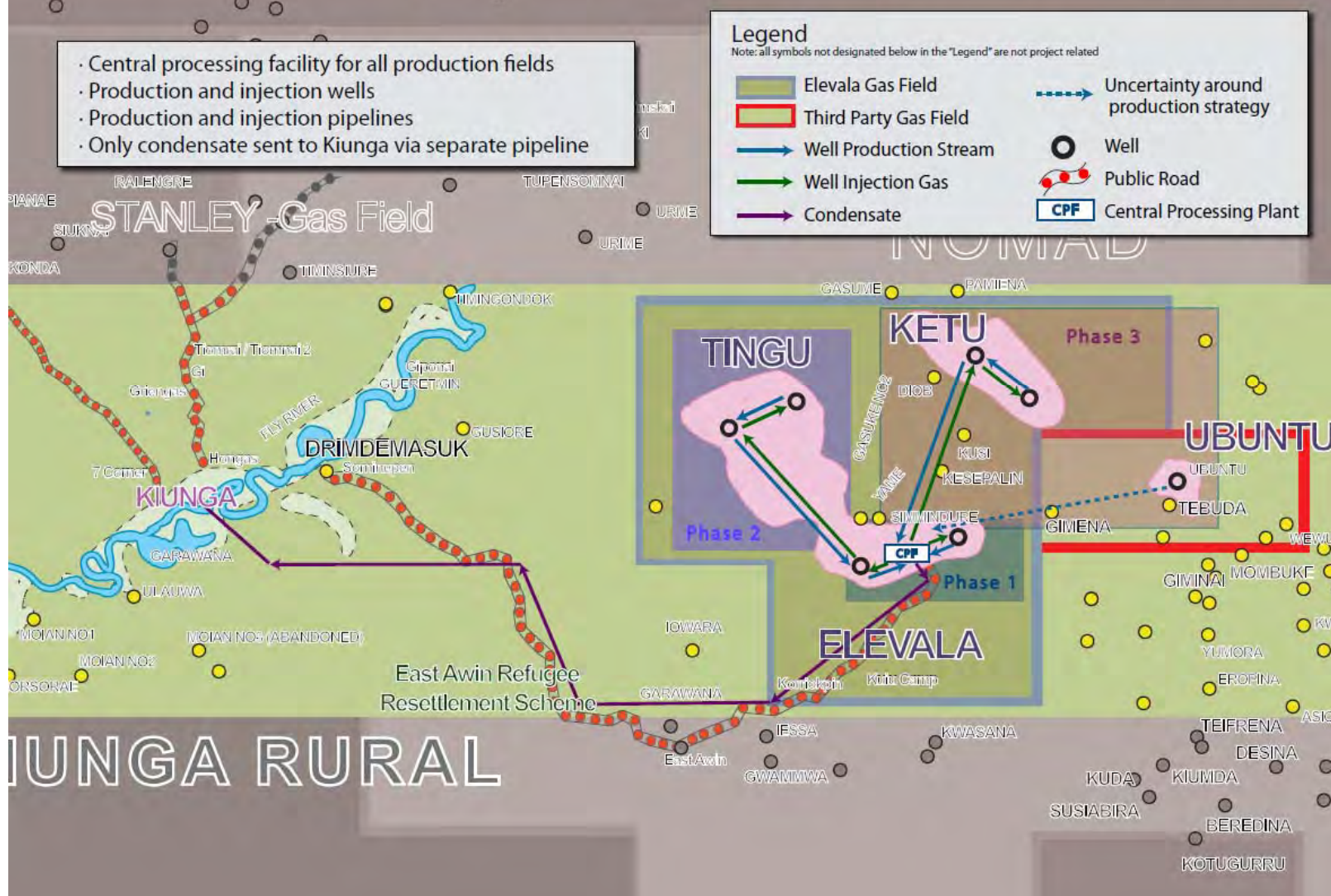
Stanley Production Facility Site



Kiunga Base and Condensate Loadout Facility



Preliminary Field Development Plan



PNG Gas Commercialisation Options



- **Sales to regional buyers for power generation**
 - Ok Tedi Mining Limited (OTML) and Frieda River project (when sanctioned)
 - Local towns and communities in Kiunga – OK Menga – Frieda River corridor
 - Export to West Papua: Merauke, Jayapura
- **Mid-scale LNG project (~2-4 mtpa), with Horizon Oil participation**

Expandable mid scale LNG plant at coastal location, such as Daru, to supply:-

 - City and mining project power demand, as substitute for diesel or fuel oil
 - Singapore LNG and products hub
 - North Asian markets
- **Sale of feed gas to third party LNG project**



Upcoming News Flow and Share Price Catalysts



Timeframe

- | | | |
|--|--------|------------------------------|
| ▪ Stanley PDL award and development execution | | <i>Q2 2014</i> |
| ▪ Improved production performance from Maari/Manaia fields and progress on field upgrade | | <i>Ongoing to Q1 2015</i> |
| ▪ Progress on Beibu Gulf fields Phase II development plan | | <i>Ongoing to Q3/Q4 2014</i> |
| ▪ Progress on sales of Stanley gas to regional PNG consumers and larger scale gas commercialisation/export plans | | <i>Ongoing</i> |
| ▪ Progress on Elevala/Tingu/Ketu development planning | | <i>Ongoing 2014</i> |
| ▪ Exploration success | | |
| – PEP 51313, New Zealand: Whio -1 | 1 well | <i>Q3 2014</i> |
| – PNG: exploration drilling in PPL 259 | 1 well | <i>Q4 2014</i> |



Please visit the Horizon Oil website
www.Horizonoil.com.au to see:-

Detailed Investor Presentation

Latest Quarterly Report

Analyst reports on HZN



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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 35 years relevant experience within the industry and consents to the information in the form and context in which it appears.

