



Horizon Oil Limited ABN 51 009 799 455
Level 6, 134 William Street, Woolloomooloo NSW Australia 2011
Tel +61 2 9332 5000, Fax +61 2 9332 5050 www.horizonoil.com.au

11 April 2017

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

**HORIZON OIL (HZN)
THE CEO SESSIONS
ASX – FINANCE NEWS NETWORK INVESTOR PRESENTATION**

Please find attached the presentation which will be made today by Brent Emmett at The CEO Sessions hosted by ASX and Finance News Network.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "B. Emmett". The signature is fluid and cursive, with a small dot at the end.

Brent Emmett
Chief Executive Officer

For further information please contact:
Mr Brent Emmett
Telephone: (+612) 9332 5000
Facsimile: (+612) 9332 5050
Email: info@horizonoil.com.au
Or visit www.horizonoil.com.au



Horizon Oil
The CEO Sessions
ASX – Finance News
Network
11 April 2017



HORIZON OIL LIMITED
ABN 51 009 799 455

Disclaimer

Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Horizon Oil Limited, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

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.

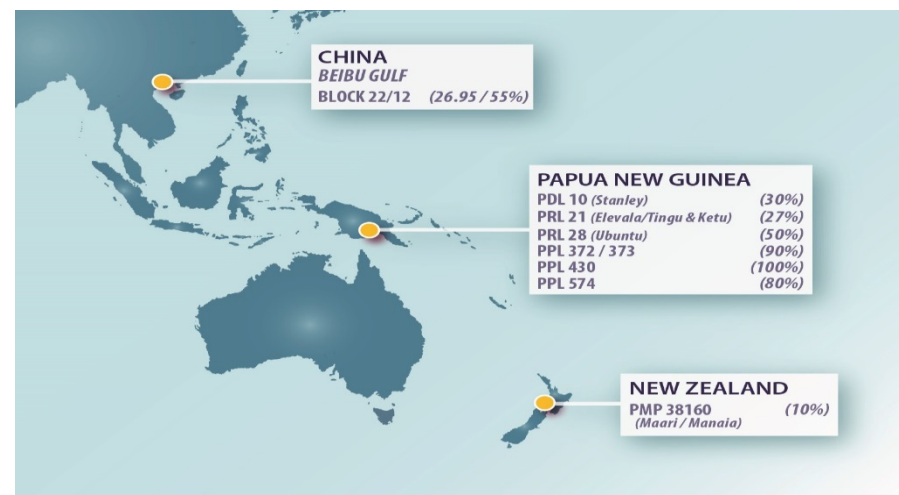
The reserve and resource information contained in this announcement is based on information compiled by Alan Fernie (Manager – Exploration and Development). Mr Fernie (B.Sc), who is a member of AAPG, has more than 38 years relevant experience within the industry and consents to the information in the form and context in which it appears.

All dollars in the presentation are United States dollars unless otherwise noted.

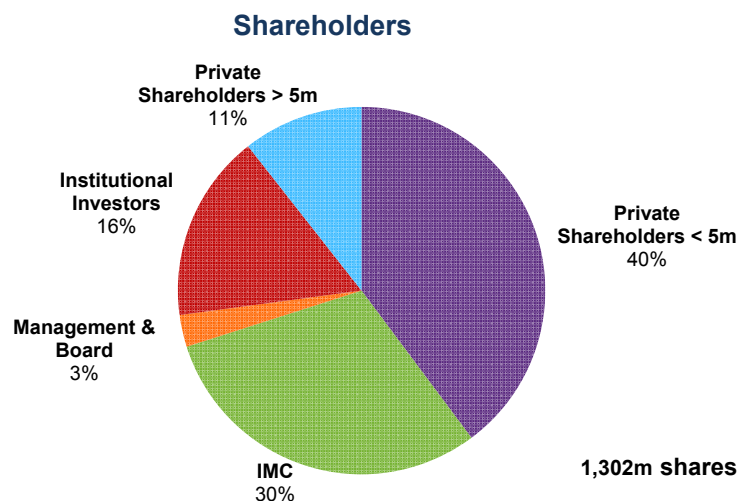
Horizon Oil (ASX:HZN) snapshot

- Sydney-based public company listed on Australian Securities Exchange (ASX)
- Portfolio of exploration, development and producing assets in Asia-Pacific region, with **current net production of 4,000 bopd**:
 - 26.95% interest in **Beibu Gulf fields offshore China**, producing **3,000 bopd net** (including cost recovery production)
 - 10% interest in **Maari/Manaia fields offshore New Zealand**, producing **1,000 bopd net**
 - **Large gas and oil resources onshore Papua New Guinea, with development plan firming**
- **Net operating cash flow after opex of US\$53.5m in CY2016**
- Audited **2P reserves** of 9.0 mmbo and **2C contingent resources** of 24.3 mmbo and 497 bcf gas - **total 116.1 mmbo**
- **Prospective resources** of 75 mmbo and 884 bcf gas - **total 222.3 mmboe** (best estimate)
- Beibu Gulf – remaining cost recovery production entitlement of US\$105m
- Milestone payment of US\$130m from Osaka Gas, payable on FID of LNG project in PNG
- At 31 December 2016:-

Cash on hand	US\$ 18.3m
Drawdown on US\$120m bank facility	US\$ 89.1m
Subordinated debt	<u>US\$ 50.0m</u>
Net debt	US\$120.8m



Corporate information as at 15 March 2017

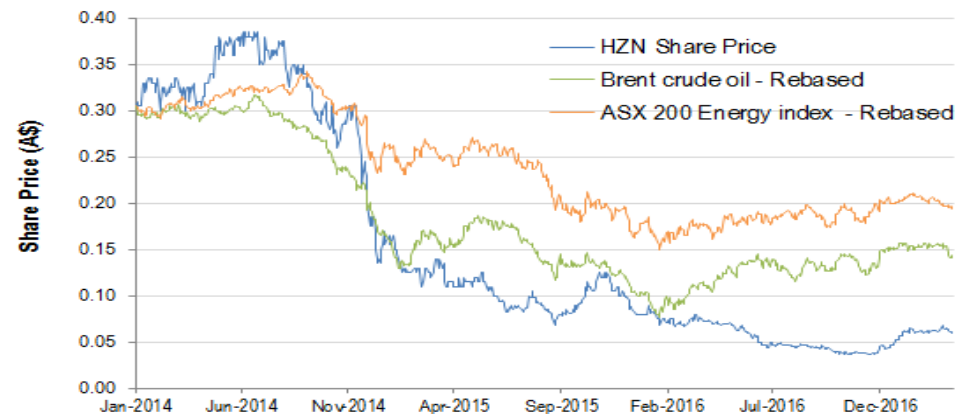


Board of Directors

John Humphrey	Chairman
Brent Emmett	Chief Executive Officer / Managing Director
Gerrit de Nys	Director
Andrew Stock	Director
Sandra Birkenleigh	Director
Greg Bittar	Director

Senior Management

Brent Emmett	Chief Executive Officer / Managing Director
Michael Sheridan	Chief Financial Officer / Company Secretary
Alan Fernie	General Manager – Exploration and Development



ASX Listed	HZN
Fully Paid Shares	1,301,981,265
Employee Options	3,866,667¹
Share Appreciation Rights	91,590,246²
IMC Options	300,000,000³
Number of Shareholders	5,965
Market Capitalisation	A\$78m
Top 20 / Issued Capital	57.95%
12 Months	
Last	A\$0.06
High	A\$0.084
Low	A\$0.036
Volume	388m

¹ Options – issue price ranging from A\$0.20 - A\$0.43

² Share Appreciation Rights – exercise price ranging from A\$0.048 - A\$0.37

³ IMC Options - exercisable at A\$0.061 on or before 14 September 2021

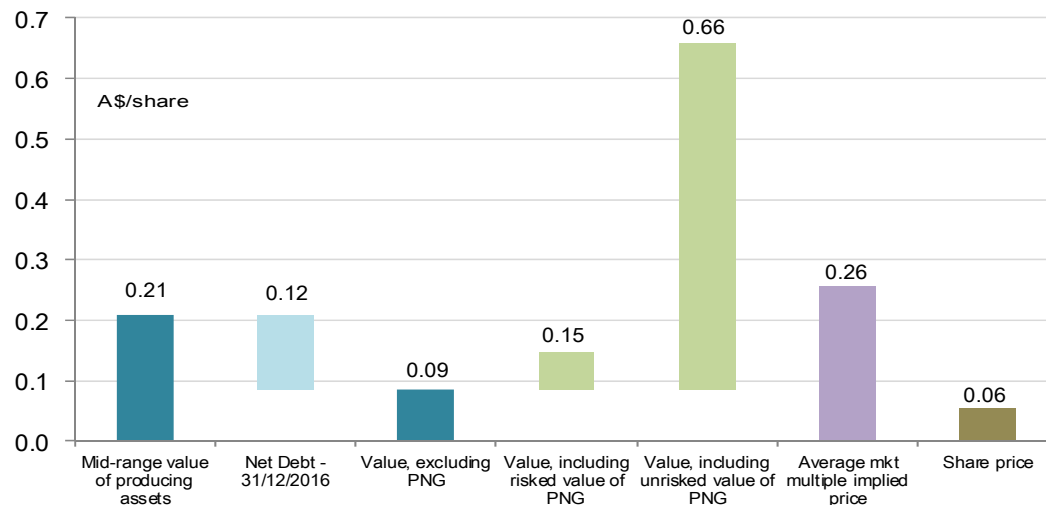
* Company currently holds 1,500,000 forfeited partly paid shares on trust

Horizon Oil as an investment proposition

Horizon Oil is poised for a share price re-rating off the back of:-

- ❖ *Strong, long-lived production profile and cash flow*
 - ❖ *Enviably free cash flow breakeven per barrel compared to peer companies*
 - ❖ *Stable financial position, with steadily decreasing debt position*
 - ❖ *Strategic stake in large oil and gas development project in Papua New Guinea*
-
- **Material, stable net operating cash flow** from China and New Zealand of US\$50 – 60 million pa over the period 2017 – 2022
 - **Ongoing tight control over field operating expense**, exploration and development expenditure and administrative expenses
 - **Positioned to withstand future oil price volatility with free cash flow breakeven of US\$33/bbl**; downside further protected with oil price hedging and loss-of-production insurance in place
 - **Stable financial position**, with good track record in reducing debt; debt expected to be paid down in ~4 years
 - **Material upside potential** attached to large, appraised gas-condensate resource in Papua New Guinea; development planning for a 1.5 mtpa mid-scale LNG scheme, *Western LNG (WLNG)*, at an advanced stage

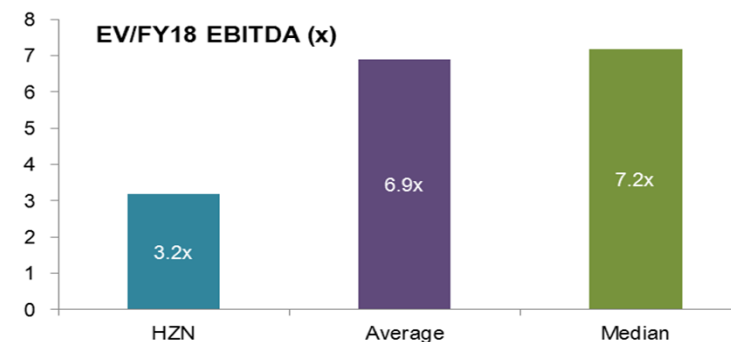
Independent valuation and peer market multiples point to HZN share price re-rating



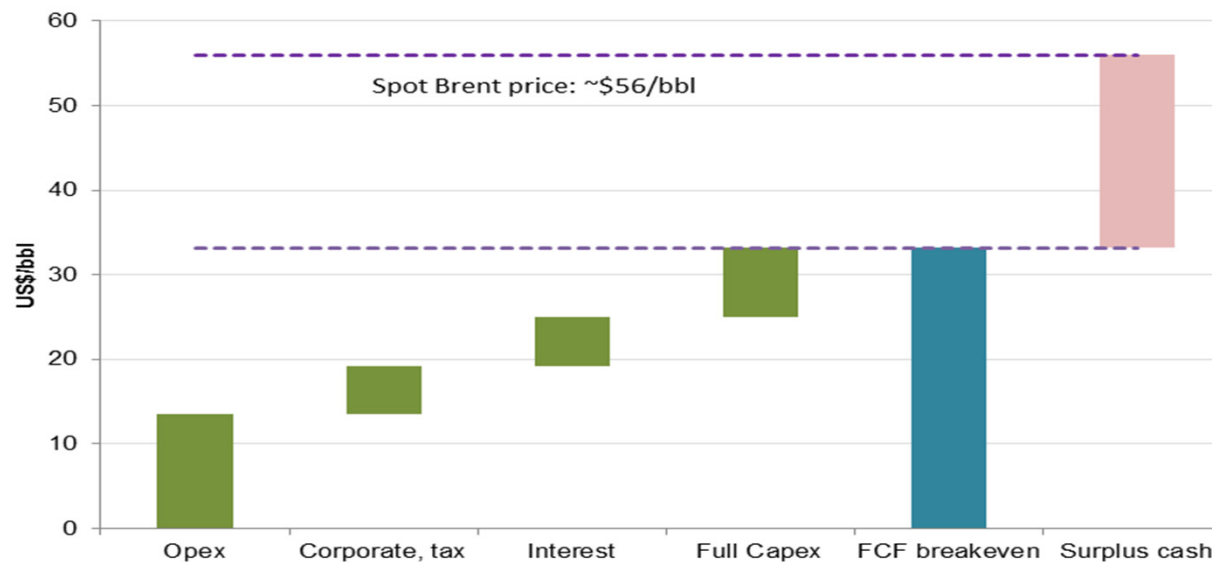
- **HZN shares are undervalued** with respect to Grant Samuel independent valuation report and peer multiples
- With improving oil market fundamentals, lower gearing and with PNG moving to FID stage, **HZN share price is expected to fill the valuation gap**

Note 1: Values of producing assets and PNG assets are mid-range valuations from Grant Samuel independent valuation report, which was produced in July 2016 as part of the debt refinancing

*Note 2: Market multiples (EV/FY18 EBITDA) are based on a peer group of 7 income producing mid cap ASX Energy companies, incl HZN
Source: Company filings, broker reports, share price as at 17 Mar 2017*



2017 Free Cash Flow (FCF) breakeven at ~\$33/bbl provides capacity for debt repayment



- Continued focus on cost reduction and low opex in China drives down the breakeven price
- Low breakeven price mitigates against potential oil price volatility, particularly in low oil price environment
- Oil price volatility reduced by rolling hedging policy: ~50% of CY 2017 production hedged at ~US\$54/bbl
- China and New Zealand oil production insured for loss of production risk (LOPI)

Note: FCF breakeven includes the full capex and excludes impact of hedges

Outlook for the next 12 months

Corporate Outlook

- **Operating cash flows will continue at increased levels** as a result of additional revenues earned from China cost recovery production entitlement – remaining balance US\$105 million (net to Horizon Oil), escalating at 9% pa
- **Continued focus on debt reduction**
- **Continuing policy of oil price hedging:** ~50% of CY 2017 sales hedged at an average price of ~US\$54/bbl
- **Maintenance of low capex profile** and G&A over the course of FY17

Block 22/12, offshore China

- **Preparation of the Overall Development Plan** for the WZ 12-8E field continues, **with completion scheduled in early 2019**. The audited gross 2C resources for the field (including WZ 12-10-1 and WZ 12-3-1) are 11.1 mmbo

Maari/Manaia, offshore New Zealand

- Further **optimisation of oil production** through workover program and installation of multiphase pumps
- Finalise insurance recoveries in relation to facility repairs and equipment upgrades associated with the FPSO *Raroa*'s mooring system and water injection line

PDL 10 (Stanley), PRL 21 (Elevala/Tingu/Ketu) and onshore Papua New Guinea

- **Progress the development concept for the Western Province gas aggregation and mid-scale LNG project (WLNG)**, through collaboration of the PDL 10 and PRL 21 joint ventures and work by the Joint Working Team
- **Continue to enhance acreage position in advance of gas aggregation for WLNG**



Please visit: www.horizonoil.com.au for:

- Investor Presentations
- Latest Announcements

Contact: Brent Emmett

Email: info@horizonoil.com.au

Tel: +612 9332 5000

