

MERGER ANNOUNCEMENT

Creating a leading Asian E&P company



April 2014

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The reserve and resource information for Horizon Oil contained in this presentation is based on information compiled by Alan Fernie (Manager – Exploration and Development), a full-time employee of the Company. Mr Fernie (B.Sc), who is a member of the American Association of Petroleum Geologists, has more than 35 years relevant experience within the industry and consents in writing to the inclusion of the information in the form and context in which it appears.

The reserves and resources information for ROC contained in this presentation is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Bill Billingsley (Chief Reservoir Engineer and a full time employee of ROC). Mr Billingsley BSc (Chem) MSc (Petroleum Engineering) DIC (Imperial College) is a member of the Society of Petroleum Engineers and has more than 18 years relevant experience within the petroleum industry. The reserves and resources information in this presentation has been issued with the prior written consent of Mr Billingsley in the form and context in which it appears.

Presenters



Mike Harding

Chairman
ROC

Brent Emmett

CEO
Horizon Oil

Alan Linn

CEO
ROC

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Transaction overview



- All scrip merger of equals between ROC and Horizon Oil
- Horizon Oil shareholders to receive 0.724 ROC shares for each Horizon Oil share they hold
- Merger to be implemented by a Horizon Scheme of Arrangement
- Compelling rationale for combination
- Mike Harding (current Chairman of ROC) will be Chairman of the merged group and Brent Emmett (current CEO of Horizon) will be CEO and Managing Director of the merged group. Fraser Ainsworth (current Chairman of Horizon) will be appointed as a Non-Executive Director of the merged group and Alan Linn (current CEO of ROC) will continue with the merged group in the role of President of ROC Oil Malaysia until April 2015
- The proposed merger has the unanimous support of both the ROC and Horizon Oil Boards
- Following completion of the merger, ROC shareholders will own approximately 42% of the merged group and Horizon Oil shareholders will own approximately 58%

Transaction rationale



Creating a leading Asian E&P company

Highly complementary portfolios

- Asian focused portfolio with attractive assets across China, PNG, Malaysia, Myanmar and Australia / New Zealand
- Consolidates the existing overlapping interests in the Beibu Gulf and Bohai Bay assets

Strong production base

- Combined CY14 indicative production of 5.5 mmboe¹ (predominantly oil)
- Strong and sustained production profile expected from discovered and appraised projects

Substantial increase in scale

- Creates a significant Asian focussed ASX-listed E&P company with pro forma market capitalisation of ~A\$800m, net 2C contingent resources of 120.7mmboe and net 2P reserves of 36.9mmboe

Diversification

- Portfolio diversification (by geography and asset) reduces risk profile

Strong balance sheet and cash flows

- Change of control in Horizon will trigger a right for Horizon's bondholders to have their convertible bonds redeemed which, if redeemed, would facilitate a simplification of the group's capital structure
- Strong cash flow capable of supporting a sustainable dividend policy

Significant growth pipeline

- Strong, well balanced growth pipeline, including major projects in China, PNG and Malaysia
- Well placed to pursue attractive growth opportunities in key focus areas

Experienced leadership group

- Combines the talent and expertise of two experienced and proven leadership teams at board and management levels
- Strong operational and technical expertise and established regional relationships and Asian operating experience

Provides a platform for significant growth and value realisation

1. Working interest production including D35 from 1 January 2014 (refer to slide 12)

Strong financial position



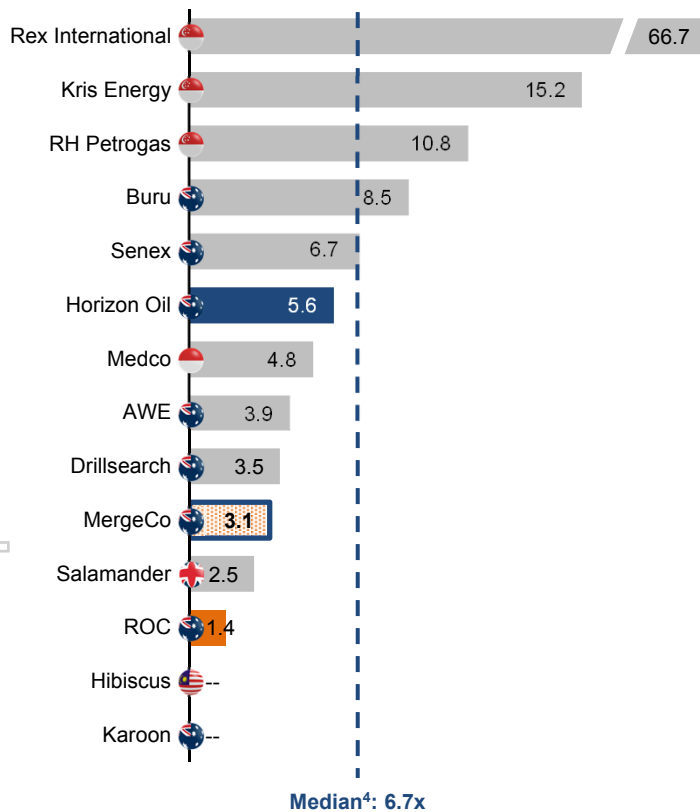
- Strong cash flow with potential to support sustainable and increasing dividends, while also providing the ability to fund the combined group's highly attractive portfolio of growth options
- Change of control in Horizon Oil will trigger a right for Horizon Oil's bondholders to have their convertible bonds redeemed which, if redeemed, would facilitate a simplification of the group's capital structure

US\$m, 12mths to 31-Mar-14	Horizon Oil	ROC	Combined	
Production Revenue	133.2	269.0	402.3	• To increase substantially in CY14 due to full year Beibu production and resolution of Maari production issues
<i>Production Revenue (3 months to 31-Mar-14)</i>	<i>44.1</i>	<i>75.4</i>	<i>119.5</i>	• Reflects 3 months plateau production from Beibu
Cash	23.2	88.1	111.3	• Osaka Gas payment of ~US\$77m expected to be received in May 2014
Drawn Debt	119.2	--	119.2	
Convertible Bonds	80.0	--	80.0	• Change of control in Horizon Oil will trigger a right for Horizon Oil's bondholders to have their convertible bonds redeemed (US\$80m face value)
Net Debt / (Cash)	176.0	(88.1)	87.9	

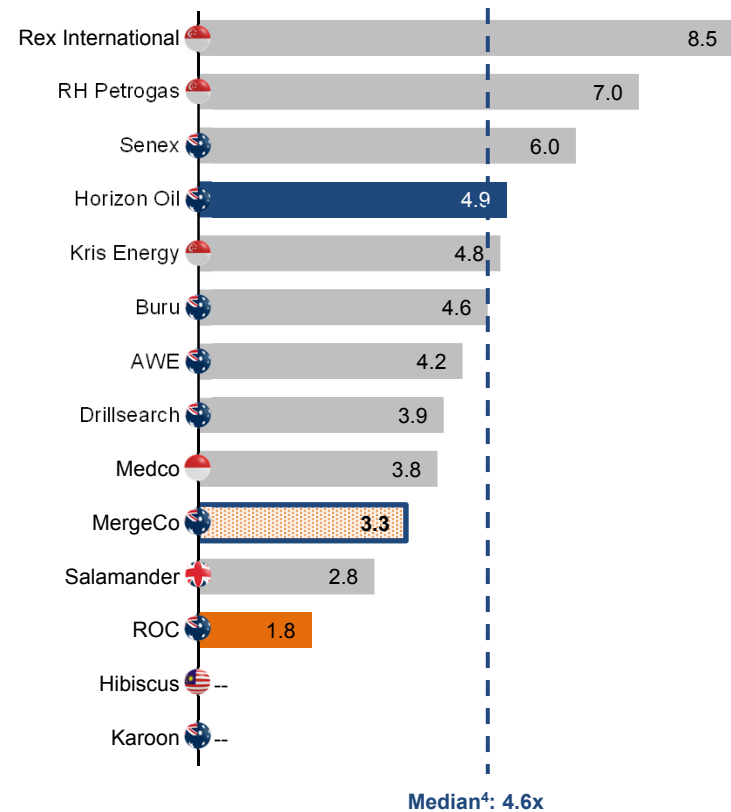
Compelling valuation metrics

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EV / CY14 EBITDA^{1,2,3}



EV / CY15 EBITDA^{1,2,3}



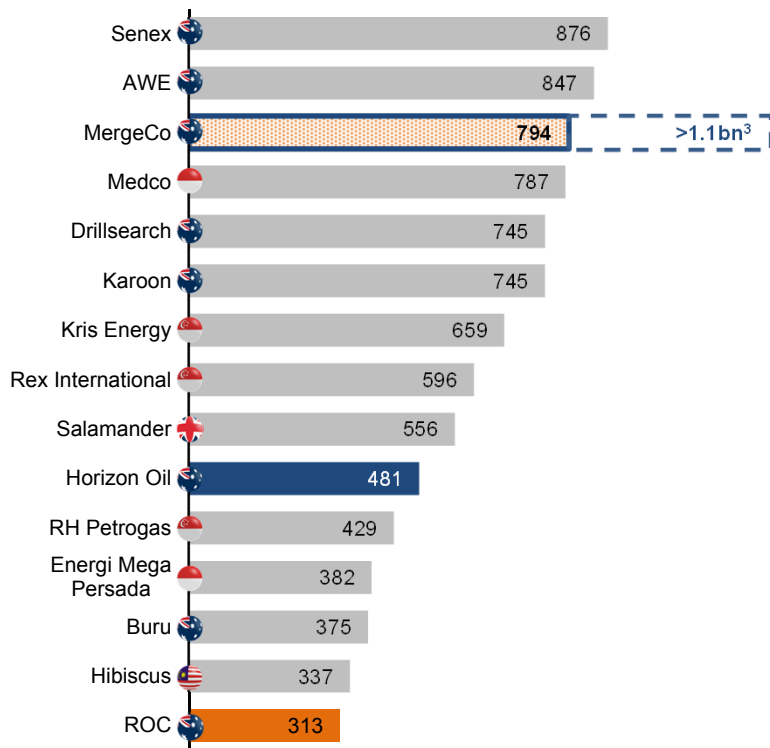
1. Australasian-focused oil and gas companies A\$300m–\$1bn market capitalisation
2. Enterprise Value has been derived by adding the market capitalisation values for each company (based on closing share prices as at 24 April 2014) with net debt figures for each company as at 31 December 2013. Where relevant, foreign currency net debt amounts have been converted using rates as at 24 April 2014 (AUDUSD: 0.926, AUDMYR: 3.028)
3. EBITDA forecasts for CY14 and CY15 are based on broker consensus forecasts calendarised to December year end
4. Median excludes Horizon Oil, ROC and MergeCo

A leading Asian E&P company

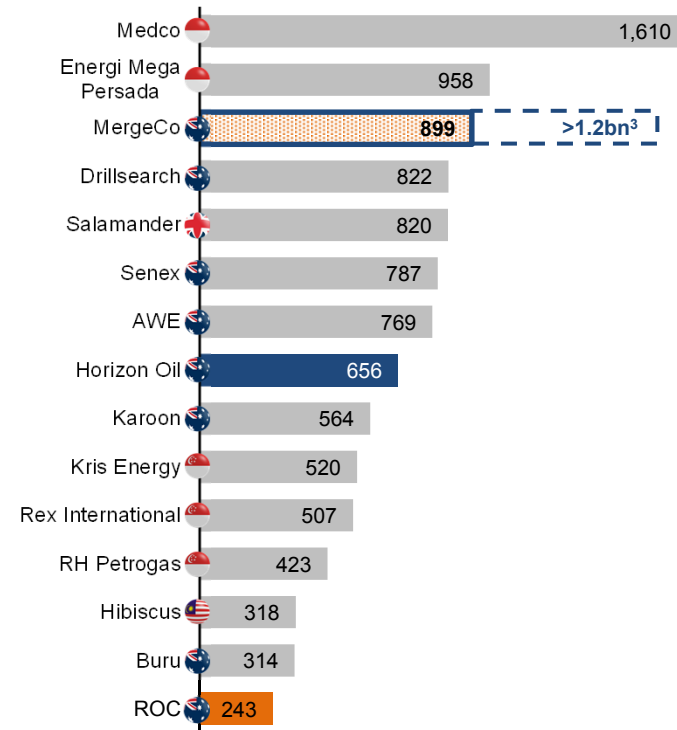


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Market Capitalisation (A\$m)^{1,2}



Enterprise Value (A\$m)^{1,2}



1. Australasian-focused oil and gas companies A\$300m–\$1bn market capitalisation
 2. Enterprise Value has been derived by adding the market capitalisation values for each company (based on closing share prices as at 24 April 2014) with net debt figures for each company as at 31 December 2013. Where relevant, foreign currency net debt amounts have been converted using rates as at 24 April 2014 (AUDUSD: 0.926, AUDMYR: 3.028)
 3. Based on potential re-rate of MergeCo to median CY15 multiple (4.6x)

Highly complementary portfolios resulting in four core asset areas

China (Bohai Bay)

- Zhao Dong C&D Fields: 24.5%
- Zhao Dong C4 Field: 11.667%
- Zhanghai and Chenghai: 39.2%
- Block 09/05: 100%

China (Beibu Gulf)

- Block 22/12: 46.55%

Malaysia

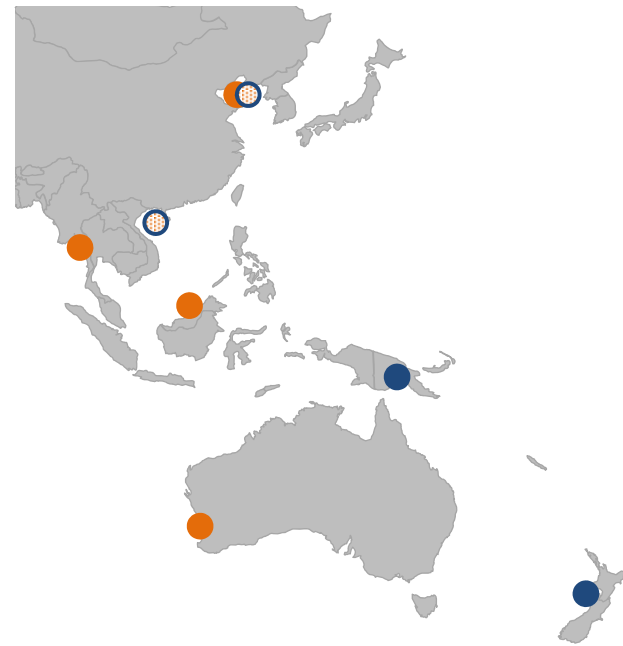
- D35 / J4 / D21 PSC: 50%
- Balai Cluster RSC: 48%

PNG¹

- PRL 4 (Stanley): 50% / 30%²
- PRL 21 (Elevala / Ketu): 45% / 27%²
- PPLs 259, 430, 372, 373: various

New Zealand

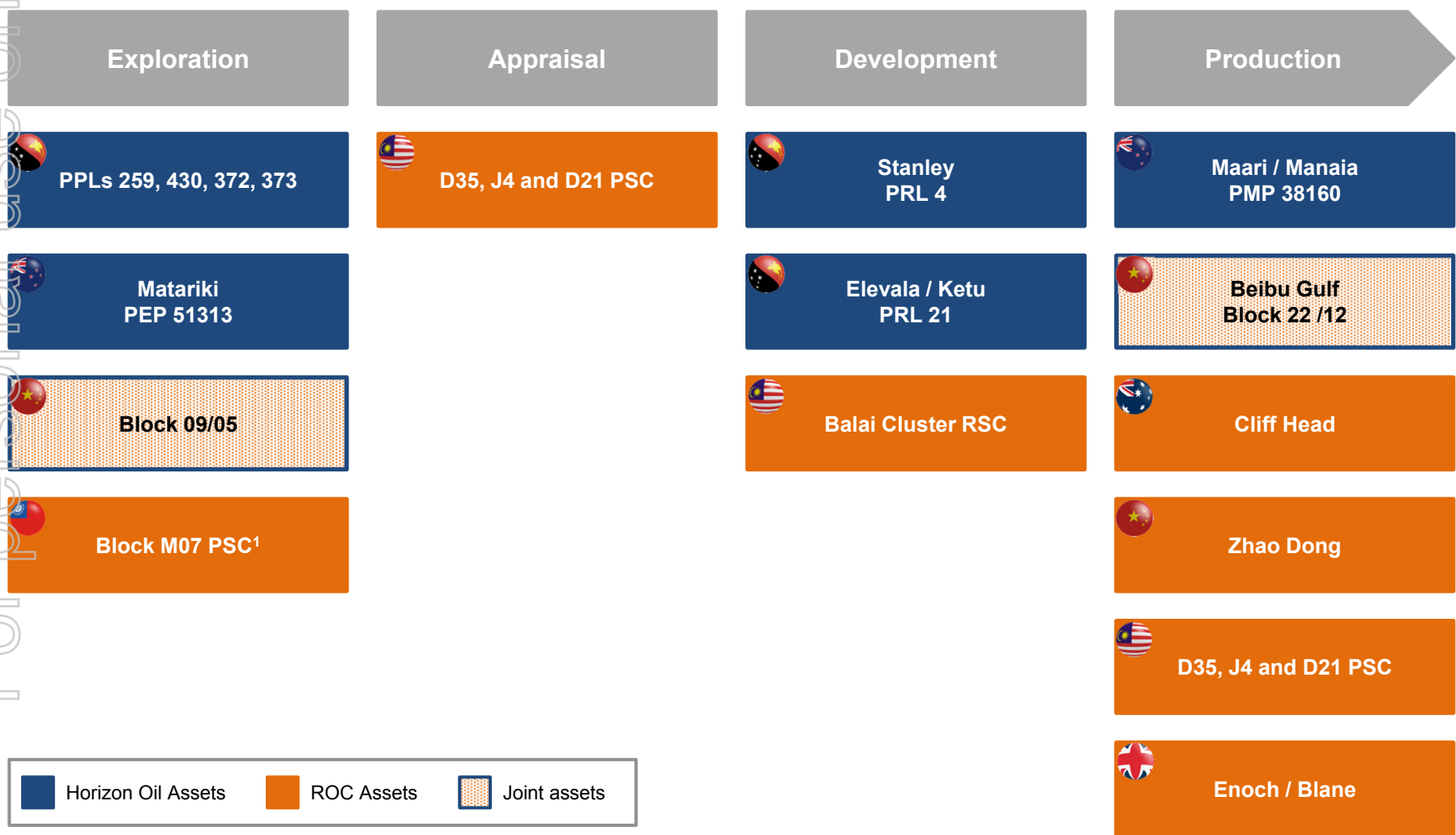
- PMP 38160 (Maari / Manaia): 10%
- PEP 51313 (Matariki): 21%



- Horizon Oil Assets
- ROC Assets
- Joint assets

- Equity interests shown prior to government back in
- Following completion of Osaka Gas transaction
- Excludes profiles of assets in Australia, Myanmar and United Kingdom (see appendix for further information)

Strong, well balanced growth pipeline



1. Subject to PSC award and Board approval

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Diversified resource base in Asia



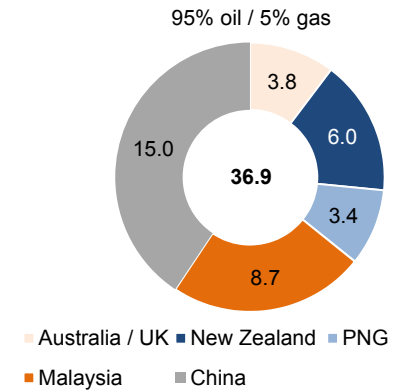
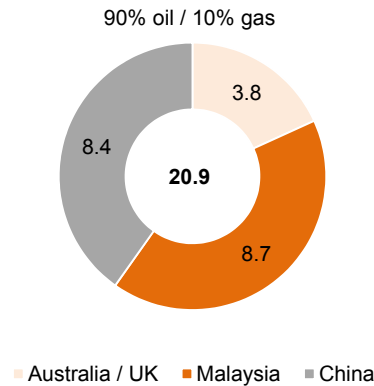
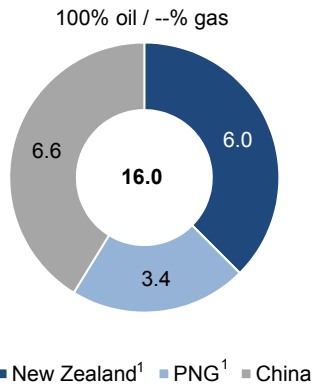
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Horizon Oil (as at 30 Jun 2013)

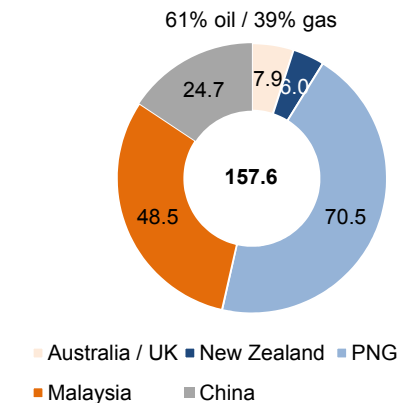
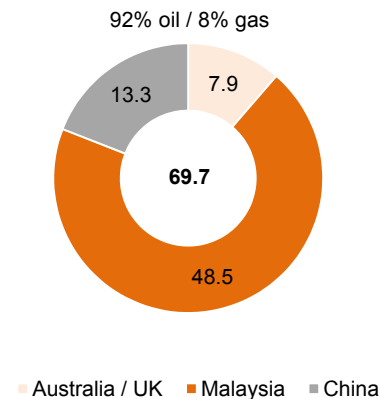
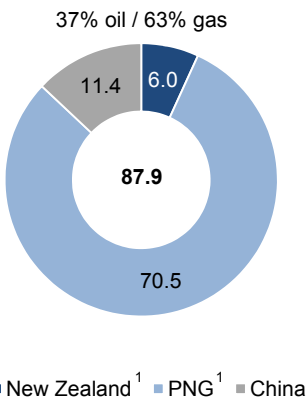
ROC (as at 1 Jan 2014)

Combined

2P (mmboe)



2P + 2C (mmboe)

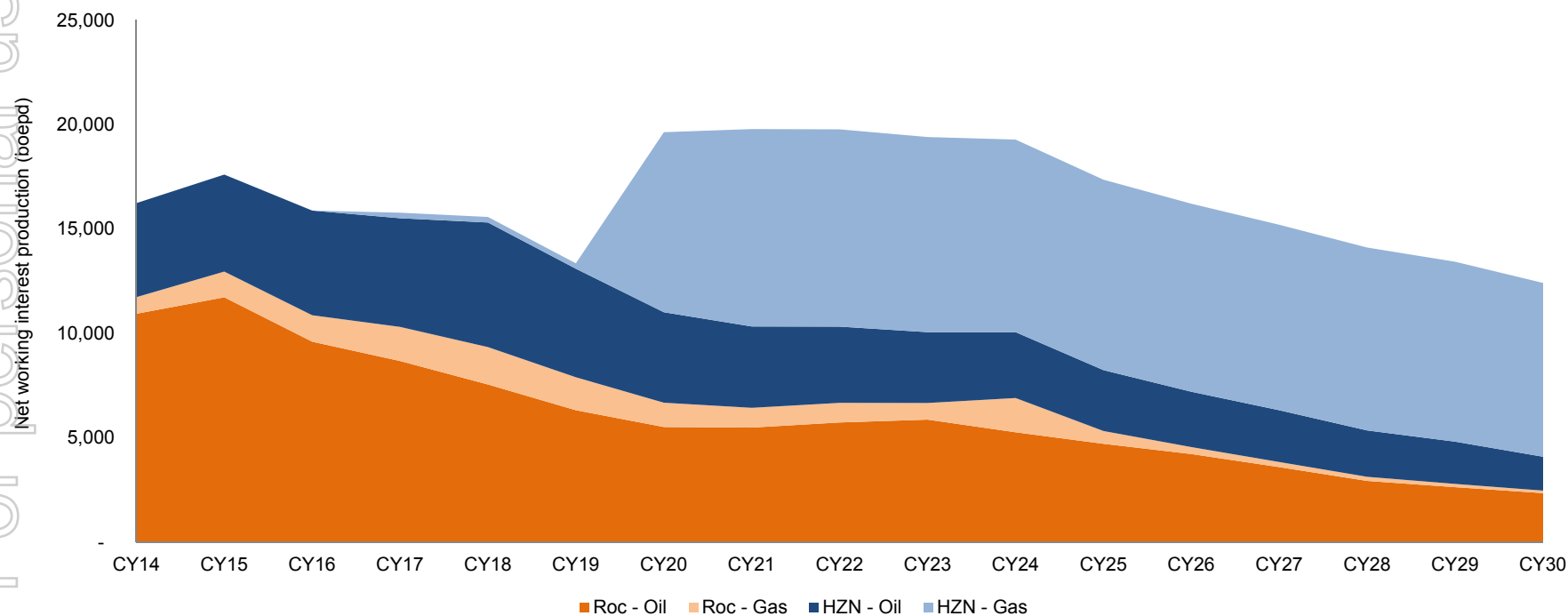


1. Revised 1 Jan 2014

Indicative combined production profile



Indicative combined production profile from discovered and appraised projects



Important note

This indicative production profile reflects the current expectations of ROC and Horizon Oil respectively as to their future production profiles including potential farm-outs. It is intended to demonstrate the expectation of production trends, but should not be relied upon as a definitive statement of forecast production or timing of such production. As with all matters relating to the future, these current expectations are subject to a wide range of assumptions and uncertainties including final investment decisions, governmental and other approvals and other matters typical of the oil and gas industry. The terms of the Disclaimer at the start of this presentation should be noted.

Indicative timetable



Key milestones

Target date

Announcement of merger

29 April 2014

First Court hearing to approve Scheme Booklet and convene Scheme Meeting

June 2014

Scheme Booklet despatched to Horizon Oil shareholders

Late June 2014

Scheme Meeting for Horizon Oil shareholders

Late July 2014

Second Court hearing to approve Scheme

August 2014

Merger implementation

August 2014

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Experienced leadership group



- The Board of the merged company will comprise three current Non-Executive Directors from ROC, four current Non-Executive Directors from Horizon and Brent Emmett (current CEO of Horizon) as the CEO and Managing Director of the merged group
- Mike Harding (current Chairman of ROC) will be Chairman and Fraser Ainsworth (current Chairman of Horizon) will be appointed as a Non-Executive Director of the merged group. Alan Linn (current CEO of ROC) will continue with the merged group in the role of President of ROC Oil Malaysia until April 2015
- Combines the talent and expertise of two experienced and proven leadership teams at board and management levels
- Strengthened operational and technical expertise and deep regional relationships and Asian operating experience

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QUESTIONS AND ANSWERS

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APPENDIX

Additional information



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Merger conditions



Horizon Oil and ROC have entered into a Merger Implementation Deed, which contains conditions including:

- customary regulatory and court approvals;
- Horizon Oil shareholder approval of the Scheme (75% of votes cast; 50% of shareholders voting);
- no material adverse change in Horizon Oil or ROC;
- conclusion by an Independent Expert that the Scheme is in the best interests of Horizon Oil Shareholders; and
- completion of the Osaka Gas Asset Sale Agreement.

The Merger Implementation Deed also includes customary deal protection for both Horizon Oil and ROC including no shop and no talk provisions as well as various other provisions relevant to the merger, including the obligations of the companies in the lead up to implementation and termination rights.

The full terms of the Merger Implementation Deed are appended to the transaction announcement that has been released to the ASX.

Overview of Horizon Oil assets



Location	Asset	Interest	Operator	JV Partner	Net 2P Reserves (mmboe)	Net 2C Resources (mmboe)	Q1 CY 2014 Average Net Production ³ (boepd)
China (Bohai Bay)	Block 09/05	40% option	ROC	ROC	--	--	--
China (Beibu Gulf)	Block 22/12	26.95%	CNOOC	CNOOC ROC Majuko	6.6	4.8 ⁴	3,592
PNG ²	PRL 4 (Stanley)	50% / 30% ^{1,2}		Osaka Gas Talisman Mitsubishi	3.4	20.4	--
	PRL 21 (Elevala / Ketu)	45% / 27% ^{1,2}	Horizon Oil	Osaka Gas Talisman Kina Petroleum Mitsubishi	--	46.7	--
	PPL 259	45% / 35% ^{1,2}	Horizon Oil	Osaka Gas Eaglewood P3GE	--	--	--
	PPL 430	50% ²	Horizon Oil	Eaglewood	--	--	--
	PPL 372 & 373	90% ²	Horizon Oil		--	--	--
New Zealand	PMP 38160 (Maari / Manaia)	10%	OMV	OMV Todd CUE	6.0	--	982
	PEP 51313 (Matariki)	21%	OMV	OMV Todd CUE	--	--	--

1. Following completion of Osaka Gas transaction
2. Equity interests shown prior to government back in
3. Working interest
4. Assumes recovery factor of 20% of oil-in-place

Overview of ROC assets



Location	Asset	Interest	Operator	JV Partner	Net 2P Reserves (mmboe)	Net 2C Resources (mmboe)	Q1 CY2014 Average Net Production ² (boepd)
China (Bohai Bay)	Zhao Dong	C&D Fields: 24.5% C4 Field: 11.667% Zhanghai / Chenghai: 39.2%	ROC	PetroChina Sinochem	3.7	4.6	3,803
	Block 09/05	100%	ROC	--	--	--	--
China (Beibu Gulf)	Block 22/12	19.6%	CNOOC	CNOOC Horizon Majuko	4.7	0.3	2,613
Malaysia	D35 / J4 / D21 PSC	50%	PETRONAS Carigali	PETRONAS Carigali	8.7	39.8	-- ⁴
	Balai Cluster RSC	48%	BC Petroleum JV	Dialog, PETRONAS Carigali	-- ³	-- ³	-- ³
Myanmar	Block M07 ¹	59.375%	ROC	Tap Smart E&P	--	--	--
Australia	Cliff Head	42.5%	ROC	AWE	2.2	2.3	945
UK	Blane	12.5%	Talisman	Talisman Nippon Oil Eni Dana Petroleum	1.3	0.7	548
	Enoch / J1	12%	Talisman	Talisman, Dyas, Dana Petroleum, Endeavour Energy, Statoil, Noreco, NOIL, DONG E&P	0.3	1.8	--

1. Subject to Board approval and signing PSC

2. Working interest

3. Under the terms of the RSC, BCP (and ROC) do not have title to the oil produced and therefore are not able to book reserves and resources associated with the Bentara oil field. ROC is unable to show Bentara production in its owned production volumes.

4. Production will only be reported from 2014 post signing of the PSC. 1Q14 production will be reported pro-forma in 2Q14 as part of a working capital adjustment