



FULL YEAR RESULTS PRESENTATION

AUGUST 2021

FY21 FULL YEAR HIGHLIGHTS

PRODUCTION AND FINANCIAL METRICS WITHIN / EXCEEDING FY21 GUIDANCE RANGE

Production Volume

1.33 MMbbl

Sales Revenue

US\$63.6 million

EBITDAX

US\$36.4 million

Net Cash

US\$31.7 million

Underlying Profit after Tax

US\$7.8 million

Cash on Hand

US\$44.4 million

FY21 EXECUTIVE SUMMARY

STRONG CASHFLOW DRIVING VALUE FOR SHAREHOLDERS

NET CASH
US\$32 MILLION

RETURNS TO
SHAREHOLDERS

STRONG
PRODUCTION

REDUCED
COSTS

ersonal use only

FINANCIAL RESULTS



2021 FULL-YEAR HIGHLIGHTS

LOW COST, CASH GENERATIVE OIL PRODUCER

- **Cashflow positive during low oil prices** – cashflow from operating activities of US\$23.2 million
- **Strengthened balance sheet** – net cash of US\$31.7 million at 30 June 2021, an increase of US\$31.2 million during the financial year
- **Efficient operations** – continued rationalisation of operating costs <US\$20/bbl
- **Drilling activities** – investment during the low oil price environment resulted in increased production as the oil price strengthened
- **Workovers** – 10 workovers across both fields safely completed
- **Capital management initiatives** – return of capital to shareholders through on-market and off-market buy-backs of 23.0 million shares and announced A\$47.4 million share capital return
- **Environmental, Social & Governance [ESG]** – continued focus with no losses of containment, strong safety record [TRIFR 1.02]

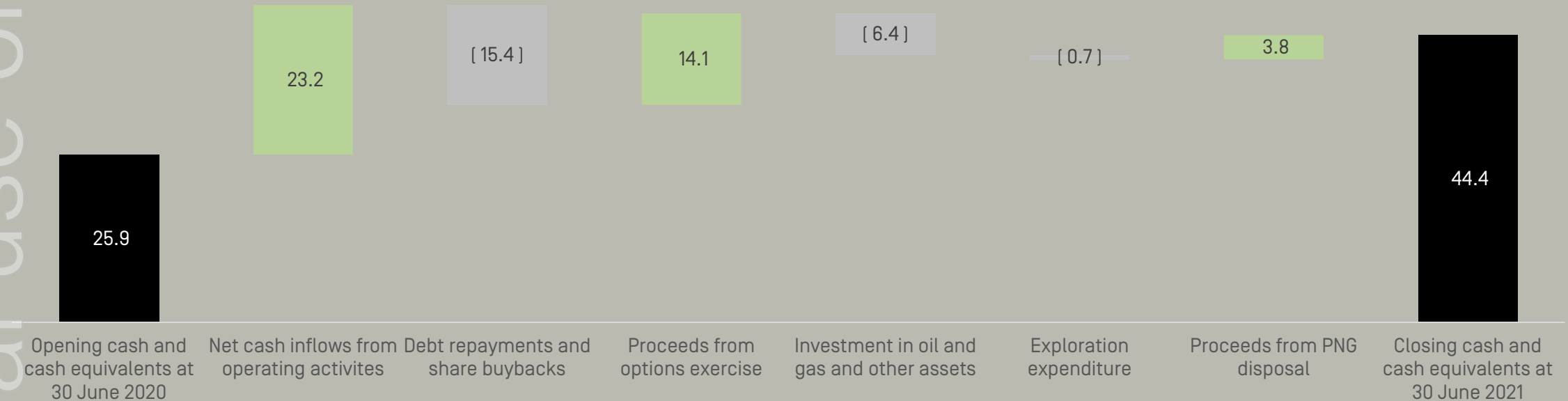
Resilient cashflow despite COVID-19 pandemic which impacted operations and oil prices

	FY 2021	FY 2020
Production Volumes [MMbbl]	1.33	1.48
Sales Volumes [MMbbl]	1.27	1.43
Revenue [USD]	\$63.6 million	\$84.0 million
EBITDAX [USD] ¹	\$36.4 million	\$51.4 million
Underlying Profit after tax [USD] ¹	\$7.8 million	\$8.3 million
Statutory Profit/(Loss) after tax [USD]	\$8.0 million	[\$55.1 million] Loss
Net Cash [USD] at 30 June	\$31.7 million	\$0.5 million
Cash [USD] at 30 June	\$44.4 million	\$25.9 million

¹Excludes profit/loss from PNG discontinued operations

POSITIVE CASHFLOW INCREASING NET CASH

US\$ MILLION



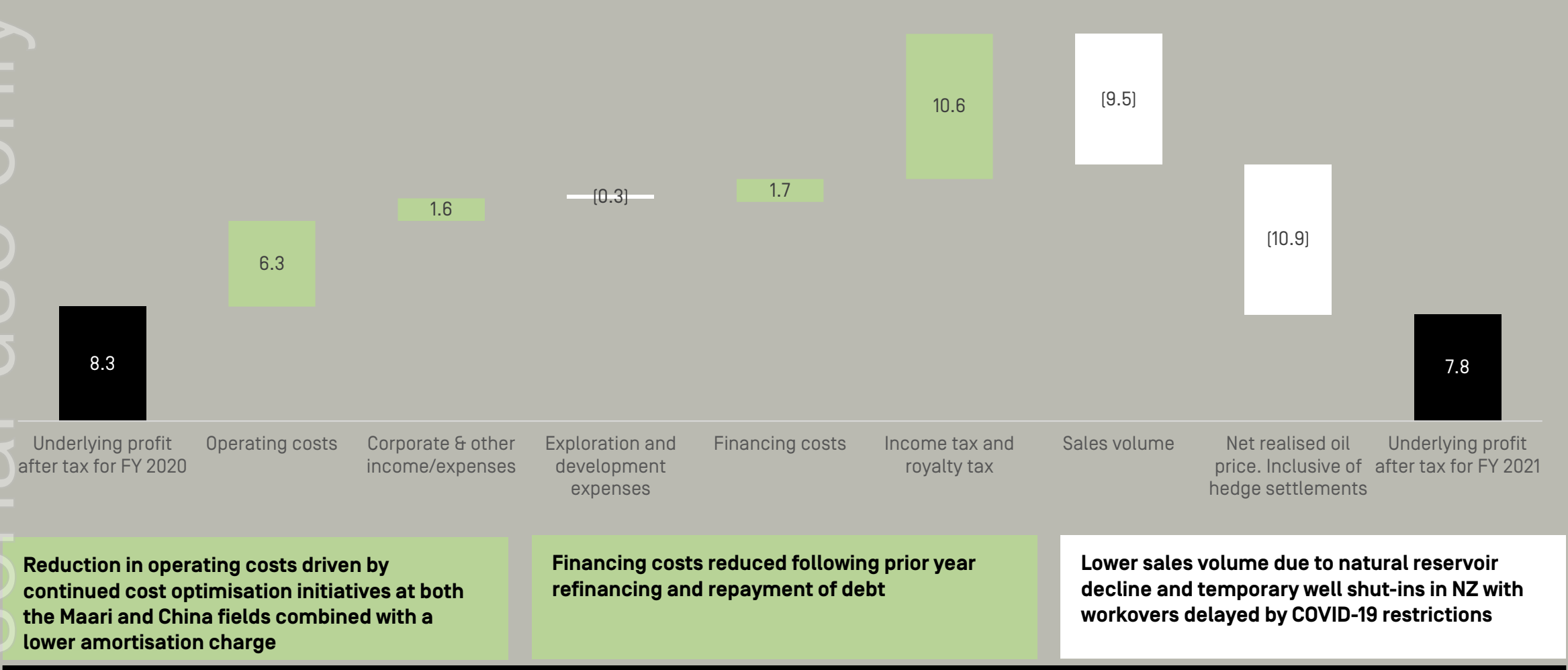
STRONG POSITIVE CASHFLOW
despite lower realised oil prices

DISCIPLINED INVESTMENT
cashflow used to retire debt, invest in our low-cost producing China asset, with surplus cash returned to shareholders

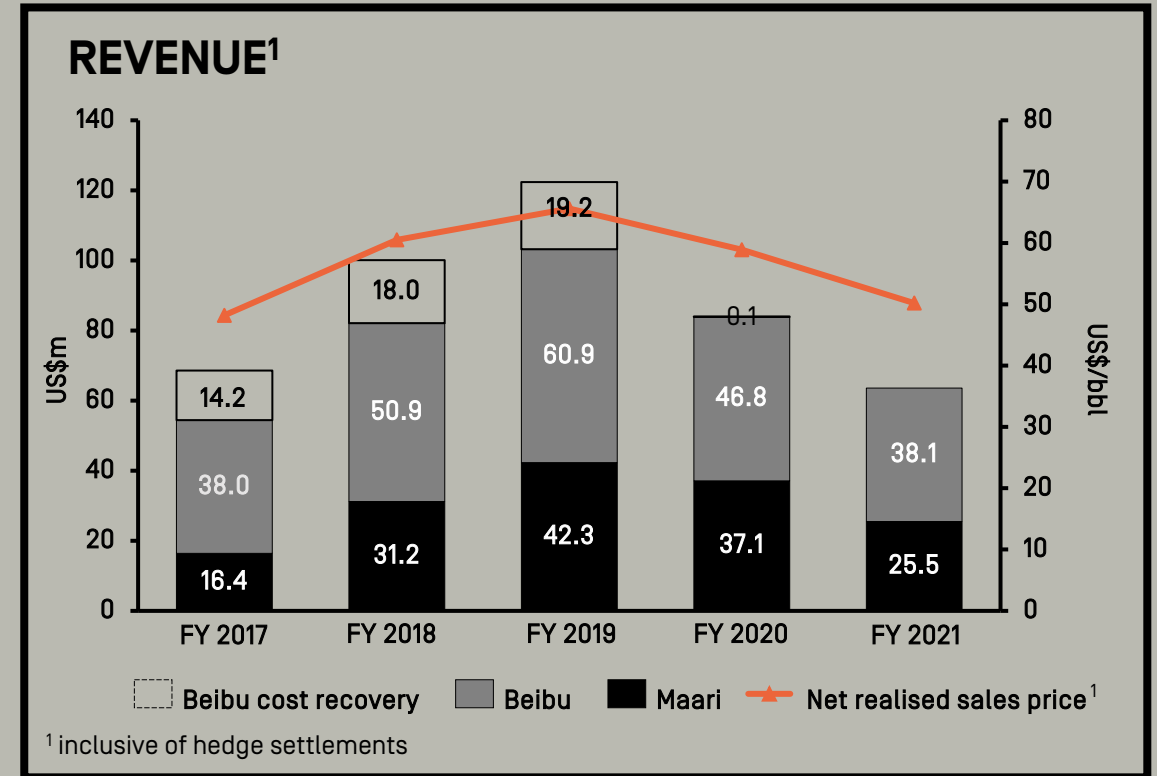
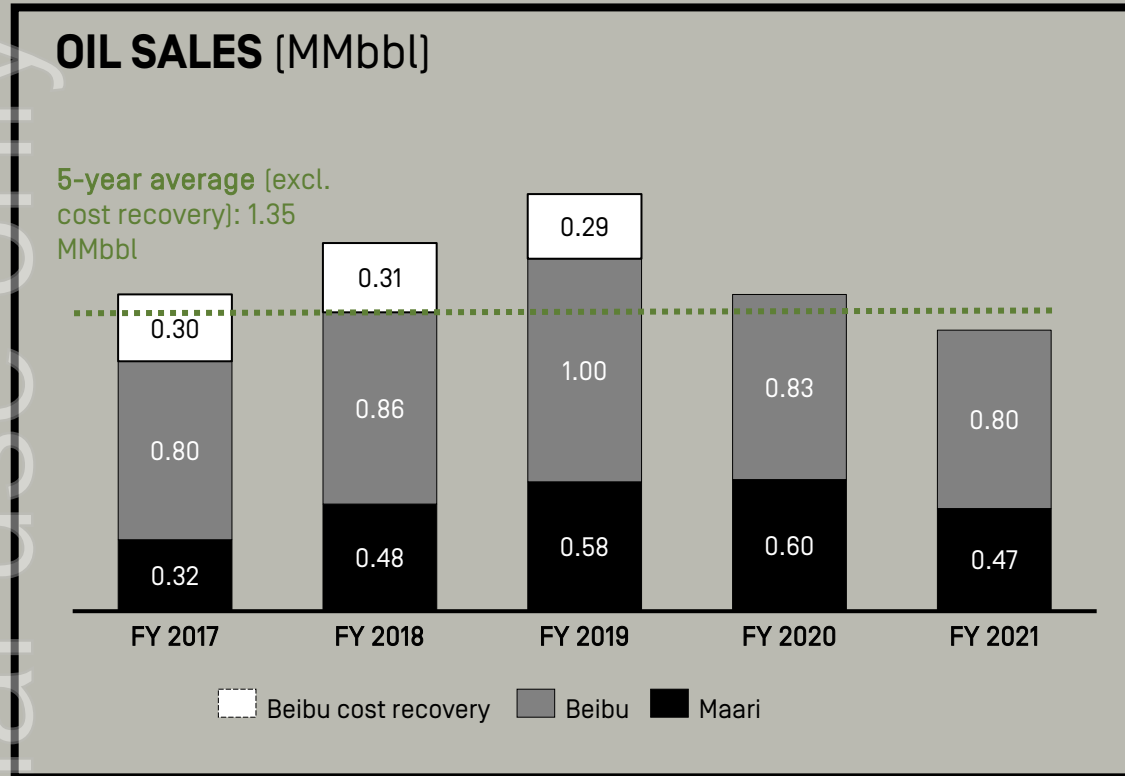
REDUCED COSTS
rationalisation of operating/corporate costs and reduction in interest costs

REDUCED COSTS OFFSET LOWER OIL PRICES AND SALES VOLUME

US\$ MILLION



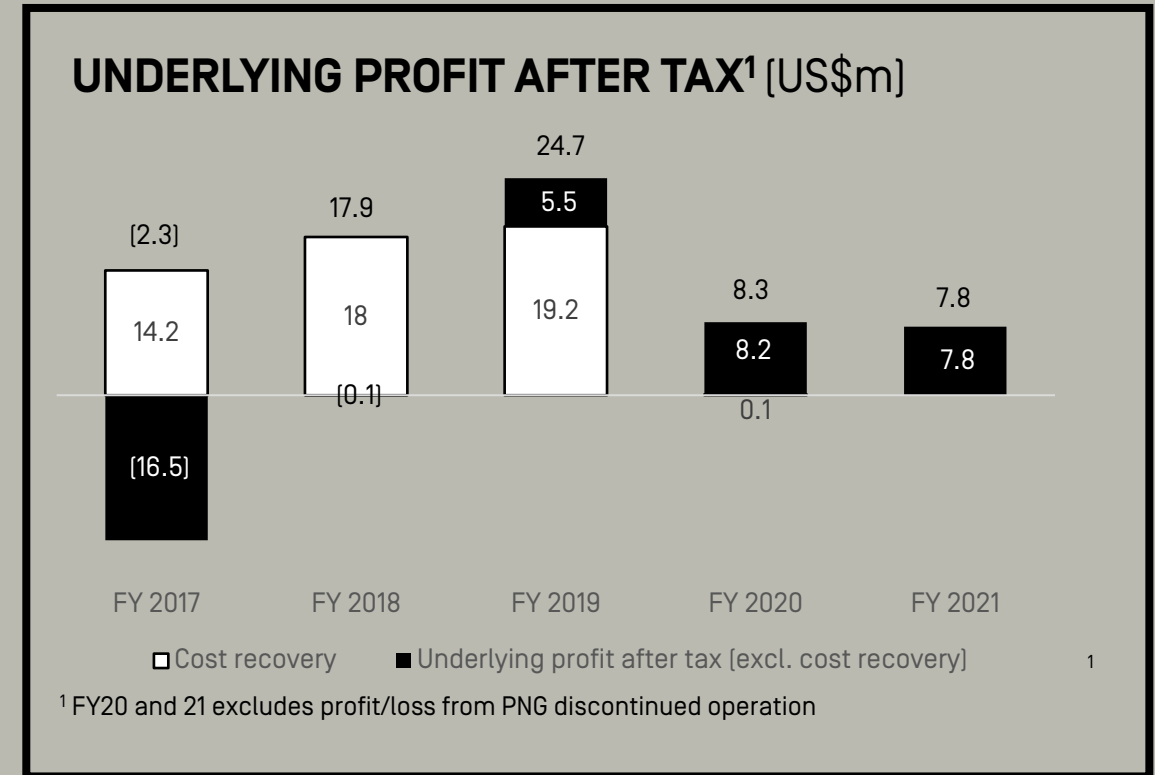
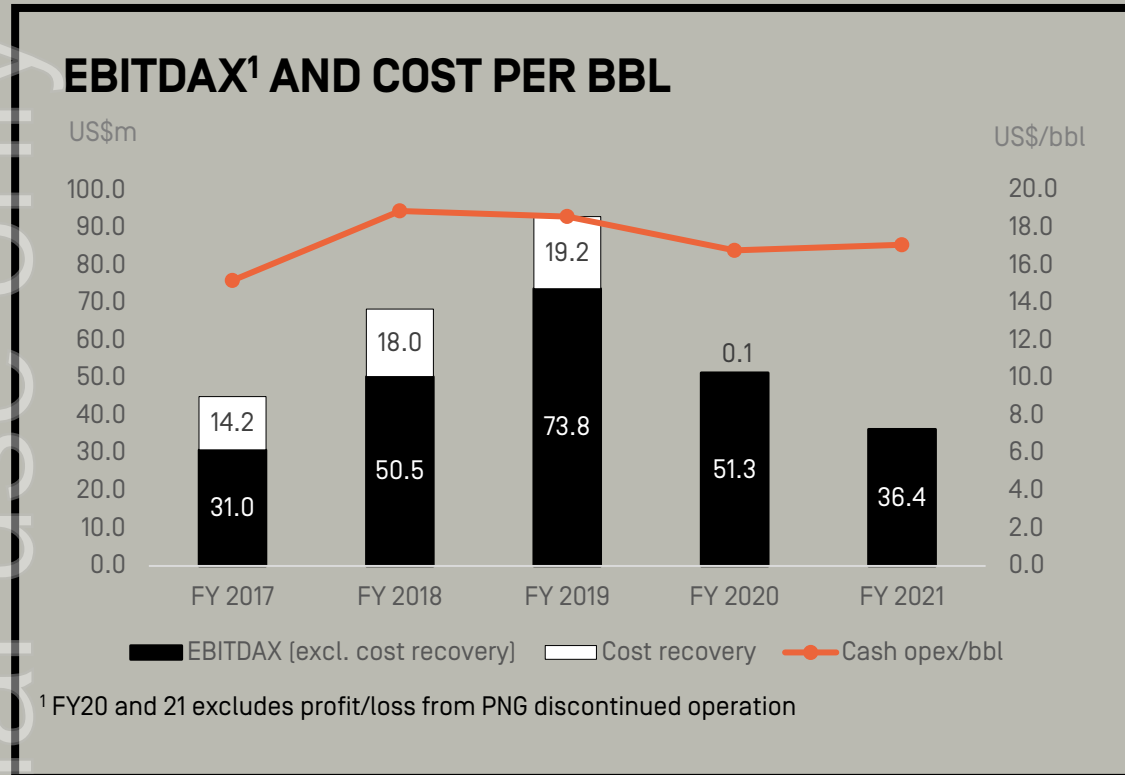
CONSISTENCY OF SALES VOLUMES



Oil sales volume just shy of 5 year average - impacted by the recoupment of Beibu cost recovery entitlement, natural reservoir decline and Maari production disruptions

Base sales revenue impacted by the lower oil prices following the COVID-19 pandemic and lower sales volume

LOW COST PRODUCTION RETAINS PROFITABILITY

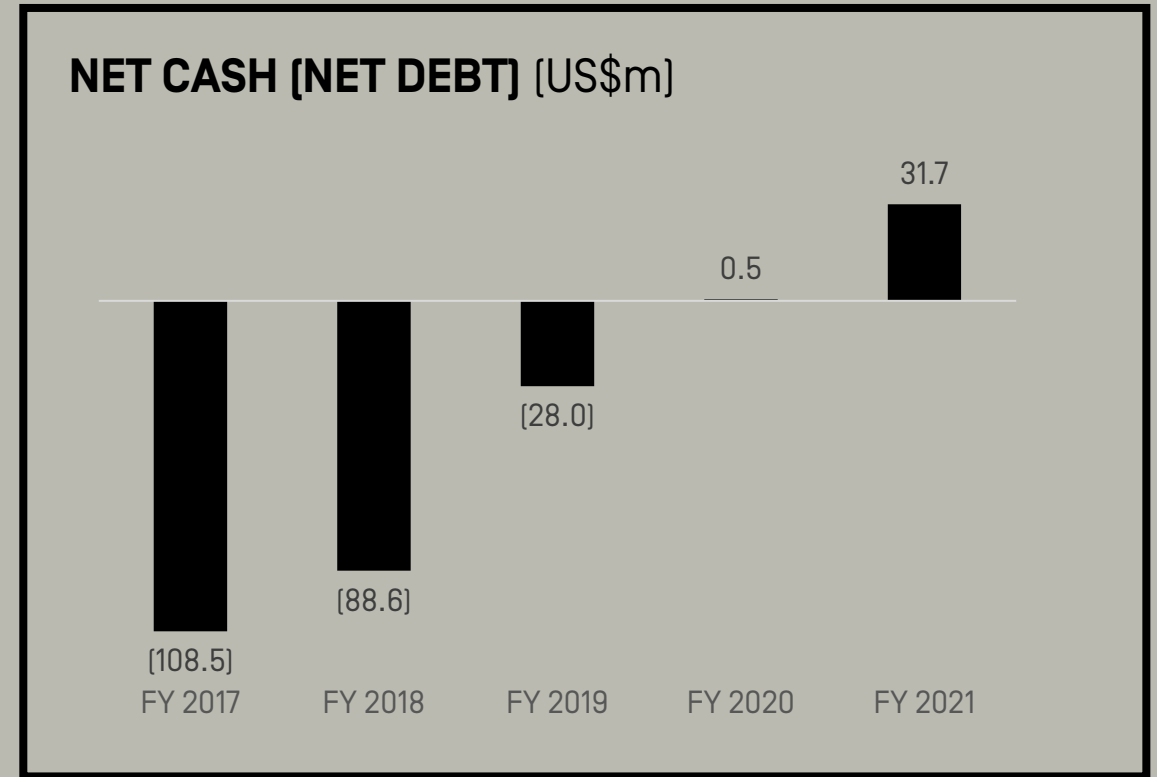
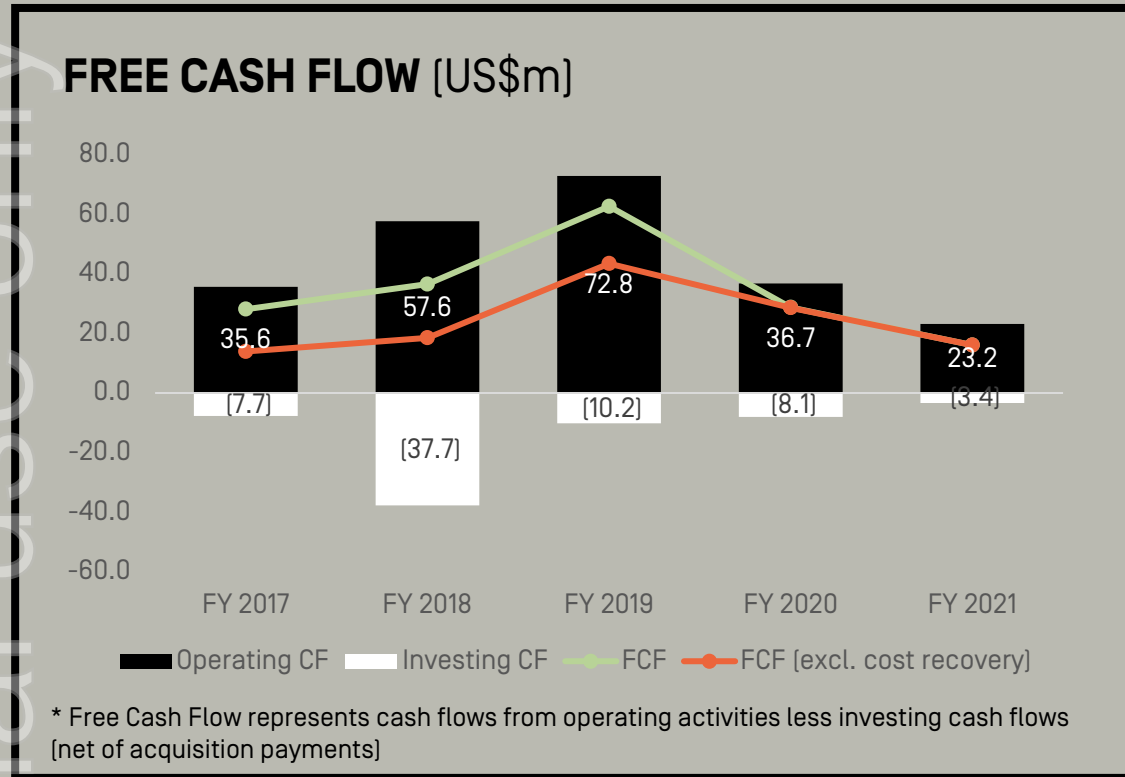


Continued strong EBITDAX despite low oil prices, aided by low cost of production

Cash operating costs sustained below US\$20/bbl

Underlying profit of \$7.8m despite low oil prices with continued cost discipline

POSITIVE FREE CASHFLOW & INCREASED NET CASH POSITION



Positive free cash flow with disciplined investment in exploration and development activities

Low-cost production, option proceeds and PNG divestment ensured continued build in the net cash position despite low oil prices

Net cash of US\$31.7 million as at 30 June 2021, an increase of US\$31.2 million over the financial year

OUTLOOK AND ASSET UPDATES



OPERATIONS

□ CHINA BEIBU GULF

Block 22/12 [Beibu Gulf] 26.95% / 55%

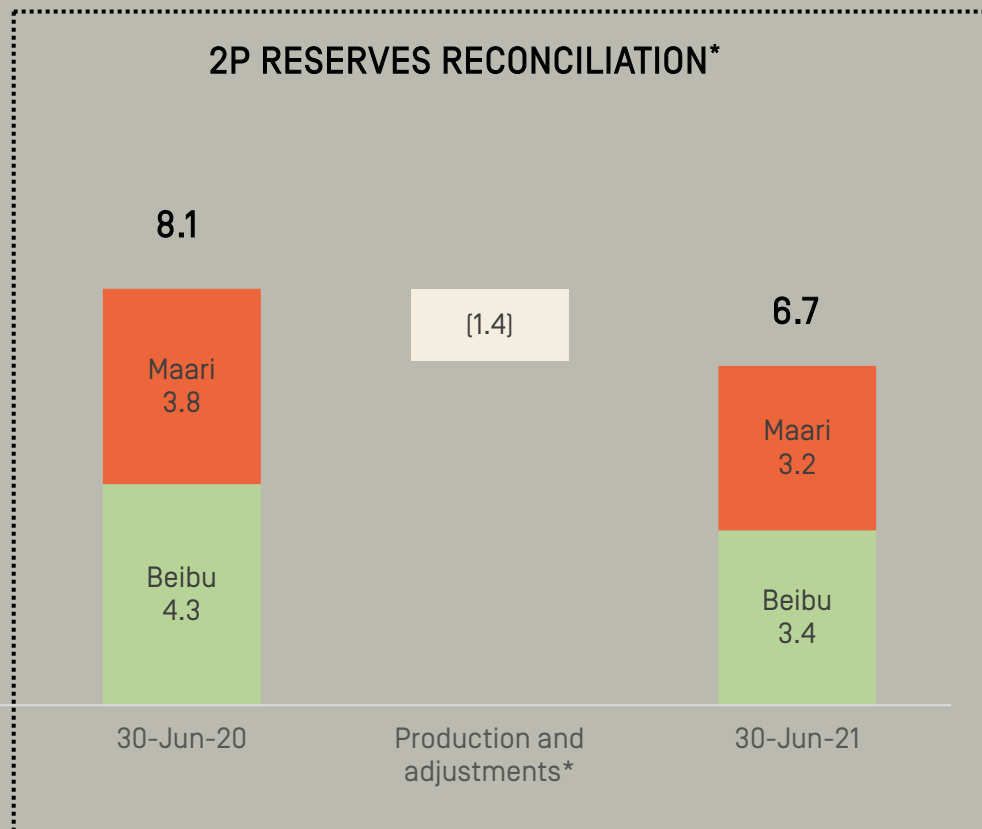
- Asia Pacific focus
- Material joint venture interests
- High margin, long life oil production assets in China and New Zealand generating strong cashflow

□ NEW ZEALAND MAARI

PMP 38160 [Maari/Manaia] 26%

2P RESERVES

AT 30 JUNE 2021



- Proved plus Probable Reserves [2P] of oil is 6.7 MMbbl, compared with 8.1 MMbbl last year.
- Reserves reduction driven by consistent strong production performance from producing oil assets, 1.3 MMbbl, and some minor technical reserves adjustments.
- Cashflow from continued strong production puts Horizon in a good position to take advantage of a pipeline of development and appraisal opportunities in China and New Zealand.

* Refer to Horizon 2021 Reserves and Resources Statement for full details

CHINA

Block 22/12 [Beibu Gulf] 26.95% / 55%

- Oil Field
- Discovered Oil Field
- Oil Pipeline
- Gas Pipeline
- Production Area
- Development Area

BEIBU GULF

Pipelines to Weizhou Terminal

Block 22/12
**WEIZHOU 6-12
PRODUCTION AREA**

WZ 6-12N
WZ 6-12M
WZ 6-12S



MAP AREA
Block 22/12

BEIBU
GULF

250KM

VIETNAM

12-8 PRODUCTION AREA

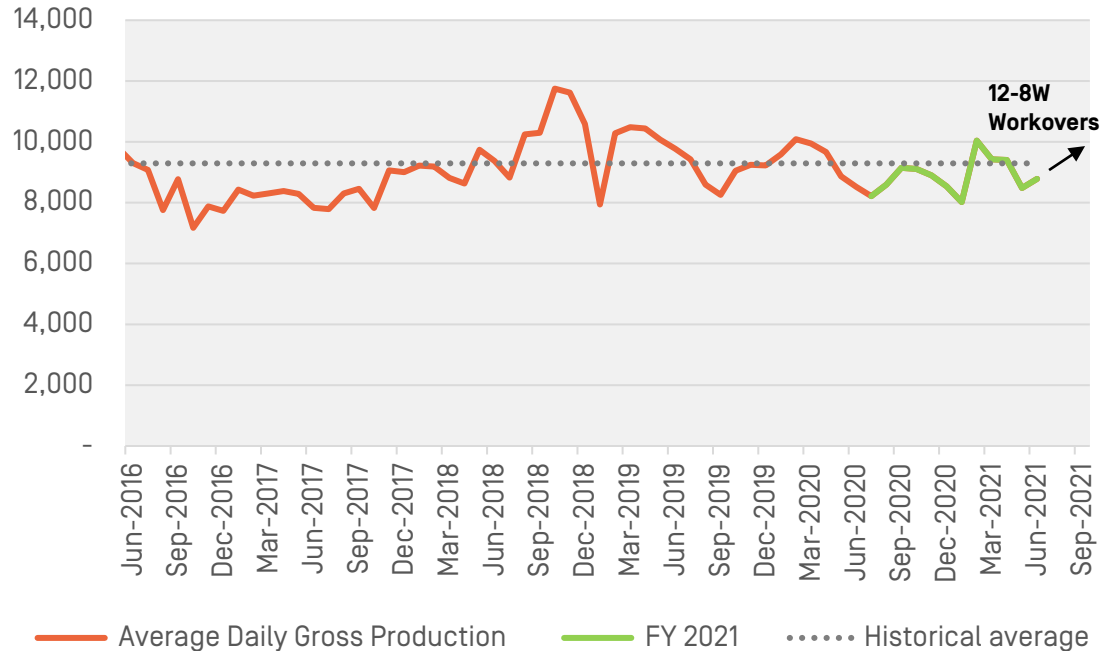
WZ 12-3
WZ 12-10-1
WZ 12-8M
WZ 12-8W
WZ 12-8E

Block 22/12
**WEIZHOU 12-8
DEVELOPMENT AREA**

CHINA BLOCK 22-12

RELIABLE, HIGH MARGIN PRODUCTION

BLOCK 22/12 PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production MMbbl	Average Daily Gross Production bopd
FY 2017	2.98	8,150
FY 2018	3.20	8,779
FY 2019	3.72	10,188
FY 2020	3.37	9,230
FY 2021	3.24	8,876
Average		9,345

- Current production rate ~8,700 bopd. Recent 4 well workover program in 12-8W field is forecast to increase daily oil production by ~1,000 bopd.
- Production rates maintained through infill and nearfield drilling, installation of additional water handling capacity and production optimising well workovers.
- JV evaluating infill well and near-field exploration opportunities, which together with the WZ12-8E field development, seeks to maintain production levels.

Block 22/12 continues to generate approximately 70% of Horizon cashflow

Permits continue - WZ6-12 and WZ12-8W fields until 2028 / WZ12-8E field until 2030

Low cash operating costs – approximately US\$12/bbl produced for FY2021

Current WZ6-12 and WZ12-8W field abandonment costs prepaid in sinking fund

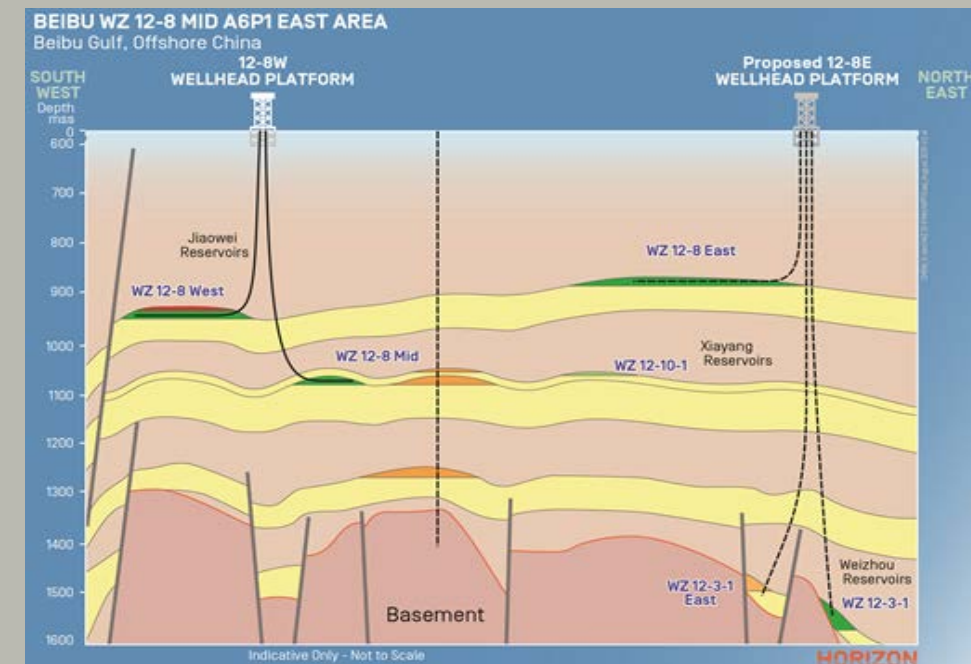
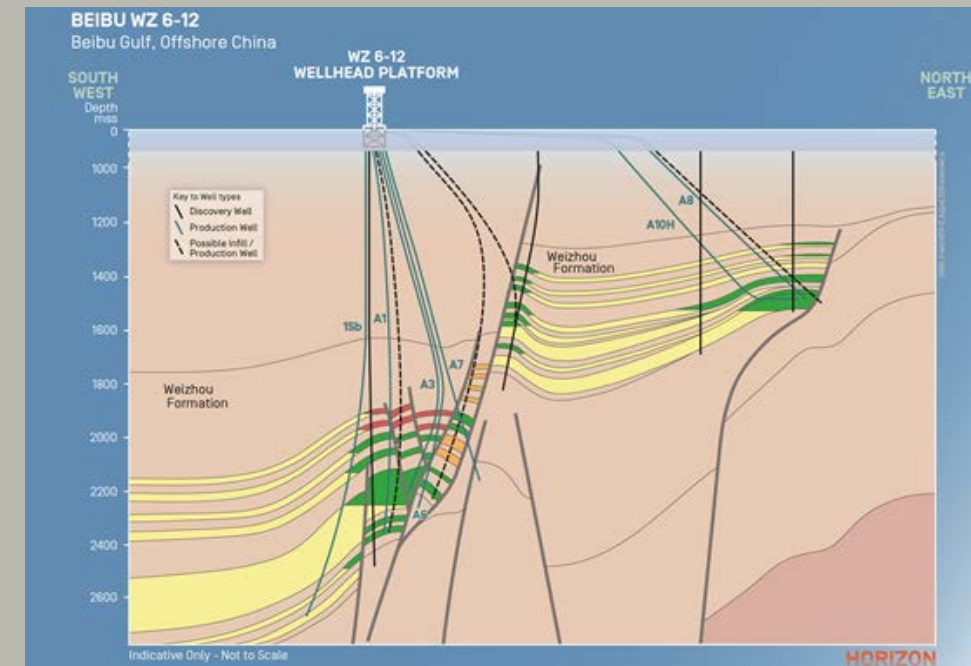
INFILL AND PRODUCTION ENHANCEMENT

CHINA BLOCK 22/12

- Production from the Group's interest in the Beibu Gulf fields was 873,139 barrels. Crude oil sales were 801,280 barrels at a net realised price of US\$54 per barrel, excluding hedging.
 - Cash operating costs were approximately US\$12/bbl produced.
- In early 2021, two infill wells were drilled to target undeveloped reserves in the WZ6-12 area. The WZ6 12-A11 well into the producing WZ6-12 North field, and the WZ6-12 A3S2 well into the WZ6-12 M1 discovery. Both wells were successful & commenced production in Feb 2021.

FY 22 Outlook

- Four well workover programme carried out in 12-8W oil fields is forecast to increase initial daily oil production by ~1,000 bopd.
- Potential for further infill, and nearfield appraisal/exploration opportunities to replace reserves and maintain the current production rates.

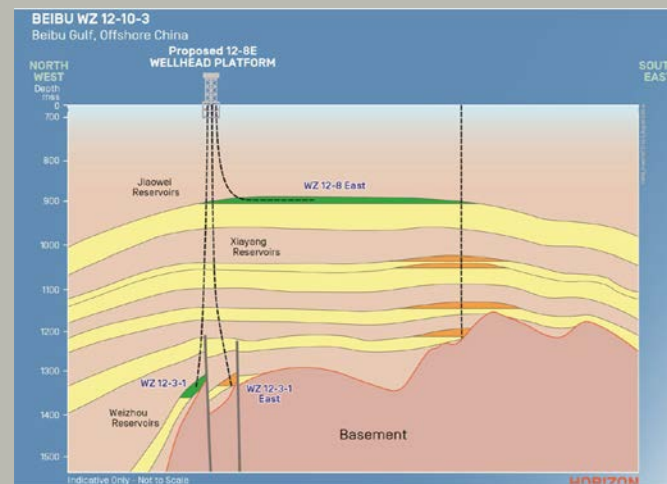
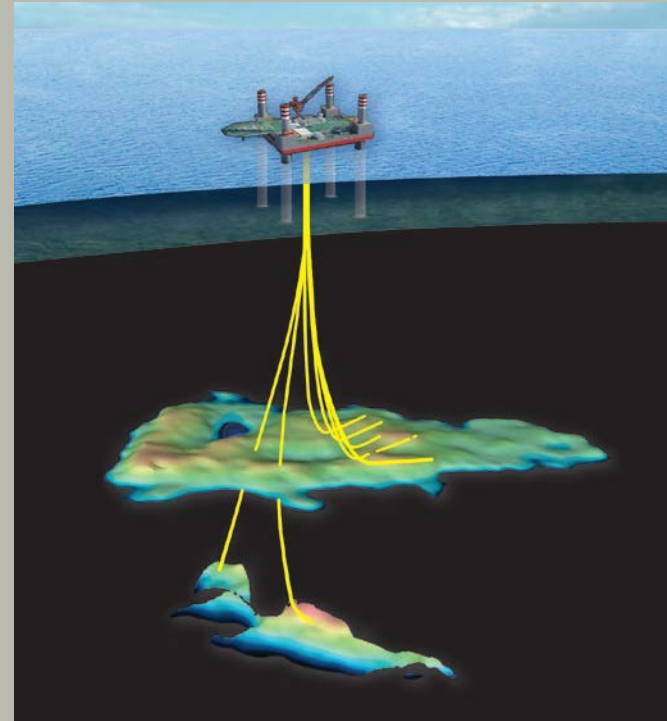


NEW DEVELOPMENT

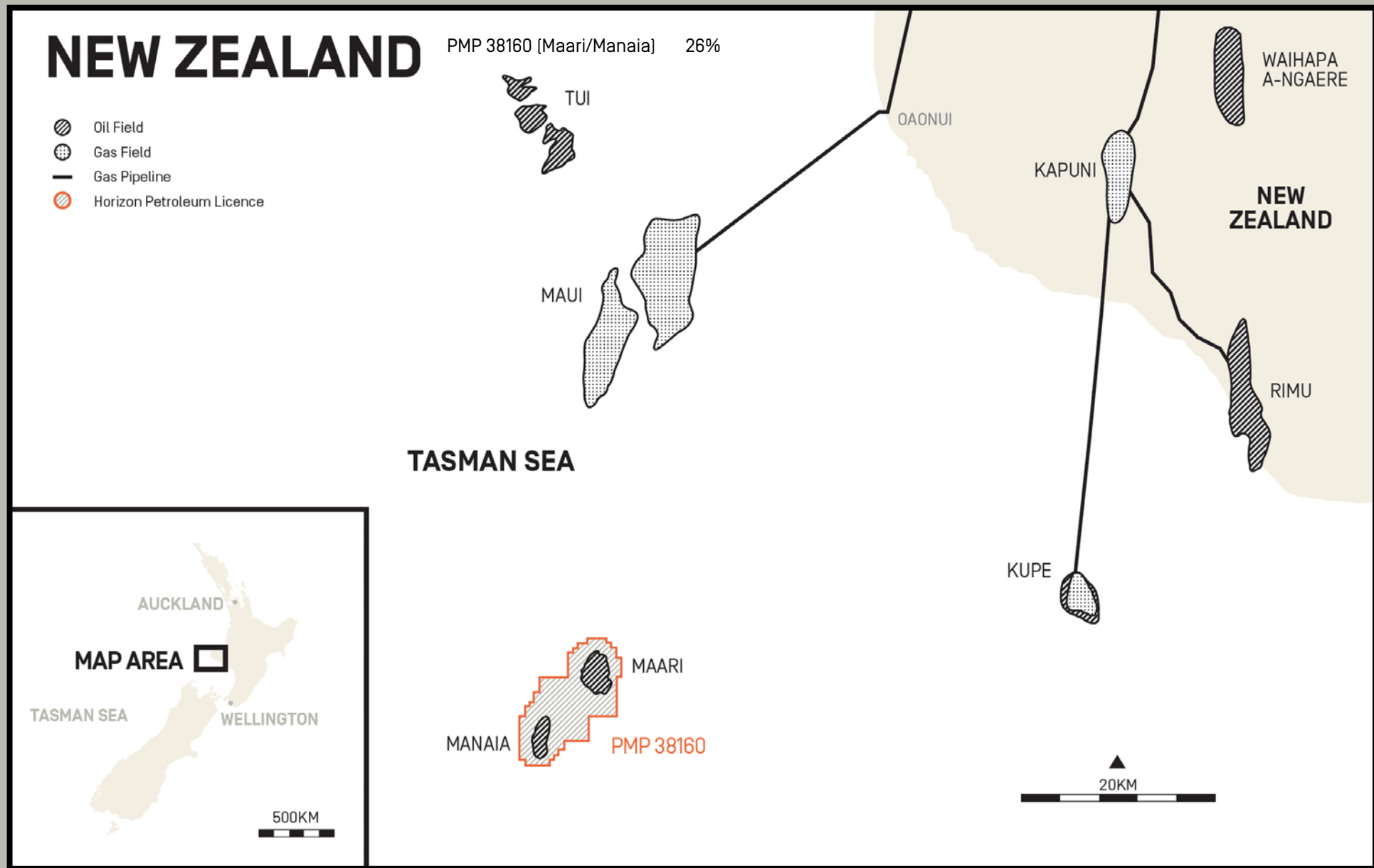
CHINA BLOCK 22/12

WZ 12-8E Development Project

- **First oil expected in Q1 CY 2022 with gross oil production from the first phase expected to average 4,000 bopd during the first year**
- FID made in October 2020 with the new wellhead platform launched and soon to be towed to site. The development is on schedule and on budget.
- The WZ12-8E development will comprise a new wellhead platform tied back to the existing WZ12-8W platform. It will be leased by the joint venture thereby reducing upfront capital costs.
- Provides a hub for the development of the remaining discovered resources in Block 22/12 – including WZ12-8E and 12-3 fields, with access to further prospective opportunities. First phase of the development expected to recover 0.6 MMbbl 2P reserves net to Horizon.
- Total development costs are linked to oil prices, Horizon's total share is ~US\$19 million based on current oil prices (US\$70/bbl). US\$3.1 million paid to date, with the majority of remaining payment schedule coinciding with the commencement of production.



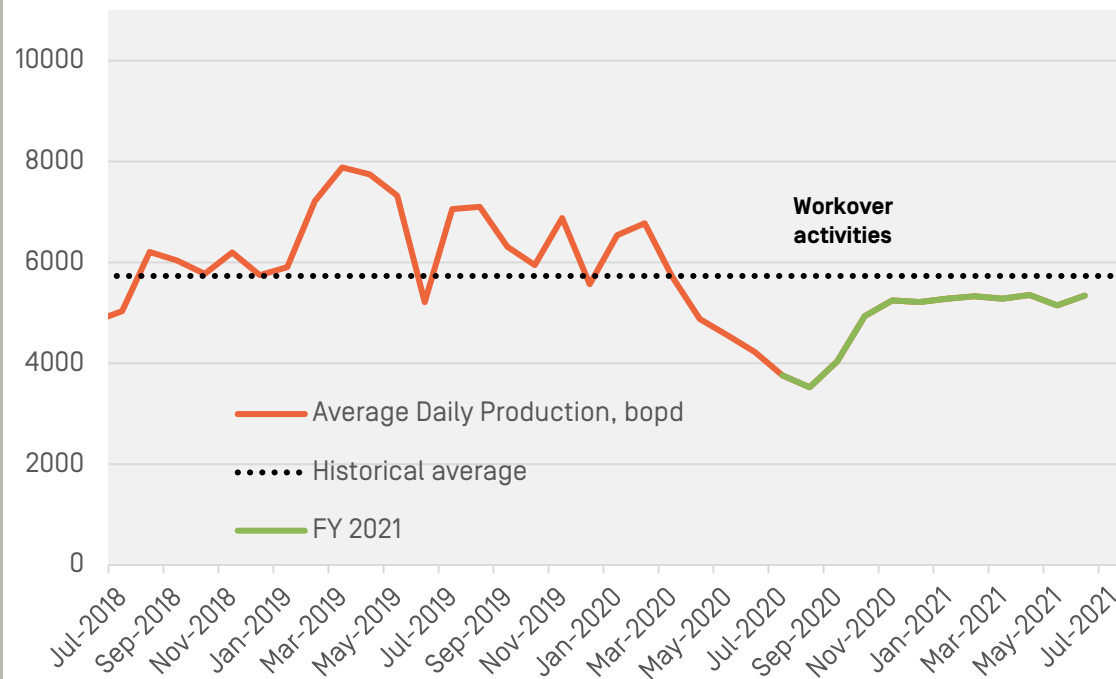
Above: Recent images of the WZ12-8E platform as launch date approaches



NEW ZEALAND – MAARI/MANAIA

STABLE RESERVOIR PERFORMANCE

MAARI/MANAIA PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production, MMbbl	Average Daily Gross Production, bopd
FY 2019	2.32	6,384
FY 2020	2.18	5,982
FY 2021	1.78	4,865
Average		5,732

- Production decline rate arrested through continued water injection and well optimisation.
- Successful MR 7A and MR 9 workovers in Q4 CY2020 restored production towards the 3 year average
- MR6A workover completed however currently off-line to assess low levels of sand production

Maari/Manaia continues to generate approximately 30% of Horizon cashflow

FY2021 production impacted by COVID led deferrals of workovers of three producing wells

Production licence and reserves forecast to end of 2027 with potential to extend

Cash operating costs reduced by 20% during FY2021 to less than US\$25/bbl

FIELD OPTIMISATION

NEW ZEALAND – MAARI/MANAIA

- Net production was 461,675 barrels of oil and crude oil sales were 464,445 barrels at a realised oil price of US\$58 per barrel, excluding hedging.
- Production for the year reduced due to COVID-19 delays in conducting workovers.
- Cash operating costs reduced below US\$25/bbl produced through cost saving initiatives.
- Proposed transition of operatorship to Jadestone Energy, subject to regulatory approvals

FY 22 Outlook

- Reinstate production from MR6A
- Enhance production rates through conversion of MR2A to injection well
- Continued optimisation of cost structure



Horizon personnel on the Maari FPS0 during a site visit in June 2021

OUTLOOK

CAPITALISING ON HIGHER OIL PRICES TO DELIVER VALUE

STRONG OPERATIONAL CASHFLOWS

- Free cashflow increases at a rate of ~US\$8 million per annum for every US\$10/bbl increase in oil price
- Continued low cost of production <US\$20/bbl
- Targeting US\$25-35 million free cashflow¹ at current oil prices

DISCIPLINED INVESTMENT

- Repayment of ~US\$13 million of debt during FY2022.
- Maintain “flat production” by investing in projects - WZ12-8E development, potential infill wells, water handling
- CAPEX estimate US\$15-20m in FY2022

INCREASE SHAREHOLDER VALUE

- Capital management
- Maximise value of base business – deliver WZ12-8E development, and other organic growth initiatives
- Opportunistic inorganic growth

ENVIRONMENTAL SOCIAL GOVERNANCE

- Continued safe and efficient operations
- Implement ESG Action Plan to drive non-financial performance

COMPLIANCE STATEMENTS

Disclaimer

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In this presentation, references are made to EBITDAX, Underlying Profit and Free Cashflow, which are financial measures which are not prescribed by Australian Accounting Standards:

- EBITDAX represents the profit from continuing operations adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments)
- Underlying profit represents the profit from continuing operations adjusted for the unrealised movement in the value of options issued under the subordinated loan facility, and non-cash impairments
- Free Cash Flow represents Cashflow from Operating Activities less Investing cashflows (net of acquisition payments)

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

Amounts in this presentation may not cast due to rounding differences.

Reserves Disclosure

Unless otherwise stated, all petroleum reserves and resource estimates refer to those estimates as set out in Horizon's Reserves and Resources Statement as at the balance date (i.e. 30 June) as most recently released to ASX. Horizon is not aware of any new information or data that materially affects the information included in this presentation. All the material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.

The estimates of petroleum reserves and resources contained in this statement are based on, and fairly represent, information and supporting documentation prepared by staff and independent consultants under the supervision of Mr Gavin Douglas, GM-Production & Exploration of Horizon Oil Limited. Mr Douglas is a full-time employee of Horizon Oil Limited and is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers. Mr Douglas' qualifications include a Master of Reservoir Evaluation and Management from Heriot Watt University, UK and more than 24 years of relevant experience. Mr Douglas consents to the use of the petroleum reserves and resources estimates in the form and context in which it appears.

This presentation should be read in conjunction with the 2021 Reserves and Resources Statement, the Annual Financial Report for the year ended 30 June 2021, ASX Announcements and the Half Year Financial Report for the period ended 31 December 2021.



Authorisation

This ASX announcement is approved and authorised for release by the Horizon board.

FOR MORE INFORMATION PLEASE CONTACT US

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