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QUARTERLY REPORT

PERIOD ENDING 30 June 2019 (ASX:HZN)

HIGHLIGHTS

FINANCIAL

- Revenue of US$126.7 million (~A$184 million) for 2019 financial year (up 19.4% on the 2018 financial year) with US$30.3 million generated for June 2019 quarter (exclusive of hedge settlements).
- Net operating cash flow[1] of US$92.6 million (~A$134 million) for the 2019 financial year, an increase of 23% on the 2018 financial year; net operating cash flow for the June 2019 quarter of US$25.0 million.
- US$35.2 million of the senior debt facility repaid in the June 2019 quarter.
- Net debt reduced to US$28.0 million as at 30 June 2019 (a 68% reduction from 30 June 2018), with continued reductions projected for the remainder of the calendar year.
- Finalised recovery of approximately US$5.0 million of outstanding insurance claims associated with historical Maari repair works.
- Cash at 30 June 2019 of US$21.5 million.
- Progressive hedging implemented during the financial year. As at 1 July 2019, the Company had 480,000 bbls of oil swaps to March 2020 at a weighted average price of US$69.43/bbl, net of credit charges.

PRODUCTION AND DEVELOPMENT

- Annual sales of 1.87 million barrels for the 2019 financial year (up 13% on the 2018 financial year) at an average realised oil price of US$67.90/bbl, exclusive of hedge settlements.
- June 2019 quarter sales of 432,493 bbls (average realised oil price of US$73.41/bbl inclusive of hedge settlements).
- Production of 1.6 million barrels for the 2019 financial year, an increase of 22% on the 2018 financial year.
- June 2019 quarter production increased by 3.1% to 407,453 bbls.
- Operating costs maintained below US$20/bbl for the quarter.

[1] Net operating income after operating expenditure, excluding extraordinary items

CHIEF EXECUTIVE OFFICER'S COMMENTS

Horizon Oil's strong operational and financial performance during the 2019 financial year has resulted in record annual oil sales of 1.87 million barrels, a 13% increase over the prior financial year, with operating costs maintained at below US$20/bbl.

This performance has led to annual revenue of US$127 million[1] and net operating cashflow of US$93 million, levels last achieved by the Company in FY 2014 when oil prices were over 50% higher than current prices.

The sustained high levels of net operating cashflow over FY 2019 and recent years has enabled the accelerated repayment of our development and acquisition debt funding, well ahead of schedule. Our net debt at 30 June 2019 was US$28.0 million, less than one third of our annual EBITDAX. We will continue to materially reduce debt during the current financial year and, assuming current production and oil prices prevail, we expect to be in a net cash position by mid calendar 2020.

The continued strengthening of Horizon Oil's balance sheet from internally generated capital will afford capacity, in the near to medium term, for identification of potential growth opportunities to complement our existing oil production from Beibu Gulf and Maari/Manaia and our material condensate and gas resources in Western Province, PNG.

In recent weeks, Horizon Oil representatives met Papua New Guinea's recently appointed Minister for Petroleum, Hon. Kerenga Kua for preliminary and introductory discussions. Those discussions were cordial and constructive. Minister Kua encouraged further engagement with his department regarding development planning for Western Province condensate and gas resources.

Michael Sheridan
Chief Executive Officer

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[1] Before oil price swap settlements

FINANCIAL SUMMARY

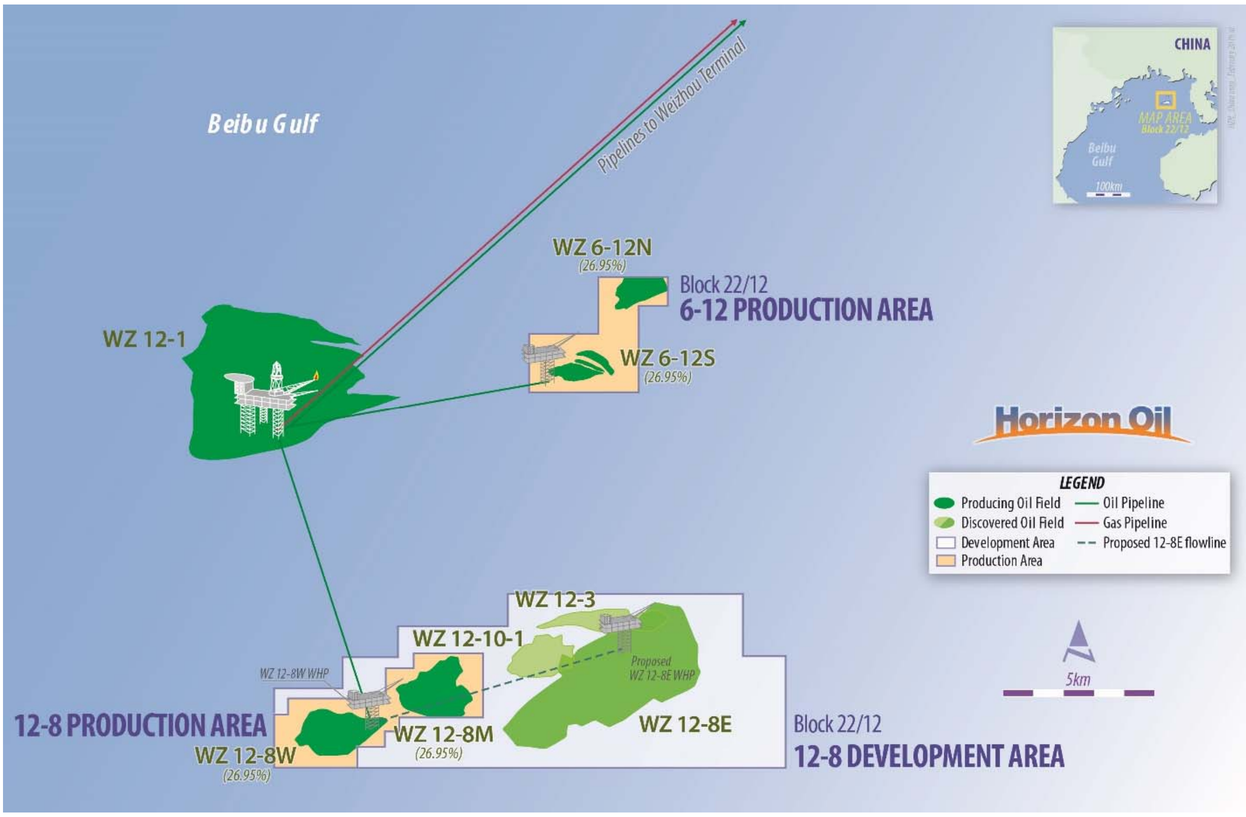
	Q4 FY2019 bbls	Q3 FY2019 bbls	Change %	Financial Year 2019 bbls
Production				
Block 22/12 (Beibu Gulf), offshore China				
Crude oil production	247,543	231,494	6.9%	1,002,178
Crude oil sales[1]	272,855	301,046	(9.4%)	1,290,632
PMP 38160 (Maari and Manaia), offshore New Zealand				
Crude oil production	159,910	163,728	(2.3%)	602,400
Crude oil inventory on hand	67,787	67,148	1.0%	67,787
Crude oil sales	159,638	111,824	42.8%	575,949
Total Production				
Crude oil production	**407,453**	**395,222**	**3.1%**	**1,604,578**
Crude oil sales[1]	**432,493**	**412,870**	**4.8%**	**1,866,581**
	US$'000	US$'000		US$'000
Producing Oil and Gas Properties				
Block 22/12 (Beibu Gulf), offshore China				
Production revenue[2]	18,177	18,314	(0.8%)	85,576
Operating expenditure	2,391	2,383	0.3%	9,895
Special oil gain levy	196	12	1,508.3%	1,303
Amortisation	5,245	4,802	9.2%	21,234
PMP 38160 (Maari and Manaia), offshore New Zealand				
Production revenue[2]	12,082	7,838	54.1%	41,167
Operating expenditure	4,132	4,280	(3.5%)	18,622
Inventory adjustment[3]	(14)	(2,864)	(99.5%)	(1,750)
Amortisation	4,791	4,903	(2.3%)	18,050
Total Producing Oil and Gas Properties				
Production revenue[2]	**30,259**	**26,152**	**15.7%**	**126,743**
Oil hedging settlements	**1,492**	**892**	**67.3%**	**(4,342)**
Total revenue (incl. hedging gains/(losses))	**31,751**	**27,044**	**17.4%**	**122,401**
Direct production operating expenditure	6,523	6,663	(2.1%)	28,517
Net operating cash flow[4]	**25,032**	**20,369**	**22.9%**	**92,581**
Amortisation	10,036	9,705	3.4%	39,284
Exploration and Development				
Papua New Guinea exploration & pre-development	562	471		2,563
PMP 38160 (Maari and Manaia), New Zealand	314	69		1,723
Block 22/12 (Beibu Gulf), offshore China	173	169		4,558
Total capital expenditure	**1,049**	**709**		**8,844**
Cash on hand[5]	**21,472**	**31,340**		**21,472**
Senior debt facility[6]	**49,431**	**84,588**		**49,431**
Net Debt[6]	**27,959**	**53,248**		**27,959**

1 Excess of sales volume over production volume due largely to preferential cost recovery in China
2 Represents gross revenue excluding hedge gains and losses
3 Includes accounting adjustment for cost of crude oil inventory sold or produced during the period (includes amortisation of $0.1 million in the quarter)
4 Represents net operating cash flow inclusive of the cost of workovers, and repairs and refurbishment expenditure
5 Includes cash in transit
6 Represents principal amounts drawn down as at 30 June 2019

Note: Financial results contained in this quarterly are unaudited

PRODUCTION

Block 22/12, Beibu Gulf, offshore China (Horizon Oil: 26.95%)



Gross oil production for the quarter averaged 10,094 bopd. Horizon Oil's sales for the quarter averaged 2,998 bopd, including the cost recovery oil entitlement received.

Average cash operating costs in the quarter were US$8.59/bbl (Horizon Oil sales); US$9.47/bbl (produced).

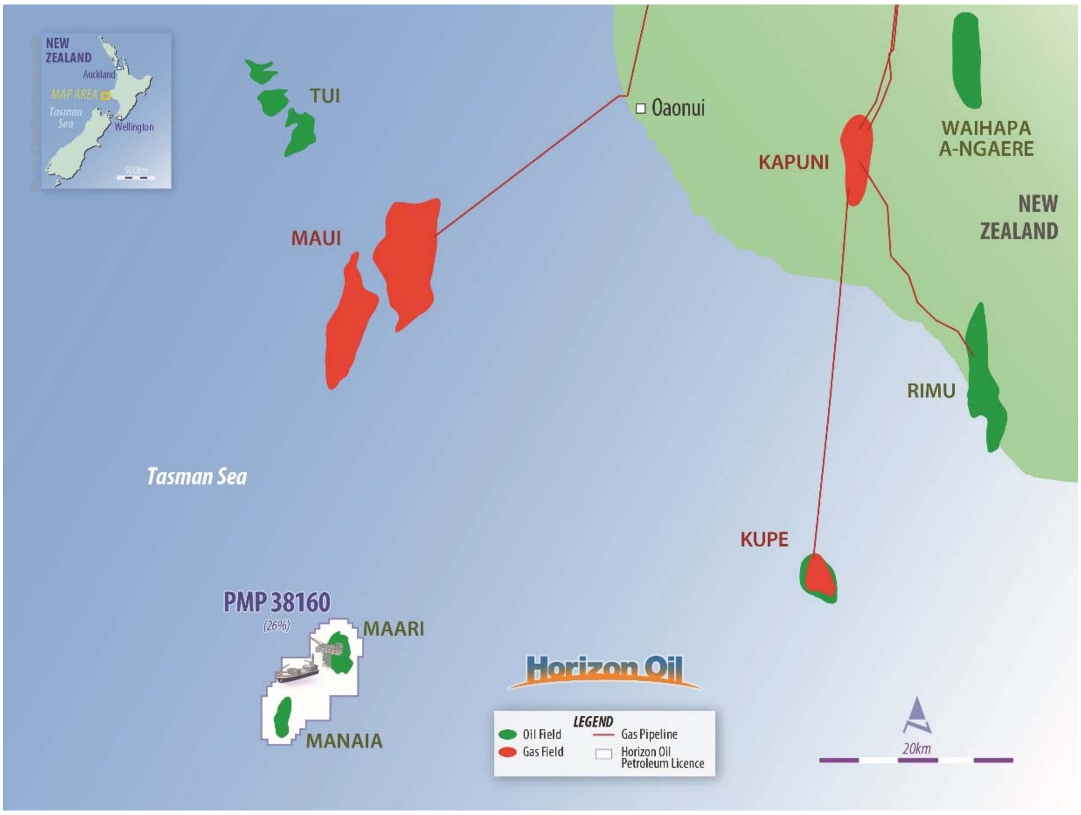
Production optimization activities continued during the quarter with testing of potential enhancements to the water handling infrastructure. Production at the end of the quarter was approximately 9,700 bopd for the project.

Owing to continued strong production and improved oil prices, at 30 June 2019 the Company had substantially recovered all its remaining cost recovery oil entitlement under the Petroleum Contract, following which Horizon Oil's share of production will revert to approximately its net working interest.

Engineering for the WZ 12-8 East development project continues, with the main activities during the quarter being commercial negotiations with the proposed drilling and production platform provider, and negotiations with CNOOC on a Supplemental Development Agreement to confirm commercial arrangements largely associated with the tie back of the development to the existing Block 22/12 infrastructure. A final investment decision over the development is expected to be made during the second half of calendar year 2019, with CNOOC targeting first oil in early 2021.

The development has been planned as an extended production test which involves a mobile offshore production platform which will be leased by the joint venture, reducing upfront capital costs.

PMP 38160, Maari/Manaia fields, Taranaki Basin, offshore New Zealand (Horizon Oil: 26%)



Gross oil production for the quarter averaged 6,759 bopd (Horizon Oil net 26%: 1,757 bopd).

Production for the quarter was largely in line with the prior quarter, despite a scheduled 7 day annual maintenance shut-in. The maintenance work was completed safely, with production returning to approximately 7,500 bopd.

Production during calendar year 2019 continues to be sustained at levels significantly higher than calendar year 2018, resulting from well optimization activities including increased MR6a well production following installation of an upgraded Electric Submersible Pump (ESP) and increased water injection. Further production enhancement opportunities which are being progressed include upgrades to the MR6a ESP equipment, and a workover of the MR3 well which is currently offline.

Net sales for the quarter were 159,638 bbls. Sales volumes increased 42.8% on the prior quarter due in part to the timing of liftings, with a further 67,787 bbls of crude oil retained as inventory on hand at the end of the quarter.

The increased production levels and cost savings initiatives implemented by the operator during the first half of the calendar year, have led to a 20% reduction in operating costs to below US$25/bbl (produced).

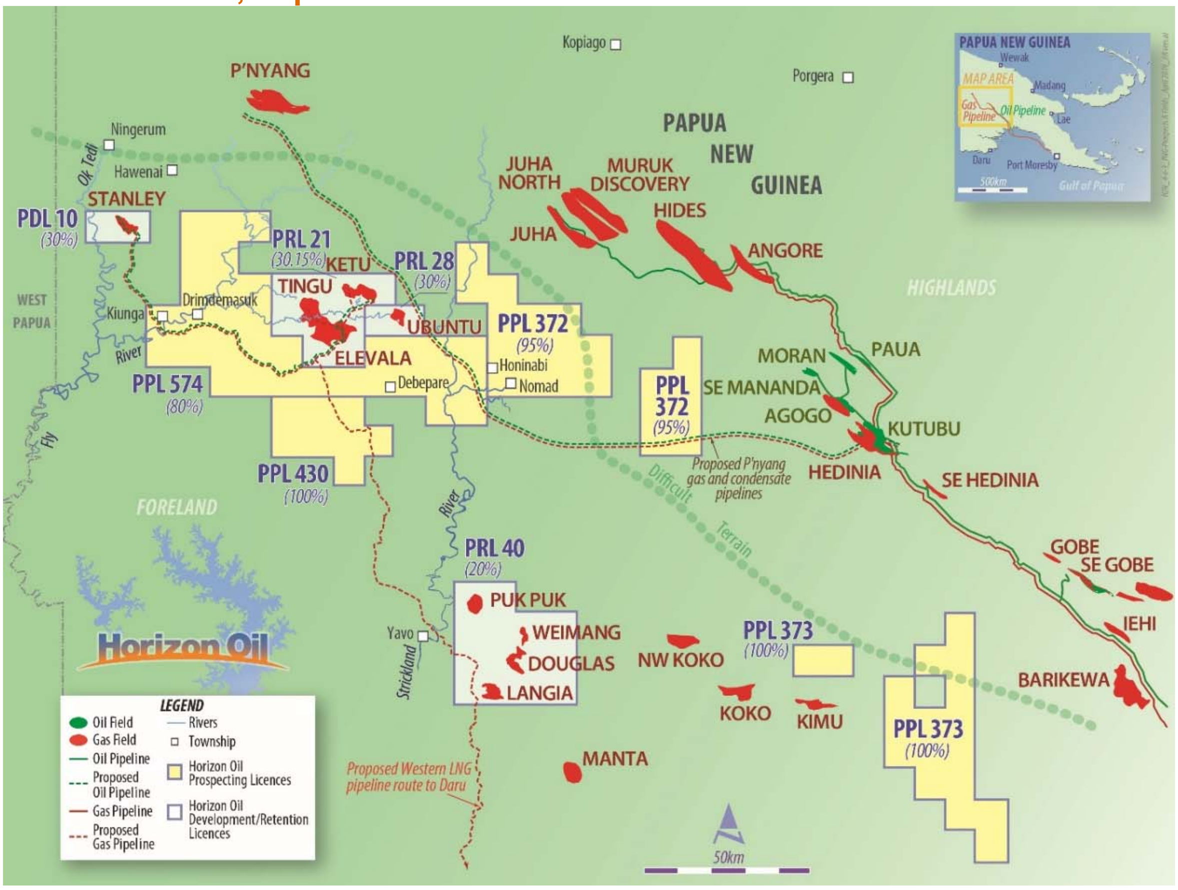
During the quarter the Group finalised insurance claims associated with repair works completed during 2016 and 2017 to Maari infrastructure. The Group's share of repair costs incurred during the 2016 and 2017 repair campaign was approximately US$6.5 million, of which the Group has now recovered approximately US$5 million.

PRE-DEVELOPMENT AND DEVELOPMENT

PRL 21, Elevala/Ketu gas-condensate fields (Horizon Oil: 30.15% and operator)
PDL 10, Stanley gas-condensate field (Horizon Oil: 30.0%)

PRL 28, Ubuntu gas-condensate field (Horizon Oil: 30.0% and operator)
PRL 40, Puk-Puk/Douglas gas fields (Horizon Oil: 20%)

Western Province, Papua New Guinea



In Papua New Guinea, Horizon Oil continued planning for the commercialisation of the gross appraised resource of 2,200 PJ of sales gas and 64 million barrels of associated condensate in four petroleum licences in the foreland basin of Western province. The Company holds approximately 30% of the resource and is operator of two licences constituting the majority of the resource.

The condensate rich gas resources in the Stanley, Elevala, Ketu and Ubuntu fields lie to the south of ExxonMobil and Oil Search's P'nyang gas field which will provide the threshold volumes for expansion train 3 of the PNG LNG scheme. The planned pipeline route from P'nyang to the PNG LNG facilities passes within 20 kilometres of the Ketu field[1].

While such a potential commercialisation pathway may provide a beneficial opportunity, it remains appropriate for Horizon Oil and its fellow joint venturers to progress their independent development plans for their resources.

During the quarter, the PDL 10 joint venture sought to engage in discussions with the former Minister for Petroleum, Hon. Dr Pok, to resolve the matter of the good standing of PDL 10, PL 10 and the Stanley Gas Agreement. Further, as advised on 4 April 2019, the PRL 21 licensees received correspondence from Dr Pok in respect of the development plan for the Elevala and Ketu fields. Former Minister Pok invited the PRL 21 licensees to propose a new or varied development plan indicating that his Department would not be able to approve the form of the development plan submitted.

In June 2019, after the Hon. James Marape was appointed prime minister of Papua New Guinea, the Hon. Kerenga Kua was appointed Minister for Petroleum. Horizon Oil met with Minister Kua for

[1] During the quarter, Santos announced the terms of its acquisition of 14.3% interest in the P'nyang field, under which it will acquire approximately 0.62 tcf of gas and associated condensate for aggregate consideration of US$187 million.

preliminary and introductory discussions in July. Those discussions were constructive and Minister Kua encouraged further engagement with his department regarding development planning for Western Province condensate and gas resources. Horizon Oil's objective is to realise a commercialisation pathway for the Elevala and Ketu fields that is mutually acceptable to the State and the PRL 21 licensees, which will be facilitated by an open dialogue with the State and the proponents of the PNG LNG expansion project on a commercialisation pathway for the fields by way of third-party access to key infrastructure.

The petroleum reserves and petroleum resources estimates in this report were first reported in Horizon Oil's Reserves and resources statement 2018, released to the ASX on 23 August 2018. The estimates are prepared under the supervision of Andrew McArdle, Chief Operating Officer of Horizon Oil Limited. Mr McArdle is a full-time employee of Horizon Oil Limited and is a member of the Society of Petroleum Engineers. Mr McArdle's qualifications include a Master of Engineering from The University of Western Australia, Australia and more than 15 years of relevant experience. Mr McArdle consents to the use of the petroleum reserves and petroleum resources estimates in the form and context in which they appear in this report.