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20 November 2020

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

HORIZON – ANNUAL GENERAL MEETING 2020

Attached are copies of the following documents related to the Annual General Meeting of Horizon to be held at 10.00am today:

- Chairman's address to shareholders; and
- Chief Executive Officer's report.

Authorisation

This ASX announcement is approved and authorised for release by the Company Secretary.

Chairman's Address – Mike Harding

Ladies and Gentlemen,

It would be an understatement for me to say that this has been an interesting year. But despite the challenges presented by COVID restrictions and a 20 year low oil price, we were successful in generating strong levels of free cash flow which allowed the repayment of US$24 million of debt and for the first time in over 10 years – returned the company to a net cash position.

And as a result of our low cash operating costs, currently less than US$15/bbl of oil produced, coupled with a modest hedge position, we were able to weather a period of sub-US$30/bbl oil to post an underlying profit before tax of US$15 million.

Looking forward, we can expect the recently sanctioned WZ12 – 8E Project to produce first oil early in 2022 and together with two development wells to be drilled later this year, we can target substantially flat production volumes for the next three years.

These short-term capital expenditures will be funded out of cashflow, together with our $23 million of debt to be repaid over the next 18 months. We are listening to shareholders and a return to shareholders is a high priority. The board reviews this important topic regularly, we are looking to balance capital expenditure, growth aspirations and liquidity to deliver a return – either in the form of a share buy-back, capital return or dividend.

We are pleased now that we have substantially put the allegations of 2011 corruption in PNG behind us. The board back in February reacted rapidly and appropriately by setting up an independent board committee which then commissioned a thorough investigation conducted by Hebert Smith Freehills and assisted by Deloitte. The investigation, which reviewed nearly a million documents as well as forensic analysis of all electronic devices, failed to establish any breach of Australian foreign bribery laws.

Keeping with PNG. Last month we announced that Horizon had sold its PNG assets for US$3.5 million. A clean exit. This decision was a tough one for the board considering that PNG had been an important part of the fabric of Horizon for over 15 years. But it is the right decision. PNG for us had become commercially more and more challenging. Volatile commodity prices, remote location, lack of infrastructure, fiscal uncertainty were all factors – as well as the significant cash drain by simply putting the licenses on care and maintenance. The exit of PNG now allows us to devote company resources to re-focus - and to deliver its growth objectives.

Over the course of the year, we have increased our focus on sustainability, and for the first time are reporting against the recommendations of the Task force on Climate-related Financial Disclosures (TCFD). We firmly recognise the responsibility and role that Horizon must play to support a lower emissions future, and Horizon's growth strategy will take into account climate change.

I will now ask Chris to provide an update on the Group's operations and most importantly its growth strategy before returning to the items outlined in the Notice of Meeting.

Chief Executive Officer's Report – Chris Hodge

Thank you, Mike.

Slide - CONTENTS

I propose initially to talk about the rationale for the PNG sale. Then I will say some words about the macro energy environment and our response; the company – its 2020 results, asset performance and outlook; and finally, I will present our growth strategy and plan to create shareholder value.

Slide - PNG DIVESTMENT

Last month, Horizon announced that it has agreed to sell its PNG portfolio of contingent resources for US$3.5 million. We anticipate the transaction will complete early next month.

I want to address our PNG sale upfront because, as the Chairman noted, PNG has been an important part of the fabric of Horizon for the last 15 years. Shareholders' response to the PNG sale has been mixed. We have received some considerable support from shareholders and analysts that saw PNG as causing an overhang to our share price. In contrast however, some shareholders have been concerned that the price agreed for our PNG assets does not appropriately reflect the option value for these assets.

My intention here is to give you a sense of the very real challenges we face in PNG and why we consider the decision to divest the PNG assets now is the right one for Horizon. There have been a number of questions - quite understandably - very reasonable questions from some of our shareholders about the PNG transaction and I will address these.

Firstly though, some background. The key words to understand about our PNG portfolio is that it contains *'contingent resources'*. And in order for those contingent resources to have value and be commercialised, two essential criteria must be satisfied. The first is **a pathway to commercialisation**, and the second is **sound fiscal conditions.**

Our PNG assets are primarily wet gas fields, with a large aerial extent, particularly in the case of Elevala / Ketu. These fields are located in the Western Province. For those not familiar, the Western Province of PNG has very few roads, it is low-lying virgin forest traversed by waterways in a tropical, high rainfall climate. Access for people and supplies is challenging and ultimately this brings cost and time uncertainties to a major project.

Let's now consider **commercialisation pathways**:

- Stanley and Elevala / Ketu are gas condensate fields. To extract the condensate, the gas must first be produced, the condensate stripped out and the gas either reinjected or if there is a market, sold. Currently there is no meaningful market for gas so it would need to be reinjected. This process is expensive.
- Stanley's capex is estimated by Horizon to cost in excess of US$150 million (gross) with condensate shipped via river tanker on the seasonal Fly River to Port Moresby. Economics are marginal.
- Commercialisation of Elevala / Ketu in our view relies upon the PNG LNG expansion project proceeding – specifically the pipeline extension to P'nyang - and the capital cost of developing Elevala / Ketu approaches in our estimation A$1 billion. Whilst the State has publicly expressed support for third party access it is not mandated. Negotiations between ExxonMobil and the PNG Government have stalled. In addition, the impact of COVID-19 on future LNG demand has meant that the LNG supply gas anticipated for the mid-2020s has been deferred by a few years. We estimate earliest condensate sales via this pathway would be 2030 and earliest gas 2035.
- For the same reasons, a standalone Western LNG Project is unlikely to get traction for many years to come – it is a small LNG project requiring over A$6 billion in capex.
- Other alternative commercialisation pathways have been explored – gas to power and small-scale LNG for example. However, for one reason or another – primarily poor risked economics – these options never gained traction.

In summary – in the current economic environment, commercialisation of these assets is expensive, long dated and would provide marginal returns.

Let's now consider the **fiscal conditions**:

- With capex in the order of a billion dollars and lead time plus project life of 20 to 30 years, stability and certainty are required.
- The mooted exit of some Australian banks from PNG raises funding uncertainty.
- Furthermore, oil prices, LNG prices and energy demand need certainty which is hard to achieve in this current volatile energy environment. When Horizon drilled Stanley and Elevala / Ketu, oil was more than US$100/bbl. Today, BP's long-term outlook shows flat US$50/bbl.
- The PNG government has been increasingly vocal about increasing the level of 'State take' from its resource projects. This desire is one of the primary drivers for the proposed transition in PNG from the existing concessional licencing system to a PSC regime and the recently introduced 'national interest test' in assessing development applications. Against this backdrop, the ability to reach a binding, mutually agreeable position with the State on fiscal terms is challenging – as we've seen with P'nyang and more recently the Pasca development.

Certainty of **tenure** remains a concern:

- Recent legislative changes in PNG (introduced earlier this year) are a special cause for concern. These include legislative changes that give the Petroleum Minister absolute discretion on whether to approve (or not) a development licence application and the removal of statutory provisions that provided a proponent an opportunity for recourse in the event of an adverse decision. It's worth noting that PRL 21 expired in 2014 and is held over pending a decision on the joint venture's existing development plan for a billion dollar condensate stripping development.
- On top of all of that – the AFR allegations (at the heart of which is a tenure related dispute) have not enhanced our reputation in PNG.

So, these issues, uncertain, long-dated, capital intensive projects, coupled with legislative and fiscal uncertainty, have the effect of severely degrading the present value of our PNG contingent resources and led to the US$67.3 million impairment charge during FY 20.

I would like to acknowledge the fine work carried out by Horizon management and staff for well over a decade to discover, appraise and assemble a significant contingent resource of gas and condensate in a challenging and remote environment. However, taking into consideration all of the foregoing, deliberately and objectively, the Board is firmly of the view that the materiality of the PNG opportunity ceased to justify the associated risks, additional capital and management attention and Horizon would be better placed to secure a clean exit, to allow the company to focus on maximising the value of its oil producing assets and on proactive growth.

Over the years, Horizon had done a good job in attempting to extract value – the strategy nearly worked. But with no sense of time frame to commercialisation until well into the next decade, we decided to call time and move on. The alternative is to spend another five to 10 years promising, and not delivering.

Slide - THE MACRO ENERGY ENVIRONMENT

Another area that we need to address head on is the macro energy environment - both the opportunities and the risks. One thing is clear, we cannot look to the past as a predictor of the future. This is highlighted by the graph at the bottom left from the 2020 BP energy outlook. The future trends are subdued demand for oil but with the outlook for gas somewhat more optimistic over the next 10 to 15 years – spurred along by broad based demand and the increasingly availability of global supplies.

In the short to medium term for oil, we note the forward curve and predictions by the majors range between US$50/bbl and US$60/bbl to 2025. However, we know that supplies are reduced by lack of investment and by premature field abandonments. We believe there is the potential for a price spike mid-decade as a result of these fundamentals, especially when comparing with historical oil price volatility.

Slide - OUR RESPONSE

We do not know precisely what is going to happen in the future – but we do know that the energy market will continue to be disruptive. And we need to be prepared in order to manage the risks, and also to recognise the opportunities.

And being prepared means we keep our operating costs low and maximise production and value adding opportunities from our existing assets. In addition, we have the flexibility to assess each current situation and make the right decision as to growth at that time. We will also continue to improve our ESG response which is becoming increasingly important, particularly in order to secure funding and investor support. We have made a lot of progress over the last year and we have been under intense scrutiny following the AFR allegations. We are proud of our Sustainability Report and investors and lenders should be assured that we are near the top of the class in this area, particularly for a company of our size.

Slide - THE COMPANY

Turning now to the company – the 2020 financial results and assets.

Slide - SUSTAINED PROFITABILITY FROM CONSISTENT LOW COST PRODUCTION

This slide shows the significant improvements made over recent years to earnings and profitability. For FY20 EBITDAX is just over US$50 million with a strong underlying profit before tax of approximately US$15 million.

These strong earnings were not only generated from the continued strong production, but also through material reductions in cash operating costs per barrel which were maintained below US$20/bbl produced. Impressively, cash operating costs in the second half of the year were reduced to below US$15/bbl produced. These cost reductions were largely driven at Maari following a number of initiatives implemented by the operator.

Slide - FREE CASHFLOW & NET CASH POSITION PROVIDES FOUNDATION FOR GROWTH

This slide shows the continued strong free cashflow generation, with the orange line in the chart on the left normalised to exclude the cost recovery cashflows.

This again highlights the strong performance in FY20 with the second highest free cashflow generation in the past 5 years despite the COVID-driven headwinds during the second half of the year. Importantly, it shows the disciplined investment in exploration and development activities over recent years. It is noted that the FY2018 investing cashflows included ~US$17.6 million associated with the acquisition of the additional 16% interest in the Maari field.

This strong and sustained free cashflow generation has aided the company in driving debt reduction in recent years, as can be seen in the chart on the right, with an impressive 101% reduction in net debt in FY2020 to a modest net cash position of US$0.5 million. This significant debt reduction has strengthened the balance sheet, providing greater resilience during the current economic climate, and placing the company in a favourable financial position to pursue growth opportunities. Our net cash trend has continued to build. At the end of September, we were US$5M net cash.

Slide - CHINA BEIBU GULF (26.95%)

Beibu continues to be the star performer in the Horizon stable and contributes nearly 70% of the company's cashflow with operating costs at less than US$10/bbl.

Whilst our Beibu oil fields are conventional oil fields which ordinarily suffer from natural reservoir decline, the joint venture has managed to maintain gross production at an average of over 9,200 bopd for over seven years since first oil production commenced. When production dipped below the long-term average during the year, a workover program was undertaken to restore and enhance production back to around 9,200 bopd. The sustained production rates since first oil have been achieved through infill and nearfield drilling, installation of additional water handling capacity and production optimising well workovers. In the near term, production rates are forecast to be maintained through the recently approved two well infill drilling program scheduled later this calendar year. This will be followed by the WZ12-8E development which is targeting first production in early calendar year 2022.

We are pleased that our WZ12-8E project has commenced and I am happy to report that the development is already 20% complete with fabrication works continuing. The development concept involves a leased platform with five production wells in the shallow Jiaowei reservoir, one production well into the deeper Weizhou reservoir and one water injector well. This is Phase 1. If it successful, there is the potential for two additional further development phases via the drilling of more horizontal wells.

The forecast cost is US$15 million net to Horizon based on current oil price forecasts. The cost of the project is linked to the oil price. Low oil price, cheaper development. This an example of how commercially aware CNOOC is as our partner and maximises the chance for strong project economics. A further benefit from this development is that it provides an additional hub from which to appraise and develop nearby discoveries and to drill near-field opportunities.

The objective of the joint venture is to continue to sustain production rates well into the future as has been successfully achieved in the past. The current producing fields have a current contractual and economic production life until 2028, with the PSC running to 2030, and field decommissioning costs have been prepaid into a sinking fund. Accordingly, these fields are expected to continue to generate strong free cashflows for the Group over the medium to long term.

Slide - NEW ZEALAND – MAARI (26%)

If Beibu is the star performer in the stable Maari is the workhorse. Maari continues to be a solid asset for the Group, with low decline rate, long lived production and further opportunity to enhance value. Currently it contributes ~30% of Horizon's cashflow.

We are encouraged by the potential value to be unlocked by Jadestone, the proposed new operator and joint venture partner in the Maari project. Jadestone have strong operating capability and appear to have good alignment with Horizon on the future production potential at Maari. Jadestone have also indicated further potential operating cost optimisations and potential for field life extension into the next decade. Despite some COVID-related production issues during the year with three wells requiring workovers which were delayed due to restricted activity, we managed to maintain production throughout the lock-down period in New Zealand. Two of the three workovers have been concluded, restoring some 1,000bopd with the final workover to take place in Q1 2021.

Jadestone as the replacement operator for OMV is committed to the transaction which is expected to close by the end of the year. Looking forward, we anticipate that operations will continue to be streamlined, and the joint venture will be reviewing opportunities such as infill drilling or bypassed pay to move resources from the contingent category to the proven and probable reserves category. We are conscious of our abandonment obligations in New Zealand and have made appropriate provisioning in our accounts. We do not anticipate the abandonment obligations arising until at least the end of the current licence period in 2027, and potentially well into the next decade, subject to the successful outcome of life extension activities.

Slide - ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

This year we increased our focus on sustainability and for the first time engaged a consultant to undertake a materiality review. The materiality review identifies the ESG issues that present risks or opportunities to the business. We encourage you to read it in your own time by pressing on the link embedded in the presentation.

Just briefly then - our priorities are:

- **HSE.** No spills, low Total Recordable Injury Frequency Rate (TRIFR), asset integrity. This calendar year to-date we are pleased to advise that we achieved a commendably low TRIFR of 1.36 compared with our internal target of 2 and with NOPSEMA's benchmark of 4.08. This is particularly pleasing given the high number of well interventions that were carried out at both Beibu and Maari.
- **Governance**. We expect the highest standards of integrity and ethical and transparent behaviour.

- **People, Employees and Communities**. We recognise the importance of empowering employees, promoting diversity, and wherever possible, to invest in our communities.
- **Climate Change**. Our response, be it a role in mitigation or in responding to the effects of climate change, is now increasingly embedded in our decision-making processes. Scope I and II greenhouse gas emissions are already 72% offset and we proactively engage with our operators to reduce Scope I GHG emissions.

Slide - BUSINESS DEVELOPMENT

Our base strategy is to secure a growth asset to achieve long-term shareholder value.

In the last 6 months we have reviewed many business possibilities, in the focus area of Australasia and Southeast Asia, with the simple objective that by acquiring the right asset or assets we can achieve long-term shareholder value. We have looked at many possibilities, ranging from Producing, to Appraised, to newly discovered to undiscovered. We have a very good sense of what is available and what constitutes the "right asset or assets". We also need to be smart about a deal mechanism – we have considered farm-in, cash purchase, vendor finance, corporate…or any combination of these.

We tend to avoid competitive bid processes, preferring instead to deal with companies and individuals with whom we have a strong relationship. Our preference is for gas, preferably long lived, producing or soon to be producing. Ideally in a new jurisdiction to balance country risk. If we can add less mature assets as part of any deal, for example appraisal or exploration - so much the better. I mention strong ESG credentials on the slide. By that I mean we would have preference for low CO_2 gas, low contaminant oil and well-maintained mid-life assets – with an operator which is similarly minded. As to jurisdiction, we are not wedded necessarily to Australia and SE Asia, but this is our part of the world and we know it the best. We have also reviewed some possibilities in the UK and South America.

It is important to recognise that we know the business of growing companies very well. We understand the benefits and pitfalls. I am backed-up by an excellent technical and commercial team. But if the right asset isn't forthcoming in a reasonable timeframe, we will review our strategy accordingly.

Slide - CONCLUSION

We have a strong balance sheet and low-cost production.

- Horizon is resilient in a low oil price environment – low opex / maintaining high levels of production
- Horizon continues to generate significant free cash flow – applied to pay down debt and fund growth
- Producing assets have significant incremental growth potential – new project and infill wells
- Significant progress on implementation of a growth strategy – we are seeking scale, diversity and optionality
- We aspire to a return to the ASX300 - but in a measured low risk way, professionally and responsibly

Slide - WHAT STEPS ARE BEING TAKEN TO IMPROVE SHAREHOLDER VALUE?

A simple but fundamental question. The answer neatly encapsulates Horizon's strategy.

We are out to create long-term shareholder value. We have the people, the skills and the systems in place to do this.

1. Focus on the assets that carry the most value
   - Beibu and Maari – we create significant value by working closely with operators
   - PNG had least value – which is why we propose to divest
2. Make strategic decisions to maximise expected value
   - We are actively seeking to acquire a growth asset or assets
3. Secure an acquisition or acquisitions to maximise expected value
   - This is work in progress
4. Return cash to shareholders

CEO'S ADDRESS

Chris Hodge

CONTENTS

PNG DIVESTMENT

Resources

- Contingent resources. Gas-condensate fields (wet gas)
- Conventional reservoirs, some with a very large aerial extent
- Remote locations, low lying area with high rainfall and limited infrastructure

Commercialisation pathway

- Condensate stripping with resulting dry gas re-injected into the reservoir
- No current market for gas. Condensate may be shipped via (seasonal) Fly River to an aggregation point
- Gas to power – in discussion since 2009 with negligible progress. Small volumes
- Small scale LNG – distance from market and potential downtime due to variability of river export path
- Western LNG – capital intensive/economically marginal with significant execution risk

Fiscal conditions

- Uncertain long term outlook for oil and LNG and long term funding concerns. Impairment charges taken in FY2016 and FY2020
- Increasing desire of PNG Government to increase the State's take and recent introduction of a national interest test. PNG Government desire to transition to a PSC regime

Certainty of tenure

- Legislative changes have greatly increased Ministerial discretion in PDL award process
- Statutory mechanisms providing recourse in the event of an adverse decision now removed
- PRL 21 on foot pending deliberation of PDL application submitted over 6 years ago
- Potential transition to a PSC regime

THE MACRO ENERGY ENVIRONMENT

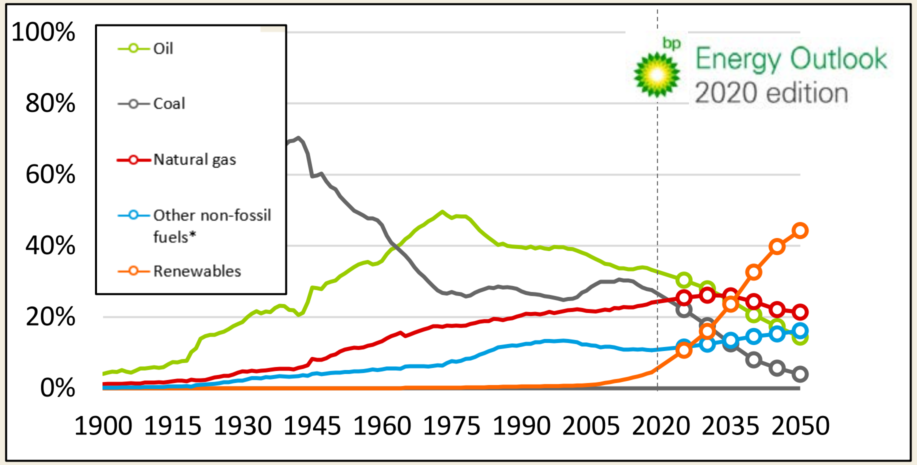
THE CHANGING GLOBAL ENERGY SYSTEM

- The disruptive influences of COVID, peak oil demand, a move away from fossil fuels and increased penetration of renewables means we cannot look to the past as a predictor for the future [see BP outlook below]
- Outlook for oil demand is subdued - but highly unlikely to remain below $50 for 5 years per the forward curve [below right]. A possible price spike mid-decade due to tight supply and minimal new investment

BP v Australian oil price assumptions Complied by Australian Financial Review]

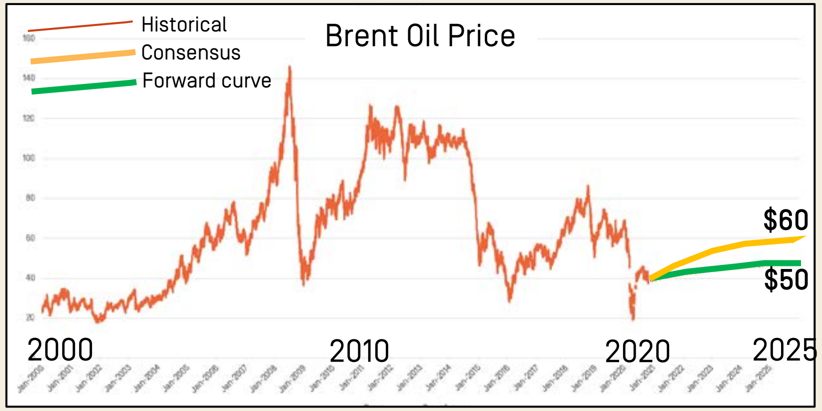
Company	Oil price ($US/barrel) FY21	FY22	FY23	FY24	Long-term
BP	50.00	-	-	-	FY50 $50.00
Woodside	44.00	55.00	58.00	62.00	FY25 $65.00
Santos	50.00	55.00	62.50	67.65	FY25 $69.00
Origin	40.00	45.00	50.00	55.00	FY26 $66.00
Beach	41.25	52.50	60.00	-	-
Cooper Energy	35.00 - 50.00	50.00 - 60.00	60.00	60.00	-
Senex	47.00	51.00	55.00	59.30	$62.50

The Majors have no special insights, so they play it safe.......



Forecast disruption in the energy markets.........

- Outlook for gas is more resilient than for oil – helped by broad based demand and the increasing availability of global supplies
- Australia east coast gas in particular has strong demand from 2025



Forward curve fails to predict volatility.......

OUR RESPONSE

FLEXIBILITY; DIVERSITY AND OPTIONALITY

A disruptive macro energy environment requires that we be flexible and prepared

The Producing Assets

- ...are high margin with cash operating costs <$20/bbl - we work hard to keep it that way. Adding new production, reserves, cost control and working closely with Operator means the company's cashflow is resilient above $35/bbl oil.

Growth

- Must complement the existing assets; gas preferable, perhaps Australia – but not essential. Ultimately can be any asset or combination, by any means – but must be potentially transformative, add long-term value and reduced risk profile.

Environmental, Social and Governance (ESG)

- Increasingly important for all stakeholders – existing shareholders, new investors and lenders.   We respond by continuously improving what we already do well.

THE COMPANY

1. Financials – profitability and cashflow

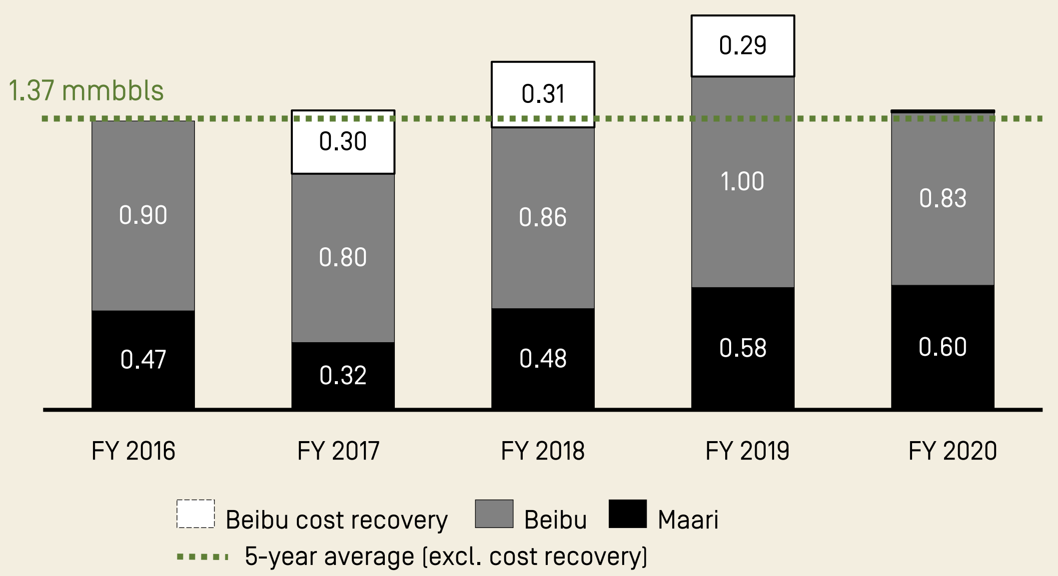
2. China – Beibu Gulf

3. NZ – Maari

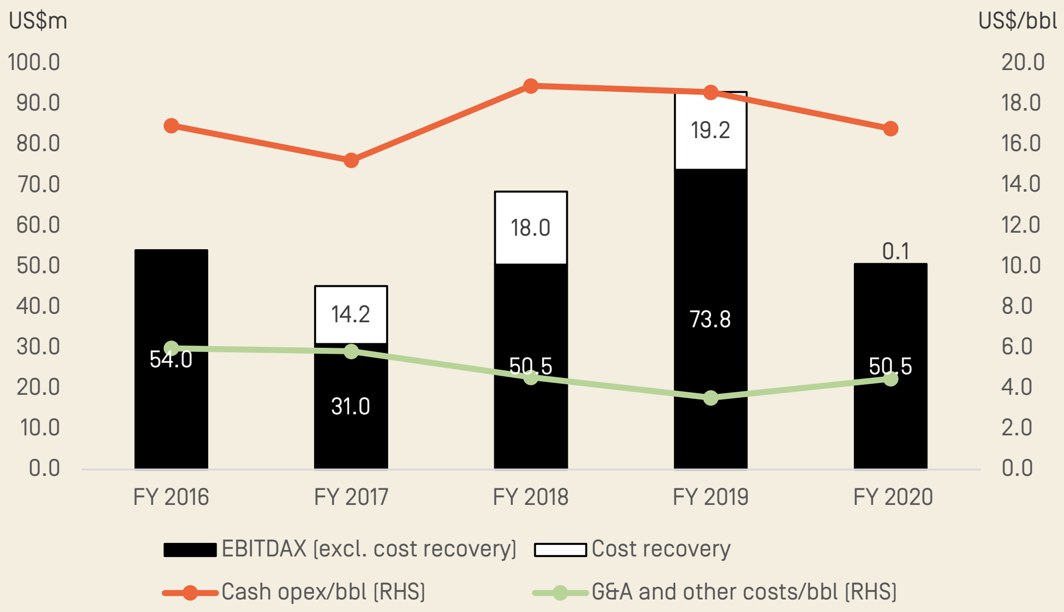
4. Environmental, Social, Governance

SUSTAINED PROFITABILITY FROM CONSISTENT LOW COST PRODUCTION

OIL SALES (mmbbls)



EBITDAX AND COST PER BBL

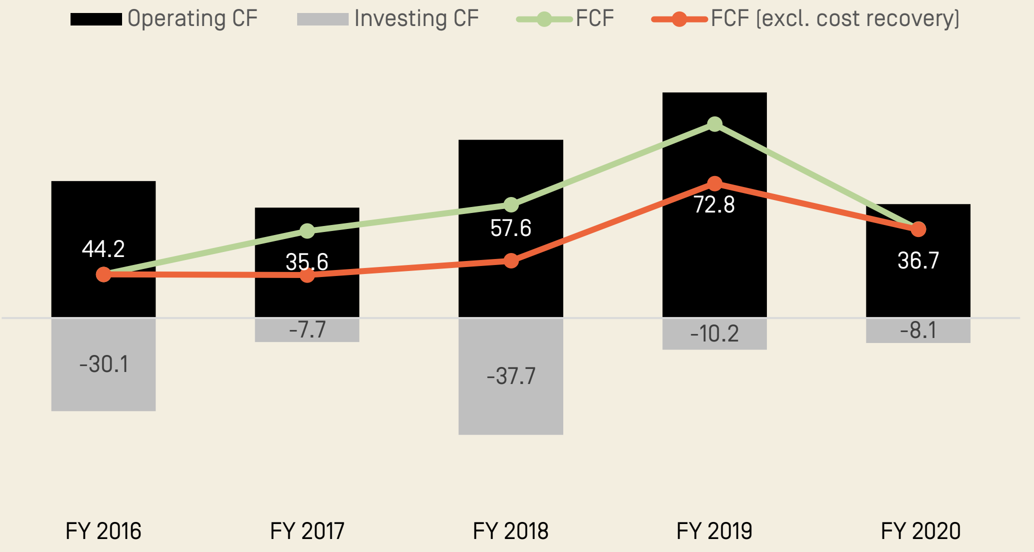


OIL SALES TARGET –
1.3 – 1.4 MMBBLS P.A.
FOR AT LEAST THE NEXT 3 YEARS

TARGET CASH OPEX –
<US $20/BBL PRODUCED

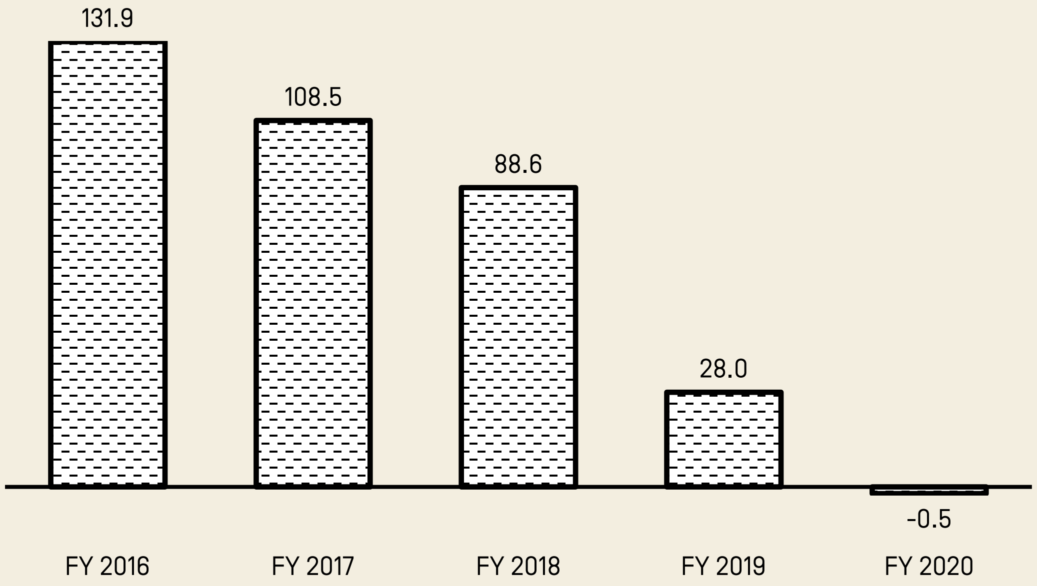
FREE CASHFLOW & NET CASH POSITION PROVIDES FOUNDATION FOR GROWTH

FREE CASH FLOW (US$m)



* Free Cash Flow represents cash flows from operating activities less investing cash flows (net of acquisition payments)

NET DEBT (US$m)



TARGET – US$25-35M[1] OPERATING CASH FLOW PER YEAR

Disciplined investment in exploration and development activities – US$5 - $15M PA

NET CASH POSITION

WITH CONTINUED DISCIPLINED DEBT REDUCTION

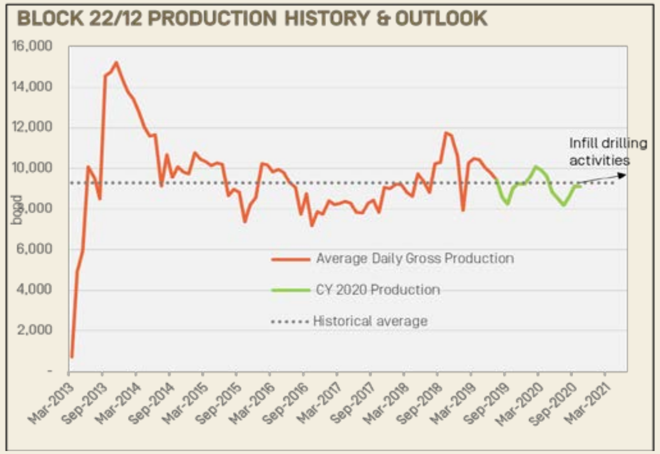
PRICING PROTECTION

~30% of FY21 Production volumes hedged at US$40/bbl (focused on 1st half)

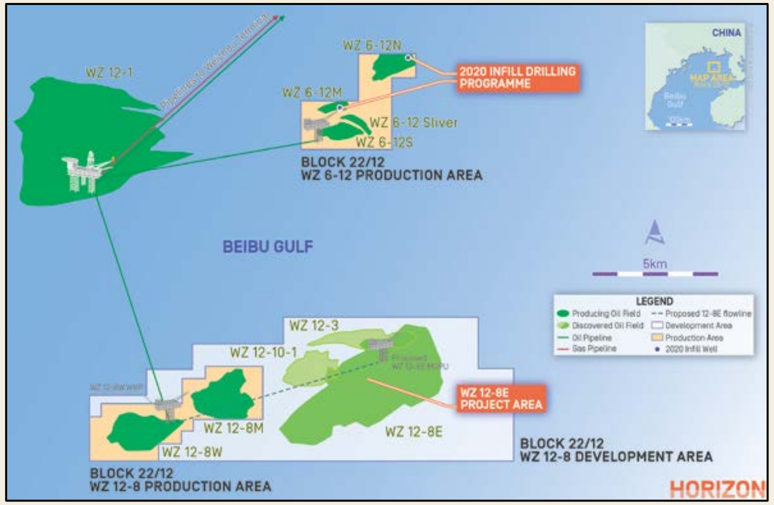
[1] Assuming gradual recovery in oil prices to US$60/bbl over 4 years

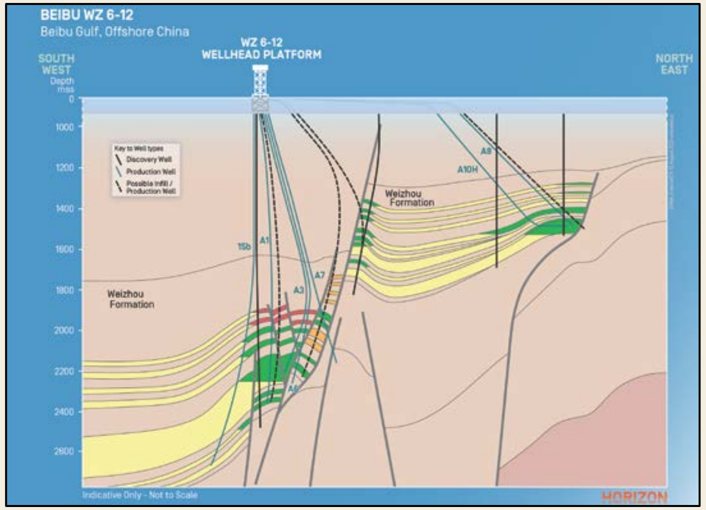
CHINA BEIBU GULF (26.95%)

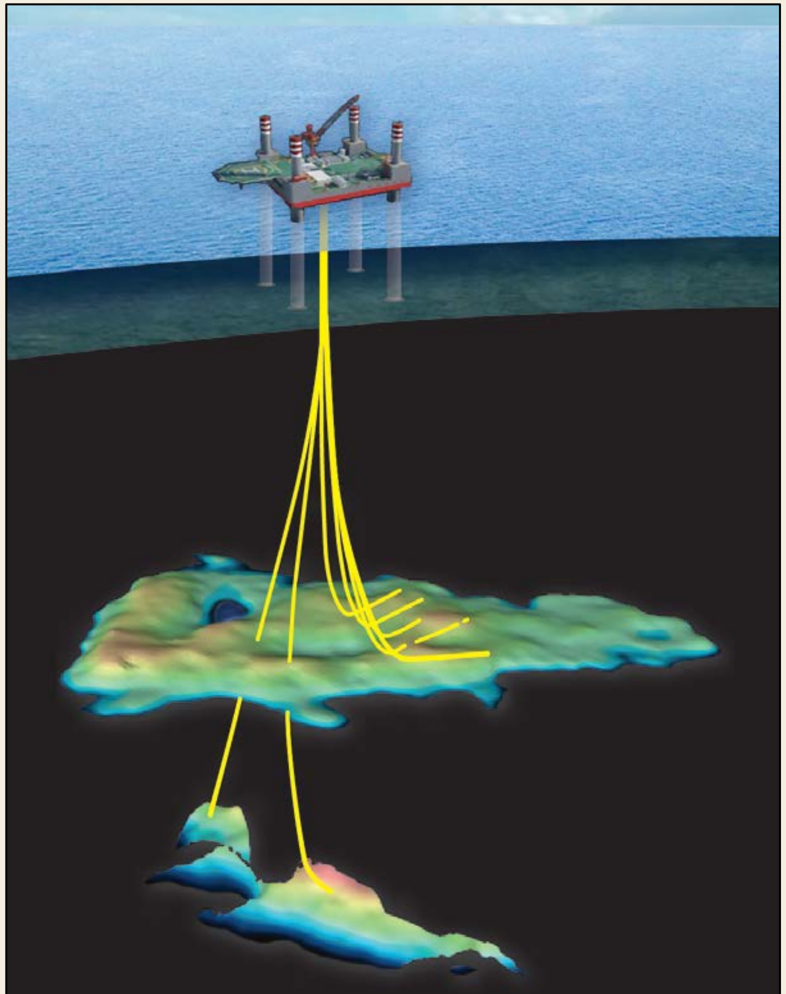
KEEPING PRODUCTION FLAT



- Successful 2020 workovers, gross production back to 9,200 bopd (gross)
- WZ12-8E reached FID, first oil Q1 2022, 4,000 bopd (Gross - first year)
- 2 infill wells Nov 2020 ~1,900 bopd (gross)
- Possible third infill well 2021
- PSC to 2030 / abandonment prepaid





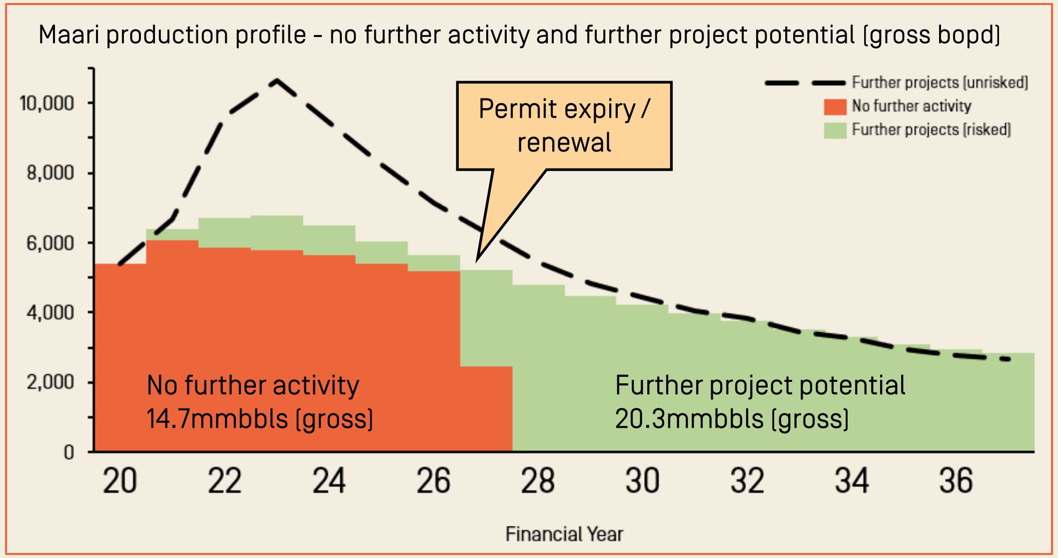

WZ 12-8E reservoirs with drilling configuration

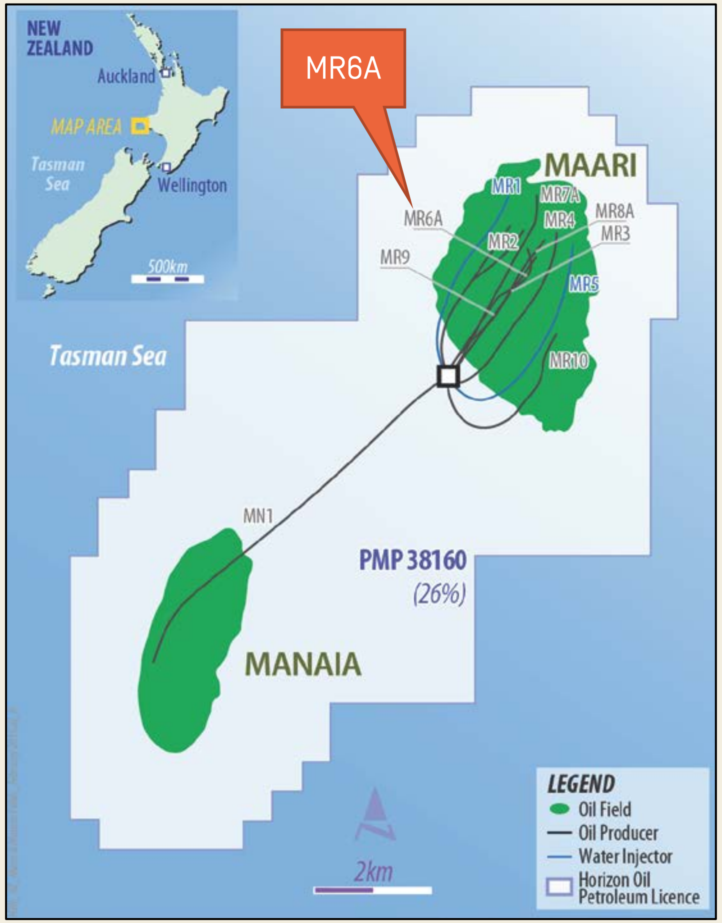
NEW ZEALAND – MAARI (26%)

STRATEGY OF FIELD LIFE EXTENSION

- Production restored to 5,300 bopd (gross) following successful completion of two workovers which were delayed by COVID
- A third workover, on the important MR6A well is expected Q1 2021 - and is expected to increase production by ~1,000 bopd (gross)
- Jadestone as incoming Operator expected Q1 2021

- Streamlined operation / cost savings
- Evaluation of infill drilling & behind pipe opportunities continues
- NZ ETS participant / net zero emissions
- Accounting provision for abandonment





ENVIRONMENT, SOCIAL AND GOVERNANCE

CONTINUOUSLY IMPROVING WHAT WE ALREADY DO WELL

Our priorities

- **HSE** - no spills, low TRIFR*, asset integrity
- **Governance** - high standards of integrity and ethical and transparent behaviour
- **People, Employees and Communities** – to empower employees, promote diversity, invest in communities
- **Climate Change** – increasingly embedded in our decision making processes. Scope I and II emissions already 72% offset

* Total Recordable Injury Frequency Rate

Horizon's Sustainability Report 2020

BUSINESS DEVELOPMENT

SEEKING VALUE, SCALE, DIVERSITY & OPTIONALITY

To complement existing offshore oil production in China and NZ: we are increasingly focused...
...preferably gas, on production (or a pathway to), long-lived, new jurisdiction and strong ESG credentials

	Oil	Gas
Producing	√	√
Appraised	√	√
Discovered		√
Exploration	√	√

Opportunities reviewed in 2020

Consider - farmin, cash purchase, merger (private, AIM, ASX), takeover, debt.....or any combination.

CONCLUSION

STRONG BALANCE SHEET / LOW COST PRODUCTION

- **Horizon is resilient in a low oil price environment** – low Opex / maintaining high levels of production
- **Horizon continues to generate significant free cash flow** – applied to pay down debt and fund growth
- **Producing assets have significant incremental growth potential** – new project and infill wells
- **Significant progress on implementation of a growth strategy** – we are seeking scale, diversity and optionality
- **We aspire to a return to the ASX300** - but in a measured low risk way, professionally and responsibly

WHAT STEPS ARE TAKEN TO IMPROVE SHAREHOLDER VALUE ?

SHAREHOLDER QUESTION

1. **Focus on the assets that carry the most value**
   - Beibu and Maari
   - PNG had least value
2. **Strategic decisions to maximise expected value**
   - Actively seeking to acquire a growth asset(s)
3. **Implement an acquisition(s) to maximise expected value**
   - Work in progress
4. **Return cash to shareholders**

Horizon intends to create long-term shareholder value

COMPLIANCE STATEMENTS

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.
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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 adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments)
- Underlying profit represents the profit adjusted for the unrealised movement in the value of options issued under the subordinated loan facility, unrealised movements and gains associated with convertible bonds 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.

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.

For the purposes of this presentation, 6 bcf of raw gas equals 1 mmboe.

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 Exploration and Production 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 23 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 2020 Reserves and Resources Statement and the Annual Financial Report for the year ended 30 June 2020.

HORIZON

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