

17 February 2021

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

HORIZON ANNOUNCES CAPITAL MANAGEMENT INITIATIVES

With the continued strengthening of the Company's balance sheet, the resilient performance of the Company's producing assets driven by a low cost operating model, and with the recent completion of the PNG divestment, the Company is now in a position to return surplus capital to shareholders.

Accordingly, Horizon is pleased to announce:

- **On-market buy-back** - an on-market buy-back of up to a maximum of 100,000,000 ordinary shares representing approximately 8% of ordinary shares on issue. The Board considers that the current operating environment provides an opportunity to return value to shareholders. Further details of the share buy-back are contained in the Appendix 3C released today.
- **Unmarketable parcel buy-back** - an off-market share buy-back offering to acquire unmarketable parcels¹ of Horizon shares held as at 7.00pm (AEDT) on 12 February 2021. Horizon values all its shareholders and is offering to buy-back unmarketable parcels to assist eligible shareholders to sell and realise their shares without incurring brokerage and other expenses. Horizon will pay for all costs associated with the buy-back (excluding any tax consequences which remain the shareholder's responsibility) and going forward expects to reduce administrative costs associated with maintaining a large number of very small holdings (currently approximately 1,300 shareholders representing about 30% of total shareholders). Further details of the buy-back are contained in a separate announcement released today.

Horizon's CEO, Chris Hodge, commented:

We are very pleased to announce these capital management initiatives – a significant milestone in the evolution of the Company, and which demonstrates the quality of Horizon's assets and their cashflow generating capability.

Our aspiration is to move towards periodic capital distributions to shareholders through a mixture of share buy-backs or dividends that are sustainable throughout the oil price cycle and where it is prudent to do so. The Board has determined a target payout ratio of up to 30% of free cash flow generated per annum.²

The focus for us now is to deliver continued strong cash flow from our production assets and suitable growth opportunities such that we can create long term value for our shareholders.

1 Any shareholding in Horizon valued at less than A\$500 is considered to be an "unmarketable parcel" of shares.

- 2 Free cash flow is cash flow from operating activities less cash flow from investing activities (including all sustaining capital expenditure, exploration spend and interest payments). Free cash flow may be adjusted for individually material items, including major growth spend, and asset acquisitions and disposals. Whether or not any further buy-backs are undertaken or dividends paid will remain subject to the discretion of Horizon's Board and depend on, among other things, Horizon's profitability, future prospects, any contractual or legal commitments or restrictions and any other factors deemed relevant.

Authorisation

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