

4 August 2022

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

## **HORIZON OIL LIMITED**

### **OTCQB INVESTOR PRESENTATION**

Attached please find Horizon's presentation hosted by the OTC Markets Group on 5 August 2022.

#### **Authorisation**

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





# HORIZON OIL OTCQB WEBCAST VIRTUAL INVESTOR CONFERENCE

AUGUST 2022





## 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.
- While every effort is made to provide accurate and complete information, Horizon accepts no responsibility for any loss, damage, cost or expense incurred by you as a result of any error, omission or misrepresentation in information in this presentation.
- 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 under Australian Accounting Standards adjusted for unrealised non-cash financing costs associated with the revaluation of the options issued under the 2016 subordinated loan facility, gains on the remeasurement of derivative financial instruments and the profit/loss generated from discontinued operations, and
- Free Cash Flow represents Cashflow from Operating Activities less Investing cashflows.
- 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 2021 Reserves and Resources Statement contained in the 2021 Annual Report. 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, the Chief Operating Officer 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 25 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 Horizon's 2021 Reserves and Resources Statement, the Annual Financial Report for the year ended 30 June 2021 and ASX Announcements.

# HORIZON'S PORTFOLIO



Block 22/12, Beibu Gulf, China, 26.95% production / 55% exploration

- CNOOC (51% - Operator)
- Roc Oil (19.6%)
- Majuko Corp. (2.45%)



Mari, New Zealand, 26%

- OMV (69% - Operator)\*
- Cue Energy (5%)



\*Sale to Jadestone Energy pending NZ Regulatory approvals

- Two oil producing assets - Block 22/12, Beibu Gulf, China (26.95%); Maari Project, New Zealand (26%)
- Horizon is a low-cost oil producer, highly leveraged to the oil price and generating strong cash flows
- We have a strong balance sheet (net cash over US\$40m), and a history of returns to shareholders
- We adopt an active management approach and a small, high calibre, hands-on team
- We recently commissioned a new field development in China which has boosted production - further growth plans to follow

## Maximise Free Cashflow from our current assets<sup>1</sup>

- WZ12-8E field commencement, infill wells, production efficiencies, infrastructure-led exploration
- Ongoing cost focus to minimise Horizon internal and JV costs

## Further distributions to shareholders when prudent to do so

- A\$49.4 million distributed in CY2021
- Potential for further capital management initiatives under constant review

## Invest in new business if exceptional, with a particular focus on organic growth

- Strong investment metrics, low risk, ability to add scale and portfolio resilience
- Focus on projects (primarily organic) which enhance capital management initiatives

<sup>1</sup>Free Cashflow represents cash flows from operating activities less investing cash flows

# HORIZON SNAPSHOT

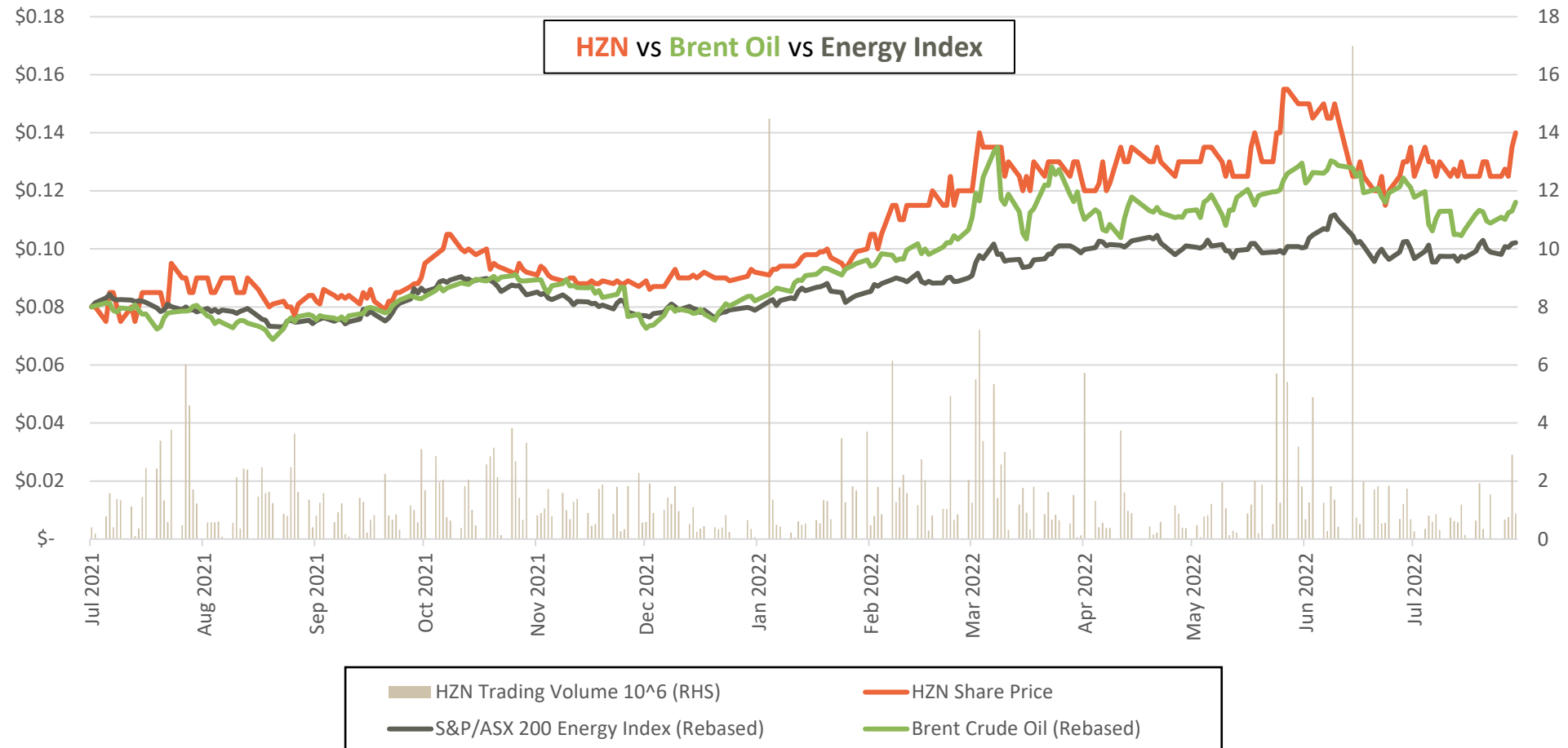


ASX: HZN

OTCQB: HZNFF

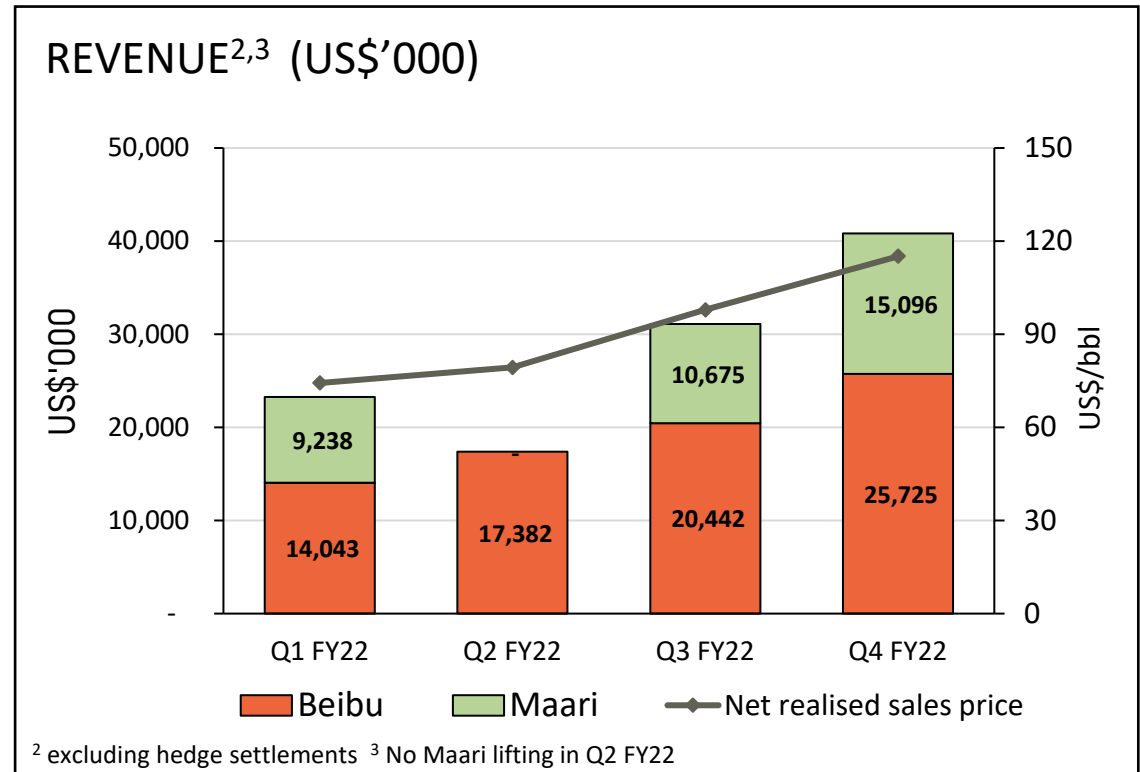
Shares on issue: 1.6 billion

Market Cap. A\$220 million @ 14 cents



## LOW COST, CASH GENERATIVE OIL PRODUCER

- **Robust production & sales volumes** – 1.3 million barrels produced and 1.2 million barrels sold in FY22
- **Revenue growth** – Revenue increased 70% during FY22 to US\$108 million driven by higher realised oil prices
- **Efficient operations** – Maintenance of low cash operating costs <US\$20/bbl produced during FY22
- **Strong cashflow** – Net operating cashflow<sup>1</sup> increased 102% during FY22 to US\$83 million
- **Balance sheet strength** – Net cash of US\$42.8 million at 30 June 2022 despite ~US\$35 million returned to shareholders in August 2021



**STRONG OPERATING CASHFLOW**  
supported by higher oil prices

**DISCIPLINED SPENDING**  
investment in our low-cost producing Block 22/12 asset

**RETURN TO SHAREHOLDERS**  
AUD 3 cents per share Capital Return paid in August 2021

<sup>1</sup> Net operating cashflow represents revenue less direct production costs.

## Operational

- WZ12-8E project - oil from six wells started in Q2 CY2022, 18 months after FID
- Infill wells in Block 22/12 in '21 added 2,200 bopd (gross initial rate), more being planned for '22/'23
- Workovers optimise production across both assets
- High emphasis on asset integrity management across both assets

## ESG

- Strong safety record below industry benchmarks
- Zero tolerance policy on bribery and other forms of corruption
- Strive to make a positive impact in the communities where we operate
- Declared ambition to reach Net Zero Emissions by 2050, using TCFD recommendations to guide disclosures



# BLOCK 22/12: RELIABLE, HIGH MARGIN PRODUCTION



- Production is currently ~15,000 bopd (gross) from 25 wells across 8 discrete fields
- Production rates are maintained through a combination of near-field drilling, increased water handling and production optimisation via well workovers and continually improving operating practices
- JV is continuously identifying and evaluating infill well and infrastructure led near-field exploration opportunities which will support current production in the longer term
- Production from new WZ12-8E field development commenced early Q2 CY2022

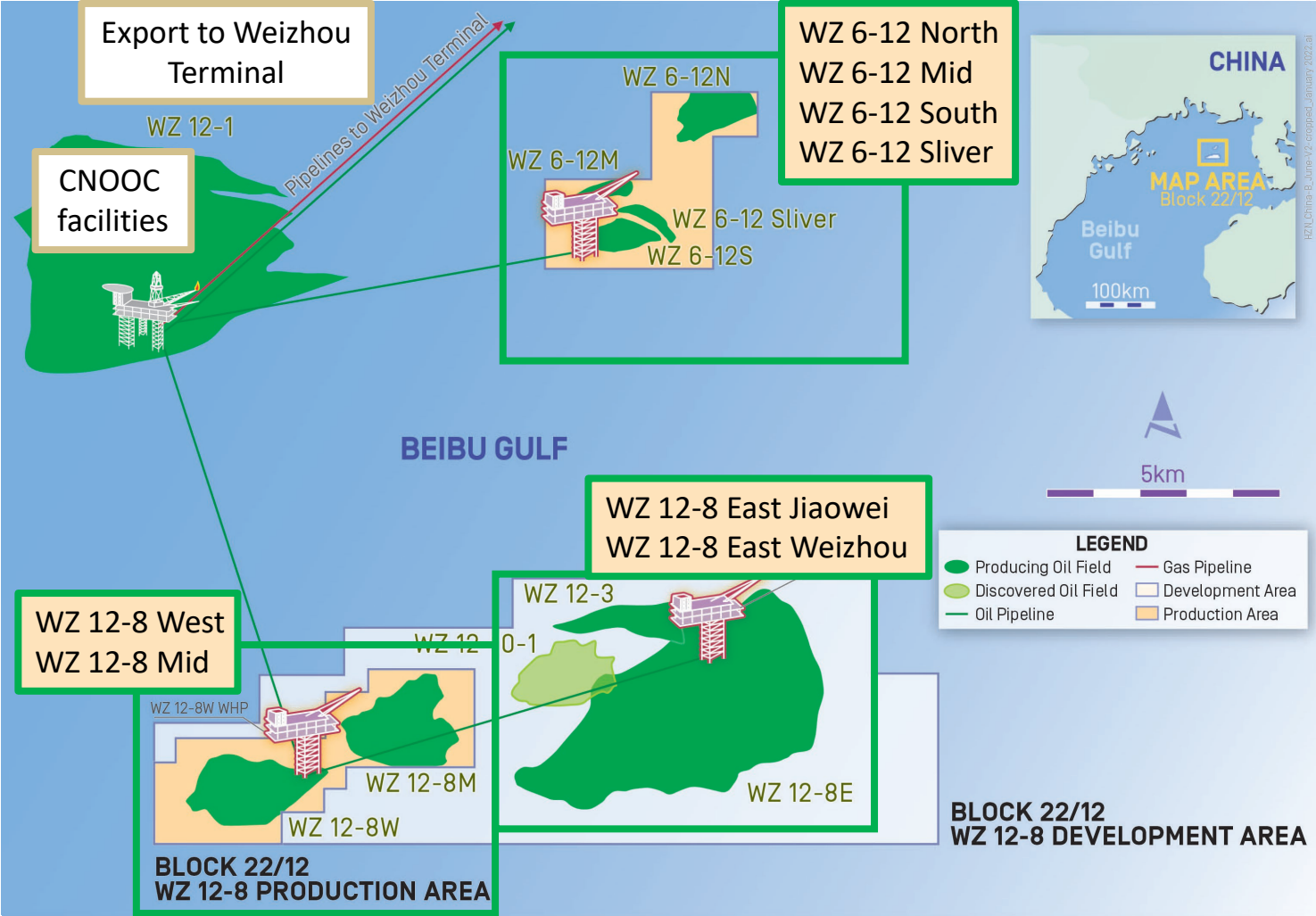
Block 22/12 continues to generate approximately 70% of Horizon operating cashflow

Permits WZ6-12 and WZ12-8W until 2028; WZ12-8E field until 2030

Low cash operating costs – approximately \$19/bbl produced over FY2022

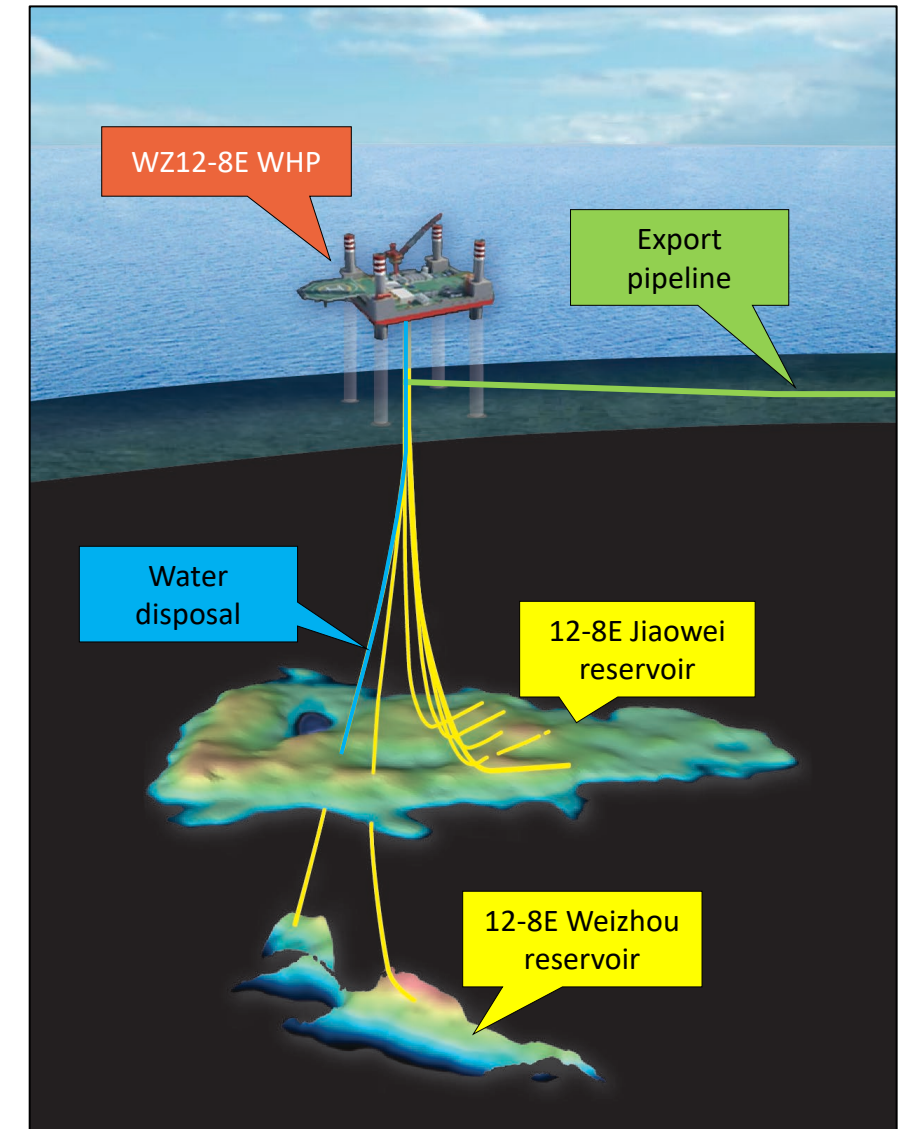
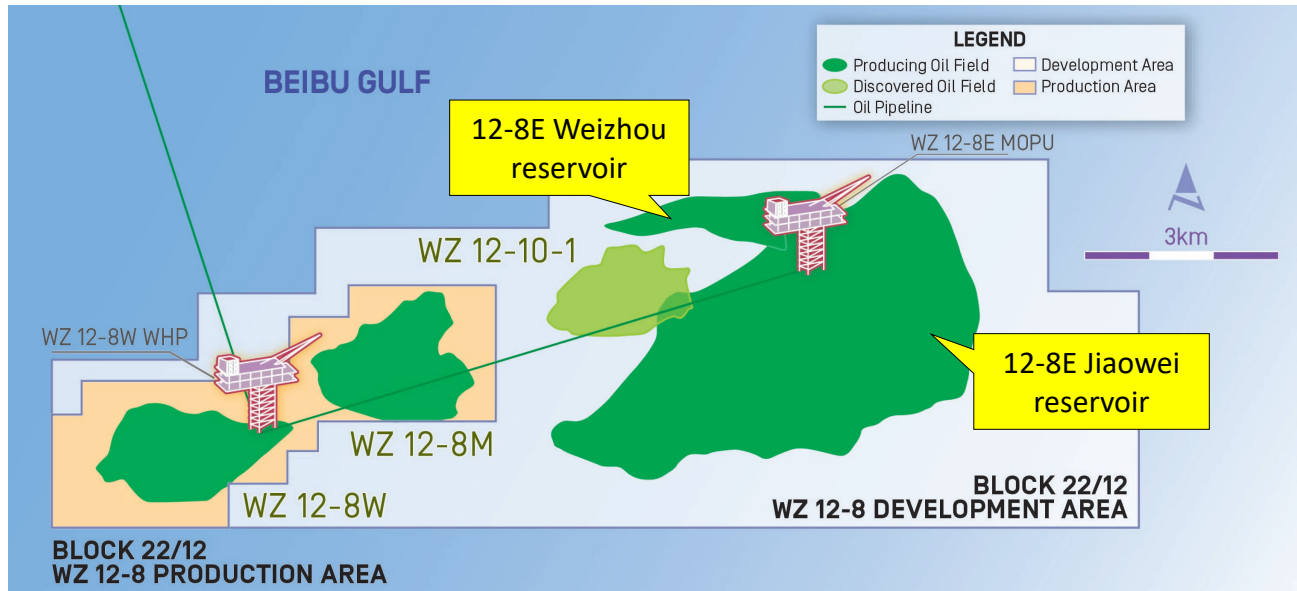
WZ6-12 and WZ12-8W field abandonment costs prepaid into a sinking fund

# BLOCK 22/12 OVERVIEW



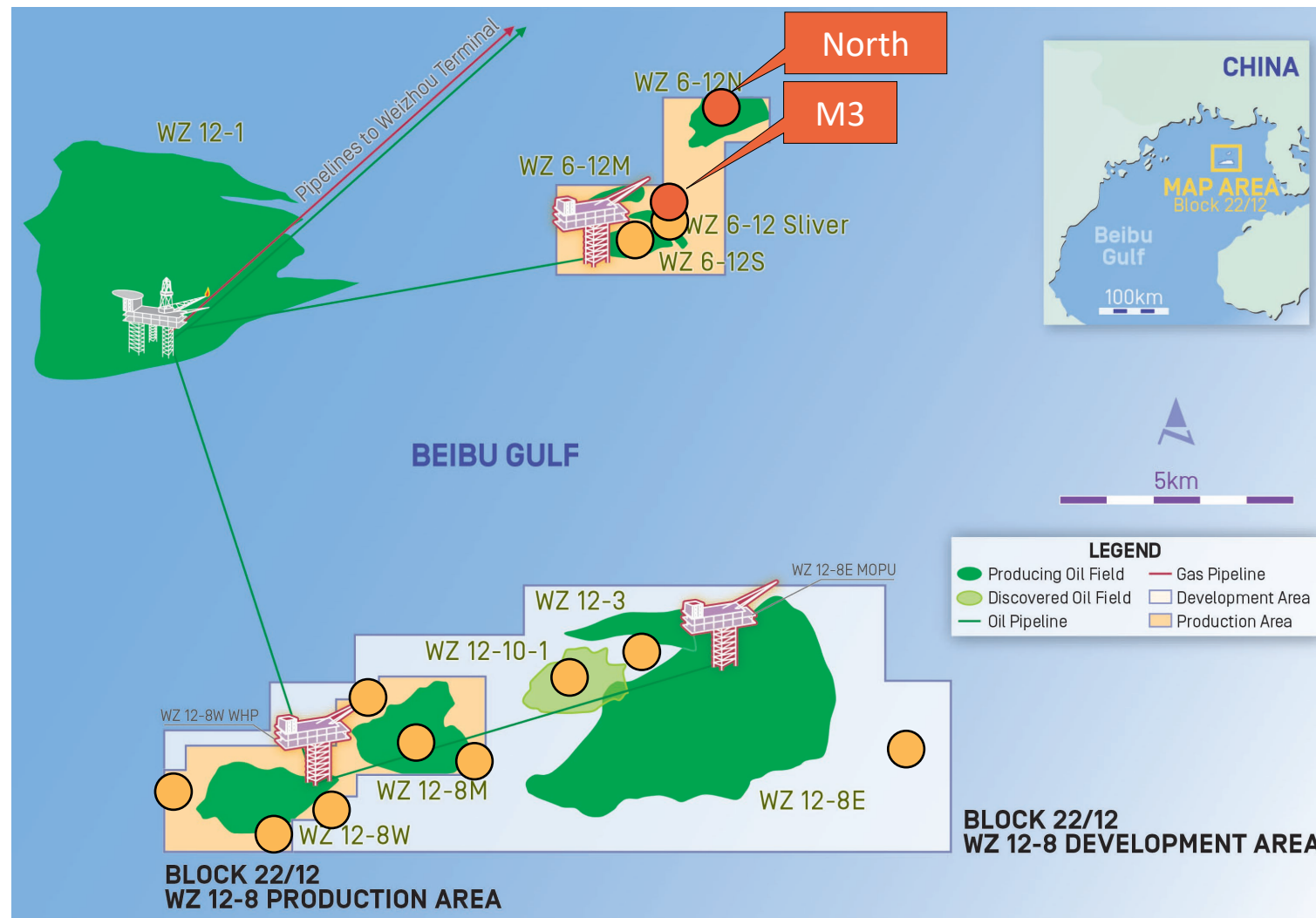
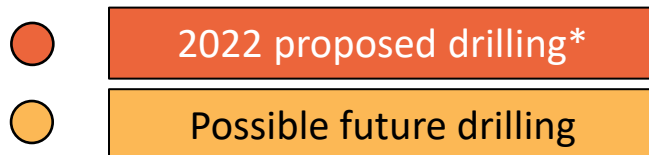
# BLOCK 22/12: WZ12-8E DEVELOPMENT PROJECT

- Oil production forecast to average ~4,000bopd (gross) in the first year of production
- HZN net 2P reserves estimate 0.6mmbbls (gross ~2.3 mmbbls)
- Success in this first phase may lead to future additional infill wells
- Platform within tie-back distance of attractive appraisal and exploration targets



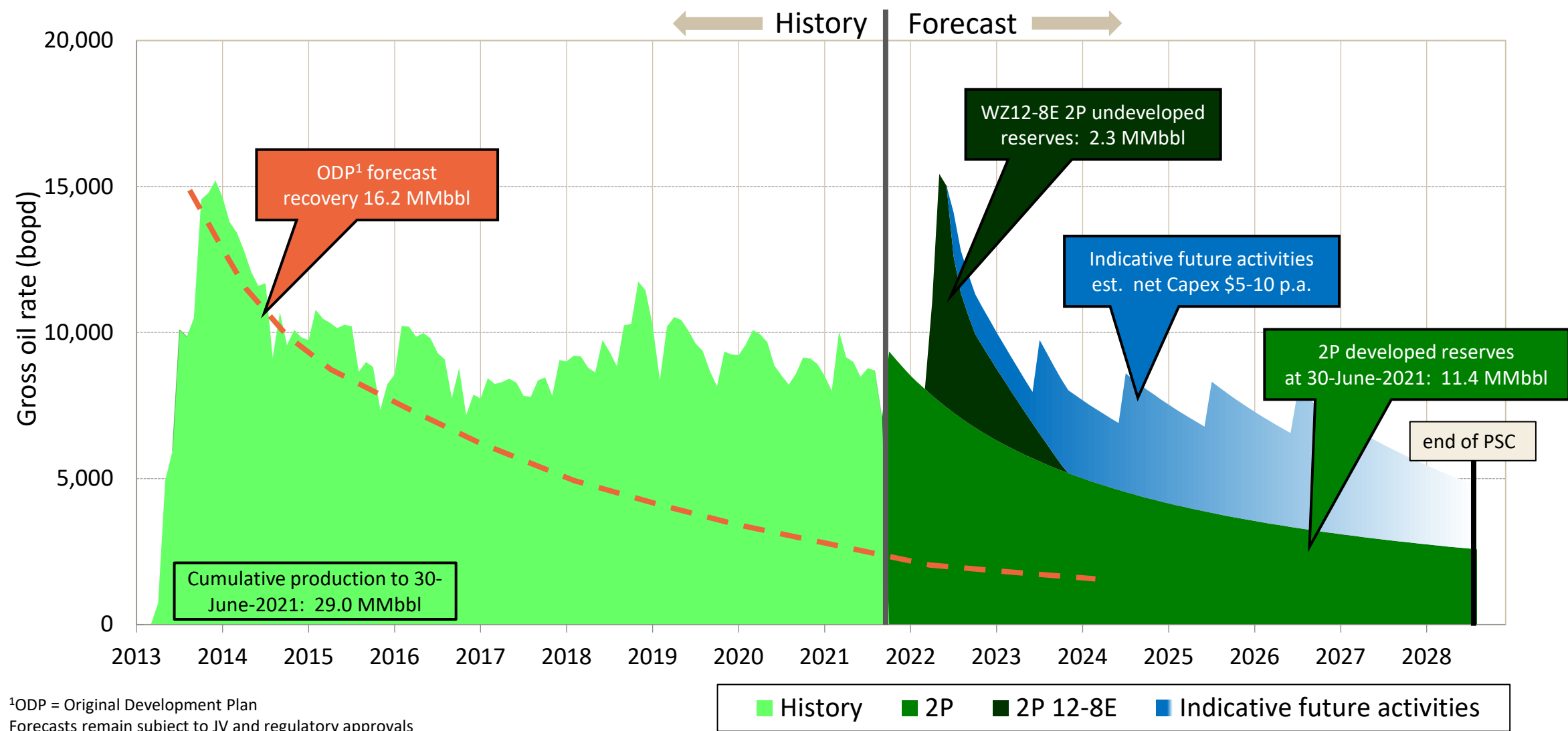
# BLOCK 22/12: INFILL, APPRAISAL AND EXPLORATION OPPORTUNITIES

- The JV has a strong portfolio of infill, appraisal and infrastructure led near-field exploration opportunities, two of which are proposed for drilling by CYE 2022<sup>1</sup>
- Success in these opportunities will help to extend plateau production into the longer term
- A five well workover program designed to reinstate / enhance production from existing WZ6-12 wells



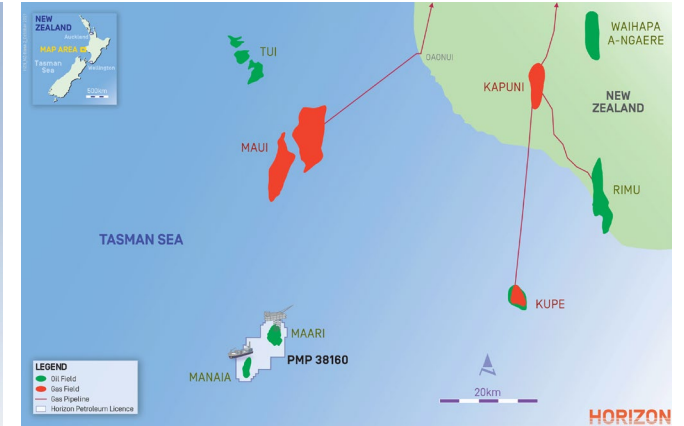
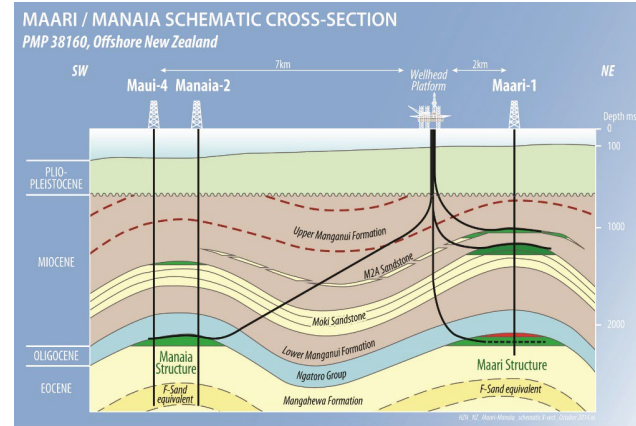
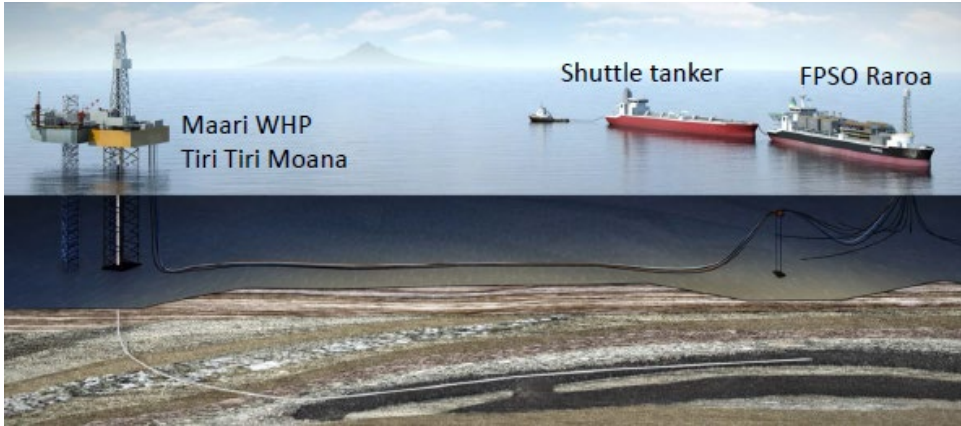
<sup>1</sup> North subject to JV approval





<sup>1</sup>ODP = Original Development Plan  
Forecasts remain subject to JV and regulatory approvals  
All data on this slide (production and recovery) is gross unless otherwise stated

# MAARI: STABLE PERFORMANCE



## Cashflow

- Maari/Manaia generates approximately 30% of Horizon operating cashflow

## Production

- CY2022 production impacted by COVID led deferrals of workovers – wells expected to be back online shortly

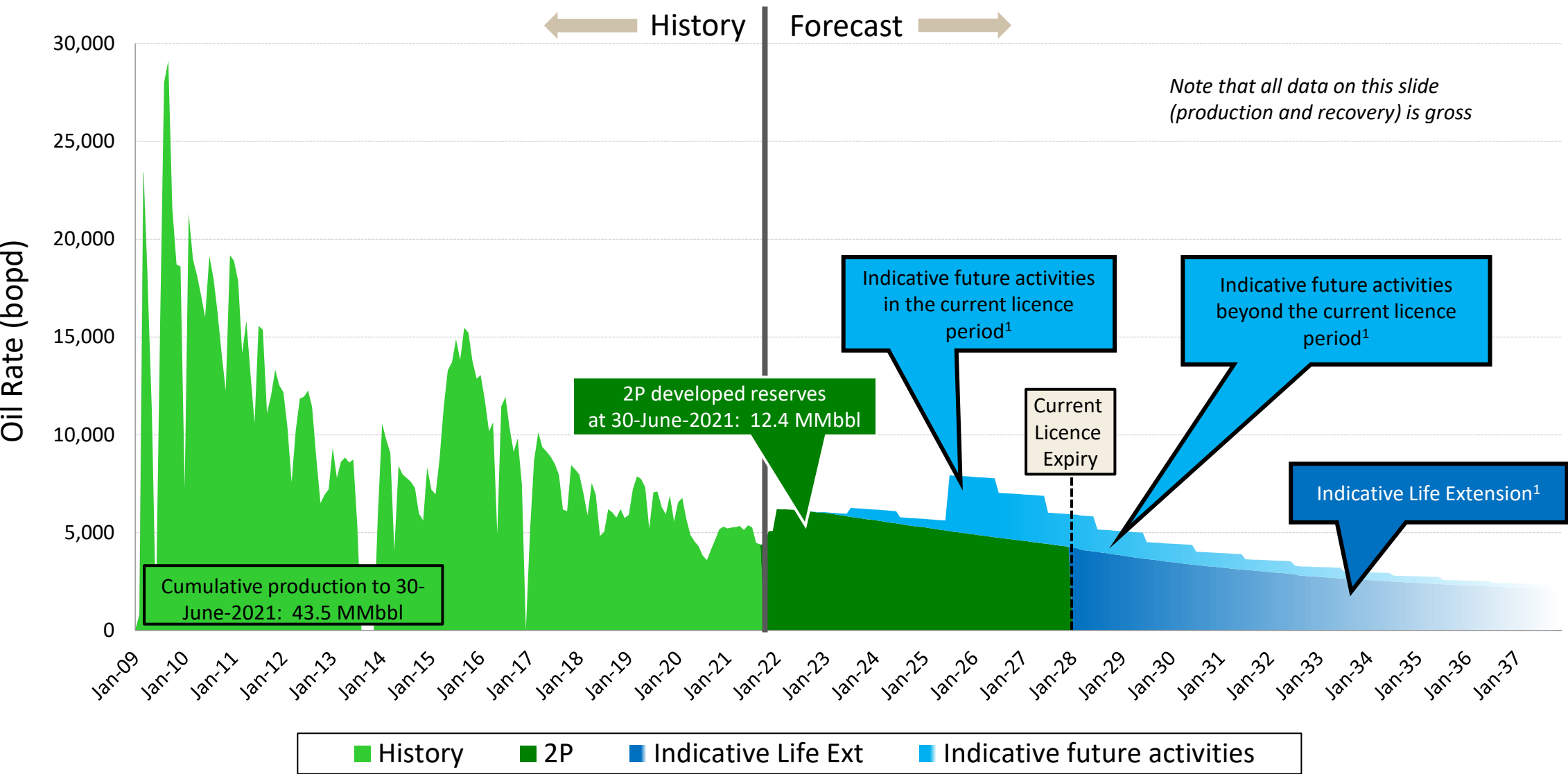
## Field Life

- Production license and 2P reserves forecast to end of 2027
- Decommissioning studies initiated

## Costs

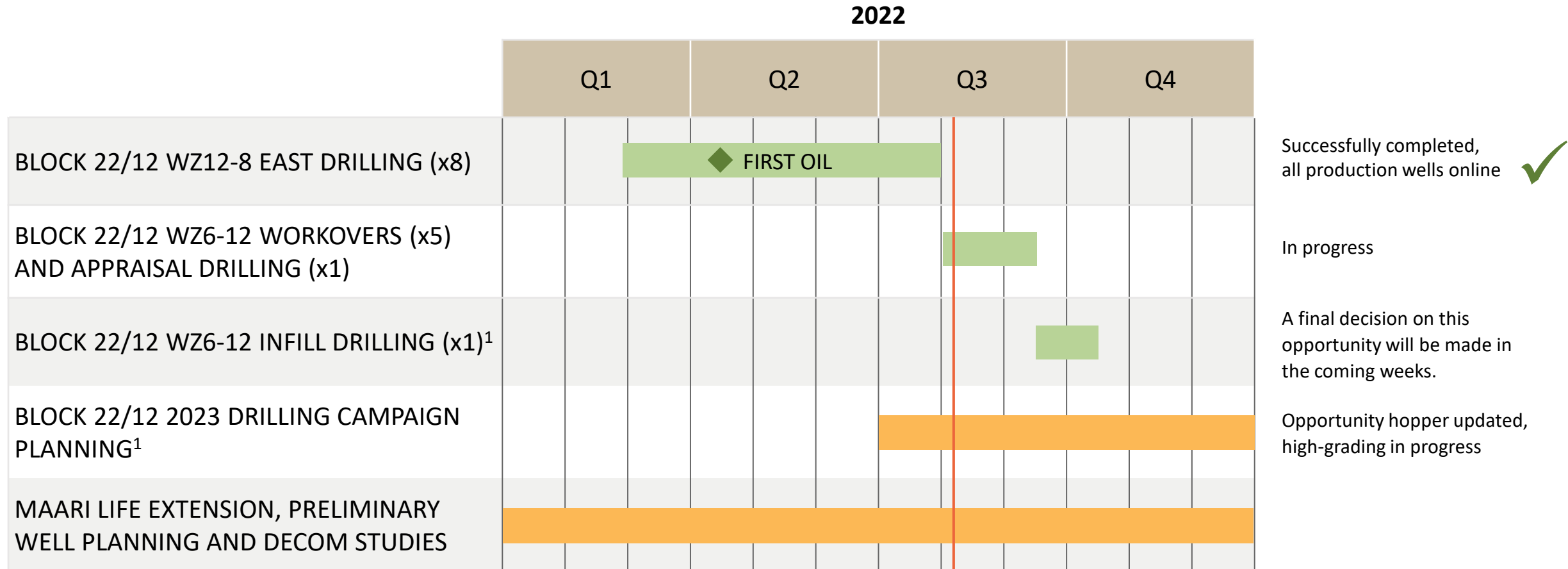
- Cash operating costs for FY2022 of \$28/bbl produced

# MAARI HISTORY AND INDICATIVE FORECAST



<sup>1</sup> Likely requires permit extension to be commercially viable

# 2022 OPERATIONS ACTIVITY



<sup>1</sup> indicative only and remain subject to JV and regulatory approvals, and rig availability



|  |  |
|--|--|
| Material positions in excellent producing assets   | <ul style="list-style-type: none"><li>• 26.95% Block 22/12, Beibu Gulf, China</li><li>• 26% Maari Project, New Zealand</li><li>• JV's - IOC's with decades of relevant in-country experience</li></ul>                           |
| Right sized organization                           | <ul style="list-style-type: none"><li>• Focused active management approach and a small, high calibre, hands-on team</li></ul>  |
| Strong cashflows                                   | <ul style="list-style-type: none"><li>• Existing cash and future cashflows support ongoing workover and drilling programs</li></ul>  |
| Focused on shareholder returns                     | <ul style="list-style-type: none"><li>• A\$49.4 million distributed in FY2021</li><li>• Potential for further capital management initiatives under constant review</li></ul>   |
| Exploitation of our significant opportunity hopper | <ul style="list-style-type: none"><li>• WZ12-8E commencement, infill wells, production efficiencies, infrastructure-led exploration</li><li>• Hopper supports high value multi-year activity</li></ul>                           |
| Invest in new business if exceptional              | <ul style="list-style-type: none"><li>• Strong investment metrics, low risk, ability to add scale and portfolio resilience</li><li>• Focus - projects (primarily organic) which enhance capital management initiatives</li></ul> |



# FOR MORE INFORMATION PLEASE CONTACT US

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Maari well head platform

