

HZN ADVISES ANNUAL FINANCIAL RESULTS

The results for the financial year ended 30 June 2022 are set out in the attached results announcement, Preliminary Financial Report (Appendix 4E) and Annual Financial Report. All references to reserves and contingent resources within the financial report are drawn from the Horizon Oil 30 June 2022 Reserves and Resources Statement contained in the attached Annual Report.

HIGHLIGHTS

Capital Management

- The Company announces total distributions of AUD 3 cents per share comprising an AUD 1.65 cent per share unfranked (conduit foreign income) dividend and an AUD 1.35 cent per share return of capital, which is subject to shareholder approval.
- US\$20 million extension of senior debt facility announced in July 2022, enhancing the Group's liquidity and allowing further optimisation of the Group's capital structure.

Continued strong cash generation

- Production maintained in line with the prior period at 1.3 mmbbls and sales volume of 1.2 mmbbls for the financial year.
- Revenue for the financial year increased 70% to US\$108.1 million, exceeding the top end of the initial FY22 guidance.
- Cash operating cost of US\$18.55/bbl produced for the financial year.
- EBITDAX for the financial year increased 101% to US\$73.0 million, exceeding the top end of the initial FY22 guidance issued.
- Cashflow from operating activities for the financial year increased 146% to US\$56.9 million.
- Profit after tax increased over 200% to US\$24.3 million.
- Net cash increased 35% to US\$42.8 million as at 30 June 2022, with cash reserves of US\$44.1 million and a further US\$9.9 million associated with May 2022 revenue received shortly after 30 June 2022.
- Approximately 30% 2P reserves replacement during the financial year largely associated with ongoing strong production in Block 22/12, and a 50% increase in Block 22/12 2C Contingent Resources reflecting an expanded portfolio of short to mid-term production opportunities in the asset.
- The Company maintains leverage to the higher oil prices with a minimal hedge position of 60,000 bbls of swaps and put options which hedge the period July – September 2022, with a weighted average price of ~US\$105/bbl.

WZ12-8E project

- Production from the WZ12-8E project commenced at the beginning of April 2022, reaching up to 5,900 bopd gross (1,500 bopd Horizon net) from three wells prior to a temporary shut-in towards the end of the financial year for repair works to the pipeline connecting the field to the WZ12-8W wellhead platform.
- Production was restarted on 24 July following the successful execution of repairs and has averaged over 9,000 bopd (gross) since the restart. All six development wells have now been successfully drilled and are on production.
- Production from Block 22/12 since the 24 July restart has achieved an average rate of 15,808 bopd (4,260 bopd net to HZN) with a new Block 22/12 daily production record achieved on 7 August 2022 of 19,956 bbls (5,378 net to HZN).

COMMENTING ON THE RESULT, HORIZON'S CHIEF EXECUTIVE OFFICER, RICHARD BEAMENT, STATED:

"This has been a very positive financial year and continues to highlight the company's leverage to the oil price, low-cost operations, and resultant strong cash generation all of which resulted in revenue and EBITDAX exceeding the upper end of the range of our initial guidance for FY22.

This strong cash generation and resultant balance sheet strength allows us to deliver on our strategy of realising value for shareholders. In this regard, we have announced a total distribution of AUD 3 cents per share made up of an AUD 1.65 cent per share dividend and an AUD 1.35 cent per share return of capital, which is subject to shareholder approval.

Looking ahead to the 2023 financial year, we expect continued strong cashflow generation to be largely driven by Block 22/12 production, which together with Maari production has recently lifted Horizon's net working interest share of total daily production to approximately 5,000 bopd. We are encouraged by recent production results at Block 22/12, particularly following the new daily production record of 19,956 bbls [gross] which was achieved earlier this month. In the near term, we are focussed on a successful WZ6-12 drilling program, and workovers at both Maari and Block 22/12 which are designed to restore and sustain production rates. We are also working with our Joint Venture partners to mature our large portfolio of contingent and prospective resource opportunities. We are optimistic for another great year ahead."

A financial summary and key financial and operational results are set out below:

[All figures are presented in United States dollars, unless otherwise stated].

FINANCIAL SUMMARY

HORIZON 2022 FINANCIAL YEAR RESULT		30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000	CHANGE %
Oil and gas sales	<i>bbls</i>	1,205,103	1,265,725	[5%]
Oil and gas production	<i>bbls</i>	1,332,203	1,334,814	[0.2%]
Sales revenue		108,133	63,571	70%
EBITDAX ¹		73,008	36,391	101%
Statutory profit for the period		24,326	8,009	203%
Profit from discontinued operations		-	[3,147]	>100%
Financing cost – Unrealised movement in value of options		-	2,930	>100%
Underlying profit after tax		24,326	7,792	212%
Cash on hand		44,086	44,436	[0.8%]
Cashflow from operating activities		56,926	23,161	>100%
Senior debt facility ²		1,237	12,740	[90%]
Net Cash²		42,849	31,696	35%

Note 1: EBITDAX and underlying profit are financial measures which are not prescribed by Australian Accounting Standards and represent the profit under Australian Accounting Standards adjusted for interest expense, taxation expense, depreciation, amortisation, exploration expenditure and profit/loss from discontinued operations. The directors consider EBITDAX to be a useful measure of performance as it is widely used by the oil and gas industry. EBITDAX and underlying profit information has not been audited, however it has been extracted from the audited financial reports for the periods ended 30 June 2022 and 30 June 2021.

Note 2: Represents principal amounts drawn down.

The Group's CEO, Richard Beament, and CFO, Kyle Keen will host a webcast on 25 August 2022 at 11.00am [Sydney time] to discuss the Group's operations and financial results for the Financial Year.

To register, please copy and paste the link below into your browser <https://ccmediaframe.com/?id=0KKufArz>.

Authorisation

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



APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 [ASX:HZN]

ABN 51 009 799 455

This Preliminary Final Report is provided to ASX Limited ('ASX') under ASX Listing Rule 4.3A.

This information should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022.

Current reporting period: Financial year ended 30 June 2022

Previous corresponding period: Financial year ended 30 June 2021

Results for announcement to the market

		PERCENTAGE CHANGE		AMOUNT US\$'000
Revenue from continuing operations	Up	70%	to	108,133
Profit from ordinary activities after tax	Up	>100%	to	24,326
Profit for the period attributable to members	Up	>100%	to	24,326
Underlying profit after tax	Up	>100%	to	24,326

Dividends/distributions

	AMOUNT PER SECURITY AUD CENTS	FRANKED AMOUNT PER SECURITY
Capital Return (paid 23 August 2021)	3.0	Nil
Final dividend	1.65	Nil
Interim dividend	Nil	Nil

Horizon Oil Limited announced on 25 August 2022 that it has proposed for an equal share capital return of AUD 1.35 cents per Ordinary share. The Company will hold an Extraordinary General Meeting (EGM) on 7 October 2022 seeking shareholder approval for the capital return. Combined with the Final Dividend of AUD 1.65 cents per Ordinary share, the Company is seeking to distribute AUD 3.0 cents per share in total to shareholders subject to approval of the capital return. Subject to shareholder approval of the capital return, the payment date for both the dividend and return of capital is 20 October 2022.

Net Tangible Assets

	FY2022 US CENTS	FY2021 US CENTS
Net tangible asset backing per ordinary share	6.2	6.9

Controlled entities acquired or disposed of

No controlled entities were acquired or disposed of during the current reporting period.

During the prior period, the Group disposed of 100% of the share capital in Horizon Oil (PNG Holdings) Limited, Horizon Oil (Papua) Limited, Horizon Oil (Ubuntu) Limited and Horizon Oil (Ketu) Limited. The financial performance of these entities for the current and prior period has been disclosed as profit from discontinued operations in the consolidated statement of comprehensive income. No controlled entities were acquired during the prior reporting period.

Reconciliation of profit after tax from ordinary activities to underlying profit after tax

	2022 US\$'000	2021 US\$'000
Profit after tax from ordinary activities	24,326	8,009
Profit from discontinued operations	-	(3,147)
Financing costs – Unrealised movement in value of options	-	2,930
Underlying profit after tax	24,326	7,792

Notes:

Reports are based on audited consolidated financial statements.

All figures are presented in United States dollars, unless otherwise stated.

Underlying profit after tax is a financial measure which is not prescribed by Australian Accounting Standards and 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 and the profit generated from discontinued operations. Underlying profit after tax information has not been audited. However, it has been extracted from the audited annual financial reports for the financial years ended 30 June 2022 and 30 June 2021.

Authorisation

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

HORIZON

2022 ANNUAL REPORT



horizonoil.com.au



Delivering on strategic objectives with a further AUD 3 cents per share in distributions



Higher realised oil price drove significant increase in revenue and cash generation during FY22



Successful commissioning of the new WZ12-8E development in China, leading to higher production rates



Low cash operating cost structure < US\$20/bbl produced for FY22

2022 Investment Highlights

Underlying profit after tax

US\$24.3 million

Total distributions to Shareholders¹

AUD 3 cents per share
(~US\$34 million)

Sales revenue

US\$108.1 million

Net cash

US\$42.8 million

Sales volume

1.205 mmbbls

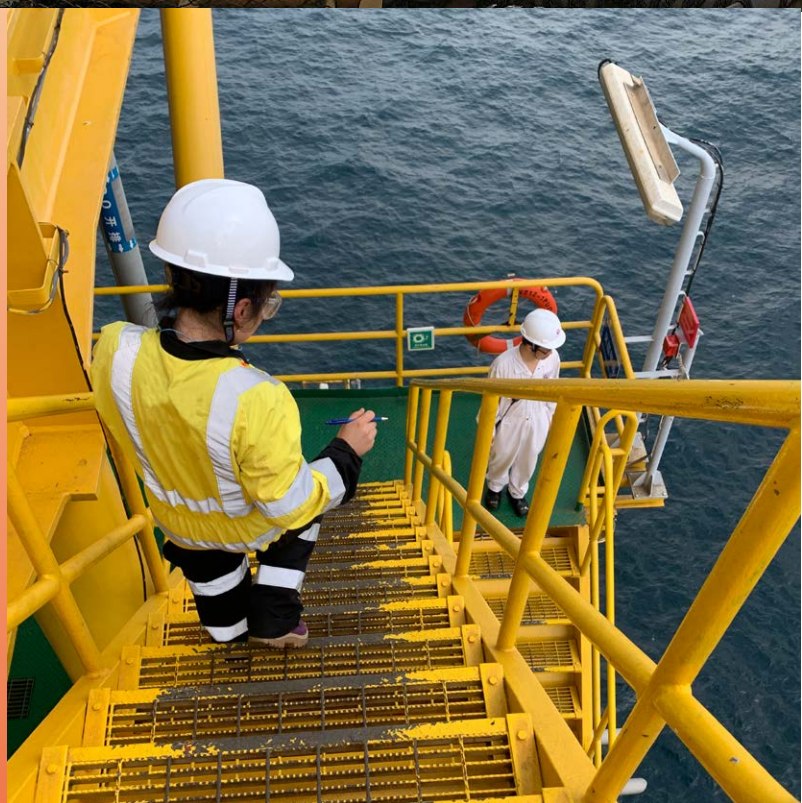
EBITDAX

US\$73.0 million

¹ Includes an unfranked CFI dividend of AUD 1.65 cents per share, and a AUD 1.35 cent per share proposed return of capital (subject to shareholder approval).

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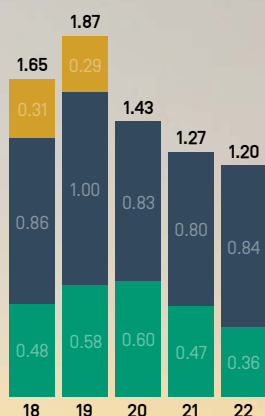
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Oil sales

(mmbbls)

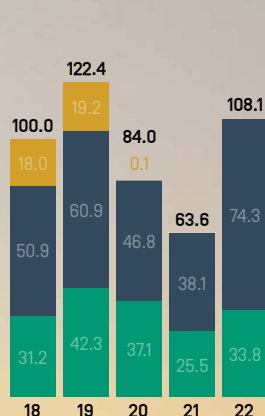
■ Maari
■ Beibu
■ Cost recovery entitlement



Revenue

(USm)

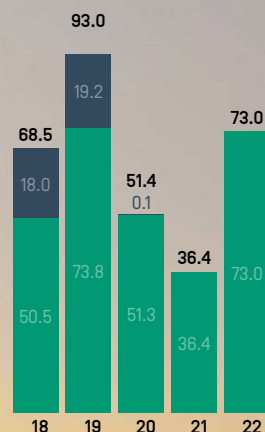
■ Maari
■ Beibu
■ Cost recovery entitlement



EBITDAX²

(USm)

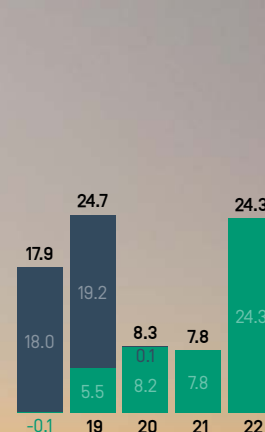
■ (Excl. cost recovery)
■ Cost recovery



Underlying profit after tax²

(USm)

■ (Excl. cost recovery)
■ Cost recovery



¹ Net of hedge settlements

² FY20 and FY21 excludes profit and loss from discontinued operations

Our strong cash generation and resultant balance sheet strength allows us to deliver on our strategy of realising value for shareholders. In this regard, we have announced a total distribution of AUD 3 cents per share made up of an AUD 1.65 cent per share dividend and an AUD 1.35 cent per share return of capital, which is subject to shareholder approval.

AREAS OF OPERATION

CHINA

Block 22/12 % 26.95%/55%
(Production/Exploration)

NEW ZEALAND

PMP 38160 [Maari/Manaia] 26%



A MESSAGE FROM OUR CHAIRMAN

Horizon has again posted a strong set of results for this financial year.

Similar to last year, coupled with a strong balance sheet and consistent low cost production and cash generation, we are pleased to announce a further return of AUD 3 cents per share to shareholders made up of a dividend and capital return.

Our strong results were of course primarily due to the oil price. However, our assets in China and New Zealand are high quality and our aim is to maximise production and cash flow through workovers and infill drilling.

I would like to take this opportunity of thanking Chris Hodge for his time as CEO and I am particularly pleased to welcome the promotion of Richard Beament to CEO. All subsequent executive movements have been filled by internal staff.

We have continued to progress work on enhancing our ESG strategy, particularly in response to growing climate related concerns. To this end, earlier in the year we announced our ambition to achieve Net Zero GHG emissions by 2050. Work will continue to refine a roadmap for achieving this ambition.

I am pleased our lenders, ANZ, Westpac and ICBC continue to support Horizon with the recently announced extension of our debt facilities.

The Company has recently announced it is moving offices. The new office provides a smaller footprint more appropriate for the current staff levels. Not only does this allow for some further cost reductions, but it provides the team with a refreshed new office space helping

to foster a more collaborative working environment.

Looking ahead, the Company is in a very strong financial position with quality assets which continue to deliver value for shareholders.



Mike Harding
Chairman

A MESSAGE FROM OUR CEO

Financial Year 2022 was pivotal for the Company; not only did we bring into production our first new oilfield development in over eight years, but we returned a significant amount of capital to shareholders. These milestones, combined with the strong financial results for the year, demonstrates our commitment to the delivery of the Company's strategy to focus on production growth and cashflow generation from our existing asset portfolio, and to maximise shareholder returns. Pleasingly, the investment in our assets in recent years has continued to pay off. Strong production, aided by a high oil price, drove cashflow generation which in turn allowed us to announce a further substantial return to shareholders.

During the year, our assets continued to perform well. At Beibu, production was maintained through a successful workover program at the WZ12-8W field, before ramping up as the WZ12-8E field came onto production later in the year. Overall Beibu production rates are currently well above the historical 9 – 10,000 bopd [gross] average and the joint venture is continuing to focus on further infill, appraisal and exploration opportunities which should enable us to maintain rates at or above the historical average over the coming years. At Maari, whilst production was impacted by delays to workover activities, efficient operations continue and we have been encouraged by the very strong premiums being attracted by Maari crude oil. Whilst the long-awaited operatorship transition continues to await regulatory approval, we have been impressed by OMV's continued focus on costs and conducting safe operations.

It is a testament to the quality and focus of our Operators at both Maari and Beibu that they

operated in a safe and efficient manner throughout financial year 2022, despite the continued disruption caused by the COVID-19 pandemic. This was particularly so in Block 22/12, where the WZ12-8E oilfield development achieved first oil within approximately 18 months of FID [Final Investment Decision] despite the pandemic and the numerous global supply chain challenges. Whilst the WZ12-8E development encountered some teething issues late in the year, on production resumption the oilfield has achieved strong production rates, consistently exceeding over 9,000 bopd [gross] during August 2022, with a new Block 22/12 production record achieved on 7 August 2022 of 19,956 bbls [gross]. We are encouraged by the drilling and production results from the new development and are hopeful continued strong production will support further phases of development.

Horizon's strong balance sheet, coupled with consistent cashflow generation, has allowed the company to announce further capital management initiatives with a proposed return of AUD 3 cents per share by way of dividend and capital return. With continued strong cashflow generation we hope this can continue to be a regular feature over coming years.

Subsequent to the period end, we were very pleased to be able to execute an extension of our debt facility with our lenders, ANZ, Westpac and ICBC. Our announced ambition to achieve Net Zero GHG emissions by 2050, together with our work conducted over recent years to demonstrate our commitment to reducing emissions and enhancing the Group's ESG disclosures, were identified by our lenders as

important to continuing to retain access to debt markets.

Having only recently assumed the role of the Group's CEO and Managing Director, I feel very fortunate to have such a strong and talented team of professionals to support me in delivering on our strategy. Whilst the team has shrunk over recent years to reflect operational needs, the core group of less than a dozen staff remain key to delivering on our objectives. The team endured long periods of remote working throughout financial year 2022 and I would like to thank them all for their hard work and dedication over such a challenging period. It is a testament to their skill and dedication that the Company was able to achieve such strong results over the past year despite the personal challenges faced by all. I would also like to acknowledge the efforts and leadership of the former CEO, Chris Hodge, who guided the Company through the challenges faced over the past few years and has left the company in a position of financial strength. I wish him all the very best in his retirement.

Looking to the future, our strategy remains simple:

- We aim to continue to maximise free cashflow from our current high quality assets;
- We are focussed on making further distributions to shareholders; and
- We will continue to invest in organic production growth initiatives in China and New Zealand, whilst keeping an eye out for exceptional new business opportunities – our focus is on bringing into production our pipeline of contingent and prospective resources.

Whilst our business continues to face challenges, whether it be increased ESG pressures or supply chain issues, we have the people, the expertise and the influence to navigate these challenges and deliver value for shareholders.



Richard Beament
Chief Executive Officer

HORIZON OIL LIMITED

2022 RESERVES AND RESOURCES STATEMENT

HIGHLIGHTS

- ✓ Continued strong oil production from our assets in China (0.9 MMbbl Net Working Interest) and New Zealand (0.4 MMbbl Net Working Interest) for a total of 1.3 MMbbl produced this year, maintaining last year's production.
- ✓ Proved plus Probable Reserves (2P) of oil declined to 5.8 MMbbl, compared with 6.7 MMbbl last year, with production of 1.3 MMbbl partially offset by upwards reserves revisions.
- ✓ WZ12-8E project successfully installed facilities, completed drilling the six proposed development wells, and commenced production on 8 April before being interrupted on 10 June because of problem with the export flexible hose. Production was restarted on 24 July. WZ12-8E has therefore been reclassified from Undeveloped reserves to Developed reserves.
- ✓ Maiden formal assessment of Prospective Resources in Horizon's China permits, with nine independent opportunities identified comprising unrisked volumes of 5.9 MMbbl Horizon net.
- ✓ Sustained high oil prices ensure a strong cashflow position which allows the company to continue to take advantage of opportunities for production optimisation and infill, appraisal and exploration drilling.

Proved and Proved plus Probable Reserves

Proved and Proved plus Probable Reserves (Horizon Oil share)				
			1P Total Liquids MMbbl	2P Total Liquids MMbbl
China				
Block 22/12	Developed: WZ6-12S,M,N + WZ12-8W,M,E		1.8	3.0
	Undeveloped: WZ6-12N infill well		0.1	0.1
	Total China [arithmetic summation]		1.9	3.1
New Zealand				
PMP 38160	Developed: Maari + Manaia		1.1	2.6
Closing Balance 30 June 2022 [arithmetic summation]			3.0	5.8

Contingent Resources

Contingent Resources (Horizon Oil share)				
		2C Total Liquids MMbbl	2C Raw Gas Bcf	2C Sales Gas PJ
China				
Block 22/12	WZ6-12 + WZ12-8 + WZ12-8E + WZ12-10	2.5		
New Zealand				
PMP 38160	Maari + Manaia	3.6		
Closing Balance 30 June 2022 (arithmetic summation)		6.1	0	0

Prospective Resources

Prospective Resources (Horizon Oil share)				
		2U Total Liquids MMbbl	2U Raw Gas Bcf	2U Sales Gas PJ
China				
Block 22/12	WZ6-12 + WZ12-8 (nine independent opportunities)	5.9		
New Zealand				
PMP 38160	Maari + Manaia	0.0		
Closing Balance 30 June 2022 (arithmetic summation)		5.9	0	0

Cautionary statement: Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. The estimates have both an associated risk of discovery and risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of hydrocarbons.

Reconciliation of Proved and Proved plus Probable Reserves

- ✓ **Production:** Total production of 1.3 MMbbl Net Working Interest which is the same as last year.
- ✓ **China:** At a 2P level, production of 0.9 MMbbl Net Working Interest offset by upwards reserves revisions (+0.4 MMbbl) and the addition of a WZ6-12N infill well (+0.1 MMbbls); at a 1P level, reserves revisions of +0.7 MMbbls materially offset production.
- ✓ **New Zealand:** 2P reserves have been reduced by production and revisions based on production performance. 1P reserves have decreased due to production.

Proved and Proved plus Probable Reserves Reconciliation		
	1P Total Liquids MMbbl	2P Total Liquids MMbbl
Opening Balance 30 June 2021	3.6	6.7
Production (Net Working Interest)	[1.3]	[1.3]
Production (Cost Recovery oil entitlement)	0.1	0.1
Revisions of Previous Estimates	0.7	0.2
Economic Interest adjustment	[0.1]	0.0
Transfers, Discoveries and Extensions	0.1	0.1
Acquisitions and Divestments	-	-
Closing Balance 30 June 2022	3.0	5.8

Reconciliation of Contingent Resources

- ✓ **China:** 2C (best case) increased 1.2 MMbbl associated with identification of a number of additional optimisation and infill well opportunities, including ongoing efforts to maximise water handling to maintain oil rate and two new possible infill wells in existing fields.
- ✓ **New Zealand:** 2C (best case) decreased 1.3 MMbbl due to revising the cut-off date for contingent resource production from December 2037 to December 2032 and due to revisions to production from the existing development post December 2027 (end of current licence term).

Contingent Resources Reconciliation			
	2C Total Liquids MMbbl	2C Total Raw Gas Bcf	2C Total Sales Gas PJ
Opening Balance 30 June 2021	6.2	0	0
Revisions of Previous Estimates	[1.3]		
Economic Interest adjustment	-		
Transfers, Discoveries and Extensions	1.2		
Acquisitions and Divestments	-		
Closing Balance 30 June 2022	6.1	0	0

Reconciliation of Prospective Resources

- ✓ Horizon did not report Prospective Resources in the previous year.
- ✓ **China:** Maiden formal assessment of 2U (best case) Prospective Resources comprising nine independent opportunities within Horizon's permits.
- ✓ **New Zealand:** No Prospective Resource opportunities identified at this time.

Prospective Resources Reconciliation			
	2U Total Liquids MMbbl	2U Total Raw Gas Bcf	2U Total Sales Gas PJ
Opening Balance 30 June 2021	0.0	0	0
Revisions of Previous Estimates	-		
Economic Interest adjustment	-		
Transfers, Discoveries and Extensions	5.9		
Acquisitions and Divestments	-		
Closing Balance 30 June 2022	5.9	0	0

Permits, Licences and Interests Held

Permit or License	Operator	Material Projects	Net Working Interest [%]	
			30 June 2022	30 June 2021
China Block 22/12	CNOOC	WZ 6-12 South, Mid & North fields, WZ 12-8 West, Mid & East fields	26.95%	26.95%
	Roc Oil	WZ12-8 Development Area	55.00%¹	55.00% ¹
New Zealand PMP 38160	OMV	Maari and Manaia fields	26.00%	26.00%

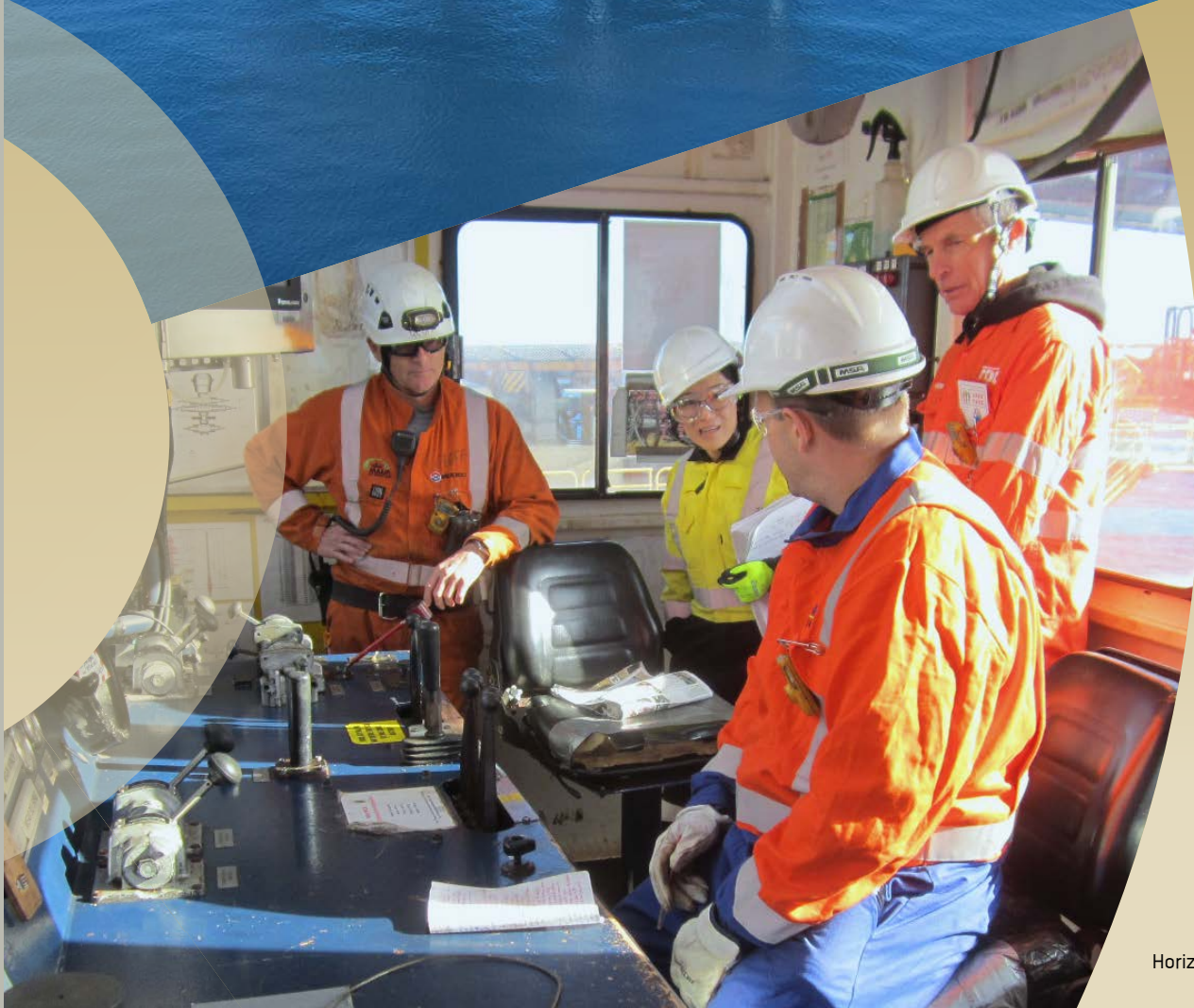
¹ China National Offshore Oil Corporation ('CNOOC') is entitled to participate at up to a 51% equity level in any commercial development within Block 22/12.

Notes

- 1 All estimates are prepared in accordance with the Society of Petroleum Engineers (SPE) Petroleum Resources Management System (PRMS) revised 2018.
- 2 Relevant terms used in this statement, capitalised or otherwise, have the same meaning given to those terms in the SPE PRMS.
- 3 Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.
- 4 Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.
- 5 Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. See also above Cautionary Statement.
- 6 Contingent and Prospective Resource estimates quoted for China have assumed China National Offshore Oil Corporation ('CNOOC') participation at 51%. CNOOC is entitled to participate at up to a 51% equity level in any commercial development within Block 22/12. Prospective resources also only include Horizon's on block share.
- 7 Liquids are equal to the total of oil, condensate and natural gas liquids where 1 barrel of condensate or natural gas liquids equals 1 barrel of oil.
- 8 Raw Gas is natural gas as it is produced from the reservoir which may include varying amounts of heavier hydrocarbons which liquefy at atmospheric conditions, water vapor and other non-hydrocarbon gases such as hydrogen sulphide, carbon dioxide, nitrogen or helium.
- 9 Sales Gas represents volumes that are likely to be present a saleable product. Sales Gas are reported assuming average values for fuel, flare and shrinkage considering the variable reservoir fluid properties of each constituent field on an energy basis the customary unit is PJ. PJ means petajoules and is equal to 10^{15} joules.
- 10 For reserves and contingent resources, depending on the asset, either deterministic estimates or probabilistic estimates have been used. For prospective resources, all estimates are probabilistic estimates.
- 11 Reported estimates of petroleum reserves, contingent resources and prospective resources have been aggregated by arithmetic summation by category. 1P reserves reported beyond the field, property or project level aggregated by arithmetic summation may be a very conservative estimate due to the portfolio effects of arithmetic summation.
- 12 Estimates are reported according to Horizon Oil's economic interest, this being Horizon Oil's net working interest as adjusted for entitlements [Economic Interest adjustment] under production-sharing contracts and risked-service contracts; and are reported net of royalties and lease fuel up to the reference point. For New Zealand, the reference point is defined as the outlet of the Raroa Floating Production Storage and Offtake (FPSO) facility. For China, the reference point is the exit flange of the loading hoses at Weizhou Terminal.
- 13 Horizon Oil employs a Reserves Management System to ensure the veracity of data used in the estimation process. This process includes review by senior staff where data is endorsed for inclusion in the estimating process. Estimates are reviewed annually, at a minimum, with interim reviews as required, to respond to any material changes. Horizon Oil undertakes semi-regular external reviews to complement its own internal process.
- 14 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, 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 Masters of Reservoir Evaluation and Management from the 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 they appear in this statement.
- 15 Some totals in the tables may not add due to rounding.

HORIZON OIL LIMITED

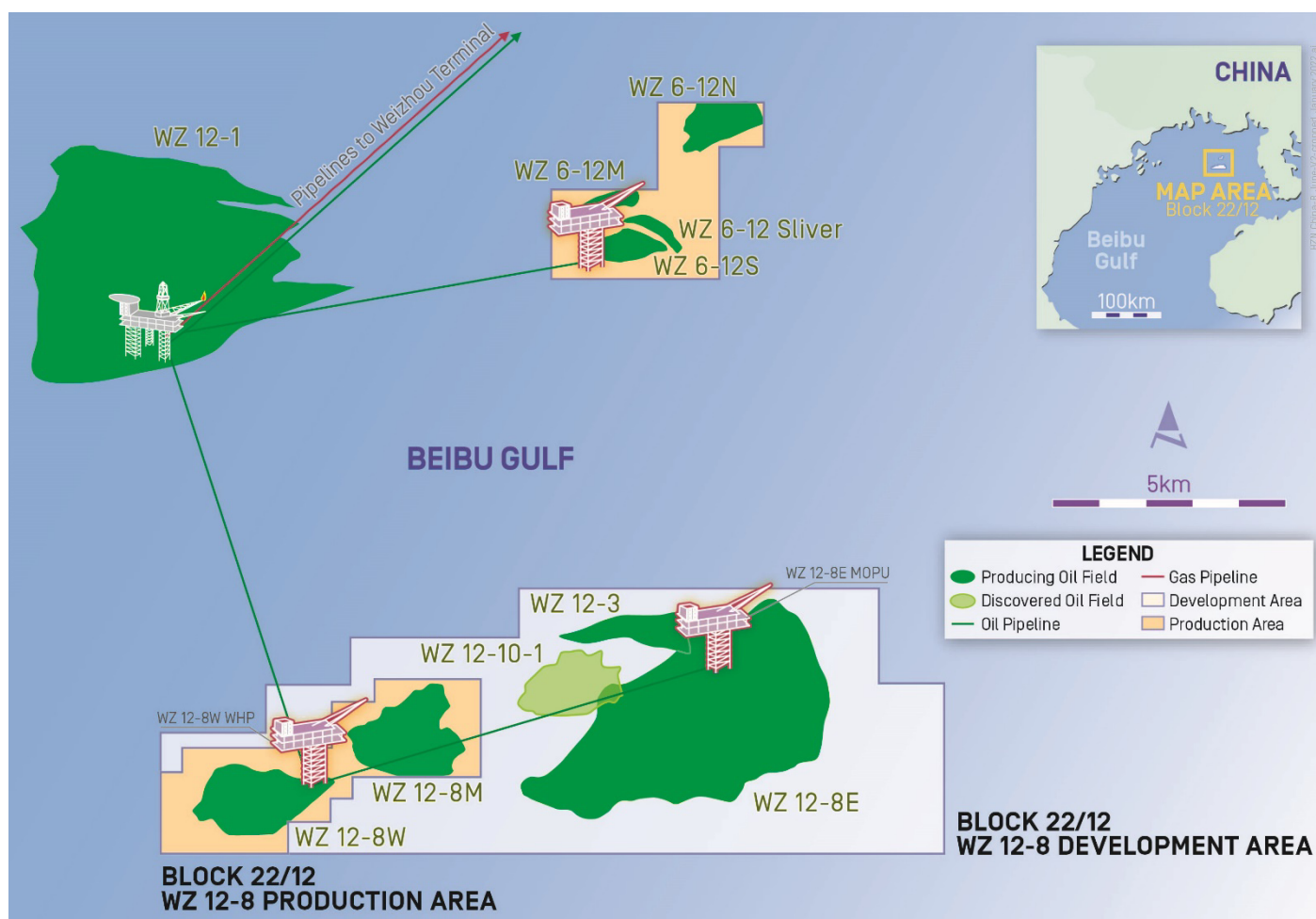
ACTIVITIES REPORT



PRODUCTION

Block 22/12, Beibu Gulf, Offshore China

HORIZON INTEREST	%
PRODUCTION	26.95
EXPLORATION	55



During the year, the Group's working interest share of production from the Beibu Gulf fields was 925,405 barrels of oil. Crude oil sales were 842,086 barrels at an average price of US\$92.14/bbl, exclusive of executed hedging. Gross oil production for the 2022 financial year averaged 9,407 bopd, of which the Group's working interest share was 2,535 bopd. The Group's share of sales volumes over the year was an average of 2,307 bopd.

Average cash operating costs including workovers for the year were US\$13.15/bbl [produced]. Strong low cost production ensured continued strong free cashflow generation from the Beibu Gulf fields, with revenue growth driven by sustained higher oil prices.

A four well workover programme on the WZ12-8W field was completed during the August 2021 annual maintenance shut-down. The workover programme involved the

installation of larger pumps enabling increased production rates.

Following a Final Investment Decision (FID) of the WZ12-8 East development in October 2020, and the construction of the leased HYSY163 self-elevating wellhead platform between November 2020 and December 2021, the platform was installed in the WZ12-8E development area. On 17 March 2022, drilling operations began on a 7 well drilling programme (six production wells and one water disposal well), targeting the Weizhou and Jiaowei reservoirs.

Successful installation, hook-up and commissioning of the WZ12-8E project facilities was completed in April 2022, and first production was achieved from the WZ12-8E A2H well. Construction and drilling activities were undertaken safely, within budget and on schedule.

On 10 June 2022, production from the WZ12-8E oilfield was temporarily shut-in following detection of an issue with the pipeline connecting the field to the WZ12-8W wellhead platform. Whilst the field was shut-in, the Strike rig completed the drilling of the remaining three development wells.

Following repairs, production from the field was restarted on 24 July with wells progressively being brought back on-line. Production from WZ12-8E following restart has averaged over 9,000 bopd [gross] through August with a new Block 22/12 daily production record achieved on 7 August 2022 of 19,956 bbls [gross].

The WZ6-12 A8 exploration well was successfully drilled from the WZ12-8E platform in July 2022 to a total depth of 3,597m measured depth [MD] and intersected the targeted Tertiary stacked sandstones and Basement. The well intersected two minor oil columns of approximately 3.6m true vertical depth [TVD] and 2.0m [TVD] in the target sandstone intervals. However, the Basement target failed to encounter hydrocarbons.

The A8 well has been plugged and abandoned, which frees up a rig slot on the WZ12-8E platform for a possible Phase 2 development well. In the meantime, the joint venture continues to assess the geological and commercial implications of the well result.

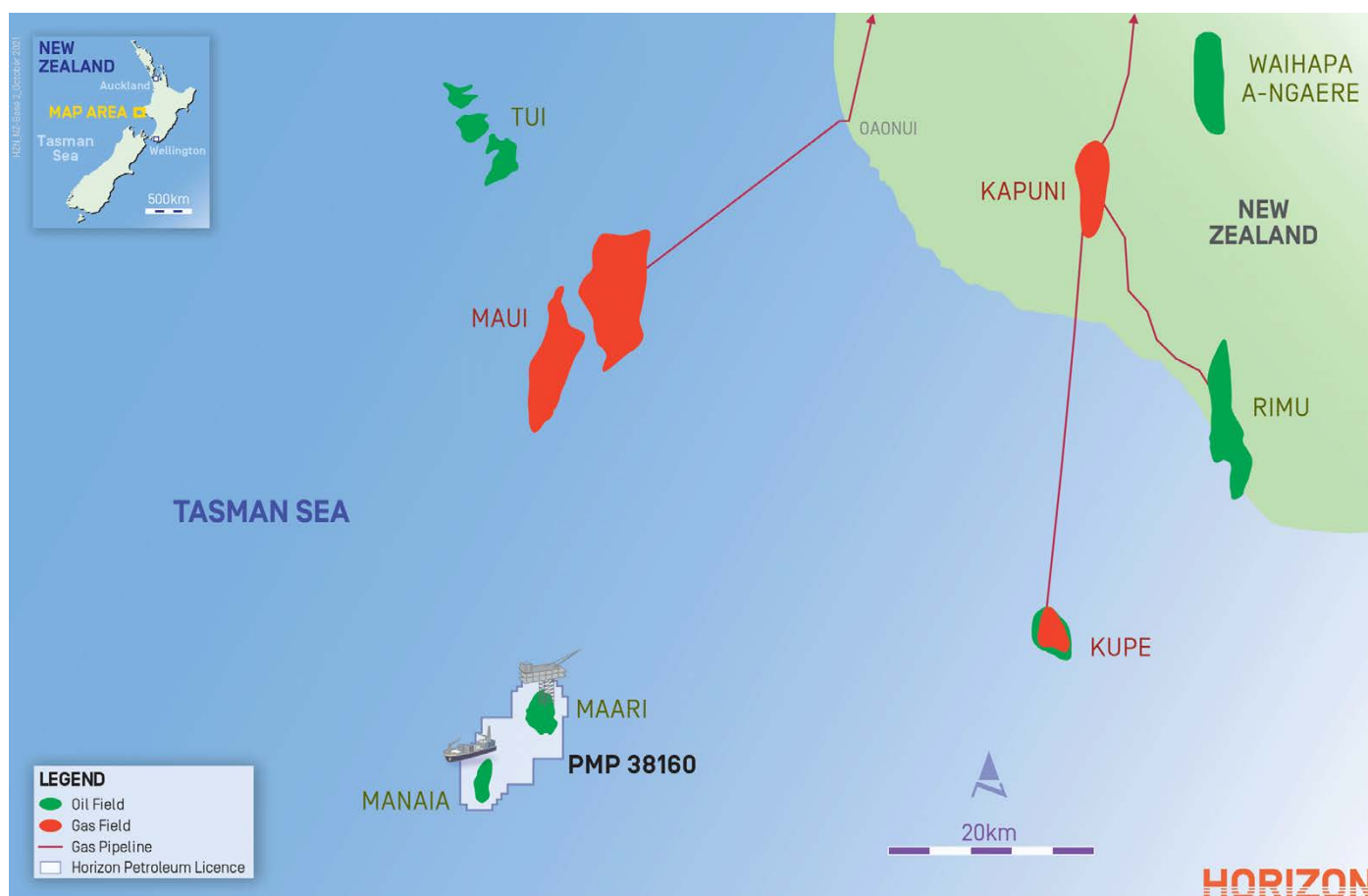
In August 2022, a workover and drilling programme commenced in the WZ6-12 area. This programme comprises of a five well workover programme designed to reinstate and enhance production from existing WZ6-12 wells and the drilling of the WZ6-12 M3 appraisal well targeting an undrilled fault block of Weizhou reservoir sands located adjacent to the producing WZ6-12 M1 and WZ6-12 South fault blocks. CN00C is operating the workover and WZ6-12 M3 drilling programme which is expected to conclude around the end of September.

In addition, the Joint Venture is considering adding a WZ6-12 North field development infill well to the end of the programme. A final decision on this opportunity will be made shortly.



PMP 38160, Maari/Manaia fields, Taranaki Basin, offshore New Zealand

HORIZON INTEREST	%
PRODUCTION	26



During the year the Group's working interest share of production from the Maari and Manaia fields was 406,798 barrels of oil. Crude oil sales were 363,017 barrels at an average effective price of US\$96.44/bbl exclusive of executed hedging.

Average gross production from the field over the financial year was approximately 4,287 bopd, of which Horizon's share was 1,115 bopd. Crude oil inventory as at 30 June 2022 was 57,831 bbls with the next lifting due to take place in September 2022. Maari crude continues to attract strong premiums with the May 2022 lifting sold at a premium to dated Brent of US\$7/bbl.

Production for the year was impacted by temporary shut-ins of production wells MR6A, MR8A and MN1 along with a scheduled 10-day annual maintenance shutdown in February 2022.

The MR8A well was successfully worked over during the second quarter of the financial year.

The MR6A well was precautionarily shut in after low levels of sand were detected in the produced well fluid. In April 2022, a temporary desander on the wellhead platform was installed which processed the sand production. While the temporary desander was able to process the sand production, the well did not produce hydrocarbons so was shut in, and the desander unit was demobilised. The Joint Venture is planning a subsequent workover of the MR6A well which involves setting a plug along the wellbore to isolate the damaged sand producing section of the well, with the aim of reinstating oil production.

The MN1 well suffered an electric submersible pump (ESP) failure in May 2022. A workover was commenced in July to replace the ESP with production expected to commence before the end of the current quarter.

Cash operating costs have been impacted by the MR6A sanding issue and the MN1 ESP failure and averaged US\$28.43/bbl produced for the 2022 financial year, excluding the cost of workovers.

Horizon has been advised that the previously announced acquisition by Jadestone Energy Inc. [AIM:JSE, TSXV:JSE] of OMV New Zealand Limited's 69% interest in the Maari field remains unchanged and regulatory processes are continuing.



HORIZON OIL LIMITED

FINANCIAL REPORT

For the financial year ended
30 June 2022

Level 4
360 Kent Street
Sydney NSW 2011

The annual financial report was authorised for issue by the Board of Directors on 25 August 2022. The Board of Directors has the power to amend and reissue the annual financial report.

All references to reserves and contingent resources within the financial report are drawn from the Horizon 2022 Reserves and Resources Statement dated 25 August 2022.

This annual financial report covers the consolidated financial statements for the Group, consisting of Horizon Oil Limited (the 'Company') and its subsidiaries. The annual financial report is presented in United States dollars.

Horizon Oil Limited is a public company limited by shares and is listed on the ASX. It is incorporated and domiciled in Australia. Its registered office and principal place of business is:

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of Horizon Oil Limited (the 'Company') and the subsidiaries it controlled at the end of, or during the financial year ended, 30 June 2022.

Directors

The following persons were directors of Horizon Oil Limited during the whole, or for part where noted, of the financial year and up to the date of this report:

M Harding
R Beament [Appointed 1 July 2022]
C Hodge [Resigned 1 July 2022]
G de Nys [Resigned 19 November 2021]
S Birkenleigh
G Bittar
B Clement
N Burgess [Appointed 1 July 2021]

R Beament was appointed as Chief Executive Officer and Managing Director on 1 July 2022.

C Hodge was a director from the beginning of the period until his retirement and resignation from the board on 1 July 2022.

G de Nys was a director from the beginning of the period until his retirement and resignation from the board at the Company's 2021 Annual General Meeting on 19 November 2021.

N Burgess was appointed as a non-executive director on 1 July 2021.

Review of operations

Principal activities

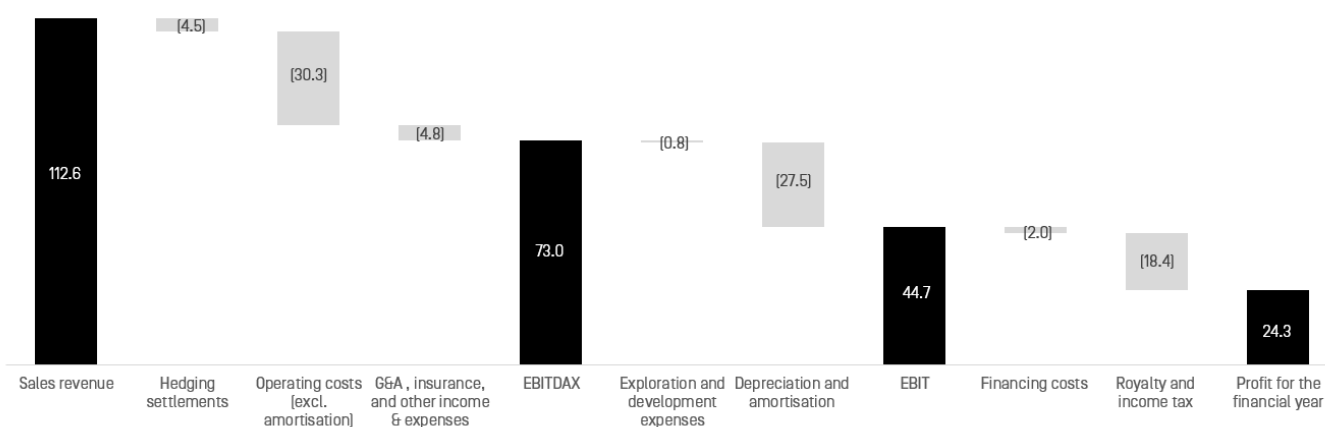
During the financial year, the principal activities of the Group continued to be directed towards petroleum exploration, development and production.

A detailed review of the operations of the Group during the financial year is set out in the Activities Review on pages 10 to 14 of this annual financial report.

Group Financial Performance

Consolidated Statement of Profit or Loss and Other Comprehensive Income

2022 Profit Drivers



The Group reported a statutory profit after tax of US\$24.3 million for the financial year (2021: profit of US\$8.0 million). The profit result includes non-cash financing expense of US\$nil (2021: profit of US\$2.9 million) associated with the final revaluation of the options issued under the subordinated loan facility and US\$nil profit from discontinued operations (2021: US\$3.1 million profit), which once excluded results in an Underlying Profit After Tax of US\$24.3 million (2021: US\$7.8 million).

Non-cash items impacting on the financial year result include US\$27.0 million (2021: US\$23.9 million) in amortisation of production phase assets, US\$1.0 million gain on the remeasurement of derivative financial instruments (2021: US\$1.4 million), US\$0.4 million (2021: US\$0.3 million) related to the value of share options and share appreciation rights granted to Horizon employees and US\$0.5 million (2021: US\$0.5 million) financing expense related to amortised establishment fees on the senior debt facility.

EBITDAX from continuing operations was US\$73.0 million (2021: US\$36.4 million), and EBIT from continuing operations was US\$44.7 million (2021: US\$10.1 million). EBITDAX and EBIT from continuing operations exclude profit from discontinued operations. Cashflows from operating activities of US\$56.9 million (2021: US\$23.2 million) and cash reserves enabled the Group to complete the US\$34.8 million capital return, meet its capital expenditure commitments and also repay a further US\$11.5 million in debt during the financial year.

EBITDAX, EBIT and underlying profit after tax are financial measures which are not prescribed by Australian Accounting Standards and represent the profit under Australian Accounting Standards adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments). The directors consider EBITDAX, EBIT and underlying profit after tax to be useful measures of performance as they are widely used by the oil and gas industry. EBITDAX, EBIT and underlying profit after tax information have not been audited. However, they have been extracted from the audited annual financial reports for the financial years ended 30 June 2022 and 30 June 2021.

Basic earnings per share from continuing operations for the financial year was a profit of 1.54 US cents based on a weighted average number of fully and partly paid ordinary shares on issue of 1,580,442,962 shares.

Sales and Production

The Group's producing assets performed well, with net production of 1,332,103 barrels of oil (2021: 1,334,814 barrels). Production at Block 22/12 benefited from the commencement of production from the WZ12-8E development, whilst production at Maari was impacted by temporary shut-ins of two production wells. Workovers at Maari are underway to restore production from these wells. Sales volumes were 1,205,103 bbls (2021: 1,265,725 bbls) with 57,831 bbls of crude oil inventory on hand as at 30 June 2022.

Crude oil sales revenue of US\$108.1 million (2021: US\$63.6 million) was generated during the financial year resulting from a net realised oil price of ~US\$90 per barrel (2021: ~US\$50 per barrel), inclusive of hedge settlements. Throughout the year

45% of sales were hedged (2021: 58%) with a hedging settlement of US\$4.5 million (2021: gain US\$6.6 million) realised on 545,000 barrels hedged at a weighted average fixed price of US\$80.97 per barrel (2021: 740,000 barrels at US\$45.31 per barrel).

Operating costs for the period of US\$57.4 million were higher than the prior comparative period of US\$47.1 million. The cost increase was driven by an US\$8.3 million increase in levies and in particular the special oil gain levy in China following the higher realised oil price during the financial year. The residual increase is attributable to amortisation.

General and Administrative Expenses

General and administrative expenses reduced by US\$0.5 million during the financial year to US\$3.3 million (2021: US\$3.8 million). This expense comprised net employee benefits expense of US\$2.0 million (including non-cash share-based payment expense of US\$0.4 million), corporate office expense of US\$0.9 million, and depreciation of US\$0.4 million.

Insurance Expense

Insurance expense of US\$2.0 million (2021: US\$2.0 million) was consistent with the prior financial period.

Exploration and Development Expenses

Exploration and development expenses were US\$0.8 million (2021: US\$2.1 million) and was focused on infill, appraisal and exploration opportunities in and around the Group's low cost producing fields permit in China and the evaluation of inorganic growth opportunities.

Finance Costs

The Group's borrowing costs of US\$0.9 million were US\$0.3 million lower during the period following the progressive repayment of debt and reduced global interest rates. Other non-cash financing expense of US\$nil (2021: income US\$2.9 million) associated with the revaluation of the options issued under the subordinated loan facility was recorded during the financial period.

Income and Royalty Tax

The net income and royalty tax expense of US\$18.4 million (2021: US\$0.3 million) incurred during the financial year included a current tax expense of US\$13.9 million, a deferred income tax expense of US\$1.0 million and a royalty related tax expense of US\$3.8 million. The net income tax expense was driven by cash taxes of US\$10.9 million in China and US\$3.0 million in New Zealand. Royalty tax expense of US\$3.8 million reflected cash and deferred royalty tax associated with the Maari/Manaia field.

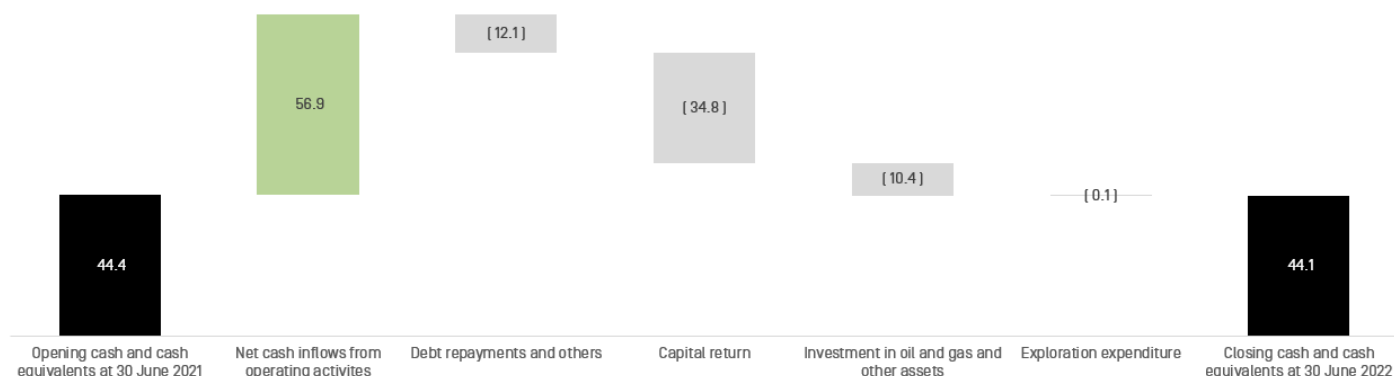
Consolidated Statement of Financial Position

At 30 June 2022, total assets were US\$182.5 million (2021: US\$186.8 million) and total liabilities were US\$83.2 million (2021: US\$76.5 million), resulting in net assets of US\$99.2 million (2021: net assets of US\$110.3 million). The Group had a working capital surplus of US\$32.1 million (2021: US\$36.1 million) resulting predominately from the strong cash flow generation which was partially offset by the US\$11.5 million in debt repayments.

At 30 June 2022, the Group reported an US\$11.1 million increase in its net cash position to US\$42.8 million, despite the settlement of the US\$34.8 million capital return completed in August 2021. Net cash of US\$42.8 million comprised of cash and cash equivalents held of US\$44.1 million (2021: US\$44.4 million) offset by borrowings of US\$1.2 million (2021: US\$12.7 million). At financial year end, borrowings consisted of US\$1.2 million principal outstanding on the US\$95 million Syndicated Revolving Cash Advance Facility executed with senior lenders in November 2018.

Consolidated Statement of Cash Flows

2022 Cash Drivers



Net cash generated from operating activities was significantly higher for the financial year at US\$56.9 million (2021: US\$23.2 million) due predominantly to the higher oil price environment. Production and sales volumes were maintained in line with the prior period at 1.3 mmbbls and 1.2 mmbbls respectively. Pleasingly, production from the WZ12-8E project commenced at the beginning of April 2022, reaching up to 5,900 bopd gross (1,500 bopd Horizon net) from three wells prior to a temporary shut-in towards the end of the financial year for repair works to the pipeline connecting the field to the WZ12-8W wellhead platform. Production was restarted on 24 July following the successful execution of repairs. All six development wells have now been successfully drilled and are on production.

The free cash available after operating and investing activities, enabled further debt reduction with US\$11.5 million of the senior debt facility having been repaid and allowed for further distributions to shareholders.

Corporate

Group liquidity

At 30 June 2022, the Group's net cash position had further increased to US\$42.8 million (30 June 2021: US\$31.7 million), an increase of US\$11.1 million during the financial year despite the settlement of the US\$34.8 million capital return completed in August 2021, aided by a strong oil price environment. Net cash comprises cash and cash equivalent assets held of US\$44.1 million (30 June 2021: US\$44.4 million) offset by the nominal value of borrowings drawn down of US\$1.2 million (30 June 2021: US\$12.7 million), on the Syndicated Revolving Cash Advance Facility. Details of the Group's debt facilities are set out in Note 18.

Oil Price Hedging

The Company maintains leverage to the higher oil prices with a minimal hedge position of 60,000 bbls of swaps and put options which hedge the period July – September 2022. These hedges have a weighted average price of ~US\$105/bbl.

Group business strategies and prospects for future financial years

The Company's exploration, development and production activities are focused in Southeast Asia. The robust cash flows from the Company's interests in Block 22/12, offshore China, and the Maari/Manaia fields, offshore New Zealand will be applied to fund the Company's future capital and growth program, with surplus funds returned to shareholders. The growth program is focussed on enhancing shareholder value by bringing into production the Company's substantial inventory of contingent and prospective resources in fields in China and New Zealand, whilst keeping an eye on potential other value accretive growth opportunities.

The Company has a targeted and selective exploration policy with specific focus on plays providing material scale and upside in and around existing permits with ready access to development infrastructure. The reserves and contingent resources in the company's inventory provide shareholders with exposure to commodity price upside and potential production growth opportunities.

The achievement of these strategic objectives may be affected by macro-economic and other risks including, but not limited to, global growth, volatile commodity prices, exchange rates, climate change, access to financing and political risks. The

speculative nature of petroleum exploration and development will also impact the Company's ability to achieve these objectives; key risks of which include production and development risk, exploration and drilling risks, joint operations risk, and geological risk surrounding resources and reserves.

The Group has various risk management policies and procedures in place to enable the identification, assessment and mitigation of risks that may arise. Whilst the Group can mitigate some of the risks described above, many are beyond the control of the Group. For further information in relation to the Company's risk management framework, refer to the Corporate Governance Statement.

Outlook

It is expected that the 2023 financial year and beyond will be underpinned by continued strong oil production and cashflow generation, subject to oil price, from the Group's China and New Zealand operations. Continued water injection at Maari combined with further planned infill drilling in China, are forecast to help sustain production rates and partially offset the longer-term reduction in production associated with natural reservoir decline. In the near term, strong cashflow generation is forecast to continue owing to the higher oil price environment and the elevated production rates from Block 22/12 following the recent commissioning of the WZ12-8E field. The forecast cashflow from the producing oil fields are expected to enable existing capital commitments to be met, shareholder distributions to be funded, and provide funding for further organic growth in the portfolio, particularly in Block 22/12.

The Group's short-term focus is on:

- Optimising production performance from the Block 22/12 and Maari/Manaia fields through various well intervention activities;
- Successful completion of the WZ6-12 drilling program to further enhance Block 22/12 production;
- Continued evaluation and optimisation of WZ12-8E field production, to assess viability of a possible Phase II drilling program; and
- Continued evaluation of nearby prospects and infill drilling opportunities in Block 22/12.

Significant changes in the state of affairs

Management changes

As announced on 15 June 2022, Christopher Hodge, retired from his role as Managing Director and Chief Executive Officer effective 1 July 2022. Richard Beament, the Group's former Chief Financial Officer and Company Secretary has replaced Mr Hodge as Managing Director and Chief Executive Officer, effective 1 July 2022. Mr Hodge has agreed to assist in an orderly transition of his executive responsibilities to Mr Beament until 31 October 2022.

In other changes to the leadership team, and with effect from 1 July 2022:

Gavin Douglas will assume the role of Chief Operating Officer, having previously held the position of Group General Manager – Production & Exploration. Gavin is a geologist with over 25 years of oil and gas experience, having joined Horizon in 2014.

Kyle Keen will assume the role of Chief Financial Officer, having previously held the positions of Group Financial Controller and Assistant Company Secretary. Kyle joined Horizon in 2018.

Vasilios (Vas) Margiankakos will assume the role of Company Secretary, as well as continuing his role as Horizon's Group Tax Manager. Vas joined Horizon in 2017.

Matters subsequent to the end of the financial year

The Group executed and reached financial close on a 12-month extension of the senior debt facility with ANZ, Westpac and Industrial and Commercial Bank of China (ICBC) with a revised facility limit of US\$20 million. The extended facility matures on 31 July 2023 and retains the key existing terms including interest rate at a LIBOR equivalent +2.75%.

On 25 August 2022, the Company announced total distributions of AUD 3 cents per share comprising an AUD 1.65 cent per share unfranked (conduit foreign income) dividend and an AUD 1.35 cent per share return of capital, which is subject to shareholder approval. The Company will hold an Extraordinary General Meeting (EGM) on 7 October 2022 seeking shareholder approval for the capital return.

Other than the matters noted above and disclosed in the review of operations, there has not been any matter or circumstance which has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- [1] - the Group's operations in future financial years; or
- [2] - the results of those operations in future financial years; or
- [3] - the Group's state of affairs in future financial years.

Environmental regulation

The Group is subject to significant environmental regulation in respect of exploration, development and production activities in all countries in which it operates – China and New Zealand. Horizon Oil Limited is committed to undertaking all of its exploration, development and production activities in an environmentally responsible manner.

The Directors believe the Group has adequate systems in place for managing its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Reporting currency

The Company's and the Group's functional and reporting currency is United States dollars. All references in this annual financial report to "\$" or "dollars" are references to United States dollars, unless otherwise stated.

Information on Directors

The following persons held office as Directors or Secretaries of Horizon Oil Limited at the date of this Directors' Report:

Chairman, Independent Non-Executive Director	Mike Harding
Responsibilities:	Mr Harding has been Chairman of Horizon since November 2018. He is Chairman of Horizon's Disclosure Committee and Member of Horizon's Audit and Remuneration and Nomination Committees.
Experience:	Mr Harding has held management positions around the world with British Petroleum (BP), including President and General Manager of BP Exploration Australia.
Directorships:	Mr Harding is currently a Director of Cleanaway Waste Management Limited. He is a former Chairman of Downer, Lynas Limited, Roc Oil Company Limited, Clough Limited and ARC Energy Limited and a former Director of Santos Limited.
Qualifications:	Mr Harding holds a Master of Science, majoring in Mechanical Engineering.
Managing Director, Chief Executive Officer [until 1 July 2022]	Chris Hodge
Responsibilities:	Mr Hodge has been Managing Director and Chief Executive Officer of Horizon since February 2020, and a Director since April 2019. He is a Member of Horizon's Risk Management and Disclosure Committees.
Experience:	Mr Hodge has over 40 years' oil and gas experience; training as a geologist and petroleum geophysicist. Mr Hodge held senior managerial and consulting positions in major petroleum exploration and production companies, including E&P Advisor to both Mitsubishi and Mitsui in Australia, Managing Director of Adelphi Energy and Exploration Manager of Ampolex. He played a significant part in the growth of each of these companies through a mix of successful exploration, field development and acquisition.
Directorships:	Mr Hodge is a former Director of Roc Oil Company Limited and Xstate Resources.
Qualifications:	Mr Hodge holds a Master of Science, majoring in Structural Geology and Rock Mechanics and a Graduate Diploma of Applied Finance. He is a Member of the Petroleum Exploration Society of Australia (PESA) and the American Association of Petroleum Geologists (AAPG).
Managing Director, Chief Executive Officer [effective 1 July 2022]	Richard Beament
Chief Financial Officer & Company Secretary [until 1 July 2022]	
Responsibilities:	Mr Beament has been Chief Financial Officer of Horizon since July 2018 and was appointed Company Secretary in September 2021. He joined Horizon as Finance and Commercial Manager in May 2010. Since that time, he has been actively engaged in arranging and managing the Group's funding, as well as managing the Group's investments in Maari and Block 22/12. He is a Member of Horizon's Risk Management and Disclosure Committees.
Experience:	Mr Beament has over 20 years' experience in accounting and finance, and prior to joining Horizon, held senior positions with PwC in Sydney and London.
Directorships:	Nil
Qualifications:	Mr Beament holds a Bachelor of Commerce degree and is a member of the Chartered Accountants Australia and New Zealand (CAANZ).

Independent Non-Executive Director	Sandra Birkenleigh
Responsibilities:	Ms Birkenleigh has been a Director of Horizon since February 2016. She is Chair of Horizon's Audit Committee and a Member of Horizon's Risk Management, and Remuneration and Nomination Committees.
Experience:	Ms Birkenleigh has 24 years' experience in financial services, risk management, compliance and corporate governance with PricewaterhouseCoopers including as Global Lead for Governance Risk & Compliance, National Lead for Partner Risk and Controls Solutions and a Service Team Leader for Performance Improvement.
Directorships:	Ms Birkenleigh is Chairman of Auswide Bank Limited and a director of MLC Limited, 7-11 Holdings and its subsidiaries, National Disability Insurance Agency, the Sunshine Coast Children's Therapy Centre and a Council Member of the University of the Sunshine Coast. Ms Birkenleigh is a Member of Council and Chair of the Audit and Risk Committee of the University of the Sunshine Coast, Chair of the Audit and Risk Committee of the Public Trustee of Queensland and an Independent Member of the Audit Committee of the Reserve Bank of Australia.
Qualifications:	Ms Birkenleigh is a Chartered Accountant and holds a Bachelor of Commerce. She is a Graduate Member of the Australian Institute of Company Directors and Fellow of the Governance, Risk and Compliance Institute.
Non-executive Director	Greg Bittar
Responsibilities:	Mr Bittar has been a Director of Horizon since March 2017, as nominated by Horizon's substantial shareholder IMC Pan Asia Alliance Group. He is Chairman of Horizon's Remuneration and Nomination Committee and a Member of Horizon's Audit Committee.
Experience:	Mr Bittar has extensive experience in public and private markets mergers and acquisitions, capital markets and strategic advisory assignments across a range of sectors including general industrials, metals and mining, mining services and energy. Mr Bittar has worked for Bankers Trust, Baring Brothers Burrows and Morgan Stanley.
Directorships:	Mr Bittar is currently Chairman of Kingwest Resources Limited and was former Chairman of Trek Metals Limited and Millennium Minerals Limited.
Qualifications:	Mr Bittar holds a Master of Finance from London Business School, a Bachelor of Economics and a Bachelor of Laws (Hons).
Alternate Director for Greg Bittar	Bruno Lorenzon
Responsibilities:	Mr Lorenzon has been an Alternate Director for Greg Bittar since March 2017.
Experience:	Mr Lorenzon is Head of Finance, IMC Industrial Group and has more than 20 years' experience in investments, strategy and corporate finance in the resources sector both in Australia and overseas. He has worked for the IMC Pan Asia Alliance Group for the past 12 years and previously worked for Vale in Brazil and Rio Tinto in Australia in roles encompassing strategic planning, mergers and acquisitions and business development.
Qualifications:	Mr Lorenzon is a Chartered Financial Analyst and holds a Master of Business Administration and Bachelor of Civil Engineering.
Independent Non-Executive Director	Bruce Clement
Responsibilities:	Mr Clement was appointed as an independent non-executive director on 1 September 2020. He is Chairman of Horizon's Risk Management Committee.
Experience:	Mr Clement has over 40 years' oil and gas experience; beginning his career as a projects engineer at Esso Australia Limited (now Exxon). He has managed exploration, development and production operations in Australia and Asia, as well as successfully delivering key projects in Australia, China, Indonesia, the UK and the USA, including implementation of major acquisitions and divestments. Bruce has led AWE Limited and Roc Oil Limited as Chief Executive Officer and has held senior managerial roles at Santos Limited, Ampolex Limited and Esso Australia Limited (Exxon).
Directorship:	Mr Clement is currently a non-executive Director at Norwest Energy Limited.
Qualifications:	Mr Clement holds a Bachelor of Engineering (Civil) Hons and Bachelor of Science (Maths & Computer Science) from Sydney University and Masters of Business Administration from Macquarie University.

Non-Executive Director	Nigel Burgess
Responsibilities:	Mr Burgess was appointed as a non-executive director on 1 July 2021. He is a Member of Horizon's Audit Committee.
Experience:	Nigel has 30 years of commercial experience in funds management with Samuel Terry, Hunter Hall, GIO of Australia and Friends Provident in Australia, and a family office in Europe. He has experience in a variety of commercial transactions and corporate restructurings across a range of industries and jurisdictions.
Directorship:	Nigel is a nominee director of Samuel Terry Asset Management, which manages the Samuel Terry Absolute Return Fund, a substantial shareholder in Horizon. Due to his association with Samuel Terry, he is not considered independent. He is a former director of Spicers Limited (ASX: SRS; de-listed 2019) and Yellow Holdings Limited (New Zealand).
Chief Financial Officer / Assistant Company Secretary	Kyle Keen
Responsibilities:	Mr Keen has been Horizon's Group Financial Controller until his appointment as Chief Financial Officer on 1 July 2022. Mr Keen has been Horizon's Assistant Company Secretary since November 2018.
Experience:	Mr Keen is a Chartered Accountant with expertise in financial risk management and reporting across a range of sectors, in particular, oil and gas. He has 11 years' experience including working in top tier accounting practices such as EY and KPMG.
Qualifications	Mr Keen holds a Bachelor of Accounting (Hons) degree and is a member of the South African Institute of Chartered Accountants.
Group Tax Manager / Company Secretary	Vasilios [Vas] Margiankakos
Responsibilities:	Mr Margiankakos has been Horizon's Group Tax Manager since October 2017.
Experience:	Mr Margiankakos has over 20 years' experience in corporate and international taxation and mergers and acquisitions across a vast number of industries including oil and gas, banking and financial services, infrastructure, media, manufacturing and consumer goods, and technology. Prior to joining Horizon, Vas was Head of Tax at Bravura Solutions Limited and BBC Worldwide Australia (now BBC Studios), prior to which he held a number of senior tax positions at top tier accounting practices such as EY, Deloitte and KPMG.
Qualifications	Mr Margiankakos holds a Bachelor of Economics degree from the University of New South Wales.

Directors' Interests in the Company's Securities

As at the date of this Directors' Report, the Directors held the following number of fully paid ordinary shares:

DIRECTOR	ORDINARY SHARES		
	DIRECT	INDIRECT	TOTAL
M Harding	500,000	-	500,000
C Hodge	1,000,000	-	1,000,000
R Beament	100,184	-	100,184
S Birkenleigh	-	-	-
G Bittar	1,000,000	-	1,000,000
B Clement	-	-	-
N Burgess ¹	-	314,212,423	314,212,423
B Lorenzon (as alternate)	-	-	-

¹ Mr Burgess is a Director of Samuel Terry Asset Management Pty Ltd, the Trustee and Investment Manager of Samuel Terry Absolute Return Fund which holds the 314,212,423 shares.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors (the 'Board') and of each Board Committee held during the financial year, and the numbers of meetings attended by each Director were:

	BOARD	AUDIT COMMITTEE	RISK MANAGEMENT COMMITTEE	REMUNERATION & NOMINATION COMMITTEE	DISCLOSURE COMMITTEE
Number of meetings held:	11	2	2	3	1
Number of meetings attended by:					
M Harding	11	2	2	3	1
C Hodge ¹	11	2	2	3	1
G de Nys ³	7		1	1	
S Birkenleigh	11	2	1	3	
G Bittar	11	2		3	
B Clement	11		2	2	
N Burgess ²	11	2		2	
B Lorenzon (as alternate for G Bittar)	0				

¹ C Hodge attended audit committee meetings in his capacity as Chief Executive Officer of Horizon Oil Limited and is not a member of the audit committee.

² Mr Burgess was appointed as a non-executive director effective 1 July 2021 and attended all meetings from that date.

³ Mr de Nys retired as non-executive director on 19 November 2021 at Horizon's 2021 Annual General Meeting.

Corporate Governance

The Company and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the Company's governance framework and practices to ensure they meet the interests of shareholders. The Corporate Governance Statement was approved by the Board on 25 August 2022.

The Company's Corporate Governance Statement for the year ended 30 June 2022 may be accessed from the Company's website at www.horizonoil.com.au. A description of the Company's main corporate governance practices is set out in the Corporate Governance Statement. All these practices, unless otherwise stated, were in place for the full financial year and comply with the ASX Corporate Governance Council's revised Corporate Governance Principles and Recommendations 4th edition, released in 2019.

Sustainability Reporting

Sustainability continues to be an important focus for Horizon with progress made during the current financial year on the 3 year Environmental Social and Governance (ESG) Action Plan and the Company is pleased to present its Sustainability Report for the year ended 30 June 2022.

The Company's Sustainability Report for the year ended 30 June 2022 may be accessed from the Company's website at www.horizonoil.com.au.

Health, safety & environment (HSE)

As at the financial year ended 30 June 2022, Horizon achieved a Total Recordable Injury Frequency Rate (TRIFR) of 0.69, and a Lost Time Injury Frequency Rate (LTIFR) of 0, both less than the Australian National Offshore Petroleum Safety & Environmental Management Authority (NOPSEMA) industry averages. There were zero fatalities and zero significant environmental incidents for FY2022.

The Beibu operations achieved a strong safety record with no recordable safety incidents despite significant drilling, production, and project development activities during the period.

The Maari operations achieved a LTIFR of zero, a TRIFR below the NOPSEMA industry average and zero environmental incidents for the reported period.

Governance

Governance continues to be a core focus for the Group. During the period Horizon conducted its annual assessments on its value and supply chain for risks and incidences of modern slavery. The second Modern Slavery Statement, for the calendar year 2021, was submitted to the Australian Government on 31 December 2021 in line with the requirements of the Australian Modern Slavery Act 2018. The work on 2022 Modern Slavery Statement is currently underway to be submitted in December 2022. This statement may be accessed from the Company's website at www.horizonoil.com.au.

Climate change

Horizon continues to develop its climate change strategy with the ambition of achieving Net Zero GHG emissions by 2050, in alignment with the Paris Agreement on climate change. Horizon is currently developing a decarbonisation and climate transition roadmap which it intends to release in the FY23 reporting period.

During the first half of FY22, Horizon acquired ~15,000 tonnes of carbon units for a United Nations (UNFCCC) Clean Development Mechanism (CDM) accredited project in Sichuan province, China (Cooking with Gas POA 2898). These carbon units were surrendered and are intended to significantly offset Beibu Scope 1 emissions whilst also supporting the communities in which we operate. The project is certified to various UN Sustainable Development Goals (SDG) including good health and wellbeing, and affordable clean energy. The Company continues to acquire and surrender carbon credits in New Zealand (NZUs) under the NZ Emissions Trading Scheme (ETS) to cover 100% of the Group's share of Maari Scope 1 emissions. Through participation in the NZ ETS, the Company is supporting New Zealand in achieving its stated commitment to Net Zero GHG emissions by 2050 in alignment with the Paris Agreement.

During the first half of FY22, Horizon also completed its submission for the 2021 Carbon Disclosure Project (CDP). Horizon's responses were assessed against the CDP scoring methodology, with an overall score of B- being achieved (scoring range

from A to D). This score is in the Management band where the Company is assessed as 'taking coordinated action of climate issues'. At the date of this report, Horizon is working on the 2022 CDP submission.

People – Employees & Community

During the period the COVID-19 pandemic continued to impact our employees and the communities within which our operations are conducted. Our Sydney staff were subjected to a long period of lockdown with a return to remote working. We continued to support our employees during this challenging period and provided staff with the tools and support to work remotely. We were actively engaged with our operators regarding the impact of COVID-19 on operations and provided our continued support to their efforts to maintain operations whilst also responding to the risks and challenges faced as a result of the pandemic.

As mentioned above, the Company voluntarily acquired carbon offsets in China with the primary objective of offsetting Scope 1 and 2 emissions from Block 22/12. In considering the carbon offsets to acquire, the Company was motivated to identify carbon offsets which also served to have a local community benefit. The Cooking with Gas project builds biogas digesters for families in the Sichuan province, China, that capture methane emissions from animal and human waste and converts it to renewable energy for cooking. The project (POA GS 1239 or GS ID 7049) is a Gold Standard verified project and can be found on the Clean Development Mechanism (CDM) projects registry. The project meets 5 UN sustainable development goals. The Company is proud to support such a worthwhile project that provides both a community and environmental benefit in our area of operation.

Remuneration Report

REMUNERATION REVIEW

During the reporting period, the Remuneration and Nomination Committee [RNC] reviewed the current remuneration framework and both the long-term [LTI's] and short-term incentive [STI's] plans at Horizon within the context of the Company's corporate strategy. The outcome of the review was to modify the future remuneration structure to reduce fixed remuneration and increase at risk remuneration [STI's & LTI's] which better aligns remuneration outcomes with value creation for shareholders. The majority of these changes are effective for remuneration post 1 July 2022 unless otherwise noted in this remuneration report. The key outcomes and changes were:

- Reduction in overall management costs following the retirement of Mr Hodge effective 1 July 2022 and the resignation of Ms Quinlivan during the reporting period and a reduced fixed remuneration cost for the new CEO.
- A deferred equity component has been introduced to the STI applicable to senior executives remaining with the business.
- The proposed changes to the STI will apply to any STIs awarded for the FY22 financial year for senior executives remaining with the business.
- Following a review of the current long term incentive plan [award of Share Appreciation Rights], the RNC formalised a revised LTI Plan [New LTI Plan]. The rationale for the New LTI plan is to create a stronger link between performance and reward and to align the interests of Senior Executives more strongly with those of the shareholders of Horizon.
- A clawback provision has been included in all performance rights issued giving the Board the discretion to determine that some or all of the unvested rights will lapse if a situation arises that impacts the assessment of performance. Such a situation may include material misrepresentations or material misstatements in the company accounts.
- There are 5 non-executive directors [a reduction from 6] and the RNC has made no recommendation to the Board during the reporting period to increase Non-Executive Director remuneration.

CEO APPOINTMENT

On 16 June 2022, the Company announced that Mr Chris Hodge would retire from the role of CEO/MD and Mr Richard Beament would be appointed into the role of MD/CEO with effect from 1 July 2022. Key terms of his remuneration arrangements were released to the market on 16 June 2022 and include:

- Total Fixed Remuneration of AUD527,000 per annum [including superannuation].
- STI -up to 75% of Total Fixed Remuneration, subject to individual and corporate performance hurdles being met. Any STI award is to be provided in two components – 50% cash and 50% shares [provided certain conditions are met], with deferral of receipt of the shares for 12 months.
- LTI -eligible to participate in Horizon's New LTI Plan and will receive a one-off grant of 19,600,000 Performance Rights on his appointment as Managing Director and Chief Executive Officer.
- The grant will comprise four tranches of Performance Rights. The vesting and exercise of the Performance Rights will be dependent on meeting a service condition [remaining in employment subject to leaver provisions] and the satisfaction of share price and trading volume performance hurdles [set separately for each tranche].
- Any equity component requiring shareholder approval will be subject to shareholder approval at the 2022 Annual General Meeting.

The RNC remains focused on ensuring that the remuneration framework is competitive and rewards executives for meeting or exceeding strategic objectives and facilitating long-term wealth creation for shareholders. The Company's STI and LTI plans are designed to support these strategic objectives and align remuneration outcomes with Horizon's short-term and long-term goals.

This Remuneration Report (Report) outlines the remuneration arrangements for the Key Management Personnel (KMP) of the Company for the financial year ended 30 June 2022. This Report forms part of the Directors' Report and has been audited in accordance with section 308(3)(c) of the Corporations Act 2001. The Report is structured as follows:

- [1] - Individuals covered by the Remuneration Report
- [2] - Executive remuneration framework
- [3] - Actual remuneration of executives
- [4] - Contractual arrangements for executives
- [5] - Performance and financial year remuneration outcomes
- [6] - Non-executive Director remuneration
- [7] - Statutory and share-based reporting

[1] - Individuals Covered by the Remuneration Report

The Group is required to prepare a Report in respect of KMP, those persons who have the authority and responsibility for planning, directing, and controlling the activities of the Company and the Group, either directly or indirectly, being:

- Directors; and
- Other Key Management Personnel

The table below outlines the KMP movements during the financial year:

NAME	TITLE	PERIOD AS KMP
DIRECTORS		
Mike Harding	Chairman (non-executive)	Full financial year
Chris Hodge ¹	Director (executive)	Until 30 June 2022
Gerrit de Nys ²	Director (non-executive)	Until 19 November 2021
Sandra Birkenleigh	Director (non-executive)	Full financial year
Greg Bittar	Director (non-executive)	Full financial year
Bruce Clement	Director (non-executive)	Full financial year
Nigel Burgess ³	Director (non-executive)	From 1 July 2021
Bruno Lorenzon	Alternate Director (non-executive)	Full financial year
OTHER KMP (EXECUTIVES)⁶		
Richard Beament ⁴	Chief Financial Officer/Company Secretary	Full financial year
Kylie Quinlivan ⁵	General Counsel/Company Secretary	Until 30 September 2021

¹ Mr Hodge retired as managing director and Chief Executive Officer effective 30 June 2022.

² Mr de Nys retired as non-executive director on 19 November 2021 at Horizon's 2021 Annual General Meeting.

³ Mr Burgess was appointed as a non-executive director effective 1 July 2021.

⁴ Mr Beament was appointed as managing director and Chief Executive Officer effective 1 July 2022.

⁵ Ms Quinlivan ceased to be a KMP and Company Secretary effective 30 September 2021.

⁶ Mr Gavin Douglas became a KMP on 1 July 2022 as a result of his appointment as the Group's Chief Operating Officer.

[2] - Executive Remuneration Framework

[2.1] - How does Horizon determine remuneration outcomes?

The objective of the Group's remuneration framework is to provide reward for performance that is competitive and appropriate for the results delivered. The Board, through its Remuneration and Nomination Committee, continues to review KMP remuneration arrangements to ensure they align with the Group's strategic objectives. The remuneration framework for executives is based on the following principles for guiding the Group's decisions regarding executive remuneration.

– **Good reward governance principles:**

- competitiveness and reasonableness;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

– **Alignment to shareholders' interests:**

- focuses on sustained growth in shareholder value; and
- attracts and retains high calibre executives capable of managing the Group's diverse international operations.

– **Alignment to program participants' interests:**

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

[2.2] - Remuneration policy and link to performance

The remuneration framework is designed to recognise performance during the financial year (Short-Term Incentives [STIs]) and maximise shareholder value (Long-Term Incentives [LTIs]). Executive remuneration is comprised of fixed and variable ("at risk") remuneration consisting of STIs and LTIs. The graph below sets out the proportion of fixed and variable remuneration mix of maximum incentive payments as a percentage of total remuneration. Annual incentives have been established to drive performance without encouraging undue risk taking. The remuneration mix for the financial year is shown in the table below.

Chief Executive Officer

C Hodge

Performance-based

Total Fixed Remuneration (TFR)	Maximum STI	Maximum LTI ¹
50%	25%	25%

Chief Financial Officer/ Company Secretary²

R Beament

Total Fixed Remuneration (TFR)	Maximum STI	Maximum LTI ¹
51%	38%	11%

1 Fair value of LTI determined at 1 July in accordance with the Long Term Incentive Plan.

2 During the period the Board resolved to amend Mr Beament's maximum STI opportunity to 75% of fixed remuneration with any resultant award being settled with 50% cash and 50% deferred equity. This was to remunerate for Mr Beament for assuming the role of Company Secretary during the period and in light of his appointment to Chief Executive Officer and Managing Director effective 1 July 2022.

[2.3] - Elements of remuneration

FIXED REMUNERATION (FR)

What is Fixed Remuneration?	Fixed Remuneration comprises 'Total Fixed Remuneration' (TFR), together with non-monetary benefits. TFR is base salary plus superannuation. Non-monetary benefits include car parking, insurances and other expenses inclusive of fringe benefits tax. Executive remuneration (which is set and paid in Australian Dollars [A\$]) and other terms of employment are reviewed annually by the Remuneration and Nomination Committee having regard to relevant comparative information.
Link to strategy and performance	Competitive TFR is paid to ensure that the Group can attract and retain suitable executives to deliver the strategic goals. Fixed Remuneration is reviewed annually by the Remuneration and Nomination Committee considering market data, scope of the Executive's role, expected skill, experience and qualification and individual performance.

SHORT-TERM INCENTIVE (STI)

Objective	The STI provides all Executives with an opportunity to earn an annual incentive which is paid in a combination of cash and deferred equity in the first quarter of the new financial year. The deferred equity element is subject to the specific terms of the executive's employment agreement which for FY22 applied to executives remaining with the Company. The STI award is determined by the Board following the end of the financial year having regard to Group performance over the financial year.
How is the STI linked to performance?	The STI is designed to motivate and reward Executives for contributing to the delivery of annual business performance. Key Performance Indicators (KPIs) are determined each financial year and approved by the Board. The Company's performance against these KPIs is reviewed annually.
How is performance measured for the STI?	Awards are made annually with performance measured over the twelve months to 30 June and are aligned to the attainment of the Company's Board approved KPIs for the relevant year. Awards under the plan are determined and paid in a combination of cash and deferred equity in the first quarter of the new financial year. The deferred equity element is subject to the specific terms of the executive's employment agreement which for FY22, actual performance against financial, non-financial and individual measures is assessed at the end of the financial year. In assessing the achievement of measures, the Remuneration and Nomination Committee may exercise its discretion to adjust outcomes for significant factors outside the control of management that contribute positively or negatively to results.
STI opportunity	Up to 50% of the FY22 CEO's TFR and up to 75% of the FY22 Chief Financial Officer's TFR. A deferred equity component has been adopted for executives remaining in the employment of the Company. The proportion of the STI opportunity paid in cash or deferred will depend on the employee's position in the Company. Deferring a proportion of the STI outcome into rights to Shares creates further alignment between the interests of shareholders and extends the focus beyond the short term.
How is STI deferred equity granted?	Any deferred component of STI awarded in relation to a financial year (Performance Year) will be delivered in the form of rights to acquire fully paid ordinary shares in the Company ('Shares') for nil consideration ('Deferred STI Rights').
How is the number of Deferred STI Rights determined?	The number of Deferred STI Rights granted in relation to any Performance Year will be determined by dividing the cash amount of the STI to be deferred by the volume weighted average price ('VWAP') of Shares for the final 10 trading days of the Performance Year (usually 10 trading days up to 30 June).
What are the performance conditions on the Deferred STI Rights?	Deferred STI Rights are designed to reward past performance and encourage retention. Once granted, ordinarily, no further performance conditions will attach to Deferred STI Rights other than the employee remaining in the Company's employment at the time of vesting.
Distribution and capital reorganisation	The number of Deferred STI Rights will be adjusted in the event of reorganisation of capital and a participant will be entitled to receive a distribution equivalent payment in the form of additional shares to the value of dividends the participant would have received during the deferral period. Deferred STI rights will not attract dividend and voting rights.
When and how do Deferred STI Rights vest?	Deferred STI Rights will vest (subject to Board discretion and satisfaction of any applicable condition) 100% after 12 months. Vesting periods will generally commence on 1 July of the year in which the Deferred STI Rights are granted. The Board may satisfy any Deferred STI Rights that vest by procuring that Shares are purchased on market and transferred or issue new Shares in the Company.
Clawback and Board discretion in relation to STI Rights	The Board retains a broad discretion to: <ul style="list-style-type: none"> • allow for accelerated vesting in special circumstances (e.g., death and incapacity); • determine that some or all unvested Deferred STI Rights will lapse if any situation arises that, in the Board's view should impact the assessment of performance. Such situations may include material misrepresentations and material misstatements in the Company's accounts; • allow for accelerated vesting in certain circumstances e.g. change of control event; and

- determine that any Deferred STI Rights that vest are settled in cash not Shares [subject to any ASX Listing Rule or Corporations Act requirements].

LONG-TERM INCENTIVE (LTI)

EXISTING LTI PLAN [SARS]	The existing LTI plan applies to LTI s awarded prior to 1 July 2022. It will not apply to the award of LTIs after 1 July 2022.
Objective	The LTI plan aims to align Executive remuneration with the creation of shareholder value.
How is the LTI linked to performance?	LTI vesting is linked to absolute Horizon share performance, and Horizon share performance relative to the S&P ASX 200 Energy Index.
Form of LTI grant?	<p>LTIs are awarded as performance rights, known as share appreciation rights (SARs).</p> <p>SARs vest over a three to five year period on fulfilment of two performance criteria: [1] Horizon's Total Shareholder Return (TSR) must exceed 10%; and [2] Horizon's TSR must equal or exceed the S&P ASX 200 Energy Index (Index), with the level of outperformance determining the proportion of SARs that vest.</p> <p>The SAR value on vesting is calculated as the difference between the Horizon share price at allocation, and the Horizon share price at exercise. The Company may settle the SAR value in cash or shares or a combination, in the Board's absolute discretion.</p>
What are the performance measures applied to the LTI?	<p>The Board considers that the absolute and relative TSR performance hurdles effectively align the interests of Executives with Horizon's shareholders, by motivating Executives to achieve superior outcomes. TSR is a robust and transparent means of measuring shareholder returns.</p> <p>SARs vest over a three to five-year period on fulfilment of two performance criteria:</p> <p>[1] Horizon's Total Shareholder Return (TSR) must exceed 10%; and</p> <p>[2] Horizon's TSR must equal or exceed the S&P ASX 200 Energy Index, whereby the proportion of SARs that vest is calculated as follows:</p> <ul style="list-style-type: none"> – if Horizon's TSR is equal to the Index, 50% vest; – if the Company's TSR is 14% or more above the Index, 100% vest; and – if Horizon's TSR is between the Index and 14% above the Index, a percentage vest based on a linear pro-rata calculation. <p>Performance 14% above the Index equates to a performance level likely to exceed the 75th percentile of market returns of companies in the Index (weighted by company size).</p>
Performance period?	SARs will first be tested for vesting at 3 years from award; and thereafter re-tested every 6 months until 5 years from award.
What is the LTI opportunity?	<p>The CEO has an LTI opportunity equal to 50% of TFR, and other Executives have an LTI opportunity equal to 21.4% of TFR. The LTI opportunity is prescribed by the Executives' employment contracts.</p> <p>The number of SARs issued to an Executive in a relevant year is calculated by dividing the monetary value of the Executive's LTI opportunity by the fair value of a SAR at allocation. The fair value of a SAR is determined by an independent expert each year using the Black-Scholes model.</p>
Treatment of incentives on cessation of employment	On cessation of an Executive's employment, the Board may exercise its discretion to: [1] lapse all or some of the Executive's SARs; or [2] determine that some or all of the Executive's SARs which have not become exercisable, become exercisable.
When do SARs lapse?	<p>SARs will lapse:</p> <ul style="list-style-type: none"> – where the SAR has not vested, 5 years after award or such longer period necessary for the Executive to freely deal in Horizon securities in accordance with the Securities Trading Policy; – the Board exercises its discretion to lapse the SARs on cessation of employment; – the Board exercises its discretion to lapse the SARs for serious misconduct or fraud by an Executive; or – the Executive provides a notice to Horizon that they wish the SARs to lapse.
Effect of take-over or change of control of Company, death or disablement	<p>In the event of a takeover or change of control event, the Board will either have the discretion or be required [if a change of control occurs] to determine a special retesting date for vesting of Executives' SARs.</p> <p>For example, the Board will have discretion to determine a special retesting date where a takeover bid is made for the Company. In that case, the special retesting date will be the date determined by the Board. Where a statement is lodged with the ASX that a person has become entitled to acquire more than 50% of the Company, the Board will be required to determine a special retesting date, and the special retesting date will be the day the statement is lodged with the ASX.</p>

The SARs will vest if the performance criteria are fulfilled in relation to that special retesting date.

**NEW LTI PLAN
(PERFORMANCE
RIGHTS)**

THE HORIZON OIL LIMITED PERFORMANCE RIGHTS PLAN (NEW LTI PLAN) WAS ADOPTED BY THE BOARD ON 15 JUNE 2022. THE FOLLOWING TABLE SETS OUT THE MATERIAL TERMS OF THE NEW LTI PLAN.

How is the LTI linked to performance?

The objective the Performance Rights granted pursuant to the New LTIP is to create a stronger link between eligible employees' performance and reward, increasing shareholder value via the proposed New LTIP. The New LTI Plan forms part of the Company's performance-based remuneration system and provides "at risk" incentives based on longer term Company performance.

Offer to participate in the Plan and consideration

The Board may from time to time make offers (each a **Plan Offer**) to an '**Eligible Person**' (being, any person who is an employee [including in full-time or permanent part-time employment] or a director of, or a person who provides services to, the Company or its related bodies corporate, or any other person so designated by the Board) to participate in the Plan and receive a right to be allocated a fully paid ordinary share in the Company (**Share**), subject to the rules of the Plan (**Share Right**).

A Plan Offer may be subject to such restrictions and conditions as the Board determines in its absolute discretion (including, in relation to the applicable expiry date, exercise period and performance criteria).

Unless otherwise stated in the Plan Offer, a participant in the Plan (**Participant**) is not required to pay for a grant of Share Rights or the allocation of Shares under a Plan Offer.

Participation in the Plan does not give the Participant a legal or beneficial interest in a Share prior to its allocation to the Participant, nor any entitlement to a Share, otherwise than in accordance with the Plan Offer and the rules of the Plan.

Grant of Share Rights

As soon as reasonably practicable following receipt by the Company of an Eligible Person's acceptance of a Plan Offer, the Company will, provided that the relevant person continues to be an Eligible Person, grant to the person the number of Share Rights the subject of the accepted Plan Offer.

Share Rights will not give a Participant any right to dividends or give a Participant a right to vote. However, Shares issued, transferred or allocated (as applicable) upon a relevant Participant exercising their vested Share Rights will convey the same rights to dividends and voting as Shares in the same class.

Term of Share rights

Subject to the terms of the Plan (including in relation to circumstances relating to cessation of employment), the '**Last Exercise Date**' (being, the latest date on which a Share Right may be exercised if the Share Right vests) and '**Plan Acceptable Date**' (being, the latest date on which the Company must receive a completed plan acceptance form from a relevant Participant), are determined by the Board in respect of each grant of Share Rights. The Share Rights granted have an expiry date no longer than 5 years.

Performance criteria applicable to Share Rights

The Board has a broad discretion to prescribe the conditions which must be satisfied or waived before a particular grant of Share Rights vests and becomes exercisable by the relevant Participant.

A Share Right may only be exercised if it is a vested Share Right and it has not lapsed in accordance with the terms of the Plan.

Exercise price on vested Share Rights

The Board may determine whether any exercise price must be paid by the participant on the exercise of vested Share Rights.

Allocation of Shares

If a relevant Participant opts to exercise vested Share Rights, the Company will allocate to the Participant the number of Shares to which the Participant is entitled by either (or a combination of) issuing new Shares to the Participant or procuring the transfer of Shares acquired on market to the Participant.

Cessation of Employment

In the case of an "Uncontrollable Events" (including death, permanent disablement, retirement, retrenchment, or such other circumstances which result in the Participant leaving the employment of the Company or any of its related bodies corporate and which the Board determines is an uncontrollable event) resulting in a Participant's cessation of employment, the Board may determine that any unvested Share Rights either lapse or become vested Share Rights.

If the Participant ceases employment other than because of an Uncontrollable Event, all of the Participant's unvested Share Rights will automatically lapse .

Lapse of Share Rights

Share Rights may lapse in other circumstances, including where the applicable performance criteria are not wholly satisfied by the time specified in the Plan Offer (unless otherwise specified in the Plan Offer), or where the Participant commits any act of fraud, defalcation or gross misconduct in relation to the Company's, or any of its related bodies corporate's affairs.

Change of Control	If a Change of Control Event occurs, or the Board determines in its absolute discretion that a Change of Control Event is likely to occur, subject to the performance criteria applicable to unvested Share Rights, the Board will determine the appropriate treatment regarding any unvested Share Rights, which may include waiving the relevant performance criteria, replacing unvested Share Rights with rights to Shares in a new controlling entity, or causing the unvested Share Rights to lapse .		
Re-organisation of capital, rights issue, dividend or other such event	Upon any re-organisation of the issued ordinary capital of the Company, the number of Share Rights, or the number of Shares allocated on the exercise of the Share Rights, or both will be reconstructed or adjusted to the extent necessary to comply with, and in accordance with, the ASX Listing Rules applying to a re-organisation of capital at the time of the reorganisation (as their application in the circumstances is affected by any waiver granted by ASX).		
Key Terms of the Share Rights issued onwards from 1 July 2022	The table below sets out the material terms of Share Rights issued under the New LTIP. Share Rights issued to Richard Beament are subject to shareholder approval at the 2022 AGM.		
Start Date	1 July 2022		
Last Exercise Date	30 June 2027		
Share Price Hurdle	TRANCHE	SHARE PRICE HURDLE (A\$)	EXPIRY DATE
	Tranche A Rights	0.13	30 June 2027
	Tranche B Rights	0.16	30 June 2027
	Tranche C Rights	0.18	30 June 2027
	Tranche D Rights	0.20	30 June 2027
	Each tranche of Share Rights vests independently of each other tranche of Share Rights. The Share Price Hurdles are subject to the following adjustments: <ul style="list-style-type: none"> the relevant Share Price Hurdle will be increased by 10% on each anniversary of the Start Date, commencing on the third anniversary of the Start Date. the relevant Share Price Hurdle will be decreased by an amount determined by the Board (in its absolute discretion) to account for any dividends or return of capital; and the relevant Share Price Hurdle will be increased or decreased (as applicable) by an amount determined by the Board (in its absolute discretion) to account for any share consolidation or other re-organisation of capital of the Company. 		
Performance Criteria	Each tranche of Share Rights will vest on the first and any relevant subsequent date following 1 July 2022 upon satisfaction of the following conditions: <ul style="list-style-type: none"> the price per share meets or exceeds the relevant Share Price Hurdle at the close of trade (each, a Relevant Gateway Date); the volume weighted average price of the shares on the ASX for the preceding 1-month period meets or exceeds the relevant Share Price Hurdle at close of trading on the date that is one year thereafter each Relevant Gateway Date (each, a Relevant Anniversary Date); Shares traded in the twelve-month period from the Relevant Gateway Date to the Relevant Anniversary Date at or above the relevant Share Price Hurdle have a cumulative market value (assessed at the time each trade was made) of \$25,000,000 or more; and the recipient remains an employee of the Company on the vesting date. 		
	Accordingly, the Share Rights granted in respect of each Tranche may be tested in relation to more than one period (ie in respect of successive Relevant Gateway Dates and associated Relevant Anniversary Dates) and, subject to the terms of the Plan and the Plan Offer, will vest in their entirety on the earliest Relevant Anniversary Date on which all of the vesting conditions noted above are satisfied.		
Share Right Exercise Price	Nil		

Expiry of exercise period

If a Share Right vests, then the Share Right may be exercised at any time up to the date which is the earlier of:

- three years after the Share Right vested; and
 - the date on which a Change of Control Event occurs or the date on which the Board makes a determination that a Change of Control Event is likely to occur.
-

[2.4] - Associated policies

The Group has adopted several policies to support remuneration framework and governance, including the Securities Trading Policy, Continuous Disclosure Policy and the Corporate Code of Conduct. These policies are available on the Group's website www.horizonoil.com.au.

[3] - Actual Remuneration of Executives

Disclosing actual pay provides shareholders with additional information to assist in understanding the cash and other benefits received by Executives in respect of a financial year. This information differs from the remuneration details prepared in accordance with statutory obligations and accounting standards on pages 40 – 41 of this Report, as those details include the values of performance rights that have been awarded, but which may or may not vest. The information provided below is not prescribed by Australian Accounting Standards and represents the actual remuneration payable to KMP in respect of this financial year. See Statutory and share based reporting (Section 7) of this Report for statutory remuneration disclosures that have been prepared in accordance with the Australian Accounting Standards. The table below excludes the accounting expenses of equity grants and other long-term benefits such as annual and long service leave awards and sets out the actual value of remuneration received by executive KMP in connection with the financial year.

Actual remuneration received in respect of the financial year

EXECUTIVE		TOTAL FIXED REMUNERATION (INCL. SUPERANNUATION) US\$	NON- MONETARY BENEFITS US\$	STI AMOUNTS US\$ ¹	VALUE DEFERRED STI RIGHTS US\$	LTI AWARDS ²	TOTAL
C Hodge ³	2022	452,243	55,256	171,261	-	-	678,760
	2021	463,934	32,135	186,897	-	-	682,966
R Beament ⁴	2022	333,993	12,040	94,862	94,862	-	535,757
	2021	330,790	15,313	59,077	-	-	405,180
K Quinlivan ⁵	2022	78,652	5,683	-	-	175,580	259,915
	2021	318,267	5,985	54,876	-	-	379,128
K Bramley ⁶	2022	-	-	-	-	-	-
	2021	254,622	12,306	44,109	-	-	311,037
Total	2022	864,888	72,979	266,123	94,862	175,580	1,474,432
	2021	1,367,613	65,739	344,959	-	-	1,778,311

¹ Includes STIs payable in respect of the current financial period performance.

² LTI awards that vested and were exercised during the financial year.

³ Mr Hodge retired as managing director and Chief Executive Officer effective 30 June 2022.

⁴ During the period the Board resolved to amend Mr Beament's maximum STI opportunity to 75% of fixed remuneration with any resultant award being settled with 50% cash and 50% deferred equity. The above STI Amount of US\$94,862 represents the cash component with a further entitlement to an equivalent share component (Deferred STI rights) which will be settled in shares 12 months after 30 June 2022, subject to meeting certain vesting conditions.

⁵ Ms Quinlivan ceased to be a KMP and Company Secretary effective 30 September 2021.

⁶ Mr Bramley ceased to be a KMP on 19 May 2021.

[4] - Contractual Arrangements for Executives

Remuneration and other terms of employment for the Executives are formalised in employment contracts.

The key terms of the contractual arrangements for the CEO are summarised below:

COMPONENT	CONTRACT TERM	EXPIRY DATE	NOTICE PERIOD EMPLOYEE	NOTICE PERIOD GROUP
Chief Executive Officer C Hodge	Ongoing basis	No expiration date	6 months	6 months
Termination of employment (without cause)		Payment of termination benefit on termination without cause by the Company, equal to the total of: <ul style="list-style-type: none"> for 1 year or less continuous service, 3 months' total fixed remuneration; for between 1 year and 2 years continuous service, 6 months' total fixed remuneration; and for more than 2 years continuous service, 12 months' total fixed remuneration. Board has discretion to permit the SARs not yet exercised to lapse or accelerate the date on which the SARs become exercisable.		
Termination of employment (with cause)		STI is not awarded. Board has discretion to lapse all SARs.		

The key terms of the contractual arrangements for the other Executive KMPs are summarised below:

COMPONENT	CONTRACT TERM	EXPIRY DATE	NOTICE PERIOD EMPLOYEE	NOTICE PERIOD GROUP
Other Executives	Ongoing basis	No expiration date	3 months	6 months
Termination of employment (without cause)		Payment of termination benefit on termination without cause by the Company, equal to 6 months remuneration. 50% of the value of any STI paid to the Executive in the preceding 12 months. 50% of the value of any LTI awards granted or paid in the preceding 12 months. Board has discretion to cause the SARs not yet exercised to lapse or accelerate the date on which the SARs become exercisable.		
Termination of employment (with cause)		STI is not awarded. Board has discretion to lapse all SARs.		

Subsequent to year end and with effect from 1 July 2022, Mr Beament was appointed MD/CEO of the Company and the key terms of the revised contractual arrangement for Mr Beament is summarised below:

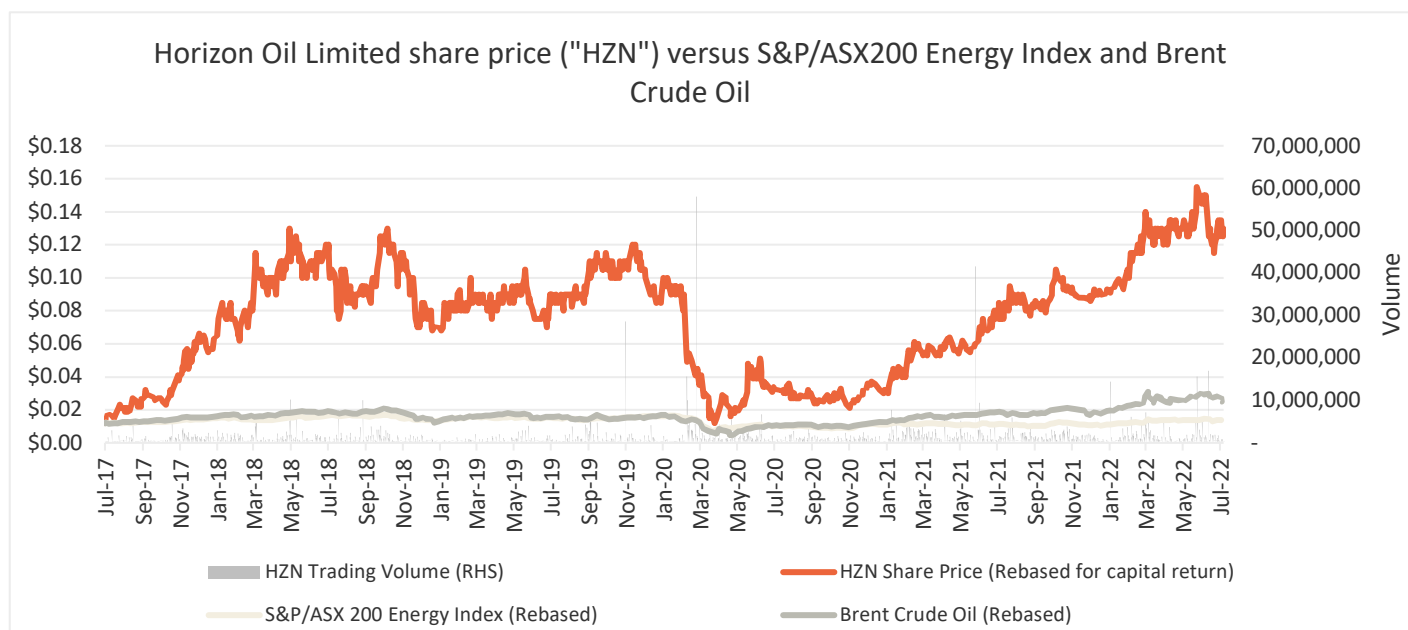
COMPONENT	CONTRACT TERM	EXPIRY DATE	NOTICE PERIOD EMPLOYEE	NOTICE PERIOD GROUP
Chief Executive Officer	Ongoing basis	No expiration date	6 months	6 months
Termination of employment (without cause)		Payment of termination benefit on termination without cause by the Company, equal to 6 months remuneration. Pro rata STI award based on Board's reasonable assessment of Mr Beament's performance and period of employment during that STI year. Entitlement to any previously granted LTIP award to be dealt with in accordance with LTIP rules and the terms of offer.		
Termination of employment (with cause)		STI is not awarded. Board has discretion to lapse all LTIP awards (SARs and Performance Rights).		

[5] - Group Performance and Financial Year Remuneration Outcomes

[5.1] - Overview of Horizon performance

The Board aligns remuneration and performance by using 'at risk' remuneration, including STI's and LTI's. Award of STIs is dependent on overall company performance and the vesting of LTIs (SARs) occurs on fulfilment of absolute Horizon Total Shareholder Return (TSR), and Horizon TSR relative to the S&P/ASX200 Energy Index.

Horizon share price performance for the current and previous four financial years is displayed in the chart below:



The table below sets out information regarding the Group's performance over the last five years as required by the Corporations Act.

	FY22	FY21 ¹	FY20 ¹	FY19	FY18
Profit/(loss) before tax (US\$'000)	42,739	5,178	27,300	48,409	[1,580]
EBITDAX (US\$'000)	73,008	36,391	51,392	93,012	68,482
Net cash/(debt) (US\$'000)	42,849	31,696	489	[27,959]	[88,608]

¹ The profit/(loss) before tax and EBITDAX information for the 2020 and 2021 financial years excludes profit and loss from discontinued operations as reported in the consolidated statement of profit and loss.

[5.2] - Performance against STI measures for the financial year

The Executive's STI opportunity is calculated with reference to achievement of KPI targets based on a weighted scorecard approach. The following table sets out the performance conditions for the STI and their rationale for the financial year.

	KEY FOCUS AREAS	OBJECTIVE AND MEASUREMENT	RATIONALE	STATUS
FINANCIAL	Financial Metrics & Profitability	Achievement of budgeted revenue, operating costs and cashflow across the Block 22/12 and Maari/Manaia fields	Maintain and enhance operating income streams	Exceed
			Maximise profitability and cashflow	Exceed
		Maintain average Group operating costs and maintain low corporate general and administrative expenditure	Effective cost control	Exceed
OPERATIONAL	Production Optimisation	Achieve budgeted production	Maximise profitability and cashflow	Achieved
BUSINESS DEVELOPMENT	Organic growth and an opportunistic approach to inorganic growth	Focus on organic growth opportunities resulting in reserve additions	Ensure sustainability of the business and cashflow whilst creating value for shareholders	Exceed
SAFETY	HSSE	Achievement of TRIFR below NOPSEMA industry average across Horizon's assets	Promote safe operations with a safe workplace for employees	Achieved
PEOPLE, CULTURE & SUSTAINABILITY	People & Culture	Attracting the right skills and retaining key staff	Ensure Company has the necessary resources to achieve strategic objectives	Exceed
	Sustainability	Deliver on requirements of Horizon's sustainability roadmap, with enhanced reporting in accordance with TCFD guidelines	Sustainability awareness; make the right kind of impact	Achieved

Based on the KPI scorecard approved by the Board in respect of the financial year, Executives were eligible for a possible STI award equal to 80% of their total STI opportunity.

The table below shows the STIs awarded during the financial year:

EXECUTIVE	TOTAL OPPORTUNITY US\$ ¹	% OF FIXED REMUNERATION	% AWARDED	% FORFEITED
C Hodge	214,076	50%	80%	20%
R Beament²	237,154	75%	80%	20%

- 1 The STI opportunity is calculated by translating the Executives Australian Dollar denominated TFR to United States Dollars at the prevailing spot rate on 30 June 2022.
- 2 During the period the Board resolved to amend Mr Beament's maximum STI opportunity to 75% of fixed remuneration with any resultant award being settled with 50% cash and 50% deferred equity. This was to remunerate for Mr Beament for assuming the role of Company Secretary during the period and in light of his appointment to Chief Executive Officer and Managing Director effective 1 July 2022.

[5.3] - Performance against LTI measures for the financial year

Horizon's share price performance for the current and previous four financial years is displayed in the chart under section 5.1 of this Report.

LTI awarded in respect of FY22	LTI awards for Executives are made at the beginning of the financial year. During calendar year 2021, LTIs were awarded to Executives in respect of FY22. LTI awards were in the form of SARs. For FY22, each SAR had a fair value of A\$0.0535, calculated by an independent expert using the Black-Scholes model. The Horizon share price at allocation (known as ‘strike price’) was A\$0.103.					
LTI quantum for FY22	The table below shows the financial year LTI grants.					
	EXECUTIVE	% OF TFR	NUMBER OF SARS GRANTED DURING FY22	VALUE OF SARS AT EFFECTIVE ALLOCATION DATE¹	NUMBER OF SARS VESTED DURING FY22	NUMBER OF SARS LAPSED DURING FY22
	C Hodge	50%	5,808,411	233,252	-	-
	R Beament	21.4%	1,836,000	73,729	1,318,690	-
	K Quinlivan	21.4%	-	-	4,553,298	1,113,561
	¹ The value of a SAR at allocation (1 July 2021) is calculated in accordance with AASB 2 ‘Share-based Payment’ of SARs.					
Awards vesting in FY22	During the year 5,871,988 SARs held by KMP’s vested and 4,553,298 SARs were exercised. The exercised SARs were settled in cash with consideration of A\$0.03746 per SAR.					

[6] - Non-Executive Director Remuneration

NEDs are paid fees for services on the Board and committees and do not receive any performance-related incentives and no retirement benefits are provided other than superannuation contributions. The Remuneration and Nomination Committee reviews fees annually and the Board may also seek advice from external advisers when undertaking the review process.

NED fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. Shareholders approved the current fee pool limit of A\$600,000 at the 2009 Annual General Meeting. These fees have not changed in A\$ terms for the last eight years. Note that the remuneration table set out on page 40 shows remuneration in US\$ in line with the Group's functional currency.

The table below shows the levels for NEDs (exclusive of superannuation) for FY22.

FEES	DESCRIPTION	PER ANNUM
Board Fees	Chair	A\$162,365
	Other Non-executive Directors	A\$81,183

There were no additional fees paid to NEDs during the financial year for being members of the Board committees. The NEDs are reimbursed for expenses reasonably incurred in attending to the affairs of the Company. There are no retirement allowances in place for NEDs.

[7] - Statutory and share based reporting

[7.1] - Director remuneration for the financial year

The following table sets out the statutory disclosures required under the *Corporations Act 2001 (Cth)* and in accordance with Australian Accounting Standards remuneration for Directors for the years ended 30 June 2022 and 30 June 2021.

FINANCIAL YEAR ENDED 30 JUNE 2022 AND 2021		SHORT-TERM BENEFITS	POST-EMPLOYMENT BENEFITS	TOTAL ⁵
		CASH SALARY / BOARD FEES US\$	SUPERANNUATION ⁴ US\$	US\$
NON-EXECUTIVE DIRECTOR				
M Harding	2022	117,150	11,715	128,865
	2021	121,945	11,585	133,530
G de Nys ¹	2022	24,826	2,483	27,309
	2021	60,973	5,792	66,765
S Birkenleigh	2022	58,576	5,858	64,434
	2021	60,973	5,792	66,765
G Bittar ²	2022	58,576	5,858	64,434
	2021	60,973	5,792	66,765
B Clement	2022	58,576	5,858	64,434
	2021	51,294	4,873	56,167
N Burgess ³	2022	64,434	-	64,434
	2021	-	-	-
Total Director remuneration	2022	382,138	31,772	413,910
	2021	356,158	33,834	389,992
Total Director remuneration(A\$)	2022	520,923	52,092	573,015
	2021	475,739	45,195	520,934

¹ Mr de Nys retired as non-executive director at Horizon's 2021 Annual General Meeting.

² Mr Lorenzon, as alternate Director to Mr Bittar, received no fees during the current and prior financial periods.

³ Mr Burgess was appointed as a non-executive director effective 1 July 2021. Mr Burgess's gross fees are paid to Samuel Terry Asset Management (Pty) Ltd.

⁴ Superannuation includes both compulsory superannuation payments and salary sacrifice payments made on election by Directors.

⁵ Remuneration is paid in Australian dollars and converted to US dollars at the foreign exchange rate prevailing on the date of the transaction.

[7.2] - Statutory details of other key management personnel remuneration for the financial year

The table below outlines the remuneration of other key management personnel for the years ended 30 June 2022 and 30 June 2021.

FINANCIAL YEAR ENDED 30 JUNE 2022 AND 2021	OTHER KEY MANAGEMENT PERSONNEL	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS		TOTAL CASH OR IN-KIND BENEFIT	LONG-TERM BENEFITS	SHARE BASED PAYMENTS	TOTAL
		CASH SALARY & FEES	STIs	NON- MONETARY ¹	SUPERAN NUATION ²	TERMINA TION BENEFIT		LONG SERVICE LEAVE ACCRUAL ³	SARs ⁴	
C Hodge⁶ Chief Executive Officer	2022	431,502	171,261	55,256	14,303	285,434	957,756	-	77,680	1,035,436
	2021	447,740	186,897	32,135	16,194	-	682,966	-	-	682,966
R Beament⁹ Chief Financial Officer	2022	319,069	94,862	12,040	17,164	-	443,135	[21,379]	69,560	491,316
	2021	312,128	59,077	15,313	18,662	-	405,180	6,311	68,680	480,171
K Quinlivan⁷ General Counsel	2022	60,466	-	5,683	5,073	-	71,222	-	57,069	128,291
	2021	299,605	54,876	5,985	18,662	-	379,128	-	57,997	437,125
K Bramley⁸ GM, Commercial & Business Dev	2022	-	-	-	-	-	-	-	-	-
	2021	238,199	44,109	12,306	16,423	-	311,037	4,612	51,231	366,880
Total KMP remuneration	2022	811,037	266,123	72,979	36,540	285,434	1,472,113	[21,379]	204,309	1,655,043
	2021	1,297,672	344,959	65,739	69,941	-	1,778,311	10,923	177,908	1,967,142
Total KMP remuneration (A\$)	2022	1,113,031	386,300	100,292	50,087	414,333	2,064,043	[29,380]	283,393	2,318,056
	2021	1,739,601	458,845	88,067	93,777	-	2,380,290	14,632	250,964	2,645,886

¹ non-monetary benefits include the value of car parking, insurances, accommodation and other expenses inclusive of Fringe Benefits Tax ("FBT").

² Superannuation includes both compulsory superannuation payments and salary sacrifice payments made on election by Directors and KMPs

³ Reflects the movement in the long service accrual between respective reporting dates.

⁴ Reflects the value at effective allocation date (converted to US dollars at the foreign exchange rate prevailing at that date) of previously unvested options/SARs which vested during the financial year.

⁵ Remuneration is paid in Australian dollars and converted to US dollars at the foreign exchange rate prevailing on the date of the transaction.

⁶ Mr Hodge retired as managing director and Chief Executive Officer effective 30 June 2022. Mr Hodge has agreed to assist in an orderly transition of his executive responsibilities to Mr Beament until 31 October 2022. Mr Hodge will receive his ordinary fixed remuneration during the transitional period and will receive a final payment of \$285,434 for residual contract entitlement including a payment in lieu of notice. At 31 October 2022 any unvested SARs held by Mr Hodge will lapse.

⁷ Ms Quinlivan tendered her resignation and cease to be a KMP and Company Secretary effective 30 September 2021.

⁸ K Bramley was issued notice of redundancy on 19 May 2021 where he ceased to be a KMP.

⁹ During the period the Board resolved to amend Mr Beament's maximum STI opportunity to 75% of fixed remuneration with any resultant award being settled with 50% cash and 50% deferred equity. The above US\$94,862 represents the cash component with a further entitlement to an equivalent share component which will be settled in shares 12 months after 30 June 2022.

[7.3] - Shareholding of key management personnel

Shareholding

The following tables detail the number of shares held by KMP, either directly or indirectly or beneficially during the reporting period ended 30 June 2022:

KMP	Opening Balance 30 June 2022	Acquired during FY22	Disposed of during FY22	Received during financial year on the exercise of options	Closing Balance 30 June 2022
DIRECTORS					
M Harding	-	500,000	-	-	500,000
C Hodge	-	1,000,000	-	-	1,000,000
G de Nys	2,203,639	-	[1,500,000]	-	703,639
S Birkenleigh	-	-	-	-	-
G Bittar	-	1,000,000	-	-	1,000,000
B Clement	-	-	-	-	-
N Burgess¹	314,212,423	-	-	-	314,212,423
OTHER KMP					
R Beament	38,184	62,000	-	-	100,184
K Quinlivan	-	-	-	-	-

¹ Mr Burgess is a Director of Samuel Terry Asset Management Pty Ltd, the Trustee and Investment Manager of Samuel Terry Absolute Return Fund which holds the 314,212,423 shares.

Long Term Incentives (Share Appreciation Rights)

The following tables detail the number of SARs held by KMP, either directly or indirectly or beneficially during the reporting period ended 30 June 2022:

KMP	BALANCE AT START OF FINANCIAL YEAR	GRANTED AS REMUNERATION DURING FINANCIAL YEAR	EXERCISED DURING FINANCIAL YEAR	LAPSED DURING FINANCIAL YEAR	BALANCE AT END OF FINANCIAL YEAR	VESTED AND EXERCISABLE AT END OF FINANCIAL YEAR	UNVESTED
C Hodge¹	-	5,808,411	-	-	5,808,411	-	5,808,411
R Beament	6,710,753	1,836,000	-	-	8,546,753	1,318,690	7,228,063
K Quinlivan	5,666,859	-	[4,553,298]	[1,113,561]	-	-	-

¹ Mr Hodge retired as managing director and Chief Executive Officer effective 30 June 2022. Mr Hodge has agreed to assist in an orderly transition of his executive responsibilities to Mr Beament until 31 October 2022 upon which time any unvested SARs will lapse.

Option holdings

No listed or unlisted options in the Company were held during the current or prior financial year by Directors and other KMP, including their personally related entities.

[7.4] - Securities Trading Policy

The Group's Securities Trading Policy applies to all Directors, other Executives, employees and their related parties and sets out the procedures and principles that apply to trading in Horizon Oil Limited securities. A copy of the Securities Trading Policy is available on the Company website www.horizonoil.com.au/governance.

[7.5] - Other transactions with KMP

Other than as noted above, there are no other transactions between any of the KMP with any of the companies which are related to or provide services to the Group unless disclosed in this Report.

There were no loans to any of the KMP during the financial year.

[7.6] - Additional statutory information

Terms and conditions of the share-based arrangements

The terms and conditions of each grant of SARs presently on issue affecting remuneration for Executive KMP in the previous, current or future reporting periods are as follows:

EFFECTIVE ALLOCATION DATE	ESTIMATED EXPIRY DATE	EXERCISE PRICE ³	STRIKE PRICE ¹	VALUE PER SAR AT EFFECTIVE ALLOCATION DATE ²	DATE EXERCISABLE
01/07/2017	01/07/2022	Nil	A\$0.0153	A\$0.0197	100% after 20/10/2020 ⁴
01/07/2018	01/07/2023	Nil	A\$0.1139	A\$0.0730	100% after 20/10/2021 ⁴
01/07/2019	01/07/2024	Nil	A\$0.0754	A\$0.0576	100% after 20/10/2022 ⁴
01/07/2020	01/07/2025	Nil	A\$0.033	A\$0.0264	100% after 20/10/2023 ⁴
01/07/2021	01/07/2026	Nil	A\$0.073	A\$0.0535	100% after 20/10/2024 ⁴

¹ The 'strike price' for SARs is the 10-day volume weighted average price for Horizon shares at effective allocation date. Following shareholder approval of a A\$ 3 cent capital return, at an extraordinary general meeting on 10 August 2021, the strike prices of SARs on issue have been reduced by A\$ 3 cents. The strike prices above reflect this reduction.

² The value per SAR at effective allocation date is determined by an independent expert.

³ No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR.

⁴ SARs will become exercisable subject to meeting vesting or performance conditions. See summary in section 2.

The amounts disclosed for the remuneration of Directors and other KMP include the assessed fair values of SARs granted during the financial year, at the effective date of allocation. Fair values have been assessed by an independent expert using a Monte Carlo simulation. Factors taken into account by this model include the 'strike price', the term of the SAR, the current price and expected price volatility of the underlying Horizon shares, the expected dividend yield and the risk-free interest rate for the term of the SAR [refer below]. The value attributable to SARs is allocated to particular periods in accordance with AASB 2 'Share-based Payment' and also with the guidelines issued by the Australian Securities and Investments Commission ('ASIC') which require the value of a SAR at effective allocation date to be allocated equally over the period from the effective allocation date to the end of the vesting period, unless it is probable that the individual will cease service at an earlier date and the Board will determine that such persons SARs lapse.

The model inputs for each grant of SARs during the financial year ended 30 June 2022 included:

Effective allocation date	1 July 2021
Estimated expiry date	1 July 2026
Exercise price	Nil ¹
'Strike price', being the 10-day VWAP of Horizon shares at effective allocation date	A\$0.103
Expected price volatility	55% p.a.
Risk free rate	0.72% p.a.
Expected dividend yield	0.00% p.a.

¹ No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR.

Details of remuneration –SARs

For each grant of SARs currently on issue to KMP in the current or prior financial years which results in an amount being disclosed in the Remuneration Report as a share-based payment to KMP for the financial year, the percentage of the grant that vested in the financial year and the percentage that was forfeited because the person did not meet the vesting or performance conditions is set out below. The SARs may vest after three years, subject to the performance conditions being met. No SARs will vest if the performance conditions are not fulfilled, therefore the minimum value of SARs yet to vest is US\$Nil. The maximum value of the SARs yet to vest has been determined as the amount of the fair value of the SARs at the effective allocation date that is yet to be expensed.

SARs					
NAME	FINANCIAL YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEAR IN WHICH SARs MAY VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST ¹ US\$
R Beament	2019	100%	-	Fully vested	-
	2020	-	-	30/06/2023	-
	2021	-	-	30/06/2024	22,576
	2022	-	-	30/06/2025	49,175
C Hodge	2022	-	-	30/06/2025	155,359
FORMER KMP					
K Quinlivan	2019	-	100%	Lapsed	-
	2020	100%	-	Exercised	-
	2021	100%	-	Exercised	-
M Sheridan	2018	100%	-	Fully vested	-
	2019	100%	-	Fully vested	-
	2020	-	-	30/06/2023	-
A Fernie	2018	100%	-	Fully vested	-
B Emmett	2018	100%	-	Fully vested	-

¹ The above values have been converted to dollars at the exchange rate prevailing on the date of the grant of the SARs.

Distributions

On 25 August 2022, the Company announced total distributions of AUD 3 cents per share comprising an AUD 1.65 cent per share unfranked (conduit foreign income) dividend and an AUD 1.35 cent per share return of capital, which is subject to shareholder approval. The Company will hold an Extraordinary General Meeting (EGM) on 7 October 2022 seeking shareholder approval for the capital return.

Insurance of Officers

During the financial year, Horizon Oil Limited paid a premium to insure the Directors and secretaries of the Company and related bodies corporate. The insured liabilities exclude conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage. The contract prohibits the disclosure of the premium paid.

The officers of the Company covered by the insurance policy include the Directors and secretaries, and other officers who are Directors or secretaries of subsidiaries who are not also Directors or secretaries of Horizon Oil Limited.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

Non-Audit Services

The Company may decide to employ PricewaterhouseCoopers on assignments additional to its statutory audit duties where the external auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the financial year are set out below.

The Board of Directors has considered the position and, in accordance with the written advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for external auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the external auditor, as set out below, did not compromise the external auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the external auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Australian Professional Ethical Standards 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Remuneration of external auditors

	CONSOLIDATED	
	2022 US\$	2021 US\$
During the financial year, the following fees were paid or payable for services provided by the external auditor of the parent entity and its related practices:		
1. PWC AUSTRALIA		
Audit and other assurance services		
Audit and review of financial reports	161,925	159,509
Other assurance services	24,186	11,822
Total remuneration for audit and other assurance services	186,111	171,331
Taxation services		
Tax compliance ¹	-	9,819
Total remuneration for taxation services	-	9,819
2. NON-PWC AUDIT FIRMS		
Audit and other assurance services	-	10,567
Total remuneration for audit and other assurance services	-	10,567
Total auditors' remuneration	186,111	191,717

¹ Remuneration for taxation services has been recorded on a gross basis; some of these fees were for services provided to PNG operated joint ventures.

External Auditor's Independence Declaration

A copy of the external auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 47.

Rounding of Amounts to The Nearest Thousand Dollars

The amounts contained in this report, and in the financial report, have been rounded under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity of the kind to which the Class Order applies, and accordingly amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

External Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.



M Harding
Chairman



R Beament
Chief Executive Officer

Sydney
25 August 2022



Auditor's Independence Declaration

As lead auditor for the audit of Horizon Oil Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Horizon Oil Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'SRugers'.

Sean Rutgers
Partner
PricewaterhouseCoopers

Sydney
25 August 2022

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Independent auditor's report

To the members of Horizon Oil Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Horizon Oil Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$1,460,000, which represents approximately 2% of the Group's EBITDA after adjusting for exploration and development expenses and impairment (adjusted EBITDA). We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose adjusted EBITDA because, in our view, it is the benchmark against which the performance of the Group is most commonly measured and is a generally accepted benchmark. We determined that a 2% threshold was appropriate based on our professional judgement, noting it is within the range of commonly acceptable thresholds. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. Our audit focused on the joint arrangements in place for the oil producing operations in New Zealand and China and the Group's corporate head office in Sydney. The Group uses an internal expert to perform an assessment of the restoration provision on an annual basis. Our scope included assessing the work of the internal expert. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matter to the Audit and Risk Committee: <ul style="list-style-type: none"> Restoration provision This is further described in the <i>Key audit matters</i> section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
<p>Restoration provision (Refer to note 19)</p> <p>During the year there has been a change in the New Zealand legislation around restoration of oil and gas offshore sites which requires the Group to reassess its estimates in relation to the restoration provision.</p> <p>Separately, the China operations have commenced production at the WZ 12-8E oil field during the year. Therefore, a restoration provision in relation to the demobilisation of the new production platform has been recognised for the first time.</p> <p>There is a level of subjectivity involved in determining the required restoration activities and the related costs. Moreover, there are also estimates of inflation and discount rates used within the calculation to arrive at the present value of the provision. Hence, due to the multiple assumptions and the estimation uncertainty associated with the overall calculation, it has been considered as a key audit matter.</p>	<p>We have performed the following procedures amongst others:</p> <ul style="list-style-type: none"> Assessed the changes in the key components of cost from the previous year estimate. Re-calculated the balance of the estimate as per the Group's valuation model. Assessed the significant assumptions used in the valuation model i.e., the discount rate and the inflation rate and compared these to the available market information. Assessed the competence and experience of the internal expert. Assessed the reasonableness of the relevant disclosures against the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 28 to 44 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Horizon Oil Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'S Rutgers'.

Sean Rutgers
Partner

Sydney
25 August 2022

DIRECTORS' DECLARATION

In the directors' opinion:

- (A) the financial statements and notes are in accordance with the Corporations Act 2001 including:
- (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (B) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.



M Harding
Chairman



R Beament
Chief Executive Officer

Sydney
25 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		CONSOLIDATED	
	NOTE	2022 US\$'000	2021 US\$'000
REVENUE	4	108,133	63,571
Cost of sales	5	[57,365]	[47,126]
Gross profit		50,768	16,445
Other income	4	1	817
General and administrative expenses	5	[3,341]	[3,836]
Insurance expense	5	[1,944]	[1,950]
Exploration and development expenses	5	[810]	[2,073]
Gain on remeasurement of derivative financial instruments	5	977	1,413
Finance costs – interest, transaction costs, other	5	[1,998]	[2,038]
Finance (costs)/income – unrealised movement in value of options	5	-	[2,930]
Restructuring expense	5	-	[378]
Other expenses	5	[914]	[292]
Profit before income tax		42,739	5,178
NZ royalty tax expense	6a	[3,549]	[1,274]
Income tax benefit/[expense]	6b	[14,864]	958
Profit from continuing operations		24,326	4,862
Profit from discontinued operations	27b	-	3,147
Profit for the financial year		24,326	8,009
OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS			
Changes in the fair value of cash flow hedges		6	982
Total comprehensive income for the financial year		24,332	8,991
Profit attributable to:			
Security holders of Horizon		24,326	8,009
Profit for the financial year		24,326	8,009
Total comprehensive income attributable to:			
Security holders of Horizon		24,332	8,991
Total comprehensive income for the financial year		24,332	8,991
Earnings per share for profit attributable to ordinary equity holders of Horizon:		US cents	US cents
Basic earnings per ordinary share	39a	1.54	0.61
Diluted earnings per ordinary share	39b	1.49	0.49
Basic earnings per ordinary share from continuing operations	39c	1.54	0.37
Diluted earnings per ordinary share from continuing operations	39d	1.49	0.30

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	CONSOLIDATED	
		2022 US\$'000	2021 US\$'000
CURRENT ASSETS			
Cash and cash equivalents	7	44,086	44,436
Receivables	8	18,087	13,982
Inventories	9	4,183	2,555
Current tax receivable	11	763	1,005
Derivative financial instruments	10	162	1,413
Other assets	11	420	564
Intangible assets	12	1,202	1,296
Total current assets		68,903	65,251
NON-CURRENT ASSETS			
Deferred tax assets	13	6,618	8,700
Plant and equipment	14	62	501
Oil and gas assets	15	106,879	112,338
Total non-current assets		113,559	121,539
Total assets		182,462	186,790
CURRENT LIABILITIES			
Payables	16	26,350	16,405
Current tax payable	17	9,087	1,774
Borrowings	18	1,177	10,939
Derivative financial instruments	10	156	-
Total current liabilities		36,770	29,118
NON-CURRENT LIABILITIES			
Payables	16	111	181
Deferred tax liabilities	20	13,038	14,808
Borrowings	18	-	1,196
Provisions	19	33,317	31,212
Total non-current liabilities		46,466	47,397
Total liabilities		83,236	76,515
Net assets		99,226	110,275
EQUITY			
Contributed equity	21	159,343	194,114
Reserves	22a	12,093	12,697
Accumulated losses	22b	[96,536]	[96,536]
Profit reserve	22c	24,326	-
TOTAL EQUITY		99,226	110,275

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

CONSOLIDATED		ATTRIBUTABLE TO MEMBERS OF HORIZON				
		CONTRIBUTED EQUITY	RESERVES	ACCUMULATED LOSSES	PROFIT RESERVE	TOTAL EQUITY
	NOTE	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
BALANCE AS AT 1 JULY 2020		174,801	12,599	[104,545]	-	82,855
Profit for the financial year	22(b)	-	-	8,009	-	8,009
Changes in the fair value of cash flow hedges	22(a)	-	982	-	-	982
Total comprehensive loss for the financial year		-	982	8,009	-	8,991
Transactions with owners in their capacity as equity holders:						
Employee share-based payments expense	22(a)	-	28	-	-	28
Acquisition of treasury shares	22(a)	-	[998]	-	-	[998]
Issue of treasury shares	22(a)	-	86	-	-	86
Shares bought back and cancelled	21(e)	[1,548]	-	-	-	[1,548]
Exercise of general options and ordinary shares issued	21(f)	20,861	-	-	-	20,861
Balance as at 30 June 2021		194,114	12,697	[96,536]	-	110,275
Balance as at 1 July 2021		194,114	12,697	[96,536]	-	110,275
Profit for the financial year	22(b)	-	-	-	24,326	24,326
Changes in the fair value of cash flow hedges	22(a)	-	6	-	-	6
Total comprehensive income for the financial year		-	6	-	24,326	24,332
Transactions with owners in their capacity as equity holders:						
Employee share-based payments expense	22(a)	-	370	-	-	370
Settlement of exercised options	22(a)	-	[1,063]	-	-	[1,063]
Acquisition of treasury shares	22(a)	-	[706]	-	-	[706]
Issue of treasury shares	22(a)	-	430	-	-	430
Capital return	21(b)(i)	[34,771]	359	-	-	[34,412]
Balance as at 30 June 2022		159,343	12,093	[96,536]	24,326	99,226

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	NOTE	CONSOLIDATED	
		2022 US\$'000	2021 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		101,433	57,411
Payments to suppliers and employees		[32,820]	[28,106]
		68,613	29,305
Interest received		1	-
Interest paid		[976]	[1,226]
Income taxes paid		[10,712]	[4,918]
Net cash inflow from operating activities	38	56,926	23,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of PNG portfolio		-	3,764
Payments for exploration phase expenditure		[58]	[670]
Payments for oil and gas assets		[10,380]	[6,434]
Payments for plant and equipment		[3]	[16]
Net cash outflow from investing activities		[10,441]	[3,356]
CASH FLOWS FROM FINANCING ACTIVITIES			
Leasing arrangements		[213]	[191]
Payments for shares bought back		-	[1,548]
Payments for shares acquired by the Employee Share Trust		[347]	[998]
Proceeds from exercise of general options		-	14,140
Capital Return		[34,771]	-
Repayment of borrowings	18a	[11,503]	[12,691]
Net cash outflow from financing activities		[46,834]	[1,288]
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		[349]	18,517
Cash and cash equivalents at the beginning of the financial year		44,436	25,920
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		[1]	[1]
Cash and cash equivalents at the end of the financial year	7	44,086	44,436

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied, unless otherwise stated. The financial statements are for the consolidated entity consisting of Horizon Oil Limited and its subsidiaries (the 'Group'). For the purposes of preparing the financial statements, the consolidated entity is a for profit entity.

The nature of the operations and principal activities for the Group are described in the Directors' Report.

A. Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'), Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The consolidated financial statements comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

B. Basis of preparation

These financial statements are presented in United States dollars and have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss, or other comprehensive income where hedge accounting is adopted.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The general purpose financial statements for the year ended 30 June 2022 have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business as they become due. At the date of this report, the directors are of the opinion that no asset is likely to be realised for amounts less than the amount at which it is recorded in the financial report as at 30 June 2022. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

New and amended standards adopted by the Group

There were no new and revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that were relevant to its operations and effective for the financial year ended 30 June 2022.

There are no other Australian Accounting Standards that are not yet effective and that are expected to have a material impact on the Group in the current or future financial years.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Changes in accounting estimates

A review of the Group's accounting estimates has not affected items recognised in the financial statements for the financial year ended 30 June 2022, except as disclosed in Note 2.

C. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Horizon Oil Limited (the 'Company' or 'Parent Entity') as at 30 June 2022 and the results of all subsidiaries for the financial year then ended. Horizon Oil Limited and its subsidiaries together are referred to in these financial statements as 'the Group'.

Subsidiaries are those entities (including special purpose entities) over which the Group has control. Control exists when the Company is exposed to, or has the rights to, variable returns from its involvement and has the ability to affect those returns through its power over that entity. There is a general presumption that a majority of voting rights results in control. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(N)). Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Horizon Oil Limited. These investments may have subsequently been written down to their recoverable amount determined by reference to the net assets of the subsidiaries as at 30 June each financial year where this is less than cost.

Joint operations

A joint operation is a joint arrangement whereby the participants that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises assets, liabilities, revenues and expenses according to its share in the assets, liabilities, revenues and expenses of a joint operation or similar as determined and specified in contractual arrangements (Joint Operating Agreements). Details of major joint operation interests and the sum of the Group's interests in joint operation assets, liabilities, revenue and expenses are set out in Note 26.

Where part of a joint operation interest is farmed out in consideration of the farmee undertaking to incur further expenditure on behalf of both the farmee and the entity in the joint operation area of interest, exploration expenditure incurred and carried forward prior to farm-out continues to be carried forward without adjustment, unless the terms of the farm-out are excessive based on the diluted interest retained. An impairment provision is then made to reduce exploration expenditure to its estimated recoverable amount. Any cash received in consideration for farming out part of a joint operation interest is recognised in the profit or loss.

D. Crude oil and gas inventory and materials in inventory

Crude oil and gas inventories, produced but not sold, are valued at the lower of cost and net realisable value. Cost comprises a relevant proportion of all fixed and variable production, overhead, restoration and amortisation expenses and is determined on an average cost basis.

Stocks of materials inventory, consumable stores and spare parts are carried at the lower of cost and net realisable value, with cost primarily determined on a weighted average cost basis.

E. Operating segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

F. Foreign currency translation

[i] Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates [the 'functional currency']. The consolidated financial statements are presented in United States dollars, which is Horizon's functional and presentation currency. Horizon has selected United States dollars as its presentation currency for the following reasons:

- (a) a significant portion of Horizon's activity is denominated in United States dollars; and
- (b) it is widely understood by Australian and international investors and analysts.

[ii] Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

[iii] Group companies

All Group subsidiaries have a functional currency of United States dollars and, as a result, there is no exchange differences arising from having a different functional currency to the presentation currency of Horizon.

G. Revenue recognition

Revenue arises from the sale of crude oil. To determine whether to recognise revenue, the Group follows a 5-step process:

- [1] - Identifying the contract with a customer;
- [2] - Identifying the performance obligations;
- [3] - Determining the transaction price;
- [4] - Allocating the transaction price to the performance obligations; and
- [5] - Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters into sales transactions involving a single product. The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

Revenue from Block 22/12, China, is derived over a period in time as the crude oil produced continuously flows through a metered pipeline. The metered monthly production is invoiced at the end of each month, in accordance with a monthly sales contract, and revenue recognised for the month of production. At the end of each month, once billing occurs and revenue is recognised, there are no unsatisfied performance obligations or variable revenue requiring estimation.

Revenue from the Maari/Manaia fields, New Zealand, is derived at a point in time as the crude oil produced is stored and sold in individual liftings which are pursuant to individual sales contracts. Each lifting is invoiced in accordance with the respective contract and revenue recognised based on the bill of lading date associated with the lifting. Once the lifting is complete there are no unsatisfied performance obligations or variable revenue requiring estimation.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

H. Deferred income

A liability is recorded for obligations under petroleum sales contracts where the risks and rewards of ownership have not passed to the customer and payment has already been received.

I. Taxation

(i) Income tax

The income tax expense or revenue for the reporting period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(ii) Government royalties

Government royalties are treated as taxation arrangements when they are imposed under Government authority and when the calculation of the amount payable is derived from a measure of profit that falls within the definition of 'taxable profit' for the purposes of AASB 112 *Income Taxes*. Current and deferred tax is then provided on the same basis as described in (i) above. Royalty arrangements that do not meet the criteria for treatment as a tax are recognised on an accruals basis.

J. Leases

The Group leases offices in Sydney and various equipment, with rental contracts typically taken out for fixed periods of 12 months to 3 years. These contracts do not have a reasonably certain extension option and may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis, and do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 5.1%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost and are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

K. Impairment of assets

Assets are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. If an impairment indicator exists a formal estimate of the recoverable amount is calculated. Intangible assets with an indefinite useful life are assessed for impairment regardless of whether there are any indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ('cash-generating units').

In assessing the recoverable amount, an asset's estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Exploration phase expenditure is assessed for impairment in accordance with Note1[P].

L. Cash and cash equivalents

For presentation purposes in the statement of cash flows, cash and cash equivalents includes cash at banks and on hand (including share of joint operation cash balances), deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

M. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days from the date of recognition. They are included in current assets, except for those with maturities greater than one year after the end of the reporting period which are classified as non-current assets.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical rates are adjusted to reflect current and forward-looking information on key factors affecting the ability of the customers to settle the receivables. Management assesses the collectability of these amounts based on the customer relationships and historical payment behaviour.

N. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities assumed, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

For purchase combinations which do not constitute the acquisition of a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed. The consideration paid is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Transaction costs associated with the acquisition are a component of the consideration transferred and are therefore capitalised.

O. Non-current assets held for sale and discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

P. Exploration phase expenditure

Exploration phase expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration phase expenditure to be expensed in the period it is incurred, except the costs of successful wells, the costs of acquiring interests in new exploration assets and pre-development costs where there is a high degree of probability that the development will go ahead, which are capitalised. Costs directly associated with the drilling of exploration wells and any associated geophysical and geological costs are initially capitalised pending determination of whether potentially economic reserves of hydrocarbons have been discovered. Business development costs such as the review of farm in opportunities and bid rounds are expensed in the period in which they are incurred. Areas of interest are recognised at the cash-generating unit level, being the smallest grouping of assets generating independent cash flows which usually is represented by an individual oil or gas field.

When an oil or gas field has been approved for development, the capitalised exploration phase expenditure is reclassified as oil and gas assets in the statement of financial position. Prior to reclassification, capitalised exploration phase expenditure is assessed for impairment.

Where an ownership interest in an exploration and evaluation asset is purchased, any cash consideration paid net of transaction costs is treated as an asset acquisition. Alternatively, where an ownership interest is sold, any cash consideration received net of transaction costs is treated as a recoupment of costs previously capitalised, with any excess accounted for as a gain on disposal of non-current assets.

Impairment of capitalised exploration phase expenditure

Exploration phase expenditure is reviewed for impairment semi-annually in accordance with the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. The carrying value of capitalised exploration phase expenditure is assessed for impairment at the asset or cash-generating unit level (which usually is represented by an exploration permit or licence) whenever facts and circumstances (as defined in AASB 6) suggest that the carrying amount of the asset may exceed its recoverable amount. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written-down to its recoverable amount. Impairment losses are recognised as an expense in profit or loss.

Capitalised exploration phase expenditure that suffered impairment is tested for possible reversal of the impairment loss whenever facts or changes in circumstances indicate that the impairment may have reversed.

Q. Oil and gas assets

[I] Development expenditure

Development expenditure is stated at cost less any accumulated impairment losses. Development expenditure incurred by or on behalf of the Group is accumulated separately for fields in which proven and probable hydrocarbon reserves have been identified to the satisfaction of directors. Such expenditure comprises direct costs and overhead expenditure incurred which can be directly attributable to the development phase or is acquired through the acquisition of a permit.

Once a development decision has been taken on an oil or gas field, the carrying amount of the relevant exploration and evaluation expenditure in respect of the relevant area of interest is aggregated with the relevant development expenditure.

Development expenditure is reclassified as 'production assets' at the end of the commissioning phase, when the oil or gas field is capable of operating in the manner intended by management (that is, when commercial levels of production are capable of being achieved).

Development expenditure is tested for impairment in accordance with the accounting policy set out in Note 1[K].

[ii] Production assets

When further development costs are incurred in respect of a production asset after the commencement of production, such expenditure is carried forward as part of the production asset when it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise such expenditure is classified as production expense in income statements when incurred.

Production assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Once commercial levels of production commence, amortisation is charged using the unit-of-production method. The unit-of-production method results in an amortisation expense proportional to the depletion of proven and probable hydrocarbon reserves for the field. Production assets are amortised by area of interest in the proportion of actual production for the financial period to the proven and probable hydrocarbon reserves of the field.

The cost element of the unit-of-production calculation is the capitalised costs incurred to date for the field together with the estimated / anticipated future development costs (stated at current financial period-end unescalated prices) of obtaining access to all the proven and probable hydrocarbon reserves included in the unit-of-production calculation.

Production assets are tested for impairment in accordance with the accounting policy set out in Note 1[K].

[iii] Restoration provision

The estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset as at the date the obligation first arises and to the extent that it is first recognised as a provision. This restoration asset is subsequently amortised on a unit-of-production basis.

The corresponding provision, of an amount equivalent to the restoration asset created, is reviewed at the end of each reporting period. The provision is measured at the best estimate of the present value amount required to settle the present obligation at the end of the reporting period, based on current legal and other requirements and technology, discounted where material using market yields at the balance sheet date on US Treasury bonds with terms to maturity and currencies that match, as closely as possible, to the estimated future cash outflows.

Where there is a change in the expected restoration, rehabilitation or decommissioning costs, an adjustment is recorded against the carrying value of the provision and any related restoration asset, and the effects are recognised in profit or loss on a prospective basis over the remaining life of the operation.

The unwinding of the effect of discounting on the restoration provision is included within finance costs in profit or loss.

[iv] Reserves

The estimated reserves include those determined on an annual basis by Mr Gavin Douglas, Chief Operating Officer of Horizon. Mr Douglas is a full-time employee of Horizon and is a member of the American Association of Petroleum Geologists. Mr Douglas' qualifications include a Master of Reservoir Evaluation and Management from the Heriot Watt University, UK and more than 24 years of relevant experience. The reserve estimates are determined by Mr Douglas based on assumptions, interpretations, and assessments. These include assumptions regarding commodity prices, foreign exchange rates, operating costs and capital expenditures, and interpretations of geological and geophysical models to make assessments of the quantity of hydrocarbons and anticipated recoveries.

R. Investments and other financial assets

Subsidiaries are accounted for in the consolidated financial statements as set out in Note 1[C].

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

S. Plant and equipment

The cost of improvements to, or on, leasehold property is depreciated over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is shorter.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

– Computer equipment	3 – 4 years
– Furniture, fittings and equipment	3 – 10 years
– Leasehold improvement	Lease tenure

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

T. Intangible assets

[i] New Zealand carbon credits

New Zealand carbon credits, also referred to as New Zealand Units (NZUs) are acquired through the Environmental Protection Authority and surrendered to the New Zealand Government for the Group's proportionate share of the Maari/Manaia fields direct greenhouse gas emissions for the calendar year. The NZUs are valued at cost and do not expire.

NZUs are not amortised but are tested for impairment in accordance with the accounting policy set out in Note 1(K).

U. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Due to their short-term nature they are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. They are included in current liabilities, except for those with maturities greater than one year after the end of the reporting period which are classified as non-current liabilities.

V. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; [1] hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or [2] hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). The Group currently does not have any derivatives designated as fair value hedges.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of derivative financial instruments used for hedging purposes are disclosed in Note 10. Movements in the hedging reserve in equity are shown in Note 22(A).

[i] Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are recycled to profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within "finance costs". The gain or loss relating to the effective portion of forward foreign exchange contracts and commodity price contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

W. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities which are not an incremental cost relating to the actual drawdown of the facility, are recognised as prepayments (netted against the loan balance) and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

X. Borrowing costs

Borrowing costs which includes the costs of arranging and obtaining financing, incurred for the acquisition or construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

There were US\$28,476 borrowing costs (2021: US\$Nil) capitalised during the current financial year and the amount of borrowing costs amortised to the income statement were US\$739,552 (2021 US\$705,396).

Y. Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and related on-costs expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are recognised in other payables.

(ii) Long service leave

The liability for long service leave is recognised as a provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

[iii] Share-based payments

Share-based payment compensation benefits are provided to employees and consultants via the Horizon Long-Term Incentive Plan, the Horizon Employee Option Scheme, and the General Option Plan. Information relating to these schemes is set out in Note 31.

The fair value of options and share appreciation rights ('SARs') granted under the Horizon Long-Term Incentive Plan and Horizon Employee Option Scheme are recognised as an employee share-based payments expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options and SARs granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions. Non-market performance vesting conditions are included in assumptions about the number of options and SARs that are expected to vest.

The fair value is measured at effective allocation date. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options and SARs that are expected to vest based on the non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value at effective allocation date is independently determined using either a Black-Scholes or Monte Carlo simulation option pricing model that takes into account the exercise price, the term of the option or SAR, the impact of dilution, the share price at effective allocation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option or SAR.

The Company has elected to retain any amounts originally recognised in the share-based payments reserve, regardless of whether the associated options are cancelled or lapse unexercised.

During the prior financial year, the Group established the Horizon Oil Employee Incentive Trust to administer the Long-Term Incentive Plan and Horizon Oil Employee Option Scheme. The Horizon Oil Employee Incentive Trust is consolidated in accordance with the principles in Note 1[C].

Where the Horizon Oil Employee Incentive Trust purchases the company's equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity reserves. When an employee exercises options pursuant to the Long-Term Incentive Plan or Employee Option Scheme, and the Board resolves to settle in shares, the Horizon Oil Employee Incentive Trust transfers the appropriate amount of shares to the employee.

Z. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options over unissued ordinary shares are shown in share capital as a deduction, net of related income tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration but are expensed.

Where the Group purchases the company's equity instruments, for example as the result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Horizon as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Horizon.

AA. Earnings per share

[i] Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

[ii] Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares are considered dilutive only when their conversion to ordinary shares would decrease earnings per share, or increase loss per share, from continuing operations.

BB. Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

CC. Parent entity financial information

The financial information for the parent entity, Horizon Oil Limited, disclosed in Note 40, has been prepared on the same basis as the consolidated financial statements, except as set out below.

[i] Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Horizon Oil Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

[ii] Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Note 2 Critical accounting estimates and judgements

This section considers estimates and judgements which are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

A. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities relate to:

[i] Exploration and evaluation assets

The Group's policy for exploration and evaluation expenditure is discussed in Note 1[P]. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. These estimates and assumptions include whether commercially viable reserves have been found and whether the capitalised exploration and evaluation expenditure will be recovered through future exploitation or sale.

[ii] Reserve estimates

The estimated quantities of proven and probable hydrocarbons reported by the Group are integral to the calculation of amortisation expense [depletion], assessments of impairment of assets, provision for restoration and the recognition of deferred tax assets due to changes in expected future cash flows. Reserve estimates require interpretation of complex and judgemental geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoir, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Reserve estimates are prepared in accordance with guidelines prepared by the Society of Petroleum Engineers.

[iii] Provisions for restoration

The Group estimates the future removal and restoration costs of petroleum production facilities, wells, pipelines and related assets at the time of installation of the assets and reviews these assessments periodically. In most instances the removal of these assets will occur well into the future. The estimate of future removal costs therefore requires management to make judgements around the timing of the required restoration, rehabilitation and decommissioning activities, as well as, the discount rate. The carrying amount of the provision for restoration is disclosed in Note 19.

New Zealand, Maari Restoration

During the financial year, the Group revised the future cost estimates from which the provision for restoration of the New Zealand licence is derived. Following continued volatility in yields and inflation rates, the Group revised the discount and inflation rate used in quantifying the New Zealand restoration provision. In addition to the discount and inflation rate changes, the Group also made minor scope changes to the decommissioning methodology. The resultant effect is an increase in the restoration provision and rehabilitation asset of US\$1.09 million.

China, WZ12-8E Restoration

During the financial year, significant works were completed in relation to the WZ12-8E development, which included modifications to the 12-8W platform, laying and trenching of 8.2 km 12-8E oil export pipeline and the installation of a riser, J-tube and expansion joint at the 12-8W end. Taking these works into consideration, a decommissioning provision of US\$0.5 million has been recorded.

[iv] Impairment of oil and gas assets

The Group assesses whether its oil and gas assets are impaired on a semi-annual basis when an indicator of impairment is present. This requires an estimation of the recoverable amount of the cash generating unit to which each asset belongs. The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. The fair value less cost to sell is assessed on the basis of the estimated net cash flows that will be received from the asset's continued employment and subsequent disposal. The estimated future cash flows are based on estimates of hydrocarbon reserves, future production profiles, commodity prices, operating costs and future development costs necessary to access the reserves. Current climate change legislation is also factored into the estimated future cashflows and future uncertainty created by climate change risks continue to be monitored. In most cases, the present value of future cashflows is most sensitive to estimates of future oil price and discount rates. The estimated future cash flows are discounted back to today's dollars to obtain the fair value amount using an after-tax discount rate of 10%.

[v] Share-based payments

Share-based payment transactions with directors and employees are measured by reference to the fair value of the share performance rights and employee options at the date they were granted. The fair value is ascertained using an appropriate pricing model, being either the Black-Scholes or Monte Carlo simulation, depending on the terms and conditions upon which the share performance rights and employee options were granted. The Group also applies assumptions around the likelihood

of the share performance rights or options vesting which will have an impact on the expense and equity recorded in the financial year. The number of share performance rights and employee options outstanding are disclosed in Note 31.

[vi] Recoverability of deferred tax assets

The recoverability of deferred tax assets is based on the probability that future taxable amounts will be available to utilise those temporary differences and losses. The Group has not recognised deferred tax assets in respect of some tax losses and temporary tax differences as the future utilisation of these losses and temporary tax differences is not considered probable at this point in time. Assessing the future utilisation of tax losses and temporary tax differences requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future utilisation of these tax losses and temporary tax differences becomes probable, this could result in significant changes to deferred tax assets recognised, which would in turn impact future financial results. The deferred tax asset associated with historical losses recorded in the Group's Australian parent entity continue to not be recognised on the basis that it is not expected that the Group's Australian operations would generate sufficient taxable profits to fully utilise those losses recorded.

B. Critical judgements in applying the Group's accounting policies

No critical judgements considered to have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year were made during the preparation of this report.

Note 3 Segment information

A. Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The operating segments identified are broadly based on the Group's working interest in each individual oil and gas permit, arranged by developmental phase. Discrete pre-tax financial information (including pre-tax operating profit and capital expenditure on exploration and evaluation assets and oil and gas assets) for each oil and gas permit is prepared and provided to the chief operating decision maker on a regular basis. In certain circumstances, individual oil and gas permits are aggregated into a single operating segment where the economic characteristics and long-term planning and operational considerations of the individual oil and gas permits are such that they are considered interdependent. The Group has identified three operating segments:

- New Zealand exploration and development – the Group is currently involved in developing and producing crude oil from the Maari/Manaia oil field development, and the exploration and evaluation of hydrocarbons within the permit;
- China exploration and development – the Group is currently involved in developing and producing crude oil from the Block 22/12 – WZ6-12, WZ12-8W and WZ12-8E oil field developments and in the exploration and evaluation of hydrocarbons within Block 22/12; and
- 'All other segments' include amounts of a corporate nature not specifically attributable to an operating segment.

B. Segment information provided to the chief operating decision maker

2022	CHINA EXPLORATION & DEVELOPMENT	NEW ZEALAND EXPLORATION & DEVELOPMENT	ALL OTHER SEGMENTS	TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000

SEGMENT INFORMATION:

Revenue from external customers	74,325	33,808	-	108,133
Profit/(loss) before tax	30,881	12,803	[945]	42,739
Depreciation and amortisation	[19,222]	[7,796]	[442]	[27,460]
Total segment assets as at 30 June 2022	89,649	69,026	23,787	182,462

Additions to non-current assets other than financial assets and deferred tax during the financial year ended:

Development and production phase expenditure:	18,619	189	-	18,808
Plant and equipment:	-	-	3	3
Total segment liabilities as at 30 June 2022	39,455	42,027	1,754	83,236

2021	CHINA EXPLORATION & DEVELOPMENT	NEW ZEALAND EXPLORATION & DEVELOPMENT	ALL OTHER SEGMENTS	TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000

SEGMENT INFORMATION:

Revenue from external customers	38,120	25,451	-	63,571
Profit/(loss) before tax	9,306	1,766	[5,894]	5,178
Depreciation and amortisation	[15,889]	[7,972]	[311]	[24,172]
Total segment assets as at 30 June 2021	80,371	81,877	24,542	186,790

Additions to non-current assets other than financial assets and deferred tax during the financial year ended:

Exploration phase expenditure:	297	-	-	297
Development and production phase expenditure:	9,844	4,229	-	14,073
Plant and equipment:	-	-	16	16
Total segment liabilities as at 30 June 2021	35,218	39,106	2,191	76,515

C. Other segment information

[i] Segment revenue

The Group's revenue is derived from the sale of crude oil produced in China and New Zealand. The Group sells to external customers, including through sales agreements with the respective joint venture operators.

Reportable segment revenues are equal to consolidated revenue.

[ii] Segment profit before tax

The chief operating decision maker assesses the performance of operating segments based on a measure of profit before tax.

Segment profit before tax is equal to consolidated profit before tax.

[iii] Segment assets

The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements.

Reportable segment assets are equal to consolidated total assets.

[iv] Segment liabilities

The amounts provided to the chief operating decision maker with respect to total liabilities are measured in a manner consistent with that of the financial statements.

Reportable segment liabilities are equal to consolidated total liabilities.

Note 4 Revenue

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
FROM CONTINUING OPERATIONS		
Crude oil sales	112,602	70,124
Net realised (loss) / gain on oil hedging derivatives	(4,469)	(6,553)
	108,133	63,571
OTHER INCOME		
Insurance claim income ¹	-	780
Interest received from unrelated entities	1	-
Other non-operating income	-	37
	1	817

¹ During the prior period, the Group recovered US\$0.8 million as full and final settlement for outstanding insurance claims pertaining to the Maari asset. Following the recovery of these funds there are no outstanding insurance claims.

Revenue for the financial year ended 30 June 2022 relates to contracts executed for the sale of crude oil and all performance obligations have been met within the period. There is no variable consideration requiring estimation for the year ended 30 June 2022.

The Group did not have contracts that were executed in a prior period, whereby the performance obligations were partially met at the beginning of the period. There are no existing contracts that are unsatisfied or partially unsatisfied as at 30 June 2022.

The Group's revenue disaggregated by primary geographical markets is reported in Note 3 – Segment information.

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
CRUDE OIL SALES		
Goods transferred at a point in time	33,808	25,451
Goods transferred over a period of time	74,325	38,120
	108,133	63,571

Note 5 Expenses

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
COST OF SALES		
Direct production costs	23,393	22,306
Inventory adjustments ¹	[1,927]	390
Amortisation expense	27,018	23,861
Royalties and other levies	8,881	569
	57,365	47,126
¹ Adjustment for the cost of inventory produced which is on hand as at the end of the financial period.		
GENERAL AND ADMINISTRATIVE EXPENSES		
Employee benefits expense	1,585	1,908
Employee share options expense	370	364
Corporate office expense	939	1,249
Depreciation expense	442	311
Rental expense relating to operating leases	5	4
	3,341	3,836
INSURANCE EXPENSE		
Insurance expense (including Loss of Production Income insurance)	1,944	1,950
	1,944	1,950
EXPLORATION AND DEVELOPMENT EXPENSES		
Exploration and development expenditure expensed	810	2,073
	810	2,073
GAIN ON REMEASUREMENT OF DERIVATIVE FINANCIAL INSTRUMENTS		
Gain on remeasurement of derivative financial instruments ²	[977]	[1,413]
	[977]	[1,413]

² The gain on the remeasurement of derivative financial instruments relates to oil price swaps whereby hedge accounting has not been applied. Refer Note 10 for details on the Group's derivative financial instruments.

Note 5: Expenses [Continued]

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
FINANCING COSTS		
Interest and finance charges	949	1,297
Discount unwinding on provision for restoration	475	230
Unrealised movement in fair value of derivative financial instrument ³	-	2,930
Amortisation of prepaid financing costs	574	511
	1,998	4,968

³ During the prior period, the Group reported an unrealised loss of \$2,930,000 relating to the mark to market revaluation of the derivative financial liability arising from the share options issued in respect of the subordinated secured facility.

RESTRUCTURING EXPENSES		
Restructuring expenses ⁴	-	378
	-	378

⁴ During the prior period, the Group further reduced headcount by 19%, thereby incurring one off redundancy expenses.

OTHER EXPENSES		
Net foreign exchange losses ⁵	560	284
Other expenses	354	8
	914	292

⁵ The net foreign exchange loss in the current period predominately relates to the non-recurring foreign exchange movement of the AUD cash proceeds received (AUD 18.3 million) on exercise of the 300 million general options received in June 2021 and subsequently distributed to shareholders as part of the capital return paid in August 2021. The foreign exchange movement arises due to the depreciation of the AUD over the period between receipt of the funds and subsequent capital return. This is required to be recorded for accounting purposes as the Group has a USD functional currency despite the funds being received, held and subsequently distributed in AUD.

Note 6 Income tax expense

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
(a) Royalty tax expense (benefit)		
Royalty paid / payable in New Zealand – current tax expense	4,300	1,529
Tax benefit related to movements in deferred tax balances	[751]	[255]
Total royalty tax expense	3,549	1,274
(b) Income tax expense		
Current tax expense	14,295	2,457
Tax expense related to movements in deferred tax balances	1,063	[2,070]
Adjustments for current tax of prior periods	[494]	[1,345]
Total income tax (benefit)/expense	14,864	[958]
Deferred income tax expense / (benefit) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	1,186	[2,138]
(Decrease)/increase in deferred tax liabilities	[123]	68
Total deferred income tax (benefit)/expense	1,063	[2,070]

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
(c) Numerical reconciliation between profit before tax and tax expense / (benefit)		
Profit from continuing operations before income tax	42,739	5,178
Profit / (Loss) from discontinuing operations before income tax	-	3,147
Less: Royalty paid / payable	[4,300]	(1,529)
	38,439	6,796
Tax at the Australian tax rate of 30% (2021: 30%)	11,532	2,039
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Expenditure not allowed for income tax purposes	490	1,689
Other deductible items	[380]	(1,224)
Non-assessable income	23	(2,946)
Other assessable items	5,324	841
	5,457	399
Effect of overseas tax rates	[2,394]	(351)
Deferred tax asset not brought to account	755	698
Previously unrecognised deferred tax now recognised	-	(368)
Tax paid on non-resident insurance premiums	8	9
Adjustments for current tax of prior periods	[494]	(1,345)
Income tax (benefit)/expense	14,864	[958]
Royalty tax expense	3,549	1,274
Total tax expense recognised in statement of profit or loss	18,413	316
(d) Amounts recognised in other comprehensive income		
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited to other comprehensive income.		
Deferred tax: Changes in fair value of cash flow hedges	111	352
Total tax expense / (benefit) recognised in other comprehensive income	111	352
(e) Tax losses		
Unused tax losses (and applicable tax rate) for which no deferred tax asset has been recognised:		
Horizon Oil Limited – 30% (2021: 30%)	2,884	3,060
Potential tax benefit at applicable tax rates	2,884	3,060

The Company also did not recognise further deferred income tax assets of US\$445,935 (2021: US\$576,561) in respect of other timing differences amounting to US\$1,486,451 (2021: US\$1,921,869).

The Company has no Australian subsidiaries and therefore it is not subject to the Australian tax consolidation regime.

Note 7 Cash and cash equivalents

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Cash at bank and on hand	26,975	37,152
Restricted cash ¹	17,111	7,284
	44,086	44,436

¹ Under the terms of Horizon's Revolving Cash Advance Facility (refer to Note 18(B)), certain cash balances are available to the Group after certain conditions of the relevant facility agreement are satisfied. No restricted cash was held on deposit during the year (2021: US\$Nil).

Note 8 Receivables

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Trade and other receivables ¹	18,087	13,982
	18,087	13,982

¹ Of this balance US\$Nil (2021: US\$Nil) related to amounts receivable from related parties. Refer to Note 30 for further details.

Information about the Company's exposure to credit and market risks, and collectability of overdue amounts, is included in Note 23(B).

Note 9 Inventories

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Crude oil, at cost	3,020	1,473
Drilling and workover spares inventory	1,163	1,082
	4,183	2,555

Note 10 Derivative financial instruments

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
CURRENT:		
Derivative asset – Oil price swaps – fair value through profit and loss	-	1,413
Derivative asset – Oil price swaps – cash flow hedges	162	-
Derivative liability – Foreign exchange contracts – cash flow hedges	(156)	-
	6	1,413

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to oil price, interest rate and foreign exchange fluctuations in accordance with the Group's financial risk management policies (refer to Note 23[A]).

Oil price swap contracts [cash flow hedges]

During the financial year, oil price hedging was undertaken as a risk mitigation measure to ensure the Group's financial position remains sound and that the Group is able to meet its financial obligations in the event of low oil prices. At 30 June 2022, the Group had 45,000 bbls of crude oil hedged through Brent oil price swaps and put options at a weighted average price of US\$109/bbl.

Oil price swap contracts [fair value through profit and loss]

During the financial year, oil price swaps for the purchase of crude oil were executed to mitigate the Group's exposure to oil price volatility and the impact of a higher oil price on the drilling costs of the WZ12-8E development which are directly linked to the oil price. Hedge accounting has not been applied, and therefore any gain or losses are recognised through profit and loss. At 30 June 2022, the Group had no outstanding swap contracts recognised at fair value through profit and loss.

Foreign exchange contracts [cash flow hedges]

During the financial year, foreign currency hedging was undertaken as a risk mitigation measure to ensure the Group's financial position remains sound and that the Group is able to meet its financial obligations in the event of a weakening United States Dollar against the Group's major operating currencies, the NZD and AUD. As at 30 June 2022, the Group had hedged NZD 1.8 million and AUD 1.8 million, through forward exchange contracts, hedging a portion of the New Zealand operating costs and Corporate Head Office costs over the next 6 to 12 months.

The gain or loss arising from re-measurement of the hedge-accounted instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit or loss when the hedged transaction is recognised. The ineffective portion is recognised in profit or loss immediately. During the financial year, a net loss of US\$4,468,988 [2021: net loss of US\$6,096,126] was transferred to profit or loss.

Note 11 Other assets & current tax receivable

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Current tax receivable – New Zealand ¹	490	1,005
Current tax receivable – China ²	273	-
	763	1,005
Other assets - prepayments	420	564
	420	564

¹ The current tax receivable relates to payments made in excess of the current tax obligations in New Zealand. The balance can be applied against future periods tax obligations and/or withdrawn in cash.

² The current tax receivable relates to income tax refund received from the Chinese tax authorities.

Note 12 Intangible assets

CURRENT ASSETS	CONSOLIDATED	
	NEW ZEALAND CARBON CREDITS ¹ US\$'000	TOTAL US\$'000
FINANCIAL YEAR ENDED 30 JUNE 2021		
Cost – 1 July 2020	802	802
Additions	494	494
Disposals – settlements	-	-
Closing value	1,296	1,296
FINANCIAL YEAR ENDED 30 JUNE 2022		
Cost – 1 July 2021	1,296	1,296
Additions	361	361
Disposals – settlements ²	[455]	[455]
Closing value	1,202	1,202

¹ The Group acquires New Zealand Units [(NZUs) also referred to as carbon credits] to surrender to the New Zealand Government through the Environmental Protection Authority, for its proportionate share of the Maari/Manaia fields direct greenhouse gas emissions for the calendar year. NZUs are tradable instruments with transactions taking place on the New Zealand Emissions Trading Register, which is operated by the Environmental Protection Authority. The NZUs are recorded at cost and are not amortised and are tested for impairment at each balance sheet date.

² The Company's obligation for the 2021 calendar year was settled in May 2022 whereby a portion of the NZU's on hand were surrendered to the Environmental Protection Authority.

Note 13 Deferred tax assets

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Recognised deferred tax assets are attributable to:		
Tax losses	-	358
Development and production expenditure	6,472	8,298
Cash flow hedges	45	-
Provisions and other	1,164	166
Total deferred tax assets	7,681	8,822
Set off of deferred tax liabilities pursuant to set off provisions	[1,063]	[122]
Net deferred tax assets	6,618	8,700

2022	TAX LOSSES	DEVELOPMENT & PRODUCTION EXPENDITURE	CASH FLOW HEDGES	PROVISIONS AND OTHER	TOTAL
MOVEMENTS	US\$'000	\$US'000	US\$'000	US\$'000	\$US'000
AT 1 JULY 2021	358	8,298	-	166	8,822
[Charged]/credited					
- to profit or loss	(358)	(1,826)	-	998	(1,186)
- to other comprehensive income	-	-	45	-	45
At 30 June 2022	-	6,472	45	1,164	7,681

2021	TAX LOSSES	DEVELOPMENT & PRODUCTION EXPENDITURE	CASH FLOW HEDGES	PROVISIONS AND OTHER	TOTAL
MOVEMENTS	US\$'000	\$US'000	US\$'000	US\$'000	\$US'000
AT 1 JULY 2020		6,824	352	128	7,304
[Charged]/credited					
- to profit or loss	358	1,474		38	1,870
- to other comprehensive income			(352)		(352)
At 30 June 2021	358	8,298	-	166	8,822

Note 14 Property, plant and equipment

	BUILDING ^[2] US\$'000	OTHER PLANT & EQUIPMENT ^[2] US\$'000	LEASEHOLD IMPROVEMENTS US\$'000	TOTAL US\$'000
As at 1 July 2020				
Cost	603	2,305	1,263	4,171
Accumulated depreciation	[173]	[2,216]	[913]	[3,302]
Net book amount	430	89	350	869
FINANCIAL YEAR ENDED 30 JUNE 2021				
Opening net book amount	430	89	350	869
Additions	-	-	16	16
Disposals	[6]	[8]	[38]	[52]
Depreciation expense ^[1]	[197]	[47]	[88]	[332]
Closing net book amount	227	34	240	501
As at 30 June 2020				
Cost	547	1,720	1,103	3,370
Accumulated depreciation	[320]	[1,686]	[863]	[2,869]
Net book amount	227	34	240	501
FINANCIAL YEAR ENDED 30 JUNE 2022				
Opening net book amount	227	34	240	501
Additions	-	-	3	3
Depreciation expense ^[1]	[182]	[31]	[229]	[442]
Closing net book amount	45	3	14	62
As at 30 June 2022				
Cost	547	1,720	1,106	3,373
Accumulated depreciation	[502]	[1,717]	[1,092]	[3,311]
Net book amount	45	3	14	62

[1] Depreciation expense in relation to the right of use assets is US\$189,875.

[2] Included in the net book amount of buildings, and other plant and equipment are right-of-use assets as follows:

	30 JUN 2022 US\$'000	30 JUN 2021 US\$'000
Office premises	45	228
Photocopier and IT equipment	2	9
Total	47	237

Note 15 Oil and gas assets

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
DEVELOPMENT AND PRODUCTION PHASE EXPENDITURE		
Producing oil and gas property acquisition, deferred geological, seismic and drilling, production and distribution facilities and other development expenditure	547,102	522,870
Transfer from exploration phase	-	5,037
Reassessment of rehabilitation asset	2,751	2,795
Disposal of oil and gas assets (Note 27)	-	[2,408]
Carried forward accumulated impairment losses	[116,598]	[116,598]
Less accumulated amortisation	[326,376]	[299,358]
	106,879	112,338

The reconciliation of development and production phase expenditure carried forward above is as follows:

	CONSOLIDATED		
	DEVELOPMENT PHASE EXPENDITURE US\$'000	PRODUCTION PHASE EXPENDITURE US\$'000	TOTAL US\$'000
Balance at 1 July 2020	2,408	114,294	116,702
Amortisation incurred	-	[23,861]	[23,861]
Increase in restoration asset	-	2,795	2,795
Transfer from exploration phase	5,037	-	5,037
Disposal of oil and gas assets (Note 27)	[2,408]	-	[2,408]
Development and production costs incurred during financial year	4,569	9,504	14,073
BALANCE AT 30 JUNE 2021	9,606	102,732	112,338
Amortisation incurred	-	[27,018]	[27,018]
Increase in restoration asset	-	2,751	2,751
Development and production costs incurred during financial year	17,624	1,184	18,808
Transfer to production phase/(from development phase)	[27,230]	27,230	-
Balance at 30 June 2022	-	106,879	106,879

Note 16 Payables

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
CURRENT LIABILITIES		
Trade creditors	622	2,988
Share of joint operation creditors and accruals	19,754	10,703
ETS obligation ¹	217	227
Lease liabilities ²	49	223
Other creditors	5,708	2,264
	26,350	16,405
NON-CURRENT LIABILITIES		
Lease liabilities ²	-	59
Other creditors	111	122
	111	181

¹ The ETS liability represents Horizon Oil International Limited's obligation to the New Zealand Government for the company's proportionate share of the Maari/Manaia fields greenhouse gas emissions. Refer to Note 11 for the disclosure of the carbon credits acquired [NZUs] which will be surrendered to the New Zealand Government for settlement of this obligation. The ETS obligation is recorded at the cost of the units acquired to settle the obligation. When the number of units required to settle the obligation exceeds the units on hand, the excess will be accounted for at the cost of obtaining the incremental units required to settle the obligation.

² The Group has leases for offices in Sydney and various equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

	MINIMUM LEASE PAYMENTS DUE			
	Within one year US\$'000	One to five years US\$'000	After five years US\$'000	Total US\$'000
30 June 2022				
Lease payments (current contract)	49	-	-	49
Finance charges	[0]	-	-	[0]
Lease payments (FY23 commencement) ³	170	360	-	530
Net present values	219	360	-	579

³ Subsequent to period end, the Group entered into a new lease agreement for an office in Sydney. The new lease commences on 1 August 2022, and therefore minimal lease payments reflect the nominal value of the rental under the agreement. No lease liability associated with the new lease has been recognised at 30 June 2022.

Note 17 Current tax payable

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Current tax payable – China	3,629	1,085
Current tax payable – New Zealand	2,649	-
Current royalty tax payable – New Zealand	2,809	689
	9,087	1,774

Note 18 Borrowings

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
CURRENT:		
Bank loans ¹ [b]	1,177	10,939
	1,177	10,939
NON-CURRENT:		
Bank loans ¹ [b]	-	1,196
	-	1,196
Total Borrowings	1,177	12,135

¹ Bank loans are shown net of associated transaction costs.

A. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2022 US\$'000	2021 US\$'000
Cash and cash equivalents	44,086	44,436
Borrowings ² – repayable within one year (including overdraft)	[1,237]	[11,500]
Borrowings ² – repayable after one year	-	[1,240]
Net cash/[debt]	42,849	31,696
Cash and liquid investments	44,086	44,436
Gross debt ² – variable interest rates	[1,237]	[12,740]
Net cash	42,849	31,696

² Borrowings and gross debt represent the nominal value of the Syndicated Revolving Cash Advance Facility drawn down.

	CASHFLOWS			NON-CASH CHANGES	
	OPENING 1 JULY 2021	DRAWDOWN	REPAYMENTS	AMORTISATION OF TRANSACTION COSTS	CLOSING 30 JUNE 2022
Syndicated Revolving Cash Advance Facility	12,135	-	[11,503]	545	1,177
Total liabilities from financing activities	12,135	-	[11,503]	545	1,177

B. Bank loans – Syndicated Revolving Cash Advance Facility

On 15 November 2018, the Group finalised and executed a US\$95 million Syndicated Revolving Cash Advance Facility with Australia and New Zealand Banking Group (ANZ), Westpac Banking Corporation (Westpac) and Industrial and Commercial Bank of China (ICBC). The proceeds on this facility were applied to repay the outstanding subordinated and senior debt facilities. The facility retained some key elements of the previous Reserves Based Debt Facility, with key changes including additional tenure to July 2022, reduced interest rate at LIBOR plus 2.75% and the removal of lender security over Horizon's interests in PNG. Under the facility, the facility limit and thus future repayments are determined by applying a minimum loan life coverage ratio to the net present value of estimated future cash flows from all projects included in the facility. Estimated

future cash flows are dependent on, amongst other things, the lenders views on forecast oil prices, reserve estimates, operating and capital cost estimates and forecast interest and exchange rates.

At 30 June 2022, total debt drawn under the facility was US\$1.24 million. Floating interest in respect of the facility is at LIBOR plus a weighted average margin of 2.75%.

The facility was secured by a floating charge over the shares and assets of the borrowers (Horizon Oil International Limited and Horizon Oil (Beibu) Limited which are wholly owned subsidiaries of Horizon Oil Limited) and other Horizon Oil Limited subsidiaries, in favour of ANZ Fiduciary Services Pty Limited as security trustee. Horizon Oil Limited has guaranteed the performance of Horizon Oil International Limited and Horizon Oil (Beibu) Limited (which have also given guarantees) in relation to the loan facility from ANZ, Westpac and ICBC. In addition, the shares of the following Horizon Oil Limited subsidiaries have been mortgaged to ANZ Fiduciary Services Pty Limited: Horizon Oil International Limited and Horizon Oil (Beibu) Limited. The Group is subject to covenants which are common for a facility of this nature.

Subsequent to period end, the Group executed and reached financial close on a 12-month extension of the senior debt facility with ANZ, Westpac and Industrial and Commercial Bank of China (ICBC) with a revised facility limit of US\$20 million. The extended facility matures on 31 July 2023 and retains the key existing terms including interest rate at a LIBOR equivalent +2.75%.

Note 19 Provisions

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Restoration (current)	-	-
Restoration (non-current)	33,317	31,212
	33,317	31,212
The reconciliation of the movement in the total of the restoration provisions is as follows:		
Balance at beginning of financial year	31,212	33,947
Additional provision during financial year	4,818	-
Unwinding of discount	475	230
Unwinding of discount for discontinued operations	-	71
Disposal of PNG restoration liability (Note 27)	-	(5,831)
Effect of change in inflation/discount rate	(3,188)	2,795
Balance at end of financial year	33,317	31,212

Note 20 Non-current liabilities – Deferred tax liabilities

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
RECOGNISED DEFERRED TAX LIABILITIES ARE ATTRIBUTABLE TO:		
Development and production expenditure	12,641	12,202
Accounting profits royalty	1,221	1,972
Cash flow hedges	44	-
Other	195	756
Total deferred tax liabilities	14,101	14,930
Set off of deferred tax assets pursuant to set off provisions	[1,063]	[122]
Net deferred tax liabilities	13,038	14,808

2022	DEVELOPMENT AND PRODUCTION EXPENDITURE US\$'000	ACCOUNTING PROFITS ROYALTY US\$'000	CASH FLOW HEDGES US\$'000	OTHER US\$'000	TOTAL US\$'000
AT 1 JULY 2021	12,202	1,972	-	756	14,930
[Charged] / credited					
- To profit or loss	439	[751]	-	[561]	[873]
- To other comprehensive income	-	-	44	-	44
At 30 June 2022	12,641	1,221	44	195	14,101

2021	DEVELOPMENT AND PRODUCTION EXPENDITURE US\$'000	ACCOUNTING PROFITS ROYALTY US\$'000	CASH FLOW HEDGES US\$'000	OTHER US\$'000	TOTAL US\$'000
AT 1 JULY 2020					
[Charged] / credited	11,919	2,227	4	1,239	15,389
- To profit or loss	283	[255]		[483]	[455]
- To other comprehensive income			[4]		[4]
At 30 June 2021	12,202	1,972	-	756	14,930

Note 21 Contributed equity

	CONSOLIDATED NUMBER OF SHARES		CONSOLIDATED	
	2022 '000	2021 '000	2022 US\$'000	2021 US\$'000
A. Issued share capital				
Ordinary shares				
Fully paid	1,578,943	1,578,943	158,884	193,655
Partly paid to A\$0.01	1,500	1,500	459	459
	1,580,443	1,580,443	159,343	194,114

B. Movements in ordinary share capital

[i] Ordinary shares (fully paid)

Date	Details	Number of shares	US\$'000
30/06/2021	Balance as at 30 June 2021	1,578,942,962	193,655
23/08/2021	Capital Return [3 cents AUD per share]	-	[34,771]
30/06/2022	Balance as at 30 June 2022	1,578,942,962	158,884

[ii] Ordinary shares (partly paid to A\$0.01):

Date	Details	Number of shares	US\$'000
30/06/2022	Balance as at 30 June 2022	1,500,000	459
30/06/2021	Balance as at 30 June 2021	1,500,000	459

C. Ordinary shares

Fully paid

Fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Voting rights are governed by the Company's Constitution. In summary, on a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each fully paid ordinary share is entitled to one vote.

Partly paid

Partly paid ordinary shares are issued on exercise of employee options. The partly paid shares currently on issue are held by the Company following forfeiture by their original holder. The outstanding obligation in relation to the partly paid ordinary shares is payable either when called or by the date not exceeding 5 years from the grant date of the option which gave rise to the partly paid ordinary share. Partly paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Voting rights are governed by the Company's Constitution. In summary, on a show of hands every holder of partly paid ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll, is entitled to one vote to the proportion of the total issue price then paid up.

D. Unlisted options over unissued ordinary shares

Information related to the Employee Option Scheme, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year is set out in Note 31.

Note 22 Reserves and retained profits

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
A. Reserves		
SHARE-BASED PAYMENTS RESERVE		
Movements:		
Balance at beginning of financial year	13,609	13,581
Employee share-based payments expense	370	364
Settlement of exercised options	[1,063]	[336]
Balance at end of financial year	12,916	13,609
HEDGE RESERVE		
Movements:		
Balance at beginning of financial year	-	[982]
Movement in net market value of hedge contracts	7	-
Reclassification to profit and loss	-	1,330
Deferred tax	[1]	[348]
Balance at end of financial year	6	-
TREASURY SHARES		
Movements:		
Balance at beginning of financial year	[912]	-
Acquisition of shares by the Employee Share Trust (average price A\$13.0 cents per share)	[706]	[998]
Issue of treasury shares as settlement of exercised options	430	86
Capital return	359	-
Balance at end of financial year	[829]	[912]
Total reserves	12,093	12,697

B. Accumulated losses

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Accumulated losses at beginning of financial year	[96,536]	[104,545]
Net profit for financial year	-	8,009
Accumulated losses at end of financial year	[96,536]	[96,536]

C. Profit reserve

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Profit reserve at the beginning of the financial year	-	-
Net profit for financial year	24,326	-
Profit reserve at the end of the financial year	24,326	-

D. Nature and purpose of reserves

Share-based payment reserve:

The fair value of options and share appreciation rights granted to employees results in an increase in equity upon recognition of the corresponding employee benefits expense, as described in the accounting policy set out in Note 1[Y](0). The fair value of general options granted also results in an increase in equity unless accounting standards require the options to be treated otherwise.

The Company has elected to retain any amounts originally recognised in the share-based payments reserve, regardless of whether the associated options or share appreciation rights are cancelled or lapse unexercised.

Hedge reserve:

Changes in the market value of the effective portion of derivatives is reflected directly in equity until such time as the hedge is ineffective or expires, as described in the accounting policy set out in Note 1[V].

Treasury shares:

Treasury shares are shares in Horizon that are held by the Horizon Employee Share Trust for the purpose of issuing shares under the Horizon Employee Option Scheme and the Horizon Long Term Incentive (LTI) Plan. Refer to Note 31 for further information. Shares issued to employees are recognised on a weighted average basis.

Note 23 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk); credit risk; liquidity risk; capital risk; and climate related and other emerging risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as oil price swaps, interest rate swaps and foreign exchange forward contracts, to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and commodity price risks, and aging analysis for credit risk.

Risk management is carried out by the finance function under policies approved by the Board of Directors. The finance function identifies, evaluates and if necessary hedges financial risks in close co-operation with Group management. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investment of excess liquidity.

The Group has no off-balance sheet financial assets or liabilities as at the end of the reporting period.

The Group held the following financial instruments at 30 June 2022 and 30 June 2021:

	CONSOLIDATED	
	30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000
FINANCIAL ASSETS		
Cash and cash equivalents	44,086	44,436
Receivables	18,087	13,982
Derivative financial instruments	162	1,413
	62,335	59,831
FINANCIAL LIABILITIES		
Payables [current]	26,350	16,405
Current tax payable	9,087	1,774
Payables [non-current]	111	181
Borrowings [net of borrowing costs capitalised]	1,177	12,135
Derivative financial instruments	156	-
	36,881	30,495

A. Market risk**[i] Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising predominately from Australian and New Zealand dollars and Chinese Renminbi.

The Group manages foreign exchange risk by monitoring forecast cash flows in currencies other than US dollars and ensuring that adequate Australian dollar, New Zealand dollar and Chinese Renminbi cash balances are maintained.

The objective of the Group's foreign exchange risk management policy is to ensure its financial viability despite potential periods of unfavourable exchange rates. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable exchange rates on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. The Group will hedge when it is deemed the most appropriate risk mitigation tool to be used.

As at 30 June 2022, the Group had a derivative liability of US\$162,000 (30 June 2021: US\$Nil) with NZD 1.8 million hedged through forward contracts at an average USD rate of 0.6776 and AUD 1.8 million at hedged through forward contracts at an average USD rate of 0.7204. Both hedges are designed to cover a portion of the group's future operating costs in New Zealand and future corporate costs at head office in Australia.

Effects of hedge accounting

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	CONSOLIDATED	
	30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000
FOREIGN CURRENCY FORWARDS [USD/NZD]		
Carrying amount – (liability)	[101]	-
Notional amount	1,220	-
Maturity date	11 July 2022 – 12 December 2022	-
Hedge ratio ¹	1:1	-
Change in discounted spot value of outstanding hedging instruments since 30 June 2021	[101]	-
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	US\$1: NZD0.6776	-
FOREIGN CURRENCY FORWARDS [USD/AUD]		
Carrying amount – (liability)	[55]	-
Notional amount	1,297	-
Maturity date	11 July 2022 – 12 December 2022	-
Hedge ratio ¹	1:1	-
Change in discounted spot value of outstanding hedging instruments since 30 June 2020	[55]	-
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	US\$1: AUD0.7204	-

¹ The foreign currency swaps and foreign currency forward contracts are denominated in the same currencies as the highly probable future operating and corporate overhead expenditures (NZD operating and AUD corporate expenditures), therefore the hedge ratio is 1:1.

Exposure to foreign exchange risk

The Group's exposure to foreign exchange risk at the end of each reporting period was as follows:

GROUP	30 JUNE 2022			30 JUNE 2021		
	AUD US\$'000	NZD US\$'000	RMB US\$'000	AUD US\$'000	NZD US\$'000	RMB US\$'000
Cash and cash equivalents	2,227	1,732	-	15,082	1,021	-
Receivables	88	190	273	76	249	-
Current tax payable	-	5,572	3,629	-	689	1,085
Current payables	1,587	20	3,892	1,988	492	264
Non-current payables	111	-	-	179	-	-

For the financial year ended and as at 30 June 2022, if the currencies set out in the table below had strengthened or weakened against the US dollar by the percentage shown, with all other variables held constant, the net result for the financial year would increase / [decrease] and net assets would increase / [decrease] by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Change in currency ¹	+10%	+10%	+10%	+10%	-10%	-10%	-10%	-10%
Australian dollar impact	289	340	43	909	[289]	[340]	[43]	[909]
New Zealand dollar impact	361	50	[264]	136	[361]	[50]	264	[136]
Chinese Renminbi impact	-	-	[544]	[101]	-	-	544	101

¹ This has been based on the change in the exchange rate against the US dollar in the financial years ended 30 June 2022 and 30 June 2021. The sensitivity analysis has been based on the sensitivity rates when reporting foreign exchange risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates based on historic volatility. In management's opinion, the sensitivity analysis is not fully representative of the inherent foreign exchange risk as the end of the reporting period exposure does not necessarily reflect the exposure during the course of the financial year.

[ii] Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market commodity prices for crude oil.

The objective of the Group's commodity price risk management policy is to ensure its financial viability despite potential periods of unfavourable prices. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable prices on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. The Group will hedge when it is deemed the most appropriate risk mitigation tool to be used or where required by its financing arrangements. During the current financial year, oil price hedging was undertaken as a risk mitigation measure to ensure the Group's financial position remains sound and that the Group is able to meet its financial obligations in the event of low oil prices.

As at 30 June 2022, the Group had a derivative asset of US\$162,000 (30 June 2021: US\$Nil) as there were 45,000 bbls (30 June 2021: Nil) hedged at a weighted average price of US\$109/bbl, protecting revenue generation.

Effects of hedge accounting

The effects of the oil price swaps on the group's financial position and performance are as follows:

	CONSOLIDATED	
	30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000
OIL PRICE SWAPS		
Carrying amount – asset	162	-
Notional amount	7,865	-
Maturity date	1 July 2022 – 30 September 2022	-
Hedge ratio ¹	1:1	-
Change in fair value of outstanding hedging instruments since 30 June 2021	162	-
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	US\$109/bbl	-

¹ The oil price swaps were executed in the same oil price benchmark as the highly probable future oil sales, therefore the hedge ratio is 1:1.

For the financial year ended and as at 30 June 2022, if the crude oil price rose or fell by the percentage shown, with all other variables held constant, the result for the financial year would increase / [decrease] and net assets would increase / [decrease] by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Change in crude oil price	+10%	+10%	+10%	+10%	-10%	-10%	-10%	-10%
Impact	2,612	1,994	2,612	1,994	[3,517]	(1,994)	[3,517]	(1,994)

[iii] Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no interest-bearing assets considered to materially expose the Group's core income and/or operating cash flows to changes in market interest rates.

As at 30 June 2022 and 30 June 2021, the Group's interest rate risk arises from long term borrowings, issued at variable rates, exposing the Group to cash flow interest rate risk. Group policy is to manage material interest rate exposure. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable interest rate movements on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. During the current and prior financial year, the Group did not enter into any interest rate swap contracts.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group's exposure to interest rate risk for financial instruments is set out below:

	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN:			NON- INTEREST BEARING	CARRYING AMOUNT
	US\$'000	1 YEAR OR LESS US\$'000	OVER 1 TO 2 YEARS US\$'000	OVER 2 TO 5 YEARS US\$'000	US\$'000	US\$'000
AS AT 30 JUNE 2022						
FINANCIAL ASSETS						
Cash and cash equivalents	348	-	-	-	43,738	44,086
Receivables	-	-	-	-	18,087	18,087
Derivative financial instruments	-	-	-	-	162	162
	348	-	-	-	61,987	62,335
Weighted average interest rate p.a.	0.10%					
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	26,350	26,350
Current tax payable	-	-	-	-	9,087	9,087
Non-current payables	-	-	-	-	111	111
Derivative financial instruments	-	-	-	-	156	156
Borrowings	1,237	-	-	-	-	1,237
	1,237	-	-	-	35,704	36,941
Weighted average interest rate p.a.	3.11%					
Net financial assets/(liabilities)	[889]	-	-	-	26,283	25,394

	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN:			NON- INTEREST BEARING	CARRYING AMOUNT
	US\$'000	1 YEAR OR LESS US\$'000	OVER 1 TO 2 YEARS US\$'000	OVER 2 TO 5 YEARS US\$'000	US\$'000	US\$'000
AS AT 30 JUNE 2021						
FINANCIAL ASSETS						
Cash and cash equivalents	262	-	-	-	44,174	44,436
Receivables	-	-	-	-	13,982	13,982
Derivative financial instruments	-	-	-	-	1,413	1,413
	262	-	-	-	59,569	59,831
Weighted average interest rate p.a.	0.10%					
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	16,405	16,405
Current tax payable	-	-	-	-	1,774	1,774
Non-current payables	-	-	-	-	181	181
Borrowings	12,740	-	-	-	-	12,740
	12,740	-	-	-	18,360	31,100
Weighted average interest rate p.a.	3.05%					
Net financial assets/(liabilities)	[12,478]	-	-	-	41,209	28,731

As at 30 June 2022 and 30 June 2021, the Group had the following variable rate borrowings outstanding:

	30 JUNE 2022		30 JUNE 2021	
	WEIGHTED AVERAGE INTEREST RATE	BALANCE	WEIGHTED AVERAGE INTEREST RATE	BALANCE
	% P.A.	US\$'000	% P.A.	US\$'000
External loans	3.11%	1,237	3.05%	12,740
Net exposure to cash flow interest rate risk		1,237		12,740

At 30 June 2022 and 30 June 2021, if the interest rates had been 1.0% p.a. higher or lower and all other variables held constant, the net result for the financial year would increase/(decrease) and net assets as at 30 June 2022 and 30 June 2021 would increase/(decrease) by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
CHANGE IN INTEREST RATE p.a.	+1%	+1%	+1%	+1%	-1%	-1%	-1%	-1%
Impact of Assets	2	16	2	16	-	[2]	-	[2]
Impact of Liabilities	73	167	73	167	[73]	[167]	[73]	[167]
Impact of Net Assets	[71]	[151]	[71]	[151]	73	165	73	165

B. Credit risk

Credit risk is managed on a Group basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures to customers, including outstanding receivables.

It is acknowledged that the Group's sales of crude oil are currently concentrated with two counterparties. However, the Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, and that the Group has the ability to sell crude to other parties if desired.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. Where commercially practical the Group seeks to limit the amount of credit exposure to any one financial institution.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets as summarised in this note.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
CASH AND CASH EQUIVALENTS		
Counterparties with external credit rating (Standard & Poors)		
AA-	42,114	43,597
	42,114	43,597
Counterparties without external credit rating		
Share of joint operations cash balances	1,972	839
	1,972	839
Total cash and cash equivalents	44,086	44,436
RECEIVABLES		
Counterparties with external credit rating (Standard & Poors / Fitch)		
AAA	278	325
A+	17,682	4,675
A-	-	8,842
	17,960	13,842
Counterparties without external credit rating		
Share of joint operation receivables balances	127	140
	127	140
Total receivables	18,087	13,982

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical rates are adjusted to reflect current and forward-looking information on key factors affecting the ability of the customers to settle the receivables. Management has assessed the collectability of these amounts based on the customer relationships and historical payment behaviour and believe that the amounts are still collectable in full.

On that basis, the loss allowance as at 30 June 2022 was determined as follows for trade receivables:

AS AT 30 JUNE 2022	CURRENT	MORE THAN 30 DAYS DUE PAST	MORE THAN 60 DAYS DUE PAST	TOTAL
Expected loss rate	0%	0%	0%	
Gross carrying amount	18,087	-	-	18,087
Loss Allowance	-	-	-	-

As at 30 June 2022, there were no financial assets that are past due (30 June 2021: US\$Nil). At the date of this report, the full balance of the receivables has been received in cash.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group has policies in place to manage liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

Financing arrangements

As at 30 June 2022 and 30 June 2021, the Group had no undrawn borrowing facilities.

Maturities of financial liabilities

An analysis of the Group's financial liability maturities for the current and prior financial year is set out below:

AS AT 30 JUNE 2022	NON-INTEREST BEARING US\$'000	VARIABLE RATE ¹ US\$'000	FIXED RATE US\$'000
Less than 6 months	35,593	1,242	-
6 – 12 months	-	-	-
Between 1 and 2 years	111	-	-
Total contractual cash flows	35,704	1,242	-

¹ Includes principal repayments and future interest payments.

AS AT 30 JUNE 2021	NON-INTEREST BEARING US\$'000	VARIABLE RATE ¹ US\$'000	FIXED RATE US\$'000
Less than 6 months	18,091	3,993	-
6 – 12 months	-	7,716	-
Between 1 and 2 years	180	1,240	-
Total contractual cash flows	18,271	12,949	-

¹ Includes principal repayments and future interest payments.

D. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 'Financial Instruments: Disclosures' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

[i] Fair value measurements

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 30 June 2022 and 30 June 2021:

AS AT 30 JUNE 2022	LEVEL 1 US\$'000	LEVEL 2 US\$'000	LEVEL 3 US\$'000	TOTAL US\$'000
ASSETS				
Derivatives used for hedging	-	162	-	162
Total Assets	-	162	-	162
LIABILITIES				
Derivatives used for hedging	-	156	-	156
Total liabilities	-	156	-	156

AS AT 30 JUNE 2021	LEVEL 1 US\$'000	LEVEL 2 US\$'000	LEVEL 3 US\$'000	TOTAL US\$'000
ASSETS				
Derivatives used for hedging				
Financial assets at fair value through profit or loss:				
Oil price swaps	-	1,413	-	1,413
Total Assets	-	1,413	-	1,413

There were no transfers between levels 1, 2 or 3 for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2022.

(ii) Valuation techniques used to derive fair values

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) was based on quoted market prices at the end of each reporting period. The quoted market price used for hedging derivatives held by the Group was the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimate. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- the fair value of oil price swaps is calculated as the present value of the estimated future cash flows based on forward prices at balance sheet date;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of foreign currency contracts and swaps calculated as the present value of the estimated future cash flows based on observable yield curves; and
- other techniques, such as discounted cash flow analysis and Monte Carlo simulations, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 unless otherwise stated.

For the financial liabilities, the best evidence of fair value is current prices in an active market for similar financial liabilities. Where such information is not available the directors consider information from a variety of sources including:

- discounted cash flow projections based on reliable estimates of future cash flows; and
- Monte Carlo simulations.

All resulting fair value estimates for properties are included in level 3.

(iii) Other fair value measurements

The carrying value of receivables and payables are assumed to approximate their fair values due to their short-term nature.

The fair value of other financial liabilities (being financial guarantees), after factoring in the likelihood that the parent entity would be required to perform under the guarantees, was not considered material.

The fair value of borrowings for disclosure purposes is not materially different to their carrying value given the likely anticipated repayment profile. Refer to Note 19 for further details.

The fair value of other classes of financial instruments not yet covered above was determined to approximate their carrying value.

E. Capital risk

The consolidated entity manages its capital to ensure that entities in the consolidated group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

F. Climate-related and other emerging risks

Climate-related and other emerging risks encompass the impact of climate change, any associated climate change regulations, funding restrictions and any other emerging factors (e.g. technological disruption to the oil and gas industry) that could have a material impact on the Group. The Group will continue to monitor the impact of these risks.

At the date of this report, the Group is impacted by emissions trading regulations in New Zealand. Currently there are no equivalent emissions trading regulations in the other jurisdictions in which the Group operates.

The Group manages the impact of the emissions trading regulations in New Zealand by acquiring New Zealand carbon credits (NZUs) throughout the financial period to offset its annual obligation, such that it is not wholly exposed to the NZU price at the date of settlement.

At 30 June 2022, if the New Zealand carbon credit price had been 10% p.a. higher or lower and all other variables held constant, the net result for the financial year would increase/(decrease) and net assets as at 30 June 2022 would increase/(decrease) by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Change in NZU price	+10%	+10%	+10%	+10%	-10%	-10%	-10%	-10%
Impact	32	38	98	146	[32]	[38]	[98]	[146]

Note 24 New Zealand Imputation Credits

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Imputation credits available for subsequent financial years ¹	2,957	3,289

¹ The franking credits available for subsequent financial years are only available to New Zealand resident shareholders under the Trans-Tasman imputation legislation.

Note 25 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy set out in Note 1[C]:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY HOLDING AND VOTING INTEREST (ALL SHARES ISSUED ARE ORDINARY SHARES)		BUSINESS ACTIVITIES CARRIED ON IN
		2022 %	2021 %	
Horizon Oil International Limited	New Zealand	100	100	New Zealand
Horizon Oil (New Zealand) Limited	New Zealand	100	100	New Zealand
Horizon Oil International Holdings Limited	BVI	100	100	BVI
Horizon Oil (Beibu) Limited	BVI	100	100	China
Horizon Oil (China Holdings) Limited	BVI	100	100	BVI
Horizon Oil Employee Incentive Trust	Australia	100 ¹	100 ¹	Australia

¹ During the previous financial year, the Group established the Horizon Oil Employee Incentive Trust to administer the Long-Term Incentive Plan and Horizon Employee Option Scheme. The Horizon Oil Employee Incentive Trust is consolidated in accordance with the principles in Note 1[C].

Note 26 Interest in joint operations

Companies in the Group were participants in a number of joint operations. The Group has an interest in the assets and liabilities of these joint operations. The Group's share of current assets and liabilities of the joint operations is included in the consolidated statement of financial position in accordance with the accounting policy described in Note 1[C], and the carrying values of Group's share of exploration, development and production phase expenditure is recorded in accordance with the accounting policies set out in Note 1[P] and [Q], under the following classifications:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
CURRENT ASSETS		
Cash and cash equivalents	1,972	839
Receivables	127	140
Inventories	4,183	2,555
Total current assets	6,282	3,534
NON-CURRENT ASSETS		
Oil and gas assets	106,879	112,338
Total non-current assets	106,879	112,338
Total assets	113,161	115,872
CURRENT LIABILITIES		
Payables	19,754	10,703
Total current liabilities	19,754	10,703
NON-CURRENT LIABILITIES		
Payables	-	-
Total non-current liabilities	-	-
Total liabilities	19,754	10,703
Share of net assets employed in joint operations	93,407	105,169

Contingent liabilities in respect of joint operations are detailed in Note 34.

Exploration and development expenditure commitments in respect of joint operations are detailed in Note 37.

The Group had an interest in the following joint operations:

PERMIT OR LICENCE	PRINCIPAL ACTIVITIES	INTEREST (%) 30 JUNE 2022	INTEREST (%) 30 JUNE 2021
NEW ZEALAND			
PMP 38160 [Maari/Manaia]	Oil and gas production, exploration and development	26.00%	26.00%
CHINA			
Block 22/12	Oil and gas production, exploration and development	26.95% / 55% ¹	26.95% / 55% ¹

¹ China National Offshore Oil Corporation ('CNOOC') is entitled to participate at up to a 51% equity level in any commercial development within Block 22/12. During 2011 CNOOC exercised its right to participate in the development of WZ6-12 and WZ 12-8W within Block 22/12 at 51%.

Note 27 Discontinued operation

[a] Description

On 27 October 2020, the Group announced that it had agreed to sell all of the shares in its wholly owned subsidiary Horizon Oil (PNG Holdings) Limited. The sale completed on 2 December 2020 resulting in the transfer of the Group's entire asset portfolio in Papua New Guinea to Arran Energy Investments Pty Ltd. On completion of the sale the Group received cash consideration of US\$3,500,000, with a further US\$264,225 received upon the finalisation of customary working capital adjustments. Following the completion of the sale, the Group does not have any operations in Papua New Guinea and no

longer holds an interest in Horizon Oil (PNG Holdings) Limited, Horizon Oil (Papua) Limited, Horizon Oil (Ubuntu) Limited and Horizon Oil (Ketu) Limited.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented for the prior financial year ended 30 June 2021 reflects the discontinued PNG operations for the 5 months ended 2 December 2020.

FINANCIAL PERFORMANCE	30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000
Revenue	-	-
Expenses	-	(380)
Impairment expense	-	-
Loss before income tax	-	(380)
Income tax expense	-	-
Loss after tax of discontinued operation	-	(380)
Gain on sale of subsidiary after tax (refer to Note 29 (c) below)	-	3,527
Profit/(Loss) from discontinued operation	-	3,147
Net cash outflow from operating activities	-	(74)
Net cash inflow / (outflow) from investing activities (includes proceeds from sale)	-	3,493
Net increase / (decrease) in cash generated by subsidiaries	-	3,419

(c) Details of the sale of the subsidiaries

GAIN ON SALE OF SUBSIDIARIES	30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000
Cash	-	3,500
Cash for working capital	-	264
Total disposal consideration	-	3,764
Cash	-	246
Accounts receivable	-	171
Fixed assets	-	52
Exploration assets	-	3,352
Development assets	-	2,408
Accounts payable	-	(161)
Restoration liabilities	-	(5,831)
Less: Carrying value of net assets sold	-	237
Gain on sale of subsidiaries	-	3,527

Note 28 Remuneration of external auditors

	CONSOLIDATED	
	2022 US\$	2021 US\$
During the financial year, the following fees were paid or payable for services provided by the external auditor of the parent entity and its related practices:		
1. PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	161,925	159,509
Other assurance services	24,186	11,822
Total remuneration for audit and other assurance services	186,111	171,331
Taxation services		
Tax compliance ¹	-	9,819
Total remuneration for taxation services	-	9,819
2. Non-PwC audit firms		
Audit and other assurance services	-	10,567
Total remuneration for audit and other assurance services	-	10,567
Total auditors' remuneration	186,111	191,717

¹ Remuneration for taxation services has been recorded on a gross basis; some of these fees were for services provided to PNG operated joint ventures.

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to its statutory external audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. It is the Group's policy to seek competitive tenders for all major consulting projects.

Note 29 Remuneration of key management personnel

See the Remuneration Report within the Directors' Report for details of directors and other key management and their detailed remuneration.

KEY MANAGEMENT PERSONNEL COMPENSATION	2022 US\$	2021 US\$
Short-term employee benefits	1,476,608	1,720,215
Post-employment benefits	68,311	69,941
Long-term benefits	[21,379]	[922]
Share-based payments (non-cash)	204,308	177,908
Total key management personnel remuneration	1,727,848	1,967,142

Detailed remuneration disclosures are provided in sections 1-7 of the audited Remuneration Report.

Loans to key management personnel

There were no loans to directors or other key management personnel during the current or prior financial year.

Other transactions with key management personnel

There were no other transactions with key management personnel during the current or prior financial year, other than as disclosed in sections 1 - 7 of the remuneration report.

Note 30 Related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

Directors and other key management personnel

There were no related party transactions with directors and other key management personnel during the current or prior year other than as disclosed in sections 1 - 7 of the Remuneration report and Note 31.

Subsidiaries

Interests in subsidiaries are set out in Note 25. Details in respect of guarantees provided to subsidiaries are set out in Note 40[(ii)].

Transactions with related parties

Transactions between Horizon Oil Limited and related parties in the wholly-owned Group during the financial years ended 30 June 2022 and 30 June 2021 consisted of:

- (a) Contributions to share capital by Horizon Oil Limited;
- (b) Loans advanced by Horizon Oil Limited;
- (c) Loans repaid to Horizon Oil Limited;
- (d) Payments to Horizon Oil Limited under financial guarantee contract arrangements;
- (e) Interest payments to Horizon Oil Limited on loans advanced to subsidiaries;
- (f) Dividends paid to Horizon Oil Limited; and
- (g) Reimbursement of expenses to Horizon Oil Limited.

The reimbursement of expenses to Horizon Oil Limited by subsidiaries is based on costs recharged on a relevant time allocation of consultants and employees and associated office charges.

The following transactions occurred with related parties:

	2022 US\$	2021 US\$
RELATED PARTIES TRANSACTIONS		
Payments to Horizon Oil Limited under financial guarantee contract arrangements from wholly owned subsidiary	315,351	510,900
Dividends from Horizon Oil International Limited to Horizon Oil Limited	14,000,000	-
Dividends from Horizon Oil (Beibu) Limited to Horizon Oil Limited	7,500,000	-
Debt capitalised for issuance of equity from Horizon Oil International Limited to Horizon Oil Limited	-	12,400,000

LOANS TO/FROM RELATED PARTIES	2022 US\$	2021 US\$
Balance at beginning of the financial year	70,193,085	185,605,193
Loans advanced	29,459,342	37,488,407
Loan repayments received	[30,288,059]	[48,847,617]
Interest charged	625,143	939,021
PNG related loans written-off	-	[104,991,919]
Balance at end of financial year	69,989,511	70,193,085

Terms and conditions

Transactions relating to dividends, calls on partly paid shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Certain loans to/from subsidiaries are subject to interest. The average interest rate on loans attracting interest during the financial year was LIBOR plus 4.53% (2020: LIBOR plus 4.53%). Outstanding balances are unsecured and repayable in cash.

Note 31 Share-based payments

Set out below is a summary of unlisted options and share appreciation rights on issue:

EFFECTIVE ALLOCATION DATE	ESTIMATED EXPIRY DATE	EXERCISE PRICE	BALANCE START OF FINANCIAL YEAR NUMBER	GRANTED DURING FINANCIAL YEAR NUMBER	EXERCISED DURING FINANCIAL YEAR NUMBER	LAPSED/CAN CELLED DURING FINANCIAL YEAR NUMBER	BALANCE END OF FINANCIAL YEAR NUMBER	VESTED AND EXERCISABLE AT END OF FINANCIAL YEAR NUMBER
CONSOLIDATED ENTITY 2022 SHARE APPRECIATION RIGHTS ISSUED								
01/07/2016	01/07/2021	A\$0.06 ¹	16,617,522	-	[16,617,522]	-	-	-
01/07/2016	01/07/2021	A\$0.02 ¹	12,186,198	-	[12,186,198]	-	-	-
01/07/2017	01/07/2022	A\$0.02 ¹	45,191,714	-	[6,000,000]	-	39,191,714	39,191,714
01/07/2018	01/07/2023	A\$0.11 ¹	8,680,899	-	-	[2,227,122]	6,453,777	6,453,777
01/07/2019	01/07/2024	A\$0.08 ¹	11,002,656	-	[2,822,778]	-	8,179,878	-
01/07/2020	01/07/2025	A\$0.03 ¹	10,004,499	-	[6,283,818]	-	3,720,681	-
01/07/2021	01/07/2026	A\$0.07 ¹	-	9,194,811	-	-	9,194,811	-
TOTAL			103,683,488	9,194,811	[43,910,316]	[2,227,122]	66,740,861	45,645,491
Weighted average exercise price			A\$0.07	A\$0.07	A\$0.04	A\$0.11	A\$0.04	A\$0.03

¹ No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR. Following shareholder approval of a A\$ 3 cent capital return, at an extraordinary general meeting on 10 August 2021, the strike prices of SARs on issue have been reduced by A\$ 3 cents.

EFFECTIVE ALLOCATION DATE	ESTIMATED EXPIRY DATE	EXERCISE PRICE	BALANCE START OF FINANCIAL YEAR NUMBER	GRANTED DURING FINANCIAL YEAR NUMBER	EXERCISED DURING FINANCIAL YEAR NUMBER	LAPSED/CANCELLED DURING FINANCIAL YEAR NUMBER	BALANCE END OF FINANCIAL YEAR NUMBER	VESTED AND EXERCISABLE AT END OF FINANCIAL YEAR NUMBER
CONSOLIDATED ENTITY 2021 SHARE APPRECIATION RIGHTS ISSUED								
01/07/2015	01/07/2020	A\$0.09 ²	7,458,777	-	-	[7,458,777]	-	-
01/07/2016	01/07/2021	A\$0.09 ²	16,617,522	-	-	-	16,617,522	16,617,522
01/07/2016	01/07/2021	A\$0.05 ²	12,186,198	-	-	-	12,186,198	12,186,198
01/07/2017	01/07/2022	A\$0.05 ²	55,691,714	-	[10,500,000]	-	45,191,714	45,191,714
01/07/2018	01/07/2023	A\$0.14 ²	8,680,899	-	-	-	8,680,899	-
01/07/2019	01/07/2024	A\$0.11 ²	12,859,747	-	-	[1,857,091]	11,002,656	-
01/07/2020	01/07/2025	A\$0.06 ²	-	10,004,499	-	-	10,004,499	-
TOTAL			113,494,857	10,004,499	[10,500,000]	[9,315,868]	103,683,488	73,995,434
Weighted average exercise price			A\$0.07	A\$0.06	A\$0.05	A\$0.09	A\$0.07	A\$0.06
OPTIONS ISSUED								
02/11/2015	02/11/2020	A\$0.20 ¹	1,000,000	-	-	[1,000,000]	-	-
15/09/2016	15/09/2021	A\$0.06 ³	300,000,000	-	[300,000,000]	-	-	-
TOTAL			301,000,000	-	[300,000,000]	[1,000,000]	-	-
Weighted average exercise price			A\$0.06	-	-	-	-	-

¹ Relates to options issued under the Employee Option Scheme.

² No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR. Following shareholder approval of a A\$ 3 cent capital return, at an extraordinary general meeting on 10 August 2021, the strike prices of SARs on issue have been reduced by A\$ 3 cents.

³ Relates to general options issued in connection with the subordinated secured debt facility. Refer to Note 20 for further details.

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.06 years (2021: 2.31 years).

Long Term Incentive Plan

The LTI arrangements approved at the 2010 annual general meeting apply to senior executives and involve the grant of share appreciation rights which may vest subject [amongst other things] to the level of total shareholder return ('TSR') achieved in the vesting period, relative to an appropriate index. This plan applied for the financial years up to and including 2022. As noted in the remuneration report, following a review of the current long term incentive plan award of Share Appreciation Rights], the Board approved a revised LTI Plan which involves the award of performance rights in place of share appreciation rights. The rationale for the new LTI plan is to create a stronger link between performance and reward and to align the interests of Senior Executives more strongly with those of the shareholders of Horizon.

Under the LTI Plan, the board has the discretion, subject to the ASX Listing Rule requirements, to grant share appreciation rights ('SARs') to executives as long-term incentives. The board has determined that up to 25% of senior executive's total remuneration would be long-term incentives in the form of SARs, with the number of SARs granted based on the value of a SAR.

A SAR is a right to receive either or both a cash payment or shares in the Company, as determined by the board, subject to the Company satisfying certain conditions, including performance conditions.

The LTI Plan provides that the amount of the cash payment or the number of shares in the Company that the participant receives on exercise of the SAR is based on the value of the SAR at the time it is exercised ('SAR Value'). The SAR Value is the excess, if any, of the volume weighted average price ('VWAP') of shares in the Company for the ten business day period up to the date before the date the SAR is exercised over the VWAP of shares in the Company for the ten business day period up to the day before the "Effective Allocation Date" for the SARs. The Effective Allocation Date for the SARs is the grant date

of the SARs or any other day determined by the board, at the time of the grant. The Effective Allocation Date would generally be the date the executive's entitlement was determined.

If the board determines that the SARs are to be satisfied in cash, the amount of cash that the participant receives on the exercise of the SARs is the SAR Value multiplied by the number of SARs exercised [less any deduction for taxes that the Company is required to make from the payment]. If the board determines that the SARs are to be satisfied in shares, the number of shares that the participant receives on the exercise of the SARs is the SAR Value divided by the volume weighted average price of shares in the Company for the ten business day period up to the day before the day the SARs are exercised. Where the number of shares calculated is not a whole number, it will be rounded down to the nearest whole number.

No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR.

Employee Option Scheme

The issue of securities under the Employee Option Scheme was approved by shareholders for the purposes of the ASX Listing Rules at the 2014 Annual General Meeting. The scheme is open to permanent full time or part time employees of the Company. Executive directors and the Company's senior executives were eligible to participate until April 2010, when the board resolved to modify the remuneration arrangements for the Company's senior executives.

The maximum number of ordinary shares in respect of which options may be issued pursuant to the Employee Option Scheme, together with the number of partly paid ordinary shares on issue pursuant to any other employee share scheme of the Company, must not exceed 5% of the number of ordinary shares in the Company on issue from time to time.

Each option entitles the employee to subscribe for one share in the Company and each option expires 5 years from the date of issue. Options granted are progressively exercisable in three equal tranches from dates which are 12, 24 and 36 months after grant date. Upon exercise of the option, only one cent of the exercise price will be payable, with the balance being paid at the expiration of the period which is 5 years from the date of the issue of the options.

The exercise price will be the greater of:

- (a) the price determined by directors but will not be less than the weighted average sale price per share of all sale prices at which fully paid ordinary shares are sold on the ASX during the period of 5 business days ending on the business day prior to the date of the directors' meeting at which the directors resolved to grant the option; and
- (b) 20 cents per option.

The option exercise prices are subject to adjustment in certain circumstances in line with the ASX Listing Rule 6.22.2.

During the financial year, the Horizon Long-Term Incentive Plan and Horizon Employee Option Scheme are also administered by the Horizon Employee Share Trust. This trust is consolidated in accordance with Note 1[C].

Shares issued by the trust to the employees are acquired on-market prior to the issue. Shares held by the trust and not yet issued to employees at the end of the reporting period are shown as treasury shares in the financial statements. Refer to Note 22[C] for details.

Share appreciation rights issued

9,194,811 share appreciation rights were issued under the Long-Term Incentive Plan. The weighted average exercise price of these SARs is A\$0.073 with performance hurdles to be achieved prior to exercise. Following shareholder approval of a A\$ 3 cent capital return, at an extraordinary general meeting on 10 August 2021, the strike prices of these SARs were reduced by A\$ 3 cents to A\$0.073. The independently assessed weighted average fair value at effective allocation date of these share appreciation rights was A\$0.0535 per SAR.

The Group engages external, independent and qualified valuers to determine the fair value at effective allocation date. The fair value of the share appreciation rights is determined based on a risk neutral framework using the Black-Scholes Model.

The Black-Scholes Model used to calculate the theoretical value of the share appreciation rights uses current stock prices, expected dividend yield, expected interest rates, time to expiration and expected volatility. A calculated share price volatility of 55.0% was applied in the valuation. All other parameters were based on the specific terms of the share appreciation rights issued or observable market data

The model inputs for the grant of share appreciation rights during the financial year ended 30 June 2022 included:

Effective allocation date	1 July 2021
Estimated expiry date	1 July 2026
Exercise price	N/A
10 Day VWAP of Horizon shares at effective allocation date	A\$0.103
Expected price volatility	55% p.a.
Risk free rate	0.72% p.a.
Expected dividend yield	0.00% p.a.

No options were issued under the Employee Option Scheme during the year.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the financial year as part of employee benefits expense in profit or loss were as follows:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
SHARE APPRECIATION RIGHTS ISSUED UNDER:		
Long Term Incentive Plan	369	364
Total employee share-based payments expense	369	364

Options/SARs in respect of which expiry dates were modified during the financial year

No options/SARs were modified during the financial year.

Options/SARs exercised during the financial year

During the financial year 43,910,316 SARs were exercised and settled with cash payments of US\$971,084.67 and 7,734,460 Ordinary shares transferred from the Horizon Employee Incentive Trust.

Options/SARs lapsing or cancelled during the financial year

During the financial year 2,227,122 SARs lapsed.

Deferred STI rights issued subsequent to 30 June 2022

Subsequent to year end and in accordance with the STI plan, 2,371,092 deferred STI rights were issued to Horizon employees. 1,111,380 deferred STI rights issued to R Beament may be subject to shareholder approval at the 2022 Annual General Meeting if the shares are not to be acquired by the Company on market.

Performance rights issued subsequent to 30 June 2022

Subsequent to year end and in accordance with contract entitlement, 29,400,000 performance rights were offered and accepted by Horizon employees. 19,600,000 performance rights offered and accepted by R Beament remain subject to shareholder approval at the 2022 Annual General Meeting.

Subsequent to financial year end, 5,557,004 SARs have been exercised and are due to be settled in cash and/or shares in early September 2022.

Options/SARs lapsed subsequent to 30 June 2022

No options or SARs have lapsed subsequent to financial year end.

Note 32 Employee entitlements

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
EMPLOYEE ENTITLEMENT LIABILITIES ARE INCLUDED WITHIN:		
Current – other creditors	343	427
Non-current – other creditors [Note 16]	111	122
	NUMBER 2022	NUMBER 2021
EMPLOYEE NUMBERS		
Average number of employees during financial year	12	16

Note 33 Contingent asset

The Group had no contingent assets as at 30 June 2022.

Note 34 Contingent liabilities

The Group had contingent liabilities as at 30 June 2022 and 30 June 2021 that may become payable in respect of:

In accordance with normal oil and gas industry practice, the Group has entered into joint operations and farm-out agreements with other parties for the purpose of exploring and developing its petroleum interests. If a participant to a joint operation defaults and fails to contribute its share of joint operation obligations, then the remaining joint operation participants are jointly and severally liable to meet the obligations of the defaulting participant. In this event, the interest in the permit or licence held by the defaulting participant may be redistributed to the remaining participants. In the event of a default, a contingent liability exists in respect of expenditure commitments due to be met by the Group in respect of defaulting joint operation participants.

The Group occasionally receives claims arising from its operations in the normal course of business. In the opinion of the directors, all such matters are either covered by insurance or, if not covered, are without merit or are of such a nature the amounts involved would not have a material impact on the results.

No material losses are anticipated in respect of any of the above contingent liabilities.

Note 35 Events after balance sheet date

Other than the matters disclosed in this report, there has not been any matter or circumstance which has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

The financial statements were authorised for issue by the Board of Directors on 25 August 2022. The Board of Directors has the power to amend and reissue the financial statements.

Note 36 Commitments for expenditure

Non-cancellable operating leases

On 1 July 2019, the Group adopted AASB 16 '*Leases*' (issued during January 2016), the new standard for lease accounting which eliminates the classification of leases as either 'operating' or 'finance' and requires a lessee to recognise on statements of financial position assets and liabilities. Accordingly, there were no commitments for minimum lease payments in relation to non-cancellable operating leases as at 30 June 2022 and 30 June 2021 as the financial obligations are recognised on the balance sheet at that date.

Note 37 Exploration and development commitments

The Group has entered into joint operations for the purpose of exploring, developing and producing from certain petroleum interests. To maintain existing interests or rights to earn interests in those joint operations the Group will be expected to make contributions to ongoing exploration and development programs. Since such programs are subject to continual review by operating committees, upon which the Group is represented, the extent of future contributions in accordance with these arrangements is subject to continual renegotiation.

Subject to the above-mentioned limitations, the directors have prepared the following disclosure of exploration and development expenditure commitments not recognised in the consolidated financial statements. These are payable as follows, based on current status and knowledge of estimated quantum and timing of such commitments by segment.

2022	NEW ZEALAND DEVELOPMENT	CHINA EXPLORATION & DEVELOPMENT	TOTAL
Within one financial year	2,832	20,436	23,268
Later than one financial year but not later than 5 financial years	-	3,530	3,530
Total	2,832	23,966	26,798

2021	NEW ZEALAND DEVELOPMENT	CHINA EXPLORATION & DEVELOPMENT	TOTAL
Within one financial year	684	3,332	4,016
Later than one financial year but not later than 5 financial years	482	14,230	14,712
Total	1,166	17,562	18,728

The above commitments may be deferred or modified with the agreement of the host government, by variations to the terms of individual petroleum interests, or extensions to the terms thereof. Another factor likely to delay timing of these commitments is the potential lack of availability of suitable drilling rigs in the area of interest.

The commitments may also be reduced by the Group entering into farm-out agreements or working interest trades, both of which are typical of the normal operating activities of the Group.

In addition to the above commitments, the Group has invested funds in other petroleum exploration interests, but is not exposed to a contingent liability in respect of these, as it may choose to exit such interests at any time at no cost penalty other than the loss of the interests.

Note 38 Reconciliation of profit after income tax to net cash flows from operating activities

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
PROFIT / (LOSS) FOR FINANCIAL YEAR	24,326	8,009
Exploration and development expenditure written off/expensed	810	-
Depreciation expense	442	332
Movement in employee entitlement liabilities	[13]	[263]
Non-cash employee share-based payments expense	370	364
Amortisation expense	27,018	23,861
Amortisation of prepaid financing costs	574	511
Provision for restoration	475	301
Profit/loss from discontinued operations	-	[3,147]
Fair value movements on derivatives	[977]	[1,413]
Unrealised movement in in fair value of other financial liabilities	-	2,930
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase) in trade debtors	[4,165]	[6,215]
(Increase) / Decrease in other debtors and prepayments	298	[317]
(Increase) / Decrease in inventory	[1,627]	955
Increase / (Decrease) in net deferred tax liabilities	4,097	[1,255]
Increase / (Decrease) in tax payable	7,308	[2,173]
Increase / (Decrease) in trade creditors	[2,121]	2,205
Increase / (Decrease) in other creditors	111	[1,524]
NET CASH INFLOW FROM OPERATING ACTIVITIES	56,926	23,161

Note 39 Earnings per share

	CONSOLIDATED	
	2022 US CENTS	2021 US CENTS
(a) Basic earnings per share attributable to the ordinary equity holders of the Company	1.54	0.61
(b) Diluted earnings per share attributable to the ordinary equity holders of the Company	1.48	0.49
(c) Basic earnings per share from continuing operations attributable to the ordinary equity holders of the Company	1.54	0.37
(d) Diluted earnings per share from continuing operations attributable to the ordinary equity holders of the Company	1.48	0.30

	2022 NUMBER	2021 NUMBER
--	----------------	----------------

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,580,442,962	1,322,129,812
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,636,917,307	1,634,485,232
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share from continuing operations	1,580,442,962	1,322,129,812
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share from continuing operations	1,636,917,307	1,634,485,232

	2022 US\$'000	2021 US\$'000
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RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	24,326	8,009
Profit from discontinued operations	-	(3,147)
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	24,326	4,862

Information concerning the classification of securities

A. Partly paid ordinary shares

Partly paid ordinary shares carry the rights of fully paid ordinary shares and to that extent they have been recognised as ordinary share equivalents in the determination of basic earnings per share. All partly paid shares on issue are held by the Company.

Details regarding the partly paid ordinary shares are set out in Note 21.

B. Options and share appreciation rights granted as compensation

Options and share appreciation rights (SARs) granted to employees under the Long-Term Incentive Plan or Employee Option Scheme and general options issued (including the 300 million options issued in connection with the drawdown of the subordinated secured non-amortising loan facility in a prior period), are included in the calculation of diluted earnings per share to the extent to which they are dilutive. The SARs are considered to be contingently issuable shares and are treated as outstanding and included in the calculation of diluted earnings per share if the relevant performance hurdles have been met. Options and SARs have not been included in the determination of basic earnings per share.

Details regarding the options and share appreciation rights are set out in Note 31.

Note 40 Parent Entity financial information

[i] Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	PARENT ENTITY	
	2022 US\$'000	2021 US\$'000
STATEMENT OF FINANCIAL POSITION		
Current assets	23,708	24,041
Non-current assets	109,367	109,993
Total assets	133,075	134,034
Current liabilities	1,644	2,011
Non-current liabilities	111	180
Total liabilities	1,755	2,191
Net assets	131,320	131,843
Contributed equity	159,343	194,114
Share-based payments reserve	12,048	12,697
Accumulated losses	[40,071]	[74,968]
Total equity	131,320	131,843
Profit/(loss) for the financial year	34,897	[5,375]
Total comprehensive profit/(loss) for the financial year	34,897	[5,375]

[ii] Guarantees entered into by the parent entity

The parent entity has provided guarantees in respect of bank loans and hedge derivatives of its subsidiaries amounting to US\$1,393,706 (2021: US\$12,740,000) and has also provided customary joint venture guarantees.

No liability has been recognised for guarantees provided. After factoring in the likelihood that the parent entity would be required to perform under the guarantees the fair value of the liability was not considered material.

[iii] Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021. For information about guarantees given by the parent entity, see above.

[iv] Contractual commitment for the acquisition of property, plant or equipment

As at 30 June 2022, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2021 – US\$Nil).

HORIZON OIL LIMITED

SHAREHOLDER INFORMATION



SHAREHOLDER INFORMATION

Horizon Oil Limited and Controlled Entities Securities Exchange Information as at 15 August 2022

DISTRIBUTION OF EQUITY SECURITIES

The distribution of equity security holders ranked according to size at 15 August 2022 was as follows:

Size of holding	Ordinary shares		Share appreciation rights
	Shares	Unlisted options	
1 to 1,000	297	-	-
1,001 to 5,000	166	-	-
5,001 to 10,000	685	-	-
10,001 to 100,000	1,930	-	-
100,001 and over	771	-	6
Total	3,549		

A total of 356 holders held less than a marketable parcel of 3,449 ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders of the Company's ordinary shares are listed below:

	Name	No. of ordinary shares	% of issued ordinary shares
1	IMC Investments Limited	400,574,175	25.37
2	J P Morgan Nominees Australia Limited	382,127,079	24.20
3	Citicorp Nominees Pty Limited	148,064,384	9.38
4	HSBC Custody Nominees [Australia] Limited	57,059,801	3.61
5	BNP Paribas Nominees Pty Ltd	26,059,732	1.65
6	Carrington Land Pty Ltd	20,000,000	1.27
7	CPU Share Plans Pty Limited	18,213,741	1.15
8	Mr Geoffrey Victor Day & Mrs Anne Margaret Day	15,000,000	0.95
9	Global Mosaic Pty Limited	12,055,100	0.76
10	Mr Michael Francis Sheridan	11,822,050	0.75
11	Mr Leendert Hoeksema & Mrs Aaltje Hoeksema	9,600,000	0.61
12	Grizzley Holdings Pty Limited	8,511,941	0.54
13	Neweconomy Com Au Nominees Pty Limited	8,366,066	0.53
14	Mr John Bernard Porteous	7,558,716	0.48
15	National Nominees Limited	6,567,450	0.42
16	Mr Damiano M Cifonelli	5,700,000	0.36
17	Kaluki Pty Limited	5,645,811	0.36
18	Brides Pty Limited	5,500,000	0.36
19	CIDT Pty Limited	5,268,888	0.33
20	CS Fourth Nominees Pty Limited	4,756,724	0.30
	Total	1,158,448,975	73.37

SHAREHOLDER INFORMATION

ISSUED SECURITIES

Issued securities as at 15 August 2022:

Security	Number on issue	Number of holders
Ordinary fully paid shares ¹	1,578,942,962	3,850
Ordinary partly paid shares	1,500,000	1
Unlisted share appreciation rights	66,740,861	6

¹ The Company's ordinary fully shares are listed on the Australian Securities Exchange.

SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

Ordinary shares	No. of ordinary shares	% of issued ordinary shares
IMC Investments Ltd [an associate of Austral-Asia Energy Pty Ltd]	400,574,175	25.37
Samuel Terry Asset Management Pty Limited	314,232,423	19.90
Spheria Asset Management Pty Limited	122,134,457	7.73
Total	836,941,055	53.00

VOTING RIGHTS

a) Ordinary shares – fully paid

Voting of members is governed by the Company's Constitution. In summary, every member present in person or by proxy attorney or representative shall have one vote on a show of hands and one vote for each share on a poll.

b) Ordinary shares – partly paid

Voting of members is governed by the Company's Constitution. In summary, every member present in person or by proxy attorney or representative shall have one vote on a show of hands and upon a poll, is entitled to one vote to the proportion of the total issue price then paid up.

c) Share appreciation rights - unlisted

No voting rights.

GLOSSARY

A-IFRS	Australian equivalents to International Financial Reporting Standards
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
bbl[s]	Blue barrel[s], oil barrel volume is 0.159 cubic metres
bcf	Billion cubic feet of natural gas
boe	Barrel of oil equivalent. The factor used to convert gas to oil equivalent is based upon an approximate energy value of 6,000 cubic feet per barrel and not price equivalence at the time
boepd	Barrel of oil equivalent per day
bopd	Barrel of oil per day inclusive of NGLs
CNOOC	China National Offshore Oil Corporation
EBITDAX	Earnings before interest, tax, depreciation, depletion and amortisation, and exploration expenses
ESP	Electrical submersible pump
FID	Final investment decision
FPSO	Floating production, storage and offloading vessel
GST	Goods and services tax
JOA	Joint operating agreement
km	Kilometres
LIBOR	London inter-bank offered rate
LNG	Liquified natural gas
mmbbl/mmbo	Million barrels of oil
mmboe	Million barrels of oil equivalent
mmcfb	Millions cubic feet barrels
NDRC	National Development and Reform Commission
NGL[s]	Natural gas liquid[s]
OTCQB	OTC Markets Group Venture Market
ODP	Overall Development Plan
PEP	Petroleum exploration permit
PMP	Petroleum mining permit

GLOSSARY

Reserves	Reserves as included in this report refers to both Proven and Probable reserves [2P]. Proven and Probable reserves are reserves that analysis of geological and engineering data suggests are more likely than not to be recoverable – there is at least a 50% probability that reserves recovered will exceed Proven and Probable reserves.
Contingent Resources	The Company's technically recoverable resources [2C] for its discovered oil and gas fields are classified as contingent resources. These resources would be expected to be booked in reserves (Proven and Probable reserves) once commercialisation arrangements have been finalised.
PSA	Production Sharing Agreement
PNG	Papua New Guinea
SDA	Supplemental Development Agreement
SPE-PRMS	Society of Petroleum Engineers – Petroleum Resources Management System
Sq km	Square kilometres
tcf	Trillion cubic feet of natural gas
USD / \$US	United States dollars
WHP	Wellhead platform
WOU	Workover unit
2D Seismic	Seismic recorded in 2 dimensions
3D Seismic	Seismic recorded in 3 dimensions

Horizon Oil Limited
ABN 51 009 799 455

Board of Directors

Michael Harding (Chairman)
 Richard Beament (Chief Executive Officer)
 Sandra Birkenleigh
 Gregory Bittar (Alternate: Bruno Lorenzon)
 Bruce Clement
 Nigel Burgess

Company Secretary

Vasilios Margiankakos

Assistant Company Secretary

Kyle Keen

Australian Registered Office
[Principal place of business]

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Domicile and country of incorporation

Australia

Share Registrar

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 Level 4, 60 Carrington Street
 SYDNEY NSW 2000
 Telephone: +[613] 9415 4000

Solicitors

King & Wood Mallesons
 Level 30 Waterfront Place
 1 Eagle Street
 BRISBANE QLD 4000

Auditor

PwC
 One International Towers Sydney
 Watermans Quay, Barrangaroo
 SYDNEY NSW 2000

Stock Exchanges

Horizon Oil Limited shares are listed on the ASX [ASX code: HZN] and the US OTC Markets Group [OTCQB:HZNFF]