

25 August 2022

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

HORIZON – AUD 3 CENT PER SHARE DISTRIBUTION

Horizon is pleased to announce that the Board has approved an equal capital reduction of approximately AUD 21.3 million or AUD 1.35 cents per ordinary share [**Share Capital Reduction**], subject to shareholder approval. In this regard, Horizon has sought and obtained a waiver of ASX LR7.25¹.

In conjunction with the Share Capital Reduction, the Board has approved a Conduit Foreign Income [**CFI**] unfranked dividend of AUD 1.65 cents per ordinary share (approximately AUD 26.1m), which, combined with the Share Capital Reduction, equates to a total distribution of AUD 3 cents per share representing approximately AUD 47.4 million.

Given Horizon's strong balance sheet and continued strong free cashflow generation which has been aided by sustained higher oil prices, the Board considers that it is appropriate to return surplus capital to shareholders in conjunction with a CFI unfranked dividend. The return of capital has been aided by the extension of the Group's debt facility, which has allowed for further optimisation of the Group's capital structure enhancing shareholder returns. The quantum of the return was determined balancing the Group's cash reserves, access to liquidity, capex commitments and future organic growth plans within the Company's asset portfolio.

In determining the split between a CFI unfranked dividend and capital return, Horizon has been in discussions with the Australian Taxation Office [**ATO**]. The split between a CFI unfranked dividend and capital return is based upon the ATO's slice approach as outlined in their Practice Statement PS LA 2008/10. Following these discussions, the abovementioned split between a CFI unfranked dividend and capital was deemed appropriate. We note that this is still indicative and subject to a final class ruling to be provided by the ATO following approval of the share capital return at the Extraordinary General Meeting [**EGM**] of shareholders to be held on 7 October this year.

Horizon's CEO, Richard Beament commented:

"We are pleased to be able to make further substantial distributions to shareholders. This has been possible due to Horizon's strong balance sheet and the significant cashflow generation from its operations in China and New Zealand. With continued strong production from our assets, and assuming oil prices are maintained, we look forward to providing further distributions to shareholders in the future."

Horizon will apply to the ATO for a class ruling on the income tax treatment of the Share Capital Reduction. For more detail on the Share Capital Reduction, including tax implications, see the Notice of EGM and Explanatory Notes.

Horizon's Board and management look forward to welcoming you to our EGM on 7 October 2022.

Notes:

1. ASX Listing Rule 7.25 provides that an entity must not reorganise its capital if the effect of doing so would be to decrease the price at which its main class of securities would be likely to trade after the reorganisation to an amount less than 20 cents. Further, under the rule, an entity with a trading price of less than 20 cents would not be permitted to reorganise its capital if the result is likely to be any decrease in its trading price.

Authorisation

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