Results Presentation
Financial Year 2019

28 August 2019

Horizon Oil
Horizon Oil Limited
ABN 51 009 799 455

Compliance statements

Disclaimer

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- In this presentation, references are made to EBITDAX, Underlying Profit and Free Cashflow, which are financial measures which are not prescribed by Australian Accounting Standards.
  - EBITDAX represents the profit adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments)
  - Underlying profit represents the profit adjusted for the unrealised movement in the value of options issued under the subordinated loan facility, unrealised movements and gains associated with convertible bonds and non-cash impairments.
  - Free Cash Flow represents cash flow from operating activities less investing cash flows (net of acquisition payments)
- All references to dollars in this presentation are United States dollars unless otherwise noted.

Reserves Disclosure

- Unless otherwise stated, all petroleum reserves and resource estimates refer to those estimates as set out in the Horizon Oil's Reserves and Resources Statement as at the balance date (i.e. 30 June) as most recently released to ASX. Horizon Oil is not aware of any new information or data that materially affects the information included in this presentation. All the material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.
- For the purposes of this presentation, 6 bcf of raw gas equals 1 mmboe.
- The estimates of petroleum reserves and resources contained in this presentation are based on, and fairly represent, information and supporting documentation prepared by staff and independent consultants under the supervision of Mr Andrew McArdle, Chief Operating Officer of Horizon Oil Limited. Mr McArdle is a full-time employee of Horizon Oil Limited and is a member of the Society of Petroleum Engineers. Mr McArdle's qualifications include a Master of Engineering from the University of Western Australia, Australia and more than 15 years of relevant experience. Mr McArdle consents to the use of the petroleum reserves and resources estimates in the form and context in which it appears.
- This presentation should be read in conjunction with the 2019 Reserves and Resources Statement and the Annual Financial Report for the year ended 30 June 2019.

Horizon Oil

Overview

Michael Sheridan

CHIEF EXECUTIVE OFFICER

FY19 Full Year Highlights

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RECORD SALES VOLUME
1.87 mmbbls
▲13%

RECORD SALES REVENUE
US$122 million
▲22%

RECORD EBITDAX
US$93 million
▲36%

NET DEBT REDUCED
US$28 million
▼68%

UNDERLYING PROFIT BEFORE TAX
US$37 million
▲97%

2P RESERVES INCREASE
~95% reserves replacement
▲1.8mmbl

FY19 Delivering on Objectives

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Improved production performance	Maintenance of strong operating cashflows	Progressive debt reduction	Organic growth	Safety & environmental performance
⊕ Guidance exceeded with record production and sales volumes ⊕ Production optimisation/water injection at Maari/ Manaia, New Zealand	⊕ Record free cashflow and underlying profit ⊕ Operating costs maintained below US$20/bbl	⊕ Net debt reduced to US$28 million ⊕ On track to net cash position in 2020	⊕ ~95% organic 2P reserve replacement ⊕ Successful infill wells in Beibu Gulf, China	⊕ Continued sound HSSE performance at Horizon Oil's operated and non-operated assets

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Financial Results

Richard Beament

CHIEF FINANCIAL OFFICER

FY19 Financial Results

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(US$ million)	FY19	FY18	Change (%)
Production volume, mmbbl	1.60	1.32	▲ **22%**
Sales volume, mmbbl	1.87	1.65	▲ **13%**
Revenue	**122.4**	**100.0**	▲ **22%**
EBITDAX	**93.0**	**68.5**	▲ **36%**
Underlying profit before tax	**37.3**	**18.9**	▲ **97%**
Add/(less) Financing costs - unrealised movement in value of options	11.2	(20.5)	▲ **n.m.**
Statutory profit/(loss) before tax	**48.4**	**(1.6)**	▲ **3,163%**
Cash on hand	21.5	27.6	▼ **(22%)**
Cashflow from operating activities	72.8	57.6	▲ **26%**
Net debt	**28.0**	**88.6**	▼ **(68%)**

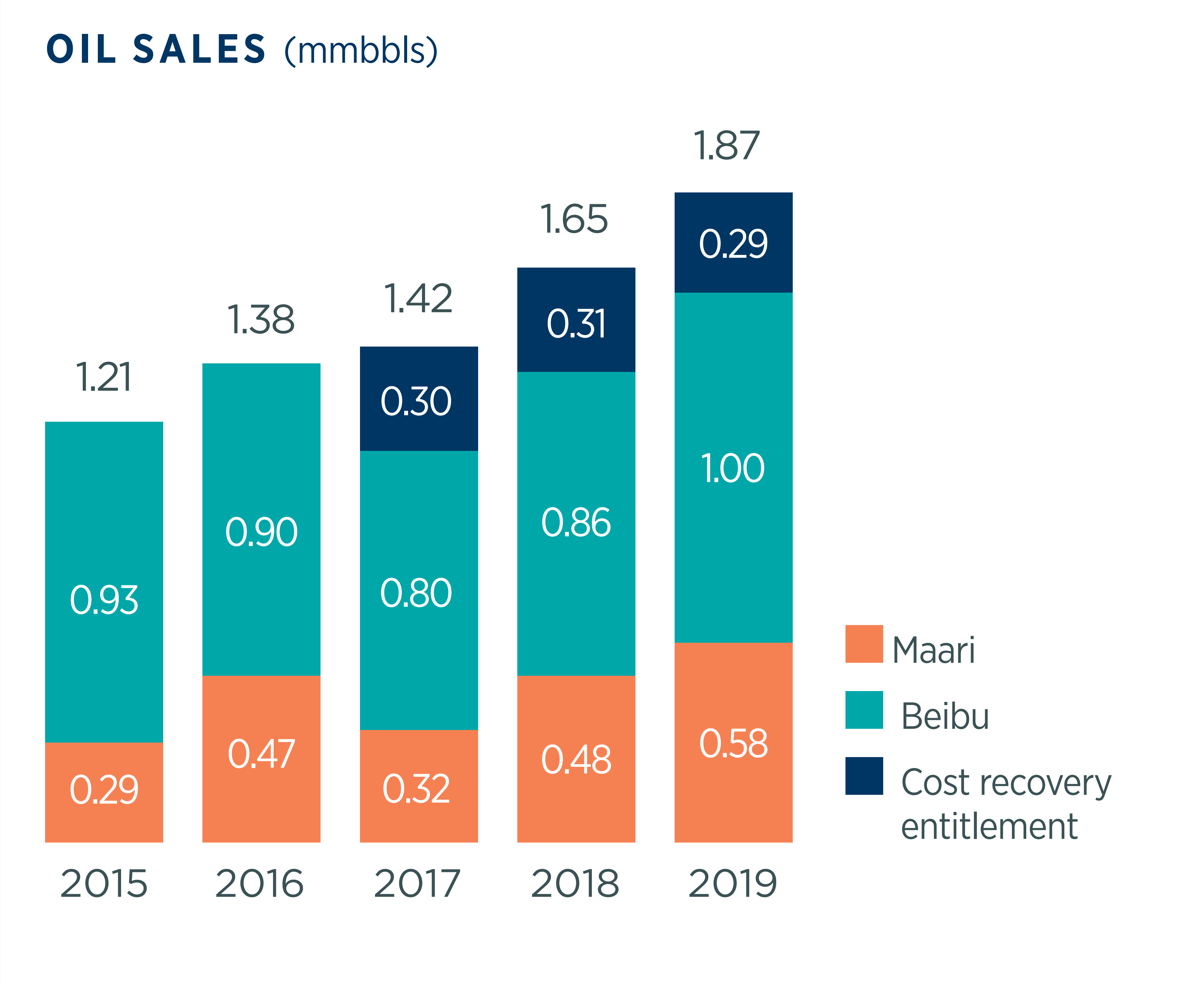
- ⊕ Material increase in sales and production

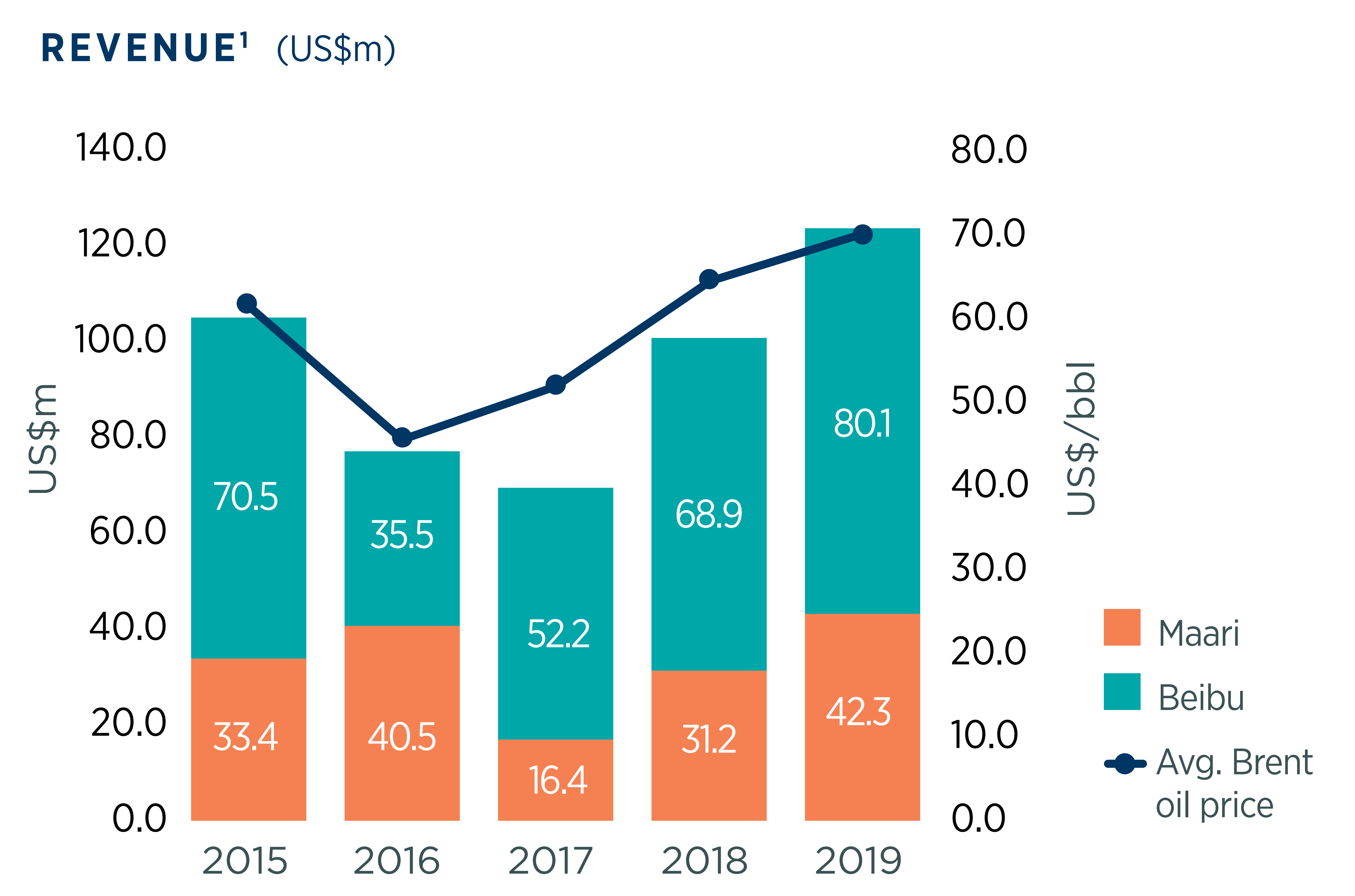
- ⊕ Robust and material increases in revenue, EBITDAX, profit and cashflow generation
- ⊕ Underlying profit before tax of US$37.3 million, adjusted for unrealised non-cash financing cost

- ⊕ Net debt reduced by 68% to US$28 million

Financial Highlights

Horizon Oil



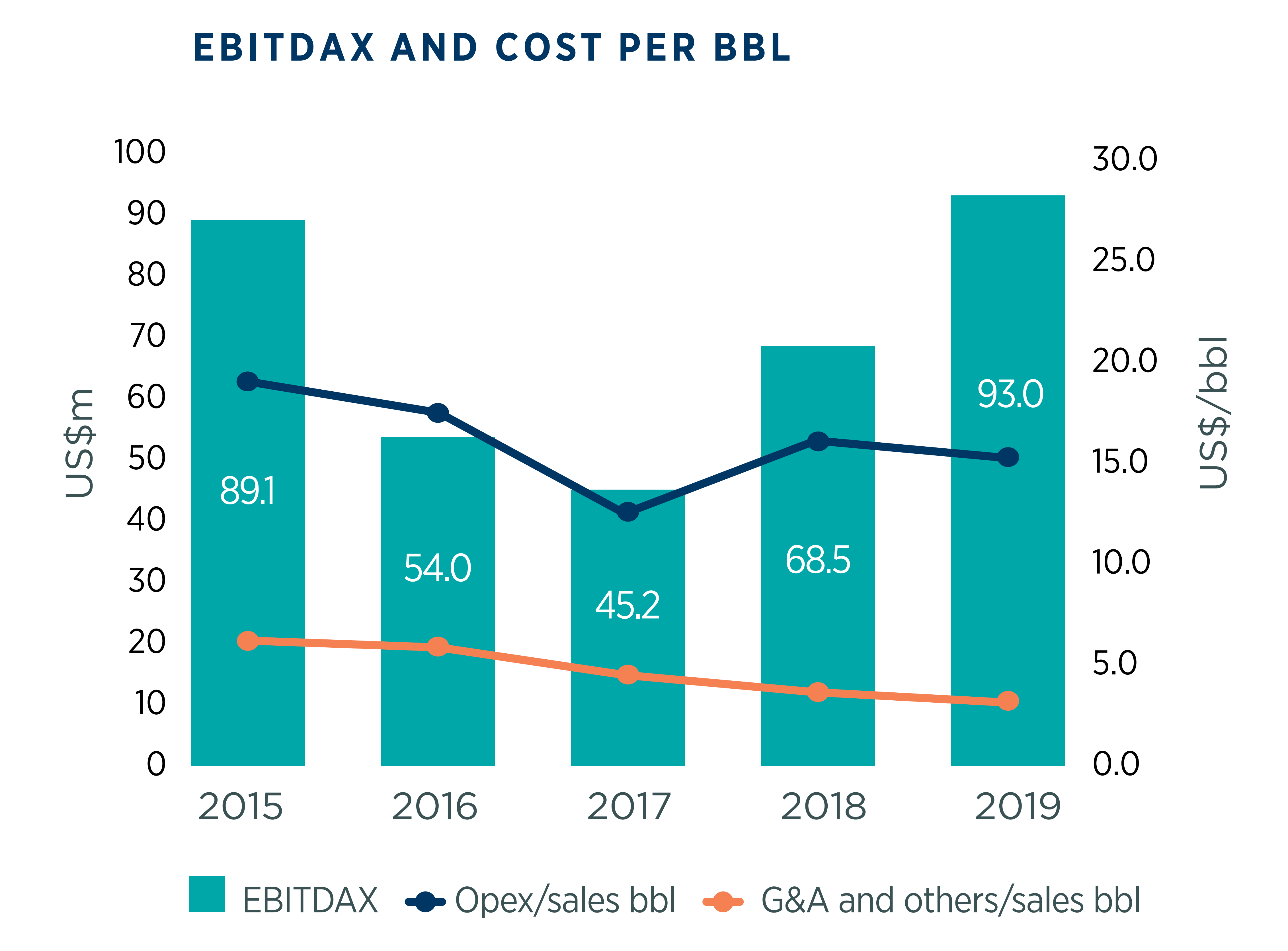


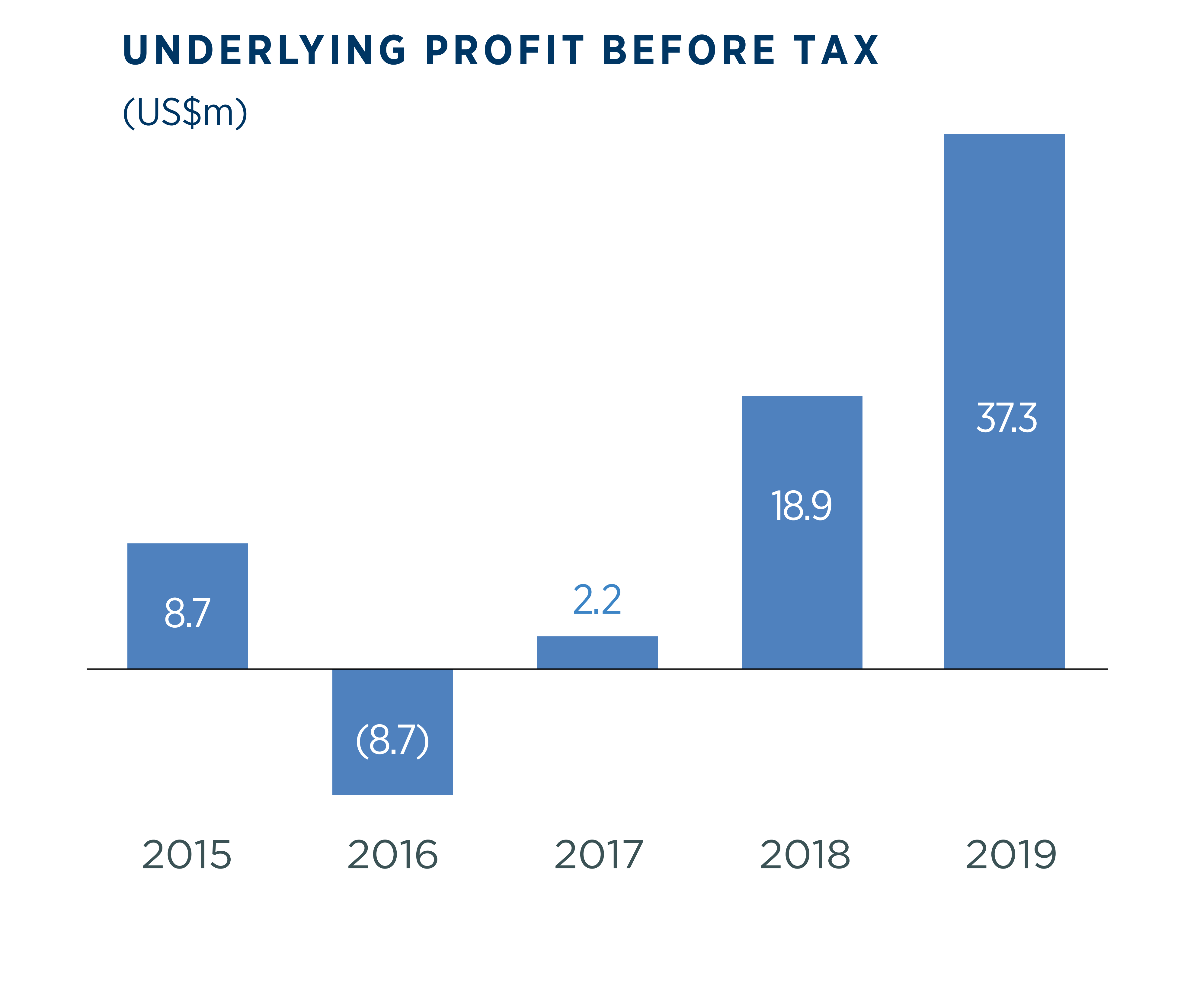
[1] Net of hedge settlements.

- Consistent growth in sales volumes for 5 consecutive years
- Material increase in sales revenue driven by record oil sales volumes
- Greater production and revenue diversification following acquisition of additional Maari interest in 2018

Financial Highlights

Horizon Oil

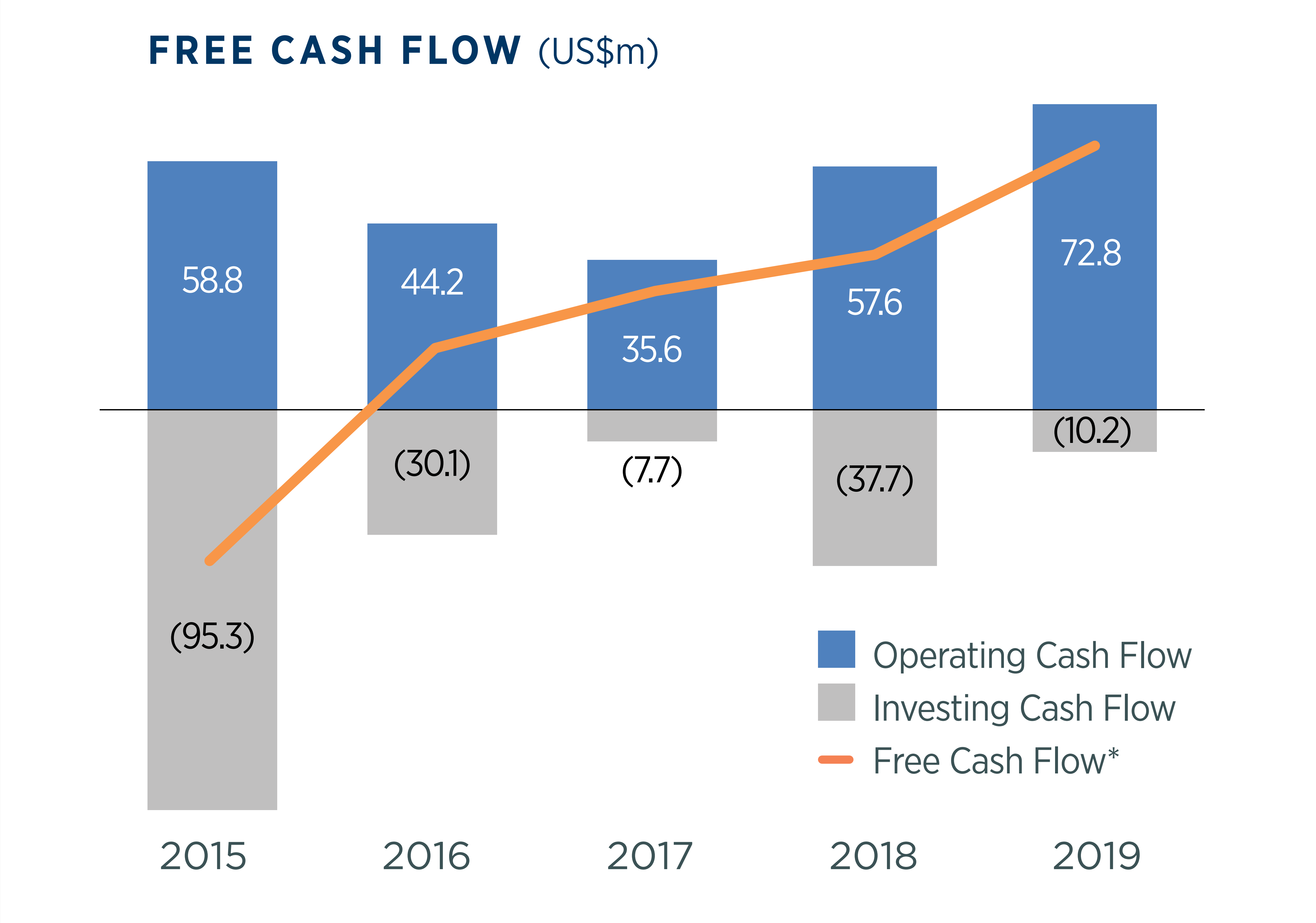


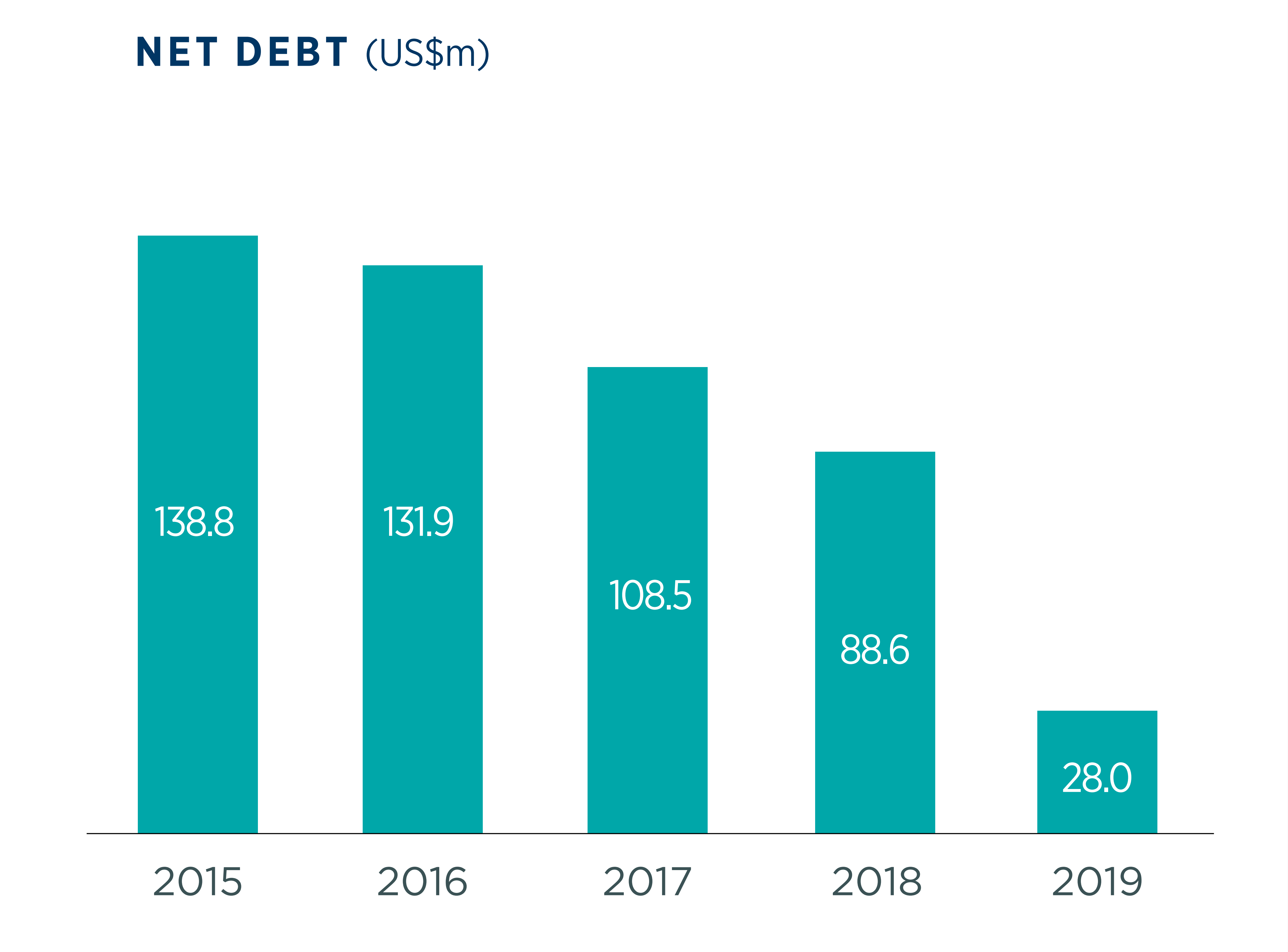


- Maintenance of low operating costs driving record EBITDAX
- Maintenance of low general & administrative expenditure
- Record underlying profit resulting from sales growth with continued cost discipline

Financial Highlights

Horizon Oil

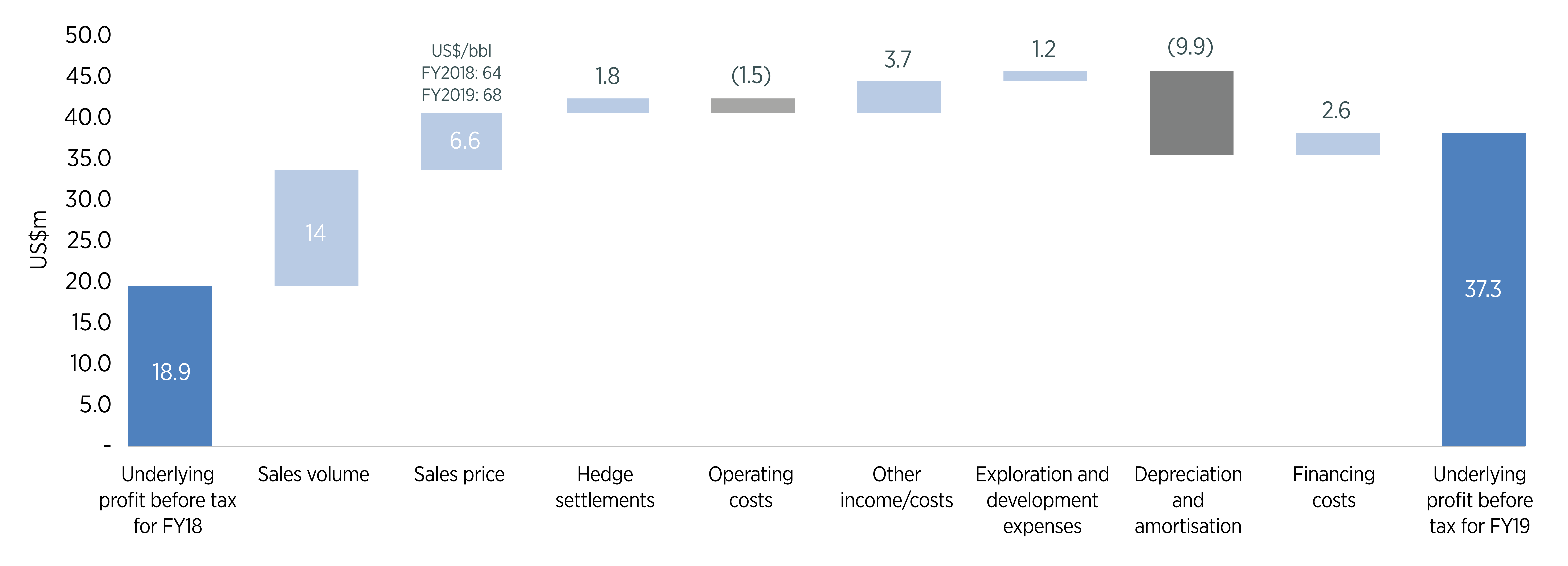




- Sustained growth in free cash flow with disciplined investment in exploration and development activities
- Accelerated debt reduction following refinancing which consolidated debt, simplifying capital structure and lowered funding costs
- Accelerated debt reduction with 68% reduction in net debt in FY19
- On track to Net Cash position by mid calendar year 2020

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

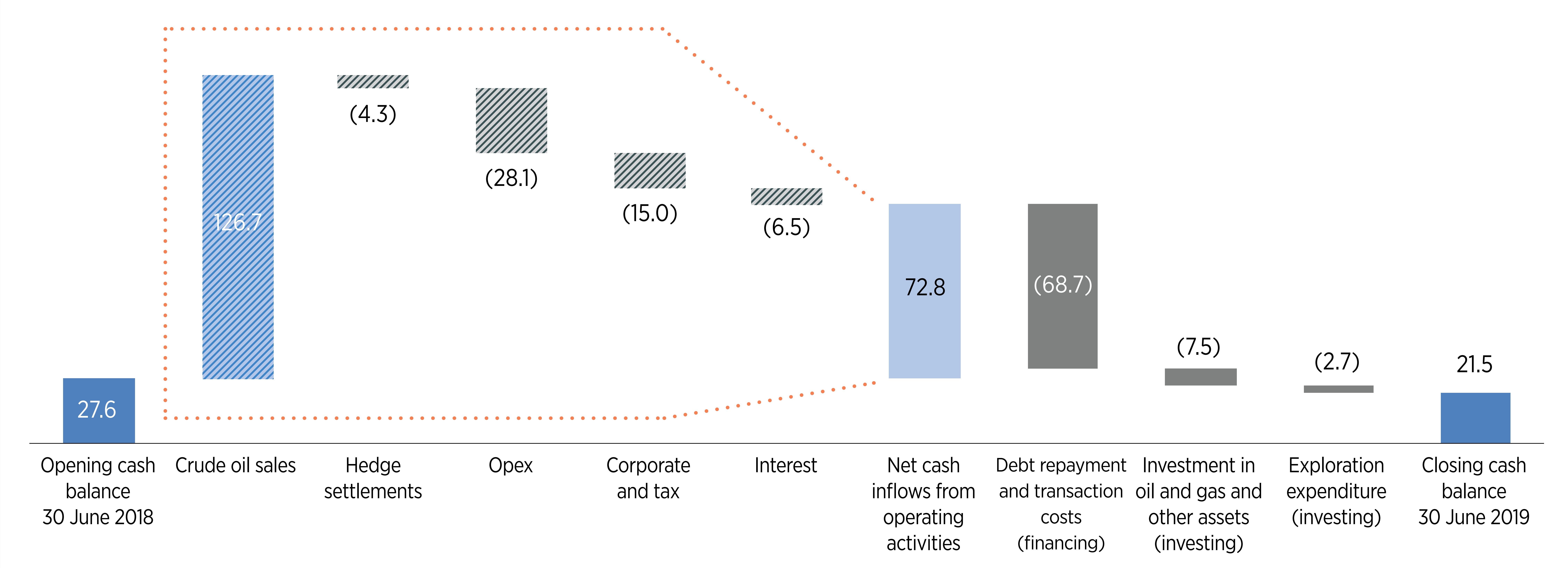
Underlying Profit Drivers



- Increase in underlying profit driven by record oil sales volumes and higher realised oil price
- Cost discipline maintained with low general & admin expenditure and modest exploration/development expenditure
- Financing costs reduced following refinancing and repayment of debt

Key Cashflow Drivers

US$ million



- Strong net cashflow generation used to materially reduce debt
- Disciplined investment in exploration and development activities to drive growth
- Maintenance of low general & administrative expenditure

Financial Outlook

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Progressive debt reduction

- Continued strong cashflow generation allowing for progressive reduction in debt
- Forecast net cash position by mid calendar year 2020

Maintenance of cost discipline

- Maintenance of low operating costs targeting < US$20/bbl produced
- Disciplined and focused exploration in and around existing production
- Maintenance of low general & administrative expenses

Strong free cash flow generation

- Strong operational cash flows supported by developed, low cost, conventional oil fields
- Further optimise oil production through workovers and other enhancements

Balance sheet supportive of growth strategy

- Enhanced liquidity and reduced gearing support growth opportunities
- Organic growth opportunities including infill drilling and proposed China WZ12-8E development able to be funded from internally generated cashflow

Outlook and Project Updates

Michael Sheridan

CHIEF EXECUTIVE OFFICER

Overview of Portfolio

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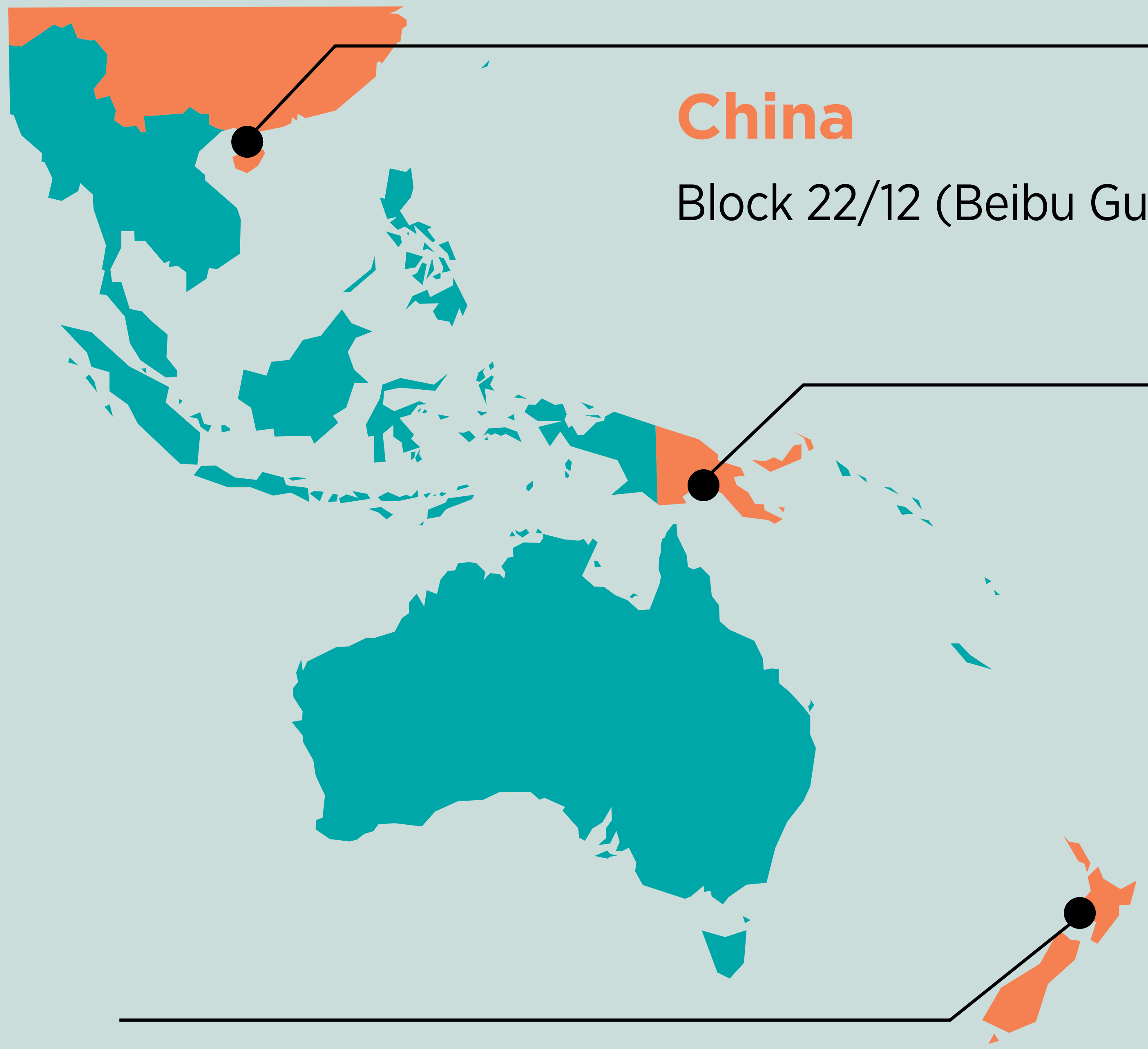


China

Block 22/12 (Beibu Gulf)	26.95%/55%

Papua New Guinea

PDL 10 (Stanley)	30%
PRL 21 (Elevala/Tingu/Ketu)	30.15%
PRL 28 (Ubuntu)	30%
PRL 40 (Puk Puk/Douglas)	20%
PPL 372	95%
PPL 373	100%
PPL 430*	100%
PPL 574	80%

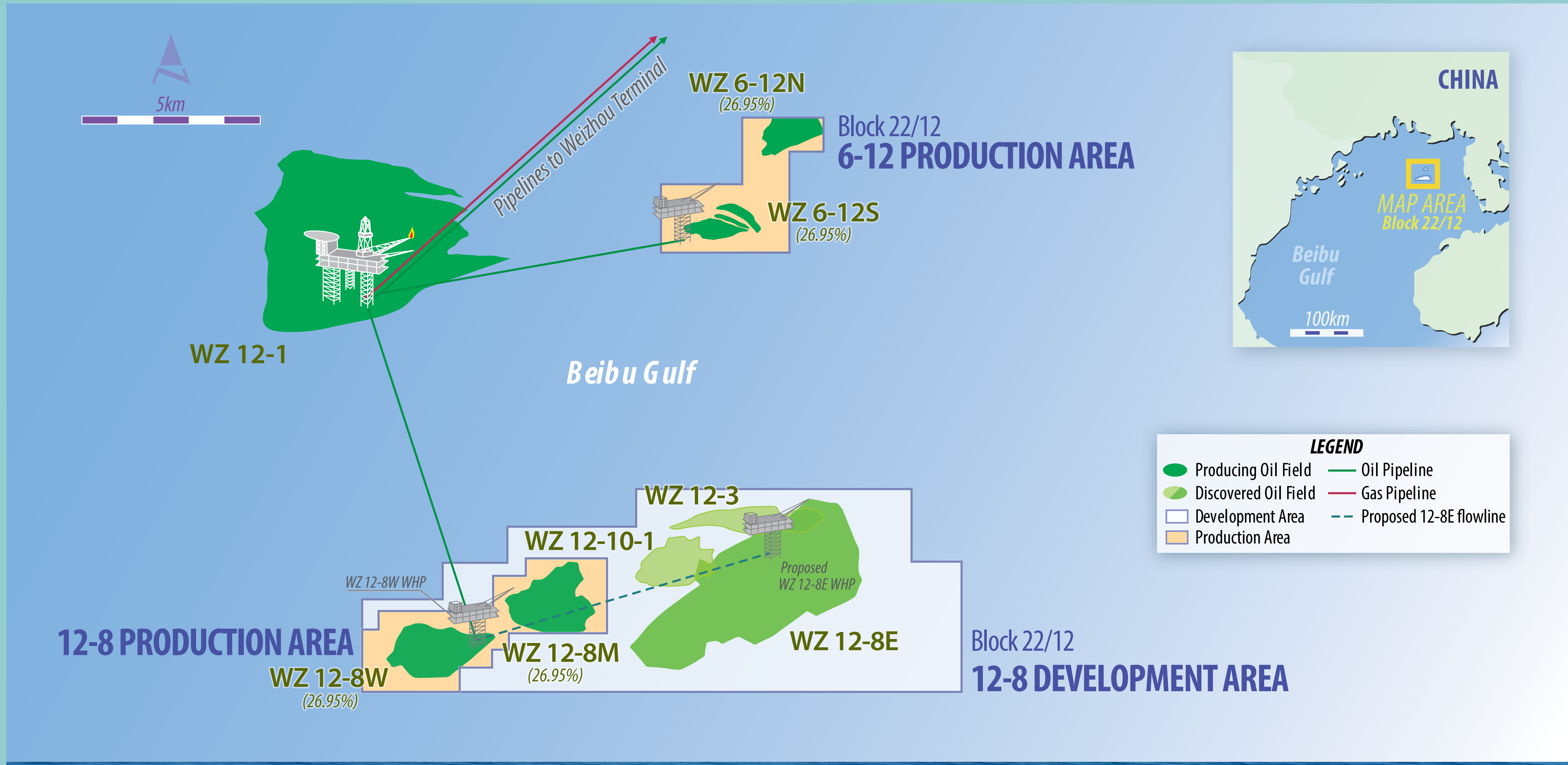
* Licence PPL 430 expired post 30 June 2019.

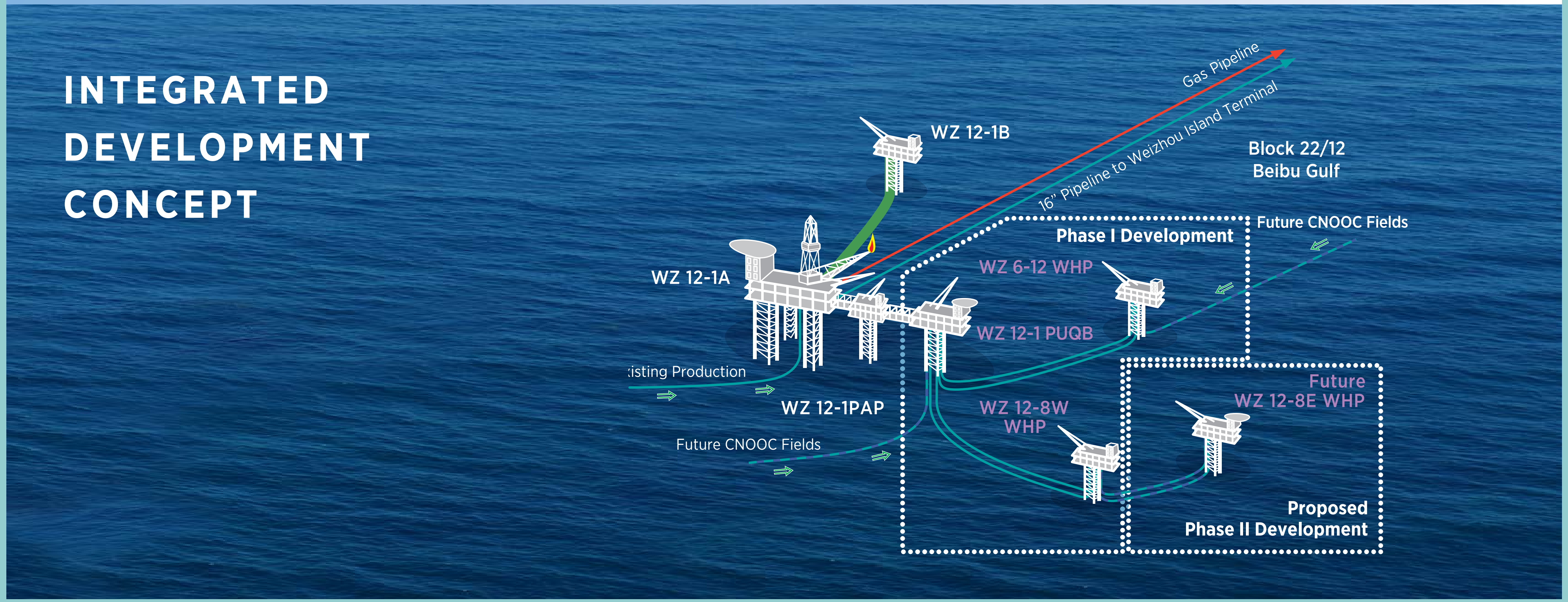
New Zealand

PMP 38160 (Maari/Manaia)	26%

- Asia Pacific focus
- Material joint venture interests
- High margin, long life oil production assets in China and New Zealand generating strong cashflow
- Significant holding in material condensate rich gas resources and adjacent exploration acreage in PNG
- PNG regional development and corporate activity provide prospects for market rerating of resource base

Block 22/12 - China





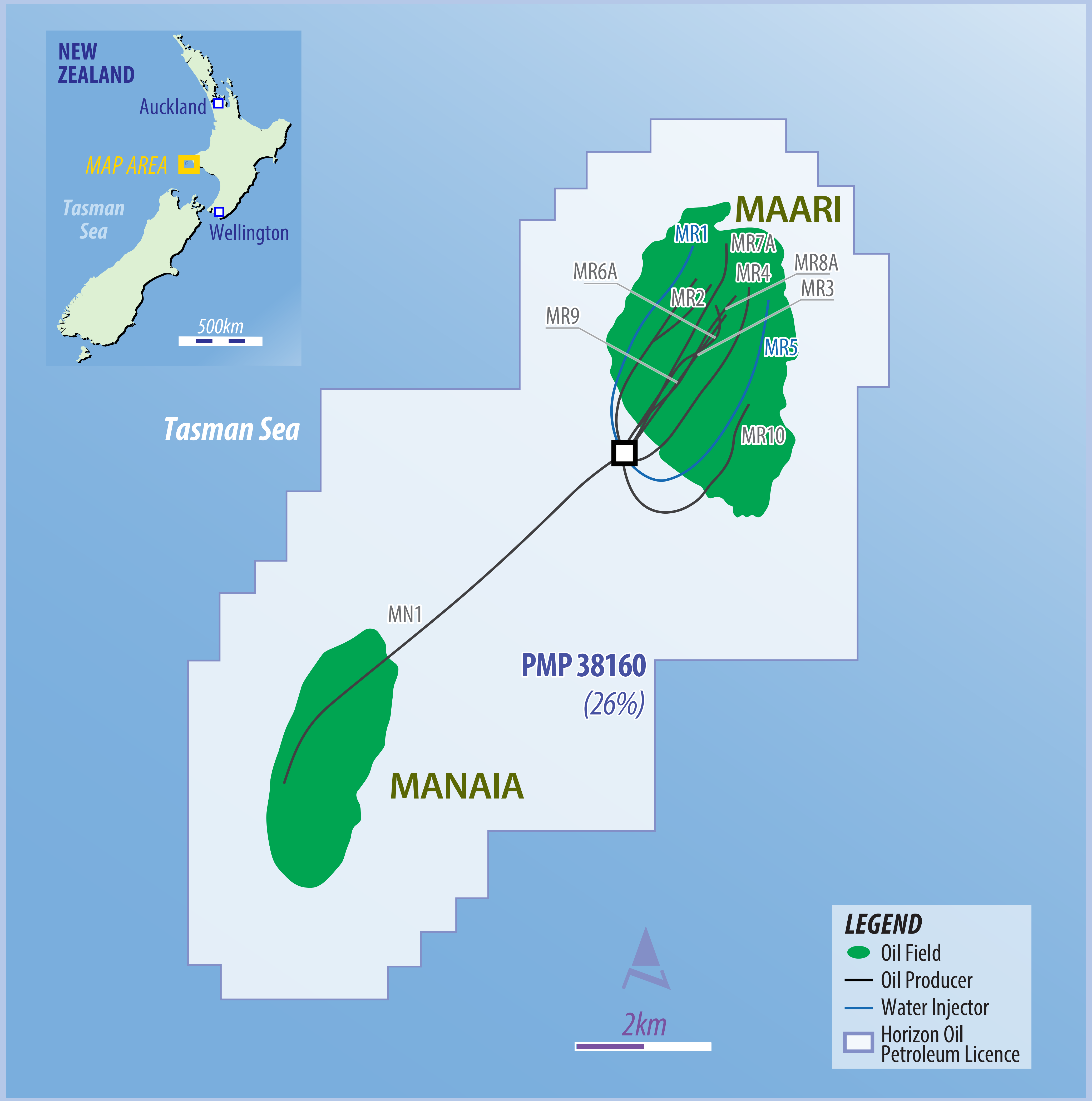
DURING FY19

- 10% increase in oil sales to 1.3 mmbo with underlying production increasing 16%
- Two infill wells drilled in WZ 12-8W and WZ 12-8M fields brought onto production in August 2018 with initial flow rates of 3,500 bopd (gross)
- Beibu Gulf operating costs remained below US$10/bbl

OUTLOOK

- Production enhancing well workover program and near field appraisal of a reservoir adjacent to WZ 6-12S field planned for 1H FY20
- Progress WZ 12-8E development planning; CNOOC targeting first production in early 2021
- Future infill well drilling program being matured for CY2020

Maari/Manaia Fields - New Zealand



DURING FY19

- 33% production increase during the year to 0.6 mmbl driven by full year benefit of 2018 acquisition of additional 16% of project, production optimisation activities and increasing benefit of water injection program
- Well intervention activities and conversion of the MR5 production well to a water injector enhanced production
- Cost savings implemented and production improvements resulted in lowered production costs to ~US$25/bbl
- Resolution of insurance claims associated with 2016/17 repairs to Maari infrastructure resulting in recovery of ~US$5m

OUTLOOK

- Further production enhancing well interventions including upgrades to MR6a well equipment and workover of MR3 well
- Production optimisation following installation of multiphase well metering and continued focus on water injection

Papua New Guinea Portfolio

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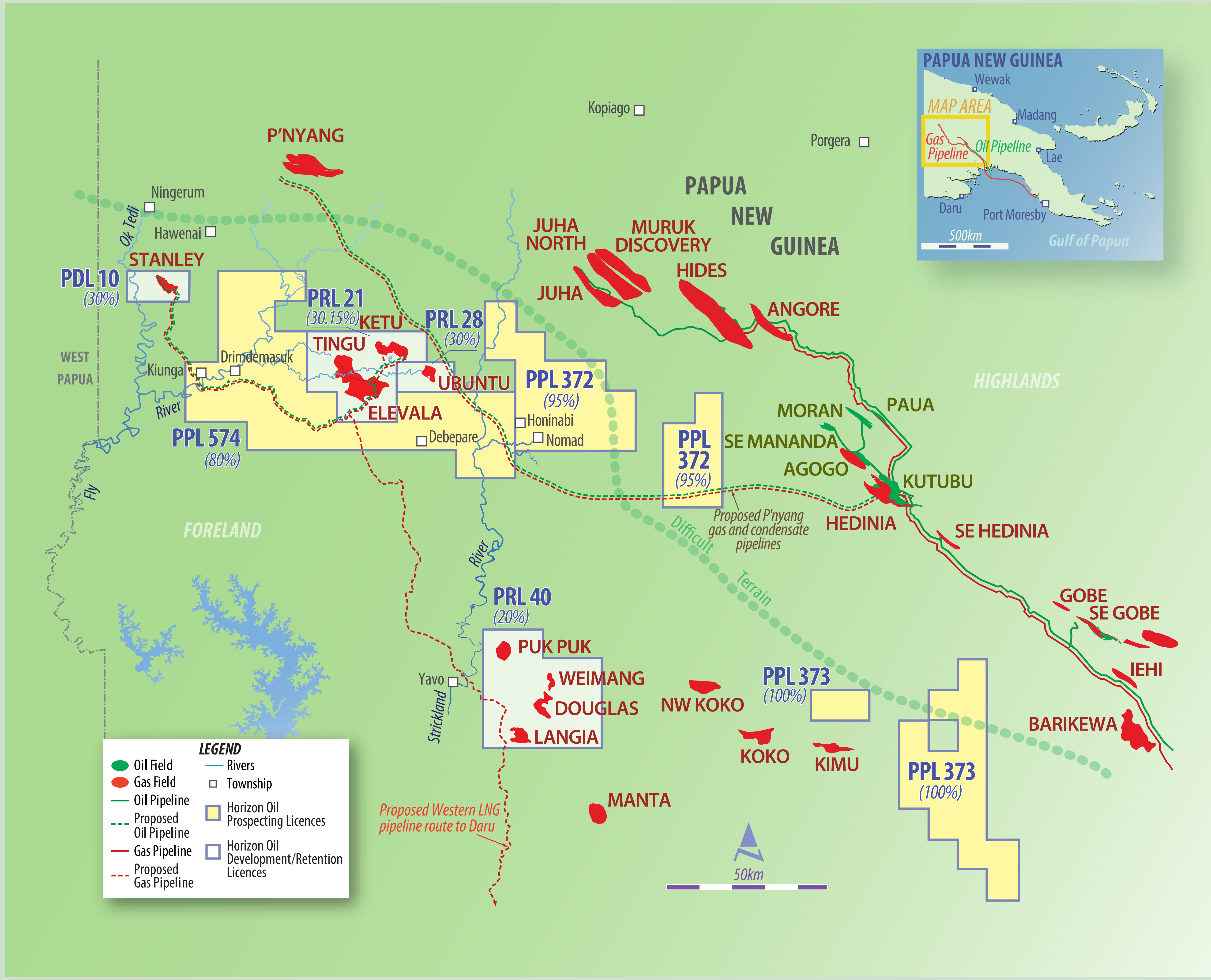


DURING FY19

- Material (~30%) interests held in four licences in Western Province which hold gas/condensate fields with gross aggregate audited resources of 64 mmbbls of condensate and ~2,200 PJ of sales gas
- Majority of resources are adjacent to ExxonMobil's planned PNG LNG gas and condensate pipelines from P'nyang to Kutubu

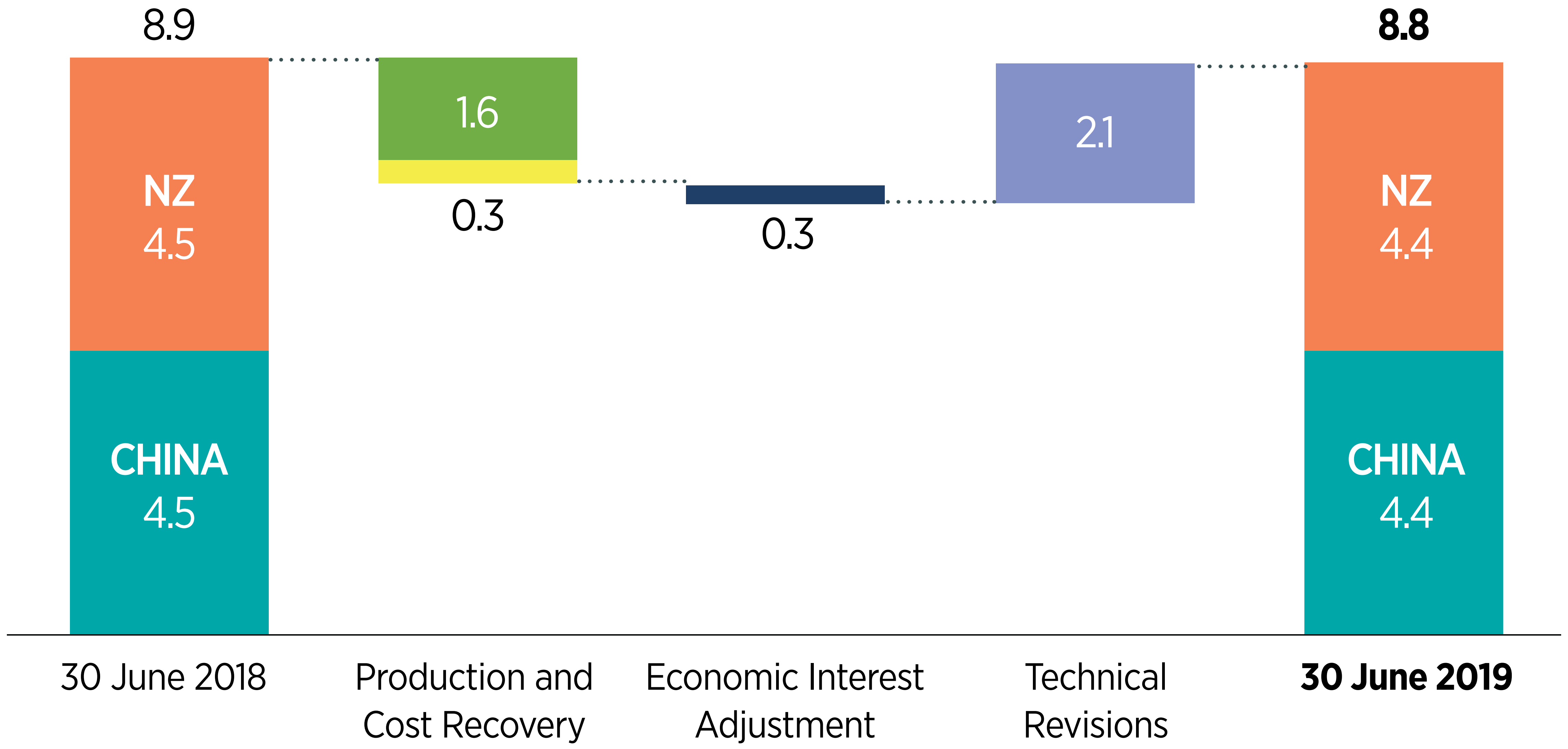
OUTLOOK

- Further engagement with new Petroleum Minister and DPE to resolve PDL 10 licence matter and progress review of PRL 21 development licence application
- Anticipated reset of joint ventures on expected sale by Repsol of its PNG assets
- Progression of development planning on resolution of licence matters and joint venture composition

Reserves & Contingent Resources

AT 30 JUNE 2019

2P RESERVES RECONCILIATION



Horizon Oil Share (mmboe)	FY19	FY18	Change
1P Reserves	4.9	4.8	+2%
2P Reserves	**8.8**	**8.9**	-1%
2C Contingent Resources	126.7	109.8	+15%

* Some totals in the above charts and tables may not add due to rounding.

- Record sales of 1.87 mmbo and strong year of underlying production of 1.6 mmbo
- Net 2P reserves additions of 1.8 mmbo (after economic interest adjustment for accelerated cost recovery oil) materially replacing 2019 sales
- Increase to 2P reserves of 2.1 mmbo owing to revised technical assessments resulting from:
  - in Beibu Gulf, strong and sustained production performance exceeding forecasts and expected higher medium term production from planned increases to water handling capacity;
  - at Maari/Manaia, observed benefit of continuous and increased water injection, production optimisation and improved data gathering capacity
- Increase in contingent resources on completion of the PRL 40/PRL 28 (PNG) partial asset swap and infill well opportunities in New Zealand

Outlook – Strong production and cashflow providing pathway to growth

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Optimise Production Assets	⊕ Pursue and promote production enhancement opportunities at Maari/Manaia and Beibu fields ⊕ Maintenance of low operating costs with disciplined and focused in-field/near field exploration/appraisal program
Strengthening Balance Sheet	⊕ Continued strong cashflow generation allowing for progressive reduction in debt ⊕ Forecast net cash position in mid-2020
Commercialise PNG Asset Base	⊕ Pursue commercialisation pathway for PNG growth opportunities
Grow Production Base	⊕ Increasing capacity to pursue potential growth opportunities to complement existing oil production assets

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