HY20 RESULTS PRESENTATION

28 FEBRUARY 2020

01—
OVERVIEW

Recent Events Update

- Recent weeks challenging following media articles pertaining to PNG licence transactions dating back to 2011
- Strong and proactive Company and Board response to allegations
    - Independent external investigation commenced with Herbert Smith Freehills and Deloitte
    - Independent board committee established to oversee investigation
    - CEO suspended on 12 February 2020, with new CEO Chris Hodge appointed
- Recent allegations exacerbated PNG challenges including licence tenure issues, lack of progress in commercialisation of the discovered resources and recent shift by PNG Government in requiring improved fiscal returns from resource projects. In light of the above matters and uncertainties, together with reference to comparable market transactions, led to a US$67.3 million impairment of the Group's PNG portfolio to a carrying value of US$5.7 million
- Base business strong with continued material cashflow generation until late into this decade
- Company remains poised for seizing growth opportunities

HY20 HIGHLIGHTS

Production Volume
754,862 bbls

Sales Revenue
US$53 million

EBITDAX
US$31 million

Net Debt Reduced
US$7.4 million

Underlying Profit after Tax
US$6.2 million

Cash on Hand
US$22 million

HY20 DELIVERING ON OBJECTIVES

STRONG PRODUCTION AND CASHFLOW PROVIDING PATHWAY TO FURTHER GROWTH

Strong Production & Cashflow

- Continued strong high margin production from Maari and Beibu
- Cash operating costs averaged approximately US$20/bbl

Progressive Debt Reduction

- Progressive debt reduction with Net Debt reduced to US$7.4 million
- On track to net cash by 30 June 2020

Drive Growth

- Drilling success in Block 22/12, leading to pursuit of further infill, appraisal and exploration opportunities
- Commenced evaluation of inorganic growth opportunities

Sustainability

- Continued sound HSSE performance at Horizon Oil's operated and non-operated assets

02—
FINANCIAL RESULTS

HY20 FINANCIAL RESULTS

[US$ million]	HY 2020	HY 2019	Change [%]
Production volume, bbls	**754,862**	**801,904**	**[6%]**
Sales volume, bbls	770,744	1,021,218	[25%]
Revenue	**52.7**	**63.6**	**[17%]**
EBITDAX	**31.3**	**44.3**	**[29%]**
Statutory [loss]/profit after tax	**[62.8]**	**20.1**	**[>100%]**
Add/[less] financing costs – unrealised movement in value of options	1.7	[11.4]	[115%]
Add impairment expense	67.3	-	>100%
Underlying profit after tax	**6.2**	**8.7**	**[28%]**
Cash on hand	22.1	20.4	8%
Cashflow from operating activities	24.2	34.3	[29%]
Net debt	**7.4**	**64.2**	**[89%]**

Sales volume reverted to approximate net working share of production following early recoupment of cost recovery entitlement in China.

Realised oil price of US$68.34 per barrel, inclusive of US$2.8 million hedging gain.

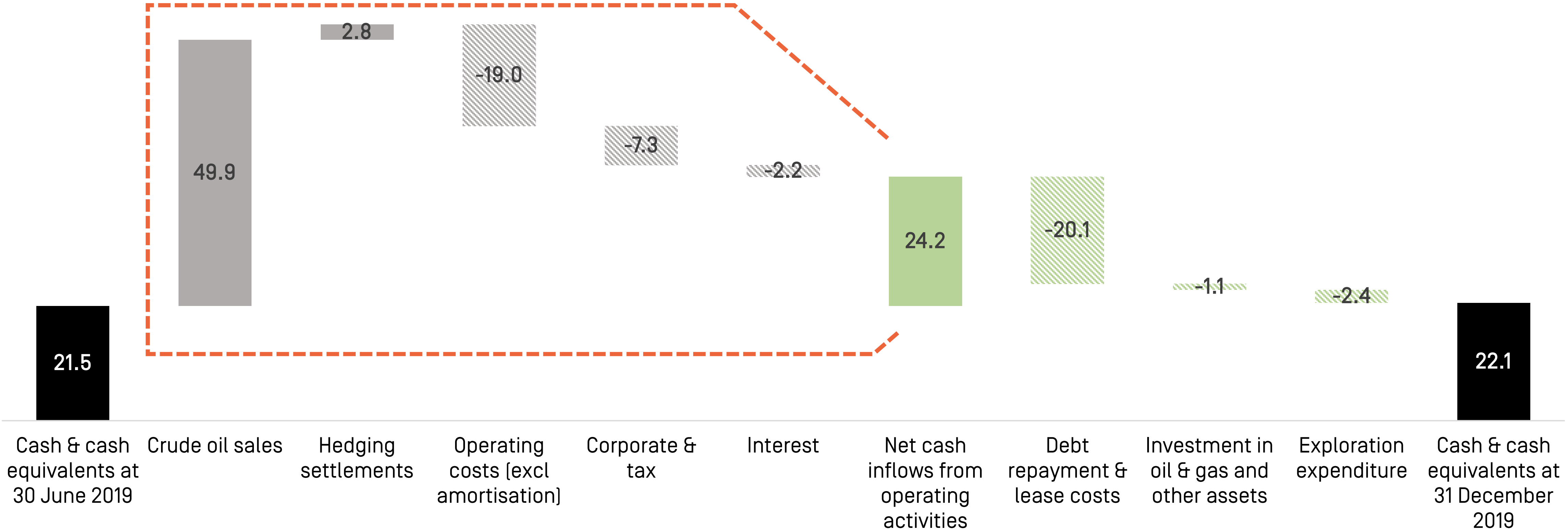
Operating costs of US$32.5 million were 12% lower than the prior year.

US$67.3 million non-cash impairment recorded on the Group's PNG assets.

A further US$20.0 million in debt repaid during the half-year. Net debt reduced by 89% to US$7.4 million.

HY20 KEY CASHFLOW DRIVERS

US$ MILLION

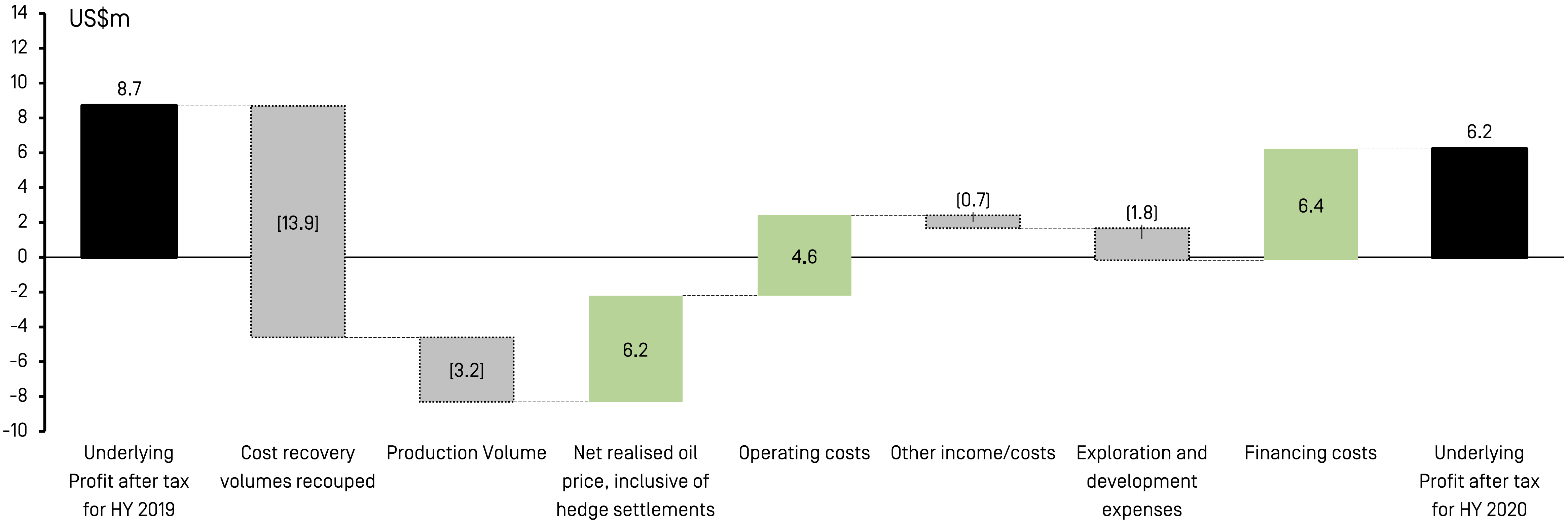


Strong net operating cashflow generation used to materially reduce debt

Disciplined investment in exploration and development activities to drive growth

Reduced interest costs and maintenance of low general & administrative expenditure

HY20 UNDERLYING PROFIT DRIVERS



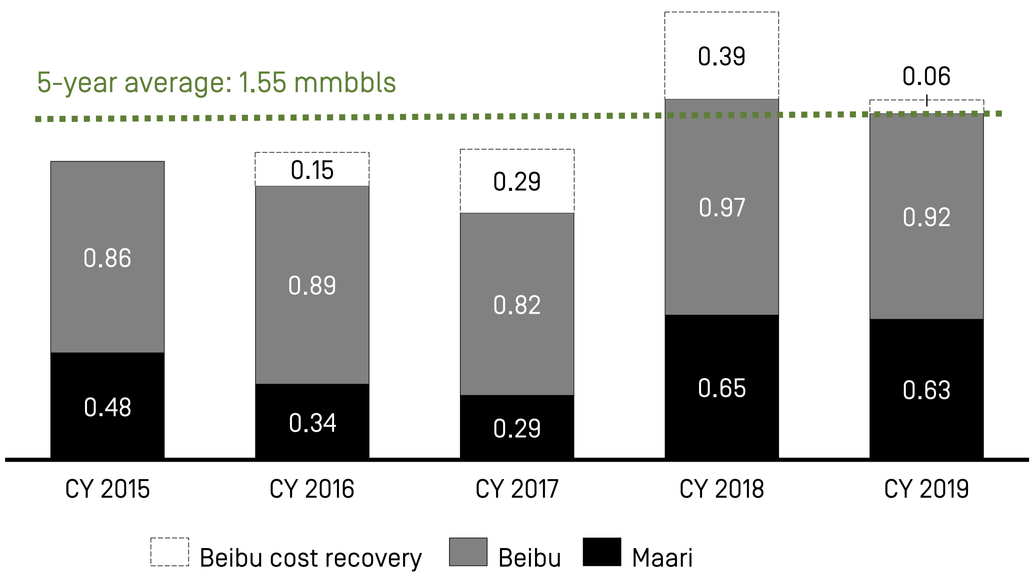
The impact of recoupment of cost recovery volumes substantially mitigated by higher realised oil price and lower operating costs

Cost discipline maintained with low general & admin expenditure and modest exploration/development expenditure

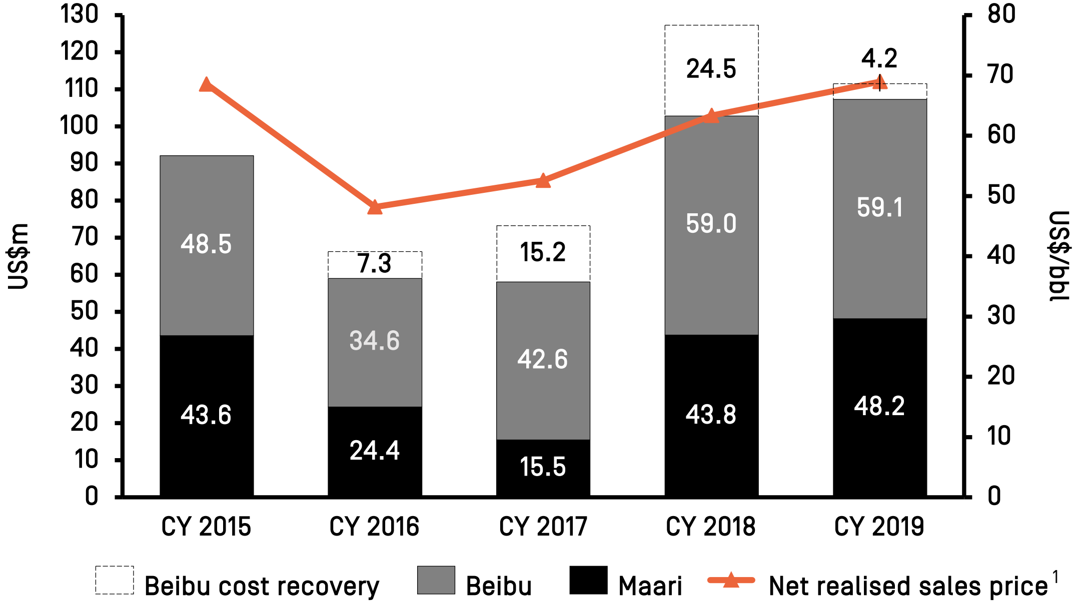
Financing costs reduced following refinancing and repayment of debt

CALENDAR YEAR FINANCIAL HIGHLIGHTS

OIL SALES (mmbbls)



REVENUE[1] (US$m)



[1] inclusive of hedge settlements

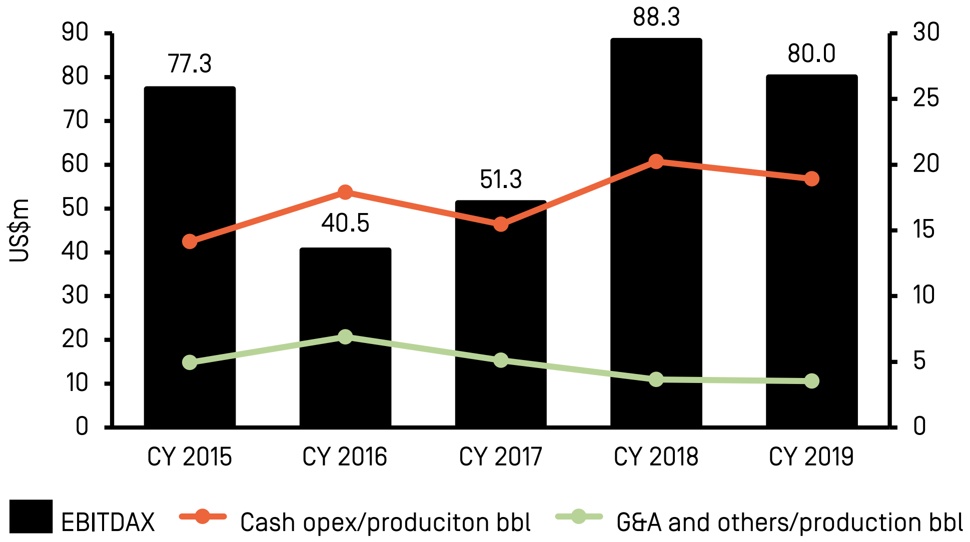
Oil sales volume above 5-year average level with early recoupment of cost recovery volume

Base sales revenue exclusive of cost recovery increased for both Beibu and Maari driven by higher net realised oil price

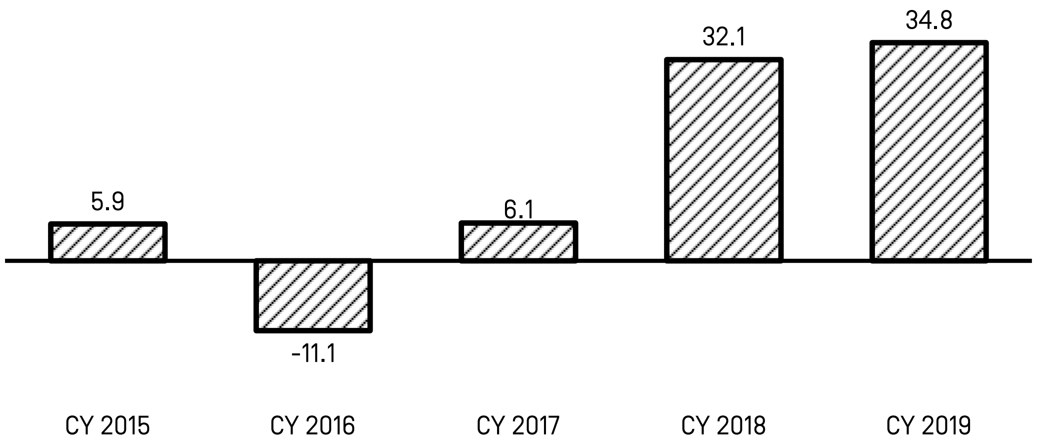
Greater production and revenue diversification following acquisition of additional Maari interest in 2018

CALENDAR YEAR FINANCIAL HIGHLIGHTS

EBITDAX AND COST PER BBL



UNDERLYING PROFIT BEFORE TAX (US$m)



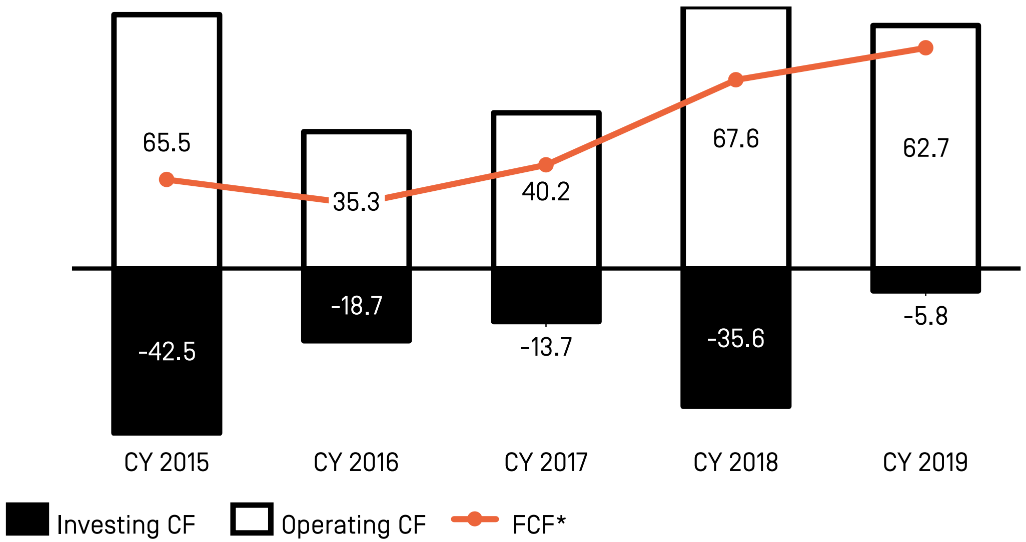
Continued strong EBITDAX driven by sustained production and maintenance of low operating costs <US$20/bbl

Maintenance of low general and administrative expenditure <US$5/bbl

Underlying profit of US$34.8 million with continued cost discipline

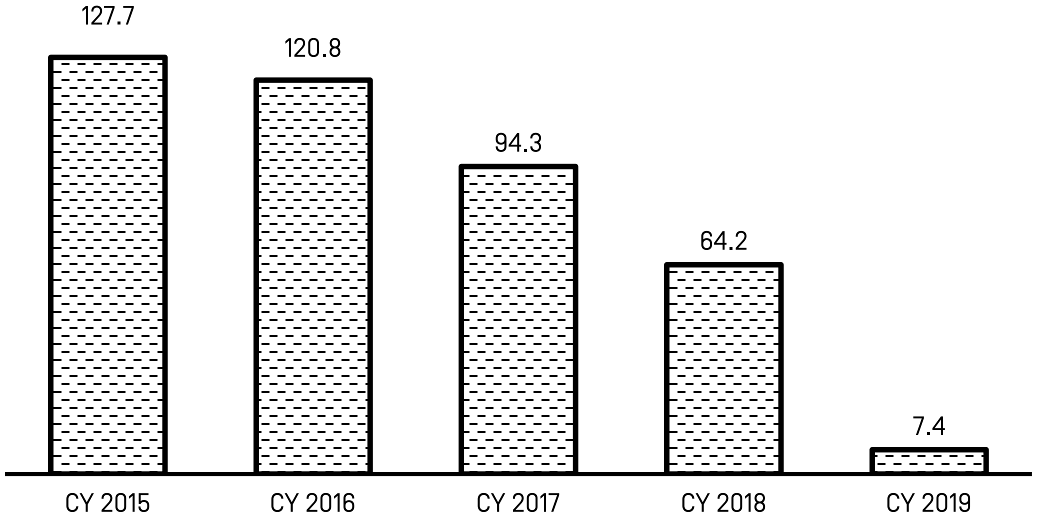
CALENDAR YEAR FINANCIAL HIGHLIGHTS

FREE CASH FLOW (US$m)



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

NET DEBT (US$m)



Sustained growth in free cash flow with disciplined investment in exploration and development activities

Accelerated debt reduction following 2018 refinancing which consolidated debt, simplified capital structure and lowered funding costs

89% reduction in net debt for CY19 and on track to Net Cash position by 30 June 2020

03—
OUTLOOK & PORTFOLIO UPDATES

OPERATIONS

OVERVIEW OF PORTFOLIO

- 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

CHINA

BEIBU GULF

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

PAPUA NEW GUINEA

WESTERN PROVINCE

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

NEW ZEALAND

MAARI

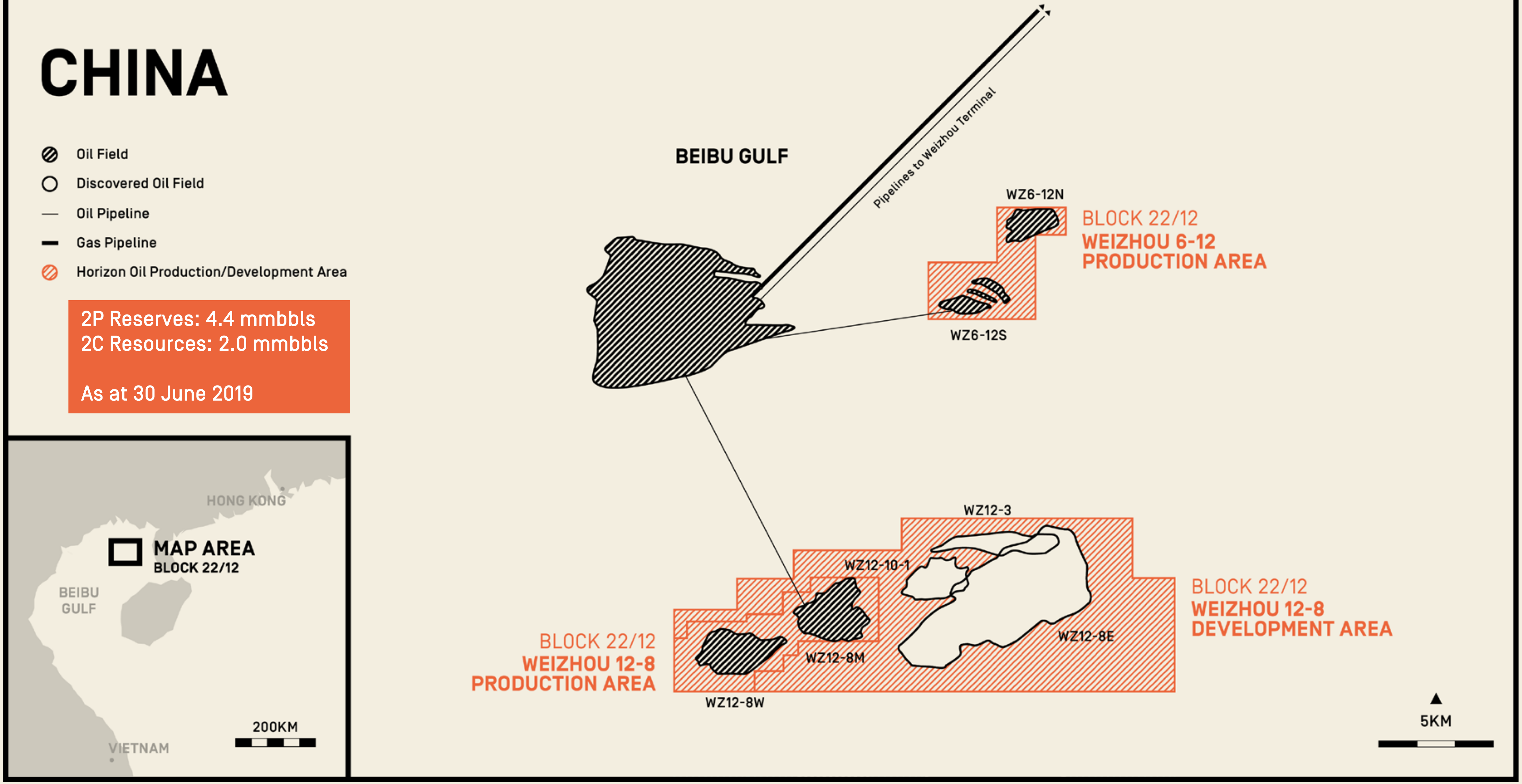
PMP 38160 (Maari/Manaia)	26%

CHINA

Oil Field
Discovered Oil Field
Oil Pipeline
Gas Pipeline
Horizon Oil Production/Development Area

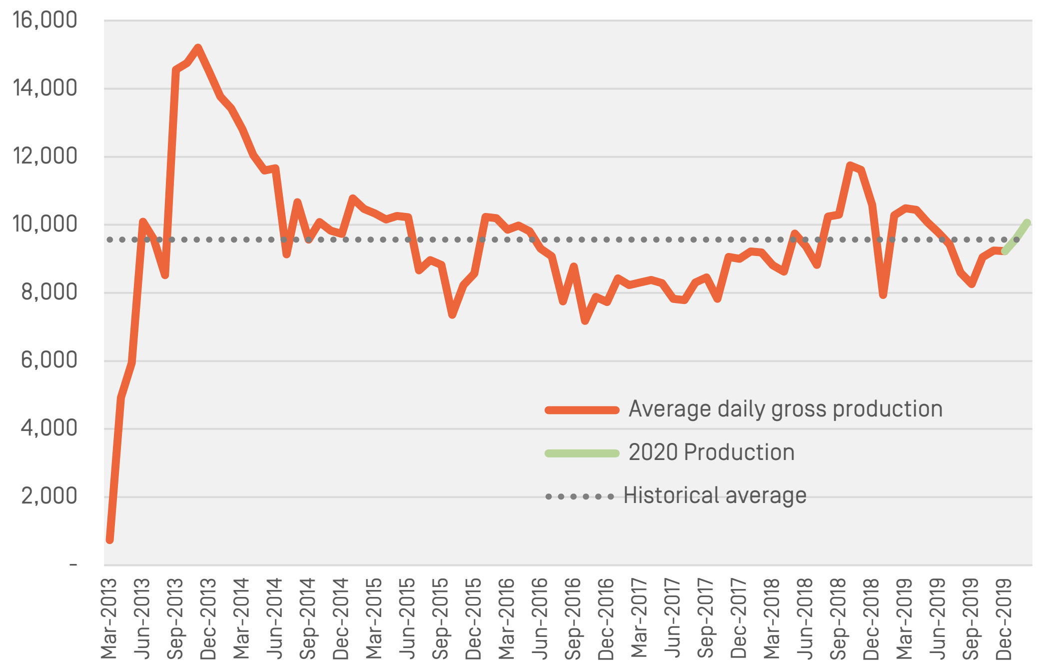
2P Reserves: 4.4 mmbbls
2C Resources: 2.0 mmbbls

As at 30 June 2019



CHINA BLOCK 22/12

BLOCK 22/12 PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production, mmbbls	Average Daily Gross Production, bopd
CY 2013	3.02	9,882
CY 2014	4.08	11,194
CY 2015	3.43	9,404
CY 2016	3.28	8,981
CY 2017	3.04	8,326
CY 2018	3.60	9,857
CY 2019	3.43	9,399
Average	**3.41**	**9,570**

- Current gross daily production rate above 10,000 bopd – above average historical daily production rate.
- Production rates maintained since first production over 6 years ago through infill and nearfield drilling, installation of additional water handling capacity and production optimizing well workovers.
- Maturing plans for further infill drilling, together with WZ 12-8E field development production to offset natural reservoir decline.

Block 22/12 continues to generate approximately 60-70% of Horizon Oil cashflow

Long life production – current WZ 6-12 and WZ 12-8 field lives forecast to 2028

Low cash operating costs – currently less than US$15/bbl produced

Current WZ 6-12 and WZ 12-8 field abandonment costs prepaid in sinking fund

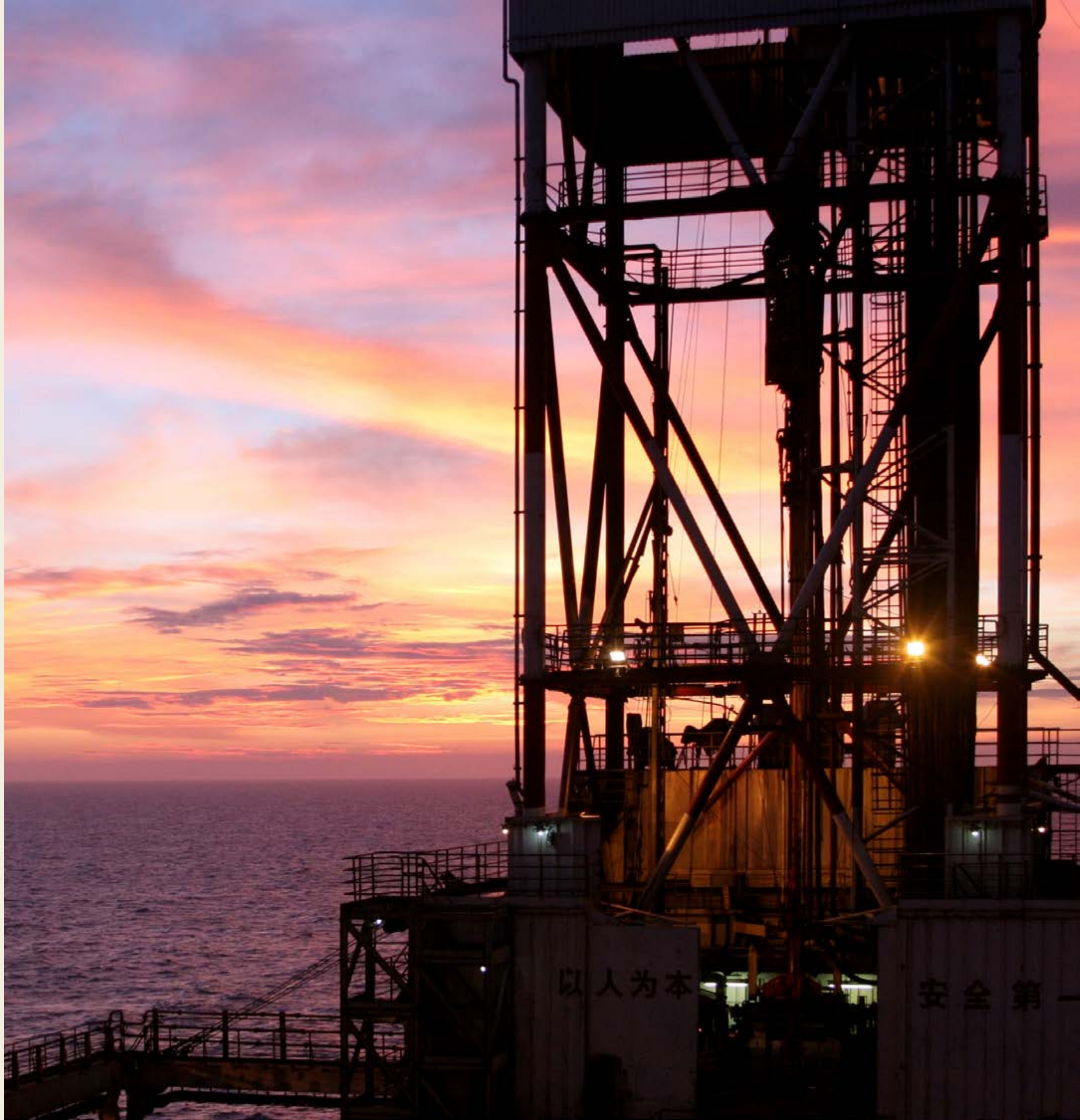
CHINA BLOCK 22/12

During HY20

- Crude oil sales were 410,811 barrels with cost recovery volumes of 2,474 barrels at a net realised price of US$65.19 per barrel.
- Production from the Group’s interest in the Beibu Gulf fields was 444,740 barrels of oil with average gross production rate of 8,969 bopd.
- Cash operating costs remained below US$15 per production barrel.
- Successful exploration drilling of the WZ 6-12 M1 well results in an additional 0.6 mmbbls gross 2C contingent resources, 0.2 mmbbls net to HZN.

Outlook

- Maturing plans for evaluation of nearby prospects during the 2020 calendar year, with the intention to integrate any commercial discoveries with the recent WZ 6-12 M1 discovery and other infill well targets.

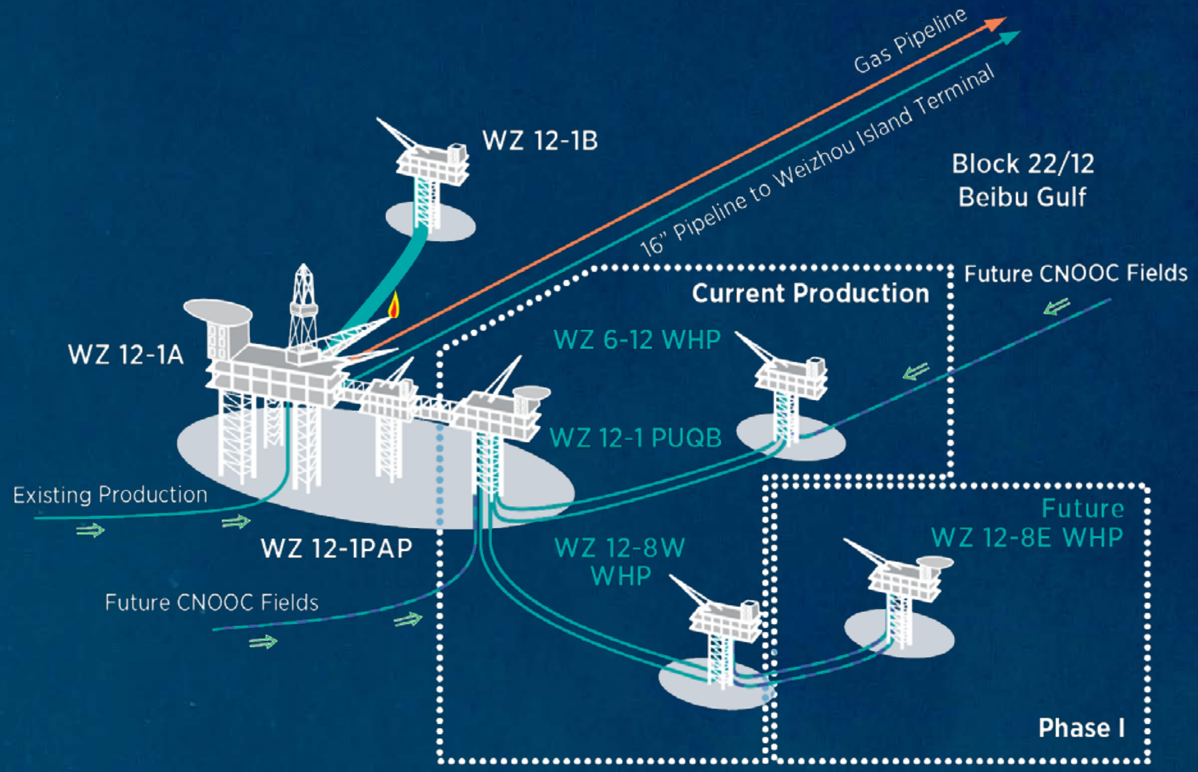


CHINA BLOCK 22/12

BLOCK 22/12

WZ 12-8E Project

- Basic engineering for the development has been completed.
- The development of WZ 12-8E is planned with a new wellhead platform tied back to the existing WZ 12-8W platform. The new platform will be leased by the joint venture, reducing upfront capital costs.
- FID for the development is expected later this financial year.
- First oil is expected to commence mid-2021 calendar year.
- Total development costs net to Horizon Oil are forecast to be less than US$20 million, with the majority phased throughout the 2021 and 2022 calendar years.

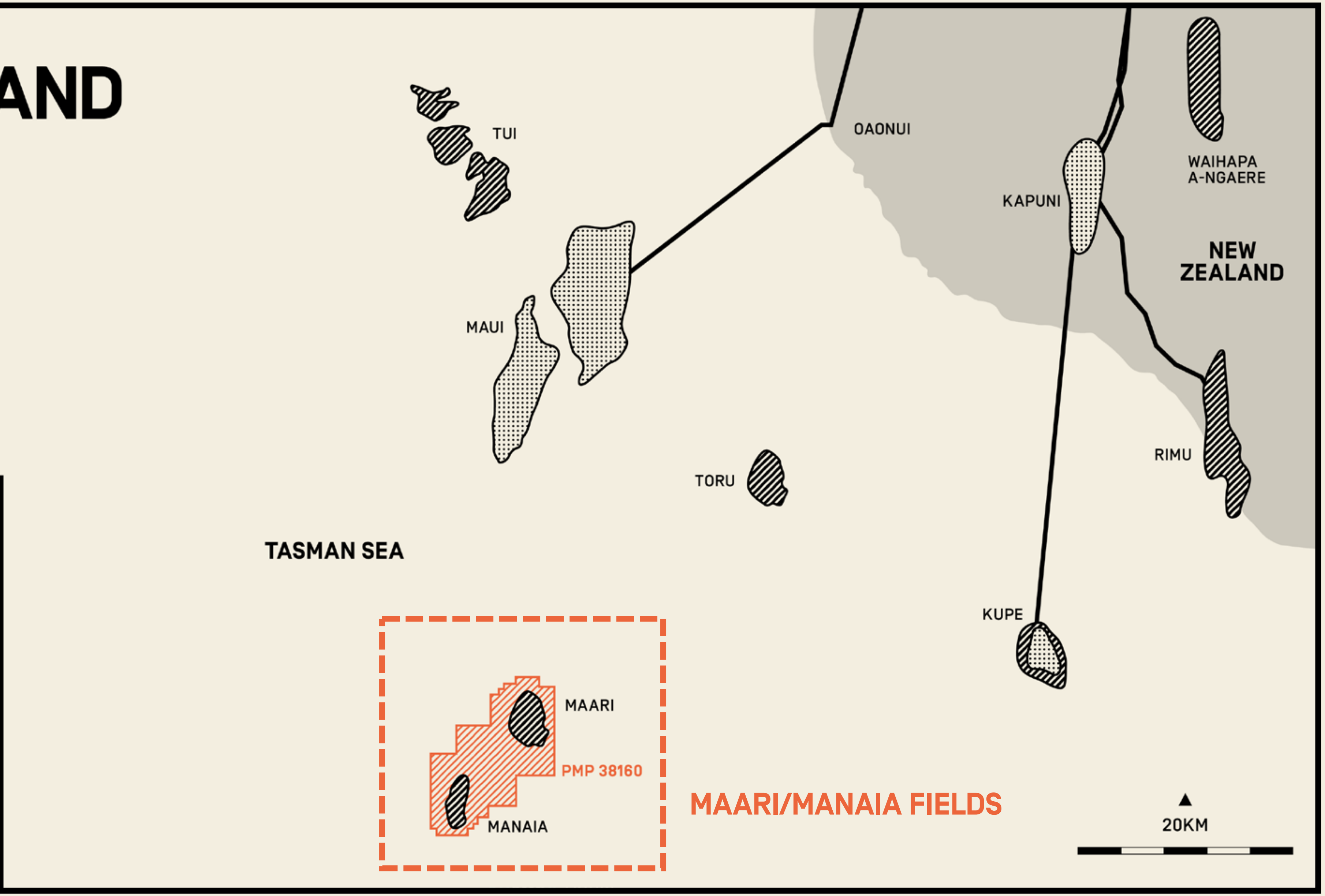


NEW ZEALAND

- Oil Field
- Gas Field
- Gas Pipeline
- Horizon Oil Petroleum Licence

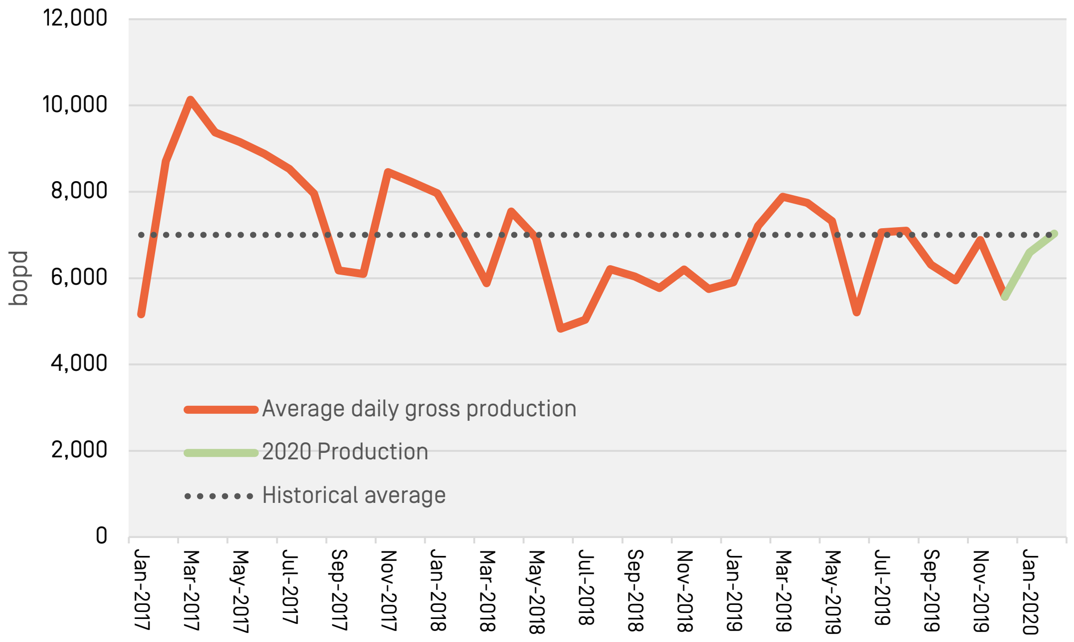
2P Reserves: 4.4 mmbbls
2C Resources: 5.5 mmbbls

As at 30 June 2019



NEW ZEALAND

MAARI/MANAIA PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production, mmbbls	Average Daily Gross Production, bopd
CY 2017	2.94	8,064
CY 2018	2.28	6,256
CY 2019	2.44	6,675
Average	**2.55**	**6,998**

- Current gross daily production rate approx. 7,000 bopd – in line with average historical daily production rate over the last 3 years.
- Overall production decline rate reduced through continued water injection and production optimizing well workovers.
- Potential new operator targeting long term maintenance of production levels, operating cost reductions and field life extension to 2031 and beyond.

Maari/Manaia continues to generate approximately 30-40% of Horizon Oil cashflow

CY19 production 7% above CY18 – strong response from water injection

Long life production
– current production licence and reserves forecast to end of 2027 with potential to extend

Cash operating costs
- US$25 - 30/bbl

NEW ZEALAND

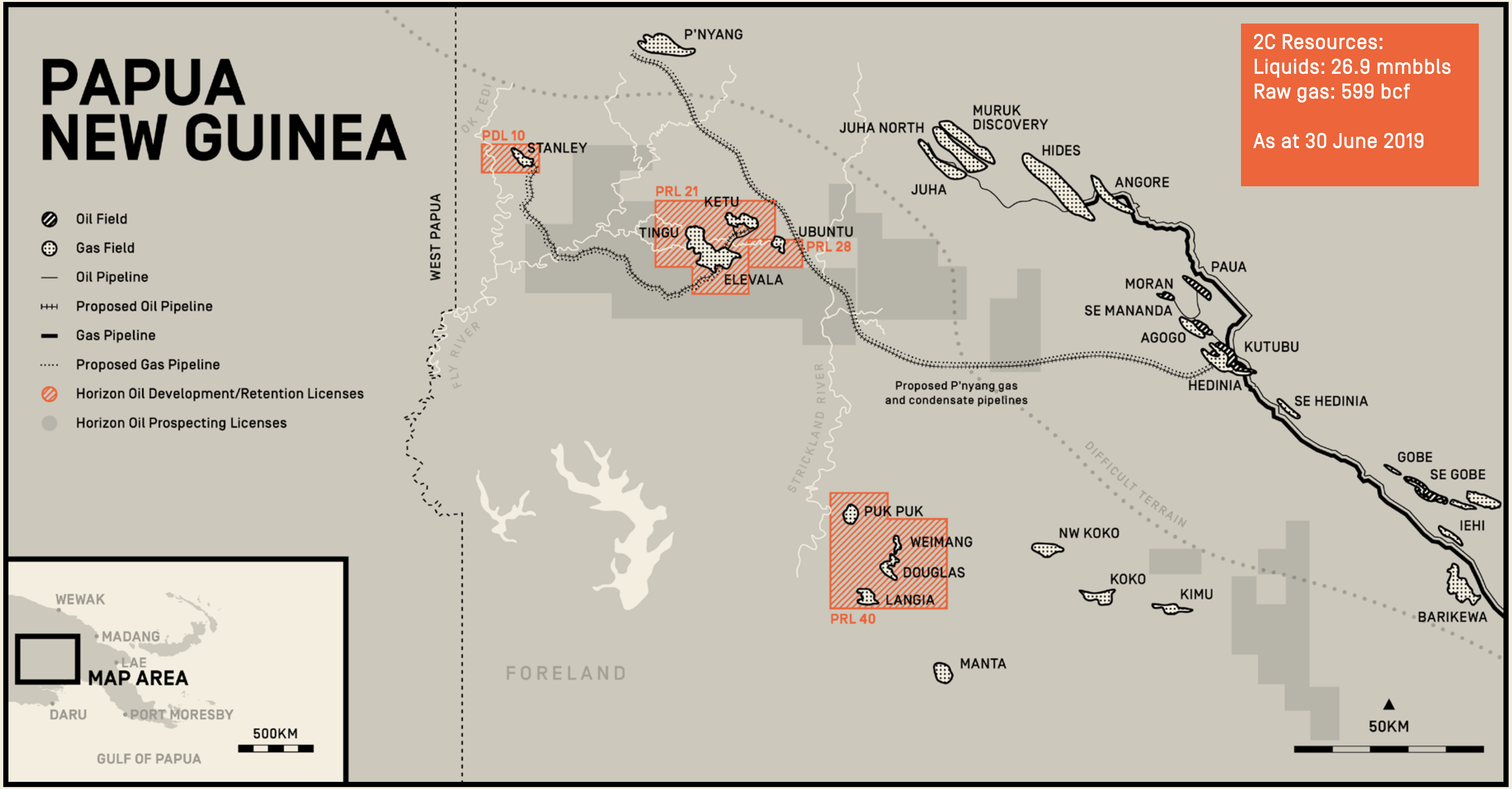
MAARI/MANAIA FIELDS

During HY20

- Crude oil sales were 359,933 barrels at a net realised oil price of US$71.9 per barrel.
- Production from the Group's interest in Maari and Manaia fields was 310,122 barrels of oil with average gross production rate of 6,482 bopd, 11% higher than HY2019. The increased production was driven by well optimization activities and continued water injection.
- Cash operating costs were US$26.90 per barrel (US$30.3 per barrel including workovers).
- In November 2019, Jadestone Energy Inc. (AIM:JSE, TSXV:JSE) announced that it had executed a conditional sale and purchase agreement to acquire OMV New Zealand Limited's 69% interest in the Maari project. The completion of the proposed transaction will occur upon satisfaction of conditions on or before 15 November 2020.

Outlook

- JV continues to focus on production optimisation and life extension planning following the continued strong production performance.


PAPUA
NEW GUINEA
Oil Field
Gas Field
Oil Pipeline
Proposed Oil Pipeline
Gas Pipeline
Proposed Gas Pipeline
Horizon Oil Development/Retention Licenses
Horizon Oil Prospecting Licenses
2C Resources:
Liquids: 26.9 mmbbls
Raw gas: 599 bcf
As at 30 June 2019
WEST PAPUA
OK TEDI
FLY RIVER
STRICKLAND RIVER
P'NYANG
PDL 10
STANLEY
PRL 21
KETU
TINGU
ELEVALA
UBUNTU
PRL 28
JUHA NORTH
MURUK
DISCOVERY
JUHA
HIDES
ANGORE
PAUA
MORAN
SE MANANDA
AGOGO
KUTUBU
HEDINIA
SE HEDINIA
Proposed P'nyang gas
and condensate pipelines
DIFFICULT TERRAIN
GOBE
SE GOBE
IEHI
BARIKEWA
PUK PUK
WEIMANG
DOUGLAS
LANGIA
PRL 40
NW KOKO
KOKO
KIMU
MANTA
FORELAND
50KM
WEWAK
MADANG
LAE
MAP AREA
DARU
PORT MORESBY
GULF OF PAPUA
500KM

PNG

During HY20

- In Papua New Guinea, Horizon Oil continued planning for the commercialisation of the gross appraised resource of 2,200 PJ of sales gas and 64 million barrels of associated condensate in four petroleum licences in the foreland basin of Western Province.

- During the period, activities to optimise and refine the engineering basis for a condensate development at Elevala and Ketu continued.

Outlook

- Whilst the Group's PNG assets have significant potential value, there remain challenges to realising value in the short term. Accordingly, this led to the Group impairing its PNG assets in the period down to US$5.7 million.

OUTLOOK & TARGETS

STRONG PRODUCTION AND CASHFLOW PROVIDING PATHWAY TO FURTHER GROWTH

Strong Operating Cashflow

- Pursue and promote production enhancement opportunities at Maari/Manaia and Beibu fields
- Strong hedge position – 270,000 bbls hedged to 30 June 2020 at US$68.35/bbl
- Maintenance of low operating costs with disciplined and focused infield/ near field exploration/appraisal program

Strengthen Balance Sheet

- Continued strong cashflow generation allowing for progressive reduction in debt
- Forecast net cash position by 30 June 2020

Drive Growth

- Execute WZ 12-8E development combined with pursuit of further infill, appraisal and exploration opportunities in China
- Pursue inorganic growth opportunities

Sustainability

- Focus on continued safe operations
- Climate-change resilience reporting

FY20 GUIDANCE

STRONG PRODUCTION AND CASHFLOW PROVIDING PATHWAY TO FURTHER GROWTH

PRODUCTION (NET WORKING INTEREST VOLUMES)	1.4 – 1.5 mmbbls
SALES (VOLUMES)	1.4 – 1.5 mmbbls
REVENUE	US$90 – 100 million
EBITDAX	US$50 – 60 million

- The above Guidance represents forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Refer to disclaimer on the following slide.

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- 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 Cashflow from Operating Activities less Investing cashflows (net of acquisition payments)

All references to dollars in the presentation are United States dollars unless otherwise noted.

Authorisation

This ASX announcement is approved and authorised for release by the Horizon Oil board.

FOR MORE INFORMATION PLEASE CONTACT US

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