QUARTERLY REPORT

PERIOD ENDING 31 MARCH 2020 (ASX:HZN)

STRONG FUNDAMENTALS

- Production of 1.15 million bbls for the 2020 financial year to date with production for the March 2020 quarter increasing 4.8% to 391,900 bbls.
- Sales of 1.08 million barrels for the 2020 financial year to date at an average realised oil price of US$66.76/bbl, inclusive of hedge settlements.
- March 2020 quarter sales of 305,590 bbls (average realised oil price of US$62.78/bbl inclusive of hedge settlements).
- Revenue of US$71.9 million (~A$114 million) for the 2020 financial year to date with US$19.2 million generated for March 2020 quarter (inclusive of hedge settlements).

NET CASH, INCREASED LIQUIDITY AND REDUCED COSTS

- The Group returned to a net cash position of US$3.0 million at 31 March 2020 earlier than expected (a US$31 million or 111% reduction in net debt from 30 June 2019), with US$28.4 million in cash reserves at 31 March 2020.
- Cash operating costs for the quarter reduced below US$15/bbl produced.
- Net operating cash flow[1] of US$50.5 million (~A$80 million) for the 2020 financial year to date; net operating cash flow for March 2020 quarter of US$13.9 million.
- Voluntary prepayment of a further US$4.0 million of the senior debt facility in the March 2020 quarter.

COVID-19 RESPONSE

- Horizon Oil continues to be in a strong financial position despite the global challenges caused by the COVID-19 pandemic with its low cost, high margin production at Maari and Beibu driving increased levels of liquidity.
- Cost saving initiatives have been implemented in response to the changed economic conditions with approximately 20% of company employees having been made redundant across the Group, in addition to other cost reduction measures.
- Due to the unprecedented fall in the oil price driven by both an oversupply in the market coupled with a major fall in oil demand due to the COVID-19 pandemic, the Group executed additional hedging to protect future cashflows. The current hedge position includes 410,000 bbls hedged to 31 December 2020 at a weighted average price of over US$41/bbl. The decision to hedge additional volumes at this time reflects the necessity to preserve Horizon Oil's strong liquidity position.

PNG UPDATE

- On 12 February 2020, Horizon Oil advised that it had established an independent board committee to oversee an investigation into the 2011 acquisition of a further 10% interest in the PRL 21 licence in PNG following allegations made in the Australian media. The investigation continues, and at the date of this report, the Company is not aware of any external investigation into these matters having commenced.

[1] Net operating income after operating expenditure, excluding extraordinary items

CHIEF EXECUTIVE OFFICER'S COMMENTS

Recent events including the COVID-19 pandemic, the steep fall in oil price and the PNG allegations in the media have been unsettling for the Company. Notwithstanding these extraordinary challenges, the financial results for this quarter emphasize the strength of our base business.

Production at both Beibu and Maari increased against the previous quarter by 6.4% and 2.2% respectively, driven by production enhancing workover activities carried out in the previous quarter. Operating costs were also materially reduced at both fields during the quarter, with average field cash operating costs maintained below US$15/bbl produced. The combination of increased production, reduced costs and a favourable hedge position enabled the continuation of strong free cashflow generation.

This sustained free cashflow generation led to a further material reduction in net debt, and pleasingly returned the company to a net cash position of US$3.0 million at 31 March 2020, some months earlier than had been expected. We continue to apply excess cash reserves against the debt facility with US$24.0 million having been repaid during the 2020 financial year, including a further US$4 million voluntary prepayment made during the quarter. We have done so while retaining appropriate liquidity levels of US$28.4 million in cash together with US$10 million in undrawn debt capacity.

The collapse in oil prices has tempered our immediate growth ambitions, however it provides additional time to refine our strategic direction, and to thoroughly evaluate and assess opportunities. An ongoing key element of our strategy is to protect the Group's strong liquidity position to ensure the company is well placed to seize opportunities as the oil and gas sector recovers.

To this end the Company executed additional hedging during the quarter to protect a material portion of the Group's revenue over the remainder of this calendar year. The hedging is concentrated during the next 2 quarters with over 50% of forecast production hedged during this period. This provides confidence that the Group can continue with its modest planned capital expenditure program, primarily focussed on unlocking the remaining potential in Block 22/12, China, where average field cash operating costs have remained consistently below US$10/bbl during the financial year.

Horizon Oil's strengthened balance sheet and sustained cashflow from our high margin, conventional oil fields put the company in a favourable position as we evaluate appropriate growth opportunities.

Chris Hodge
Chief Executive Officer

For more information please contact:

Horizon Oil Limited	T: +61 2 9332 5000	Level 6, 134 William St
Chris Hodge CEO	F: +61 2 9332 5050	Woolloomooloo NSW 2011
	E: info@horizonoil.com.au	**www.horizonoil.com.au**

Updated Guidance for FY 2020

Horizon Oil's production guidance for FY20 remains unchanged with continued strong production at Maari and Beibu:

Production (net working interest volumes)	**1.40 – 1.50 mmbbls**

Given the changing economic conditions caused by the COVID-19 pandemic and the deferral of a Maari lifting from Q2 to Q3, Horizon Oil advises an update to its FY20 Guidance as follows:

	Current Guidance	Previous Guidance
Sales (volumes)	**1.30 – 1.40 mmbbls**	1.40 – 1.50 mmbbls
Revenue	**US$75 – 85 million**	US$90 – 100 million
EBITDAX	**US$40 – 50 million**	US$50 – 60 million

Financial Summary

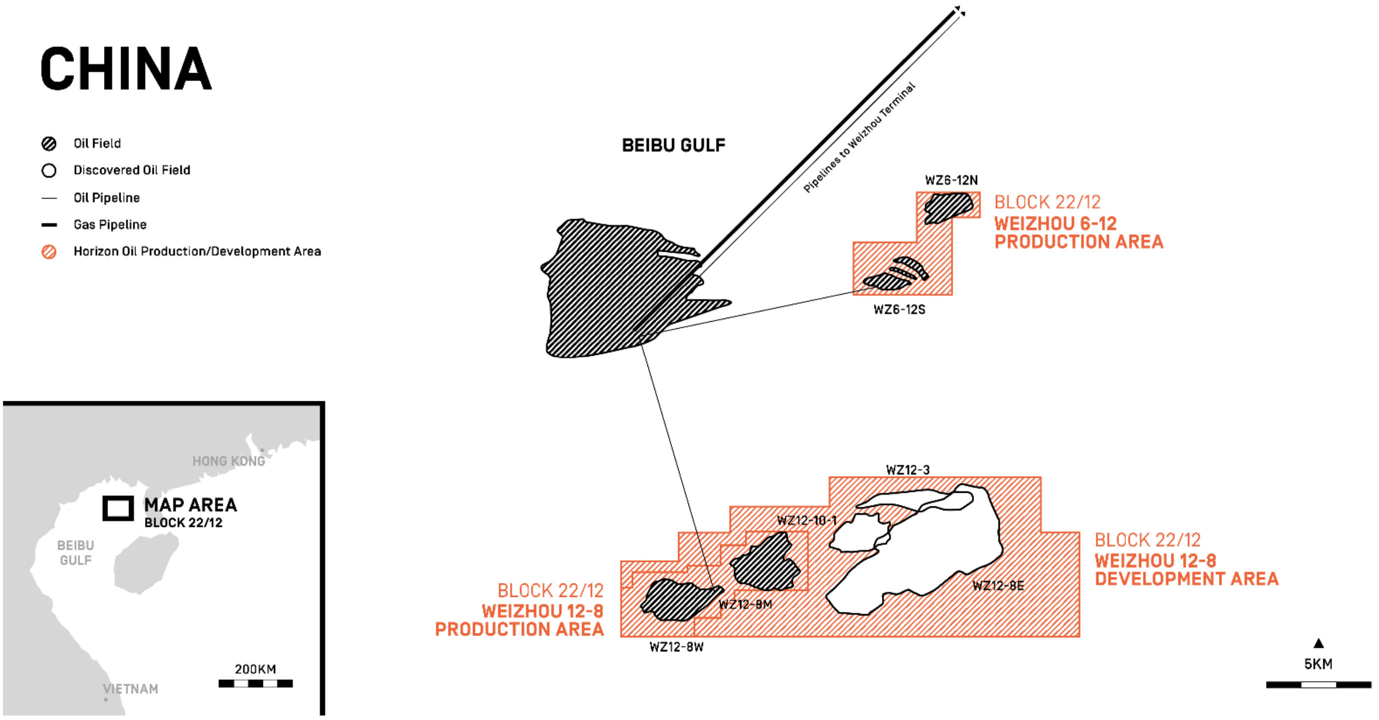
Production	Q3 FY2020 bbls	Q2 FY2020 bbls	CHANGE %	FINANCIAL YTD 2020 bbls
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Crude oil production	242,036	227,441	6.4%	686,776
Crude oil sales	220,155	209,372	5.1%	630,966
PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND				
Crude oil production	149,851	146,564	2.2%	459,973
Crude oil inventory on hand	82,625	17,602	>100%	82,625
Crude oil sales	85,435	160,598	(46.8%)	445,369
TOTAL PRODUCTION				
Crude oil production	**391,887**	**374,005**	**4.8%**	**1,146,749**
Crude oil sales	**305,590**	**369,970**	**(17.4%)**	**1,076,335**
PRODUCING OIL AND GAS PROPERTIES	**US$'000**	**US$'000**		**US$'000**
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Production revenue[1]	10,737	13,005	(17.4%)	35,859
Operating expenditure	1,998	2,886	(30.8%)	7,155
Workover costs	-	1,527	<(100%)	1,527
Amortisation	4,147	3,897	6.4%	11,766
PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND				
Production revenue[1]	5,113	11,287	(54.7%)	29,819
Operating expenditure	3,334	4,253	(21.6%)	11,677
Workover costs	-	1,047	<(100%)	1,047
Inventory adjustment[2]	(1,278)	495	>(100%)	1,660
Amortisation	2,851	2,788	2.3%	8,751
Total Producing Oil and Gas Properties				
Production revenue[1]	**15,850**	**24,292**	**(34.7%)**	**65,678**
Oil hedging settlements	**3,334**	**1,236**	**>100%**	**6,181**
Total revenue (incl. hedging gains/(losses))	**19,184**	**25,528**	**(24.9%)**	**71,859**
Direct production operating expenditure	5,332	7,139	(25.3%)	18,832
Net operating cash flow[3]	**13,852**	**15,815**	**(12.4%)**	**50,453**
Amortisation	6,998	6,685	4.7%	20,517
EXPLORATION AND DEVELOPMENT				
Papua New Guinea exploration & pre-development	357	357		1,278
PMP 38160 (Maari and Manaia), New Zealand	176	537		1,602
Block 22/12 (Beibu Gulf), offshore China	162	1,698		1,947
Total capital expenditure	**837**	**2,592**		**4,827**
Cash on hand	**28,424**	**22,055**		**28,424**
Senior debt facility[4]	**25,431**	**29,431**		**25,431**
Net Cash/(Debt)[4]	**2,993**	**(7,376)**		**2,993**

1 Represents gross revenue excluding hedge gains and losses
2 Inventory has been recorded at net realisable value as this is less than its cost which included amortisation of $1.2 million in the quarter
3 Represents net operating cash flow inclusive of the cost of workovers and repairs and refurbishment expenditure
4 Represents principal amounts drawn down at 31 March 2020

Note: Financial results contained in this quarterly are unaudited

PRODUCTION

Block 22/12, Beibu Gulf, offshore China (Horizon Oil: 26.95%)

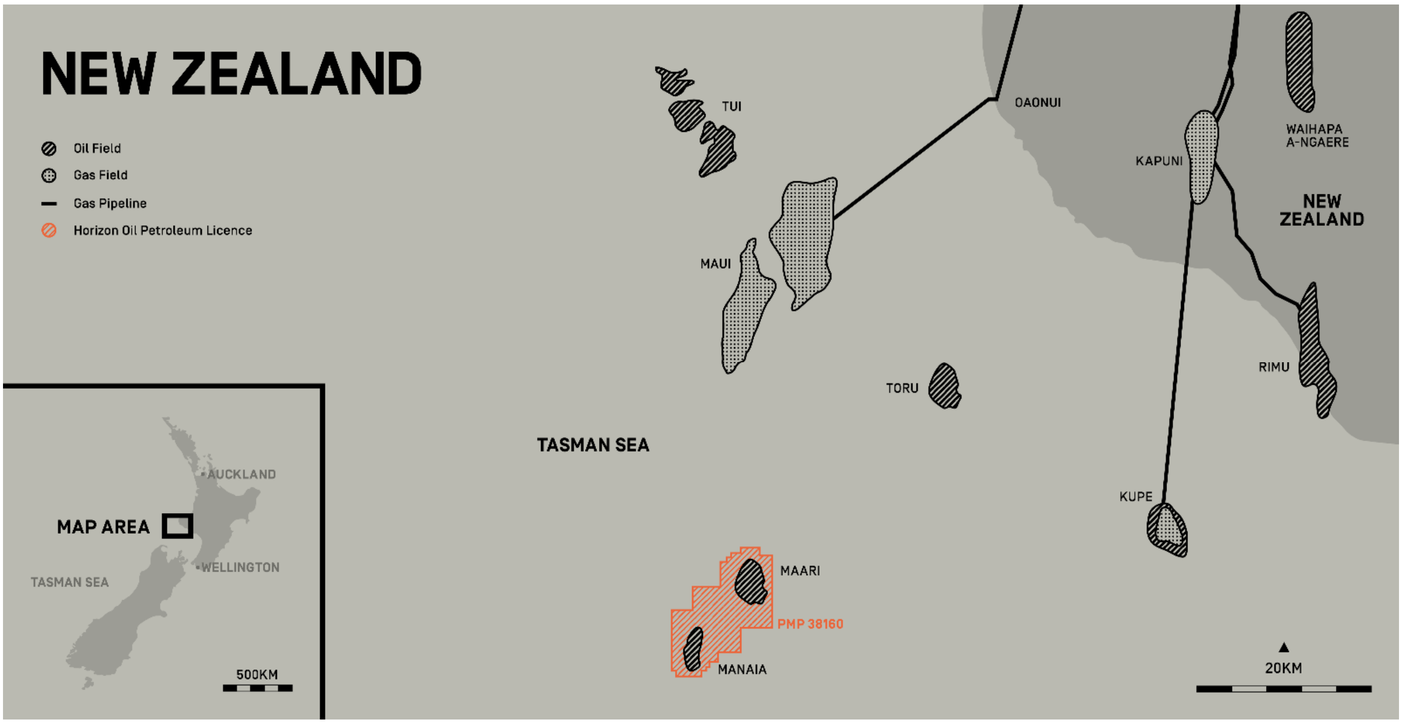


Production from Horizon Oil's Beibu Gulf fields continues uninterrupted by the COVID-19 pandemic. The fields are continuing to produce above budget with gross oil production for the quarter averaging 9,869 bopd (Horizon Oil net 26.95%: 2,660 bopd). Production for the quarter increased 6.4% following a production enhancing well workover program completed during the prior quarter, and at the date of this report production is approximately 9,700 bopd. Net sales for the quarter were 220,155 bbls, an increase of 5.1% on the prior quarter. Average cash operating costs in the quarter were US$8.25/bbl (produced), a decrease of 35% on the prior quarter. This strong production result, coupled with the low cost of production, ensures continued strong free cashflow generation from the Beibu Gulf fields, even at current low oil prices.

The recent WZ 6-12 M1 exploration well success, coupled with the low operating and capital cost environment has encouraged the joint venture to further evaluate infill well opportunities which would be targeted for drilling at the end of the 2020 calendar year when oil demand is anticipated to recover.

Basic engineering for the WZ 12-8 East development has been completed with a final CNOOC technical expert review expected during Q4 of FY2020, ahead of an expected final investment decision. Completion of the reviews was necessarily delayed due to the COVID-19 restrictions within China. The development has been planned as an extended production test which involves a mobile offshore production platform which will be leased by the joint venture. Importantly, upfront capital costs have been minimised with Horizon Oil's share of costs in the 2020 calendar year expected to be approximately US$2 million. The remaining capital costs and platform lease costs are linked to the oil price providing the project with a natural hedge to the commodity price. Based on current oil prices, Horizon Oil's share of capital costs for the entire project are forecast to be less than US$12 million, approximately 40% lower than if oil prices were around US$60/bbl. The majority of these costs are forecast to be incurred in the 2021 and 2022 calendar years, concentrated around the timing of first production, which CNOOC targets to be in late calendar year 2021.

PMP 38160, Maari/Manaia fields, Taranaki Basin, offshore New Zealand (Horizon Oil: 26%)



Gross oil production for the quarter averaged 6,334 bopd (Horizon Oil net 26%: 1,647 bopd). Production for the quarter increased 2.2%, with 2020 financial year to date production increasing 4% over the comparative period. The increased production has been driven by well optimisation activities including production enhancing workovers and continued water injection. Average cash operating costs in the quarter were US$22.25/bbl (produced), a decrease of 23% on the prior quarter as workover activities were reduced. Net sales for the quarter were 85,435 bbls, a decrease of 47% on the prior quarter due to the timing of liftings, with a further 82,625 bbls of crude oil retained as inventory on hand at the end of the quarter which was lifted and sold in early April 2020.

Production from the Maari oil field continued largely uninterrupted by the COVID-19 pandemic during the quarter. The New Zealand Government put in place an Alert Level 4 nationwide lockdown, for a period of 1 month extended from 25 March to 27 April 2020. It is anticipated that an Alert Level 3 will then apply for a period of 2 weeks before being reassessed. During this period minimal manning levels will continue to be retained at the offshore facilities in order to maintain health, safety and environmental obligations. Two production wells, MR6A and MR2 have recently been shut-in due to technical issues, with the operator assessing potential remedies to restart these wells. Any repairs required to these wells could be delayed by the current restrictions in place. Importantly, production has continued throughout this period and the contracted offtake was completed as scheduled on 5 April 2020. Due to the lower production rates (currently approximately 5,000 bopd (Gross)) with the MR6A and MR2 wells shut-in, the next lifting has been deferred until Q3 of the 2020 calendar year, a time when oil demand is anticipated to recover.

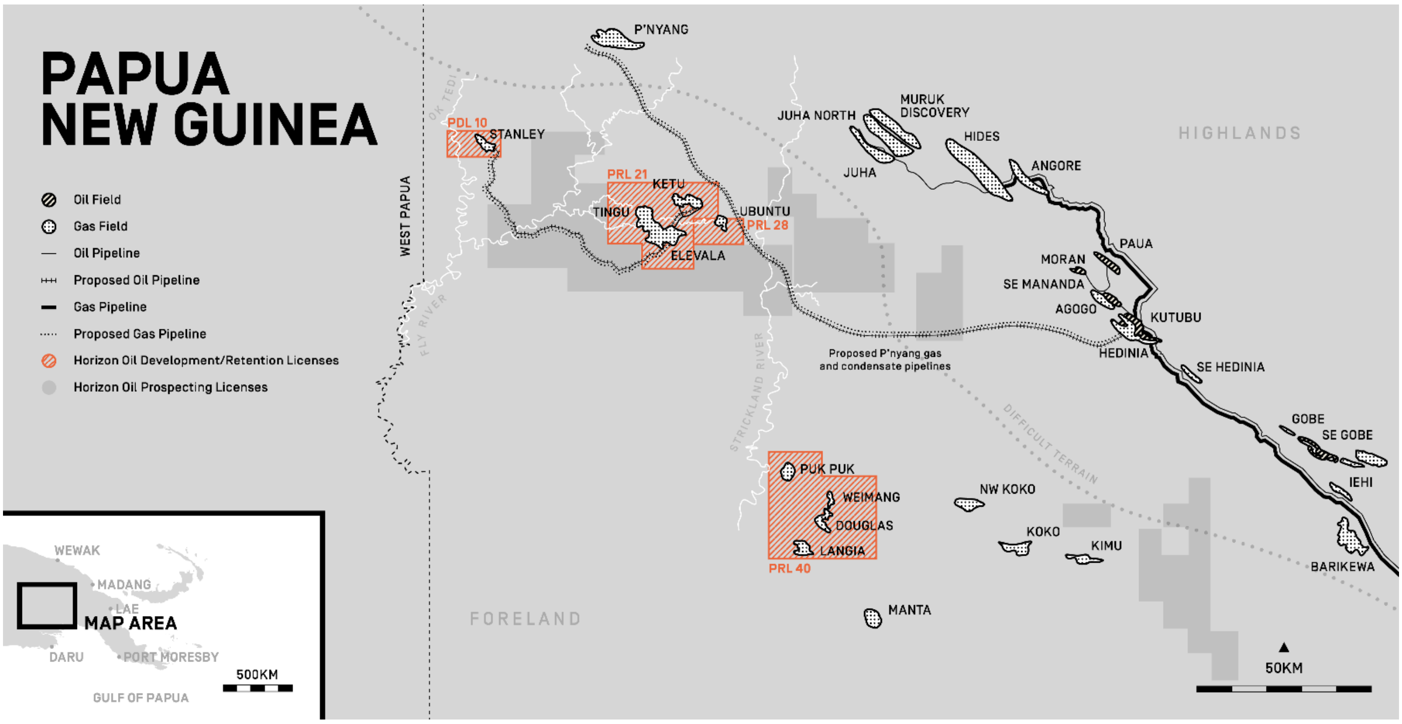
The previously advised intended acquisition by Jadestone Energy Inc. (AIM:JSE, TSXV:JSE) of OMV New Zealand Limited's 69% interest in the Maari project continued during the quarter with the applications for NZ government approval lodged with the relevant authorities. The transaction continues to remain subject to JV and NZ government approvals. OMV will continue as operator of the Maari project until, and subject to, completion of the proposed transaction.

PRE-PRODUCTION AND DEVELOPMENT

Western Province, Papua New Guinea

PRL 21, Elevala/Ketu gas-condensate fields
(Horizon Oil: 30.15% and operator)
PDL 10, Stanley gas-condensate field
(Horizon Oil: 30.0%)

PRL 28, Ubuntu gas-condensate field
(Horizon Oil: 30.0% and operator)
PRL 40, Puk-Puk/Douglas gas fields
(Horizon Oil: 20%)



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. The Company holds approximately 30% of the resource and is operator of two licences constituting the majority of the resource. During the quarter, activity to optimise and refine the engineering basis for a PRL 21 condensate development encompassing the Elevala and Ketu fields continued. Steps were also taken during the period to reduce the cost base of the Company's PNG operations in light of the challenges presented by COVID-19 and low oil prices.

The condensate rich gas resources in the Stanley, Elevala, Ketu and Ubuntu fields lie to the south of ExxonMobil and Oil Search's P'nyang gas field which is planned to provide the threshold volumes for expansion Train 3 of the PNG LNG scheme. The planned pipeline route from P'nyang to the PNG LNG facilities passes within 20 kilometres of the Ketu field. Gas agreement negotiations for the planned expansion of PNG LNG continued during the period with the State publicly expressing its strong encouragement for third party access to the pipelines. However, on 31 January 2020 the Prime Minister of PNG issued a media release stating that negotiations on the P'nyang Gas Agreement had ceased with the parties unable to reach a mutually acceptable commercial arrangement. The strong stance taken by the PNG Government with a desire for an increased 'state take' in the project may have significant ramifications for future projects.

The above developments, coupled with the slow progress of commercialisation of the discovered resources and unresolved licence tenure issues, led the Group to impair its exploration and development assets in PNG to a carrying amount of US$5.7 million as at 31 December 2020.

During the period, Arran Energy Pty Limited became the legal and beneficial owner of Repsol Oil & Gas Niugini Pty Ltd and Foreland Oil Limited, which hold PNG licence interests, including PDL 10, PRL 21, PRL 28 and PRL 40.

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, Subsurface Manager 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. Mr Douglas' qualifications include a Master of Reservoir Evaluation and Management from the Heriot Watt University, UK and more than 22 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.

Authorisation

This ASX announcement is approved and authorised for release by the Company Secretary on 23 April 2020.