



FY20 RESULTS PRESENTATION

27 AUGUST 2020

FY20 FULL YEAR HIGHLIGHTS

Production Volume

1,475,562 bbls

Sales Revenue

US\$84.0 million

EBITDAX

US\$50.6 million

Net Cash

US\$0.5 million

Underlying Profit before Tax

US\$15.0 million

Cash on Hand

US\$25.9 million

FY20 EXECUTIVE SUMMARY

STRONG PRODUCTION AND CASHFLOW PROVIDING PATHWAY TO GROWTH

Strong Production & Cashflow

- Continued strong high margin production from Maari and Beibu
- Cash operating costs averaged below US\$20/bbl
- Progressive debt reduction with return to net cash position

Decisive Response to COVID-19

- Defensive hedging executed with \$9.1 million in hedge gains
- Cost savings initiatives implemented with 20% headcount reduction
- Operating costs reduced

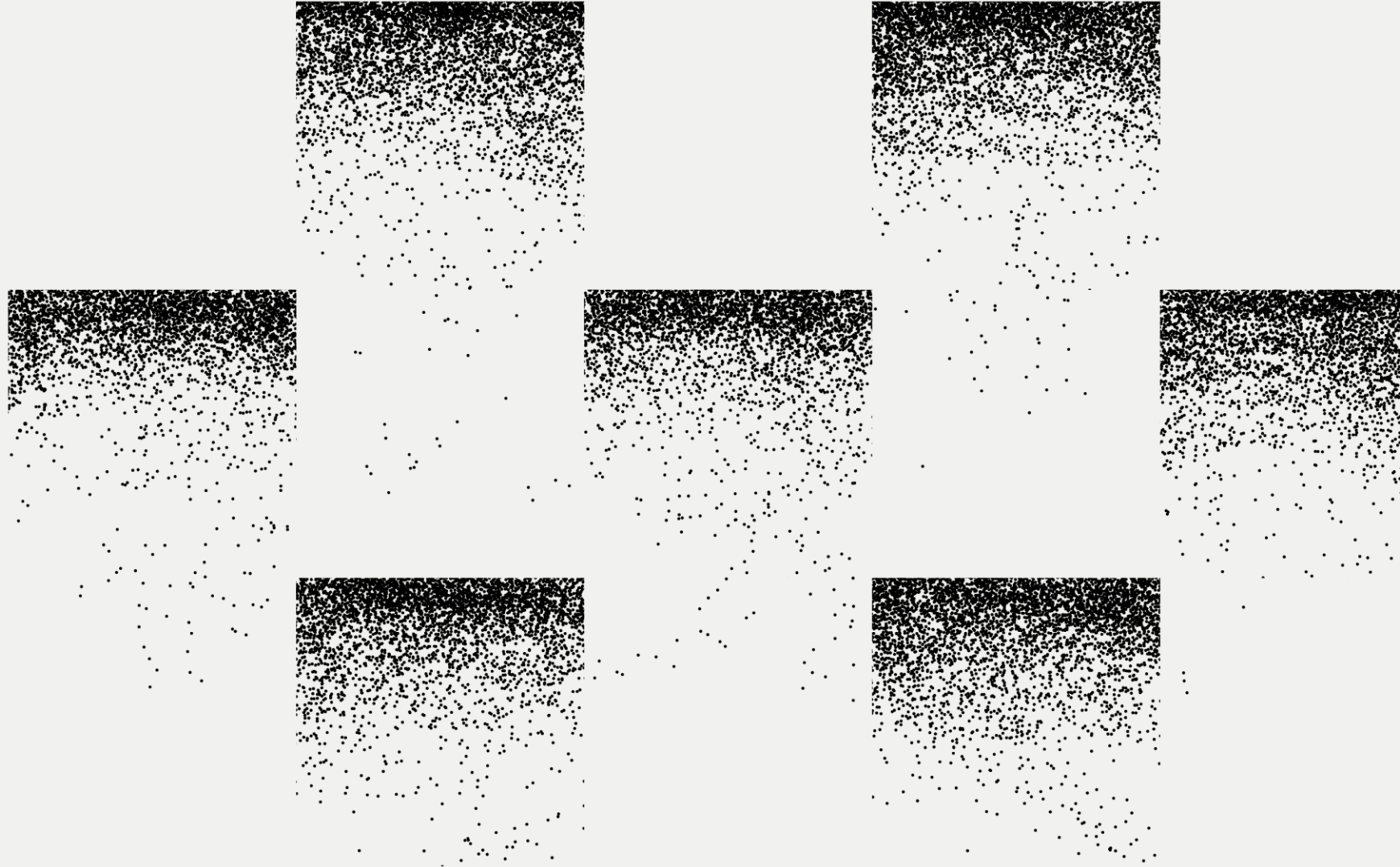
Drive Growth

- Drilling success in Block 22/12, with pursuit of further infill, appraisal and exploration opportunities
- Evaluation of inorganic growth opportunities

Sustainability

- Continued sound HSSE performance at Horizon's operated and non-operated assets
- Climate-change resilience reporting

FINANCIAL RESULTS



FY20 FINANCIAL RESULTS

Horizon 2020 Result		30 JUN 20	30 JUN 19	CHANGE
		US\$'000	US\$'000	%
Oil and gas sales	<i>bbls</i>	1,427,521	1,866,581	[24%]
Oil and gas production	<i>bbls</i>	1,475,562	1,604,578	[8%]
Sales revenue		84,025	122,401	[31%]
EBITDAX		50,600	93,012	[46%]
Statutory [Loss]/Profit before tax		[44,235]	48,409	[191%]
Financing costs <i>(Unrealised movement in value of options)</i>		[8,047]	[11,157]	[28%]
Impairment of non-current assets		67,285	-	100%
Underlying Profit before tax		15,003	37,252	[60%]
Statutory [Loss]/Profit for the period		[55,139]	35,826	[254%]
Cash on hand		25,920	21,472	21%
Cashflow from operating activities		36,731	72,813	[50%]
Senior debt facility		25,431	49,431	[49%]
Net Cash/[Debt]		489	[27,959]	[101%]

Production at the upper end of guidance with 1.48 million barrels produced during the 2020 financial year.

Oil sales, revenue, EBITDAX and underlying profit reduced due predominately to the anticipated recoupment of Beibu cost recovery entitlement in prior year (~0.3mmbbls or US\$19 million).

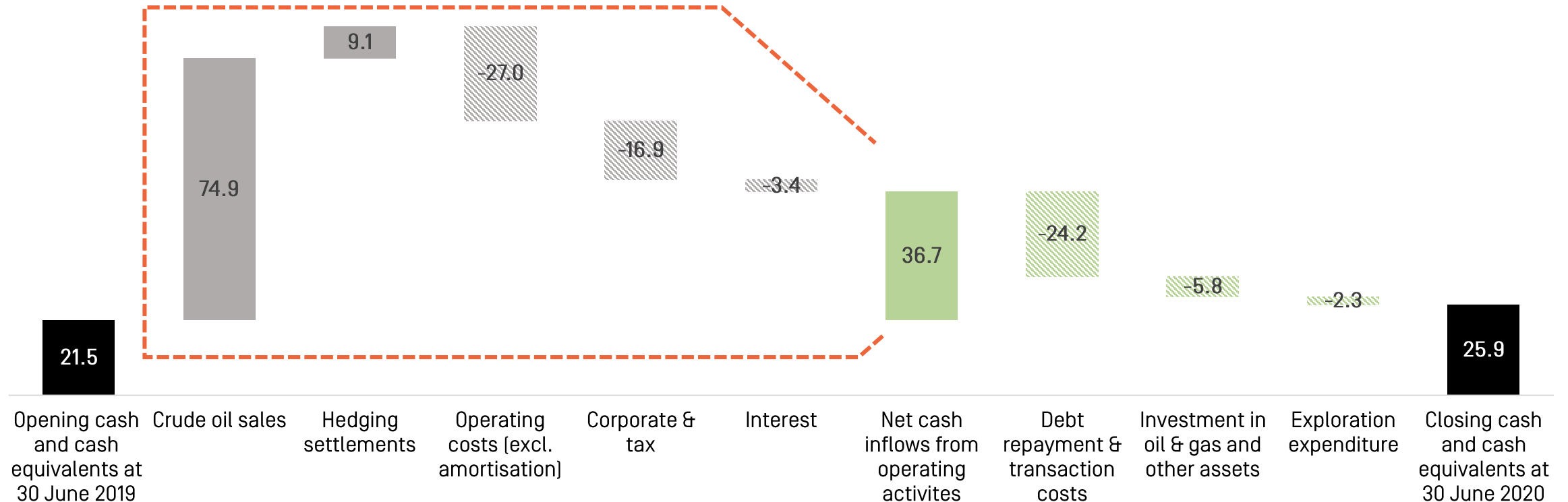
Cash operating costs reduced for the 2020 financial year to US\$16.79/bbl.

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

US\$24.0 million in debt repaid during the 2020 financial year. Net debt reduced by 101%.

STRONG CASHFLOW DRIVING DOWN DEBT

US\$ MILLION



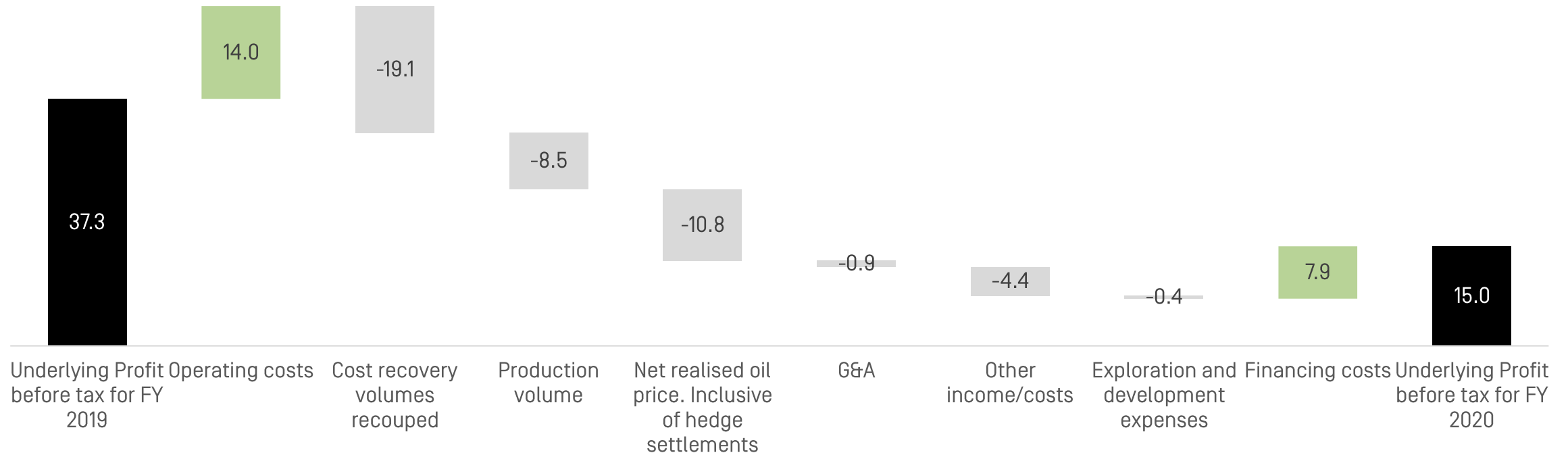
Strong net operating cashflow generation used to materially reduce debt

Disciplined investment in exploration and development activities to drive growth

Reduced operating costs and interest, and maintenance of low general & administrative expenditure

REDUCED OPEX OFFSETS LOWER OIL PRICE

US\$ MILLION

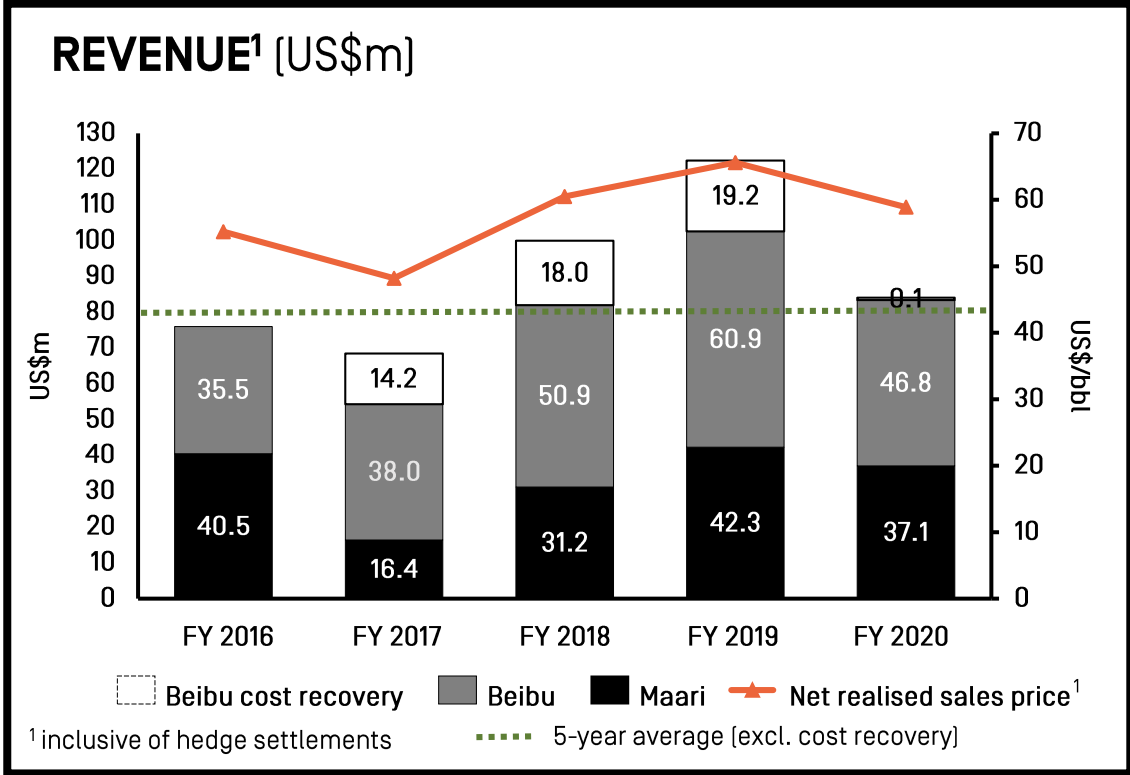
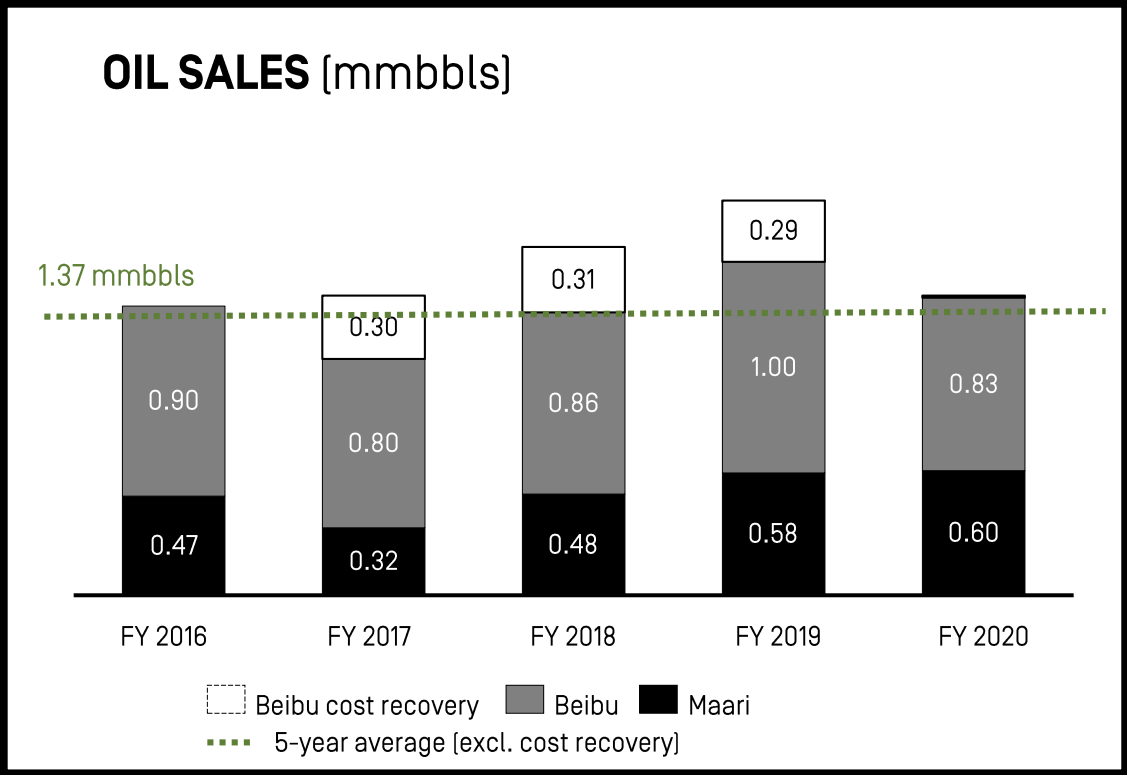


Lower revenue driven by anticipated recoupment of the Block 22/12 cost recovery entitlement

Cost discipline maintained with impact of lower realised oil price more than offset by reduction in operating costs

Financing costs reduced following prior year refinancing and repayment of debt

SALES/REVENUE STEADY IN FACE OF OIL PRICE VOLATILITY

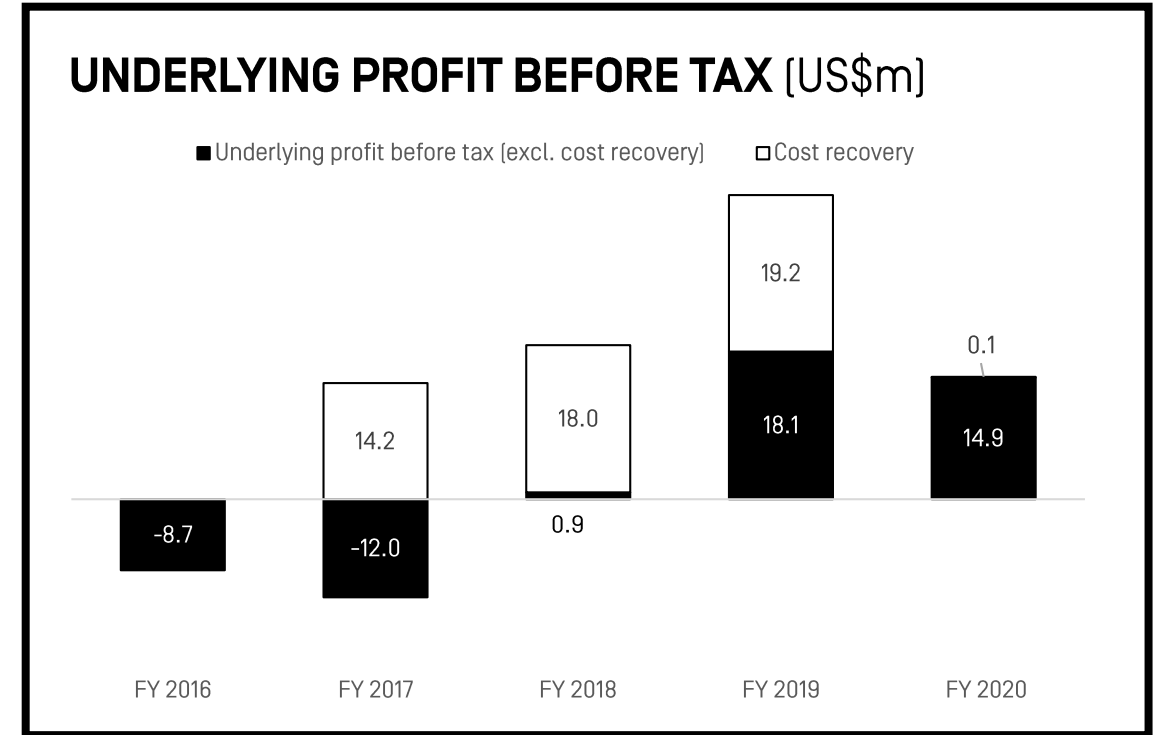
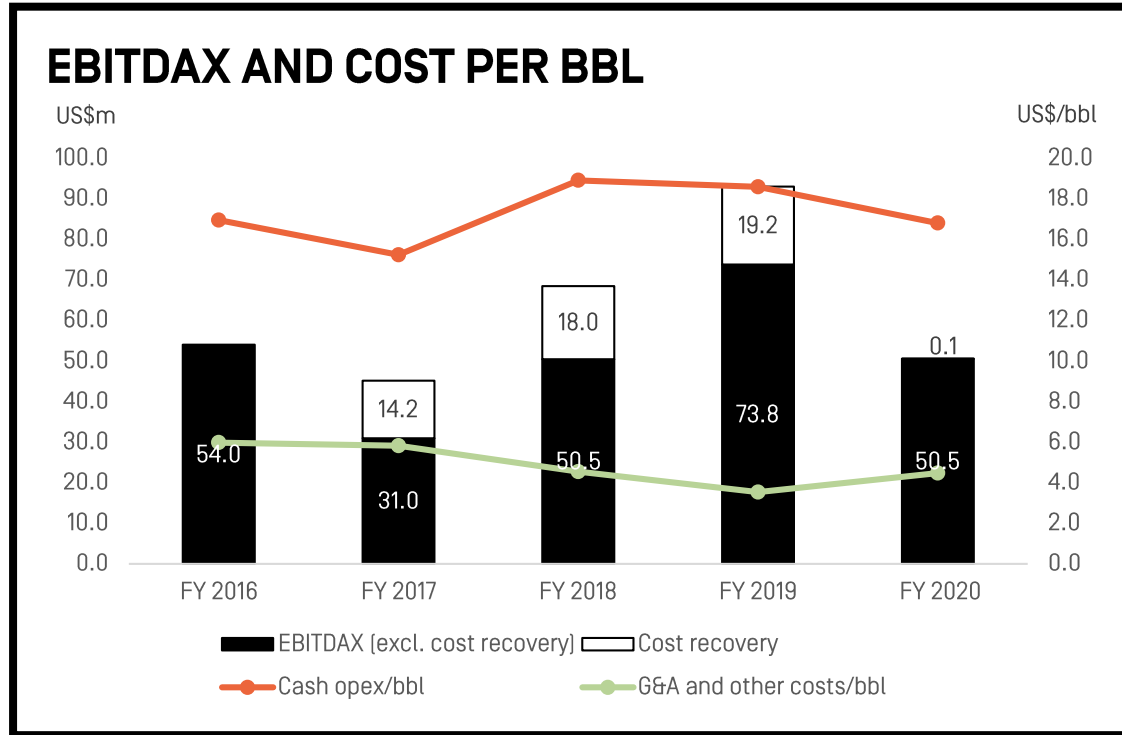


Oil sales volume exclusive of Beibu cost recovery maintained above 5-year average

Base sales revenue exclusive of Beibu cost recovery maintained above 5 year average

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

LOW COST PRODUCTION DELIVERS PROFITABILITY



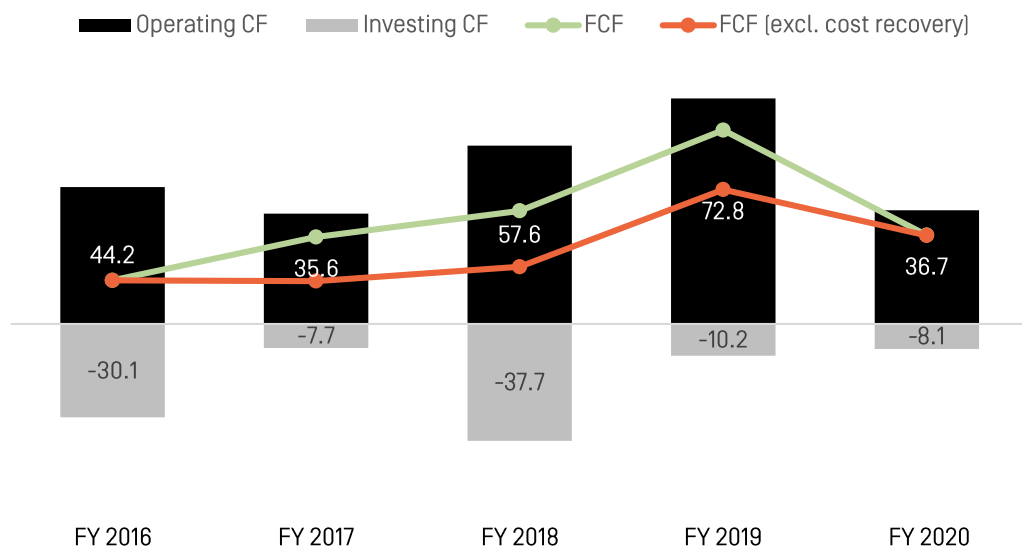
Continued strong EBITDAX driven by sustained production and lower operating costs <US\$20/bbl

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

Underlying profit of US\$15 million, despite minimal cost recovery revenue and lower oil prices

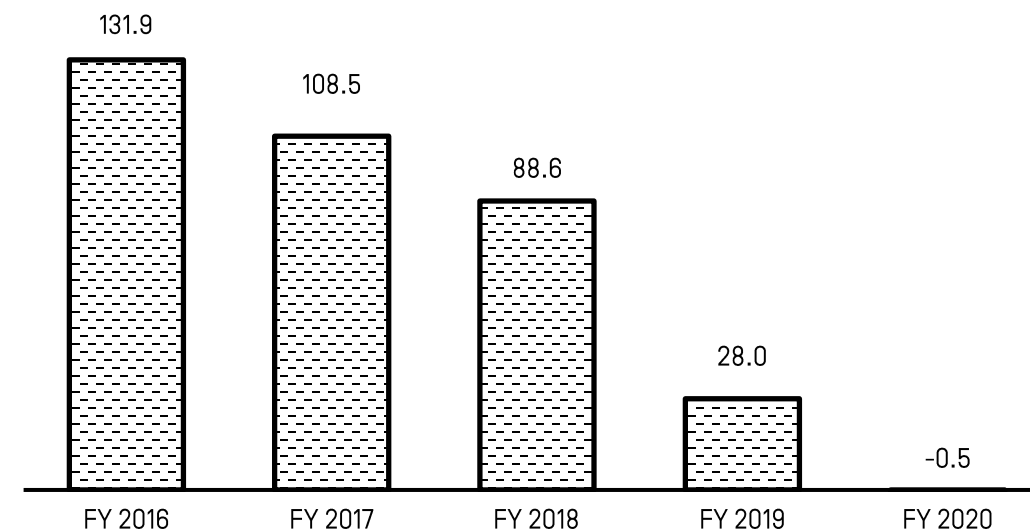
FREE CASHFLOW & NET CASH POSITION PROVIDES PATHWAY TO GROWTH

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]

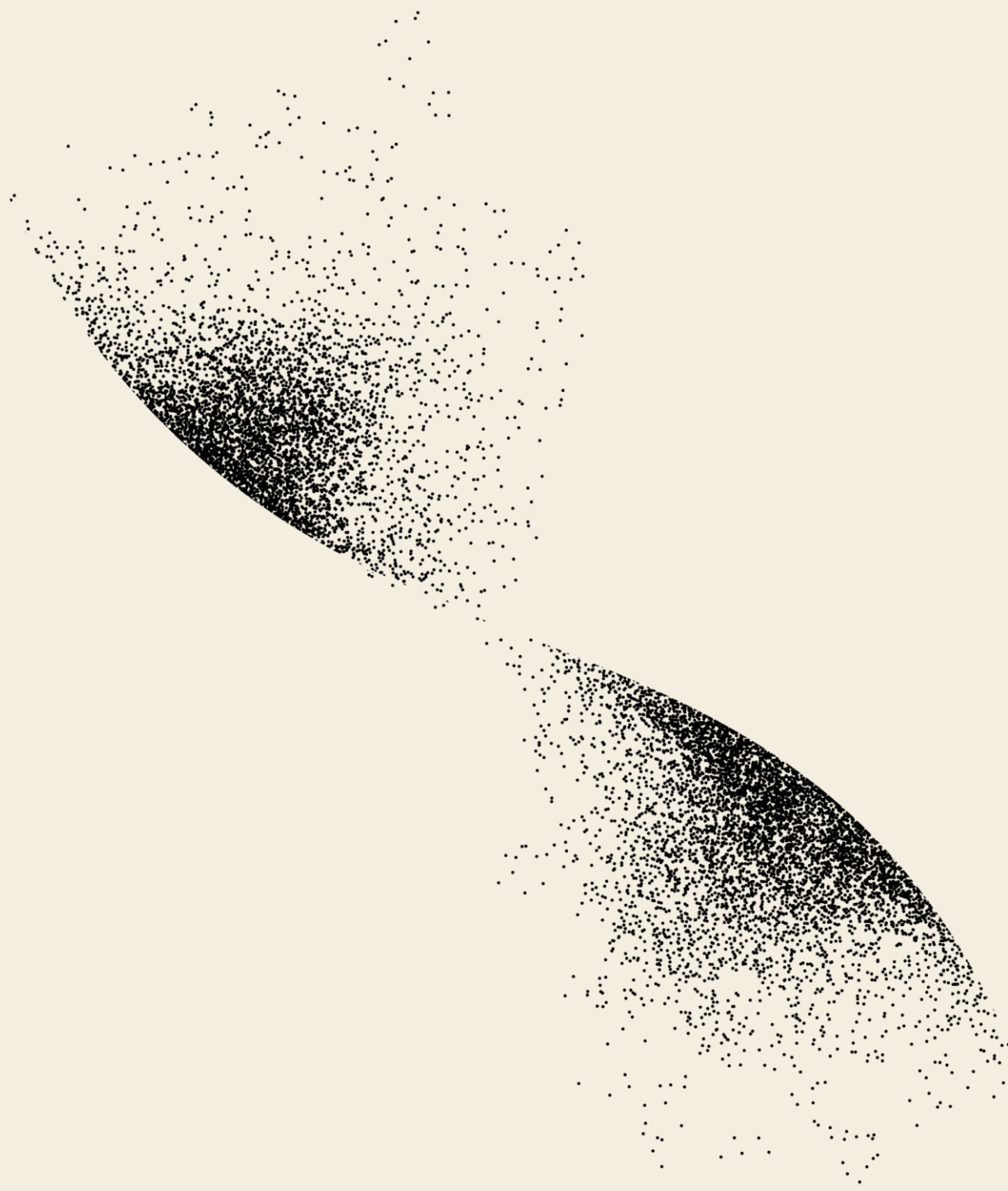


Continued free cash flow generation with disciplined investment in exploration and development activities

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

101% reduction in net debt for FY20 with return to Net Cash position

OUTLOOK & ASSET 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

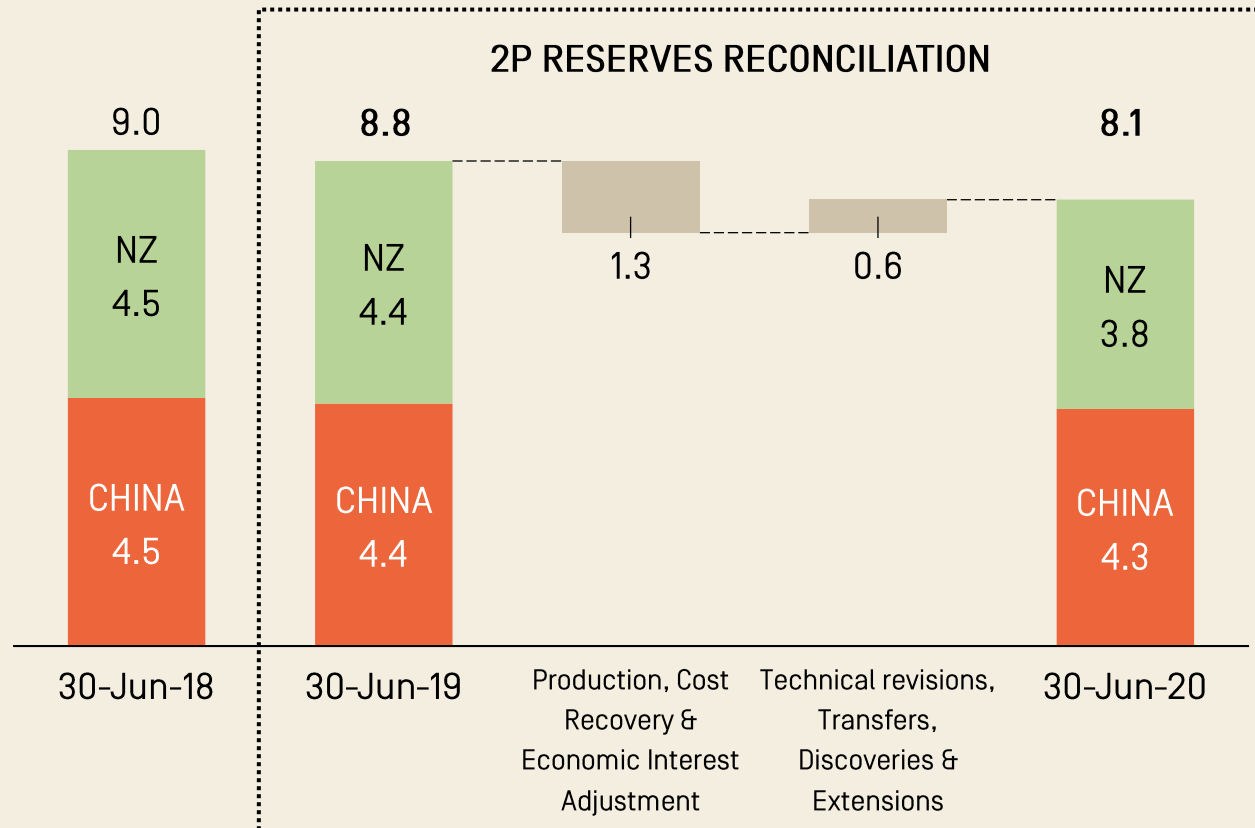
PDL 10 (Stanley)	30%
PRL 21 (Elevala/Ketu)	30.15%
PRL 28 (Ubuntu)	30%
PRL 40 (Puk Puk/Douglas)	20%
PPL 372	95%
PPL 373	100%
PPL 574	80%

□ NEW ZEALAND MAARI

PMP 38160 [Maari/Manaia] 26%

~50% 2P RESERVES REPLACEMENT RATIO

AT 30 JUNE 2020



- Proved plus Probable Reserves (2P) of oil is 8.1 MMbbl, compared with 8.8 MMbbl last year.
- Consistent performance from producing oil assets of 1.5 MMbbl, similar to prior year.
- Net increase of 0.6 MMbbls in FY20 associated with the WZ12-8 East development and two proposed infill wells in China, partially offset by technical revisions.
- Consistent reserves position in China over the past 3 years
- Cashflow from continued strong production puts Horizon in a good position to take advantage of a pipeline of development and appraisal opportunities in China and New Zealand.

CHINA

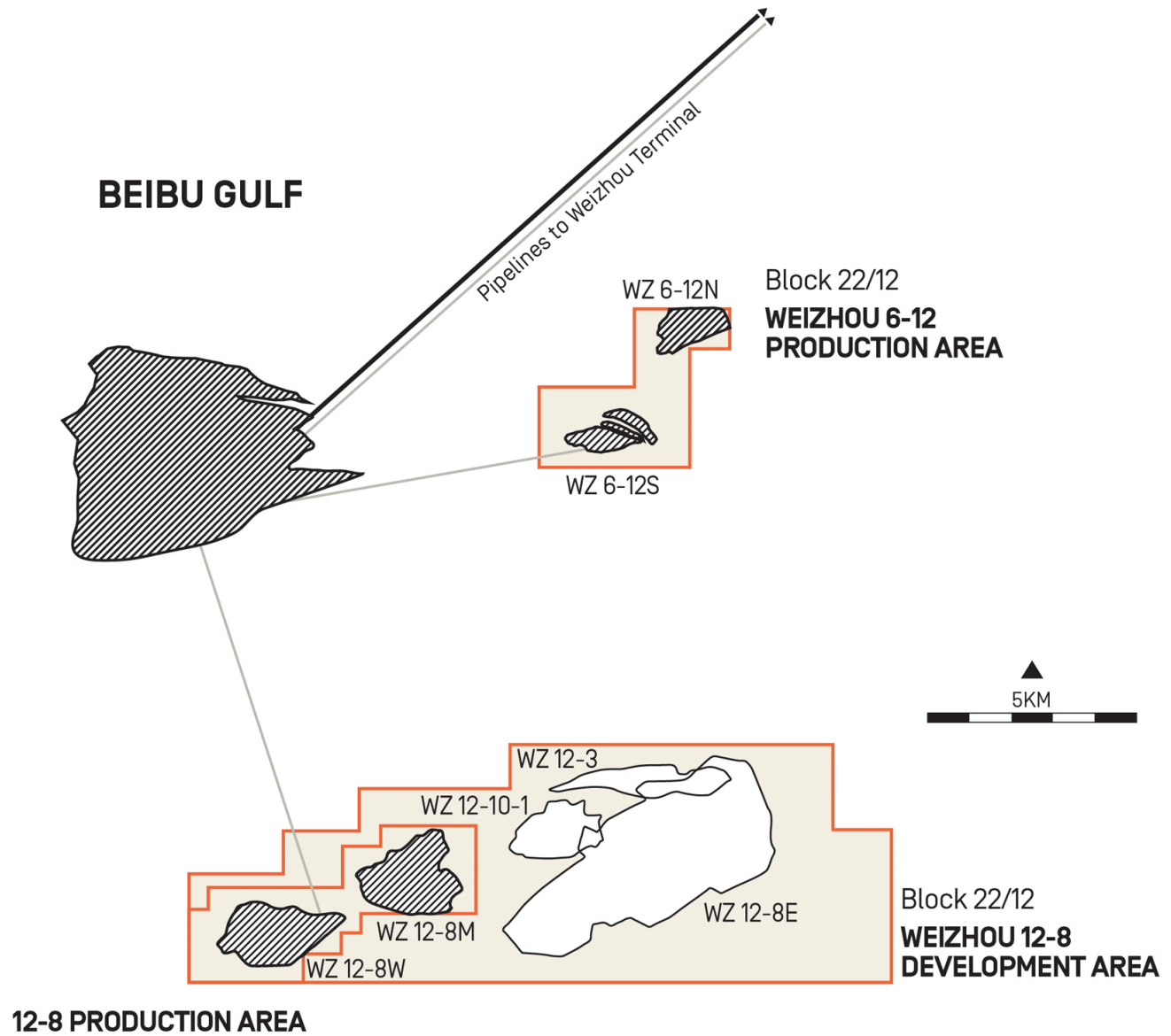
- Oil Field
- Discovered Oil Field
- Oil Pipeline
- Gas Pipeline
- Production Area

2P Reserves: 4.3 mmbbls
2C Resources: 1.1 mmbbls

As at 30 June 2020



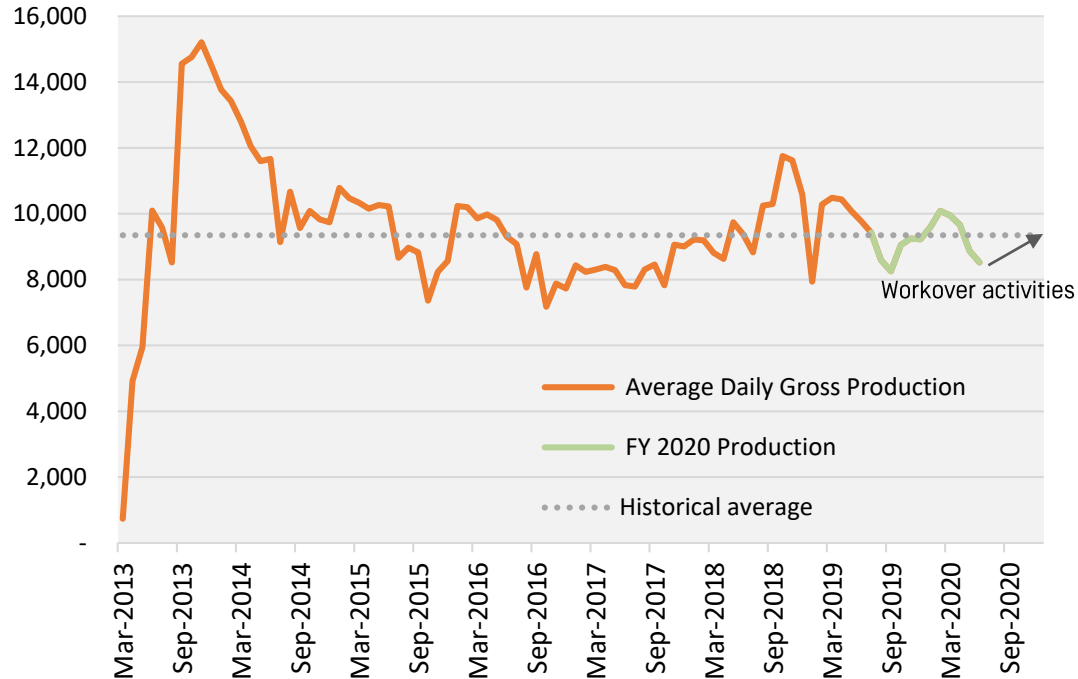
BEIBU GULF



RELIABLE, LONG-LIFE & HIGH MARGIN PRODUCTION

CHINA - BLOCK 22/12

BLOCK 22/12 PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production mmbbls	Average Daily Gross Production bopd
FY 2013	0.66	6,449
FY 2014	4.63	12,700
FY 2015	3.69	10,103
FY 2016	3.35	9,161
FY 2017	2.98	8,150
FY 2018	3.20	8,779
FY 2019	3.72	10,188
FY 2020	3.37	9,230
Average		9,345

- Current gross daily production rate above 8,600 bopd with workover activity ongoing.
- Production rates maintained since first production over 7 years ago through infill and nearfield drilling, installation of additional water handling capacity and production optimising well workovers.
- JV commitment for two infill wells, together with WZ12-8E field development to offset natural reservoir decline.

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

Long life production – current WZ6-12 and WZ12-8 field lives forecast to 2028

Low cash operating costs – currently less than US\$10/bbl produced

Current WZ6-12 and WZ12-8 field abandonment costs prepaid in sinking fund

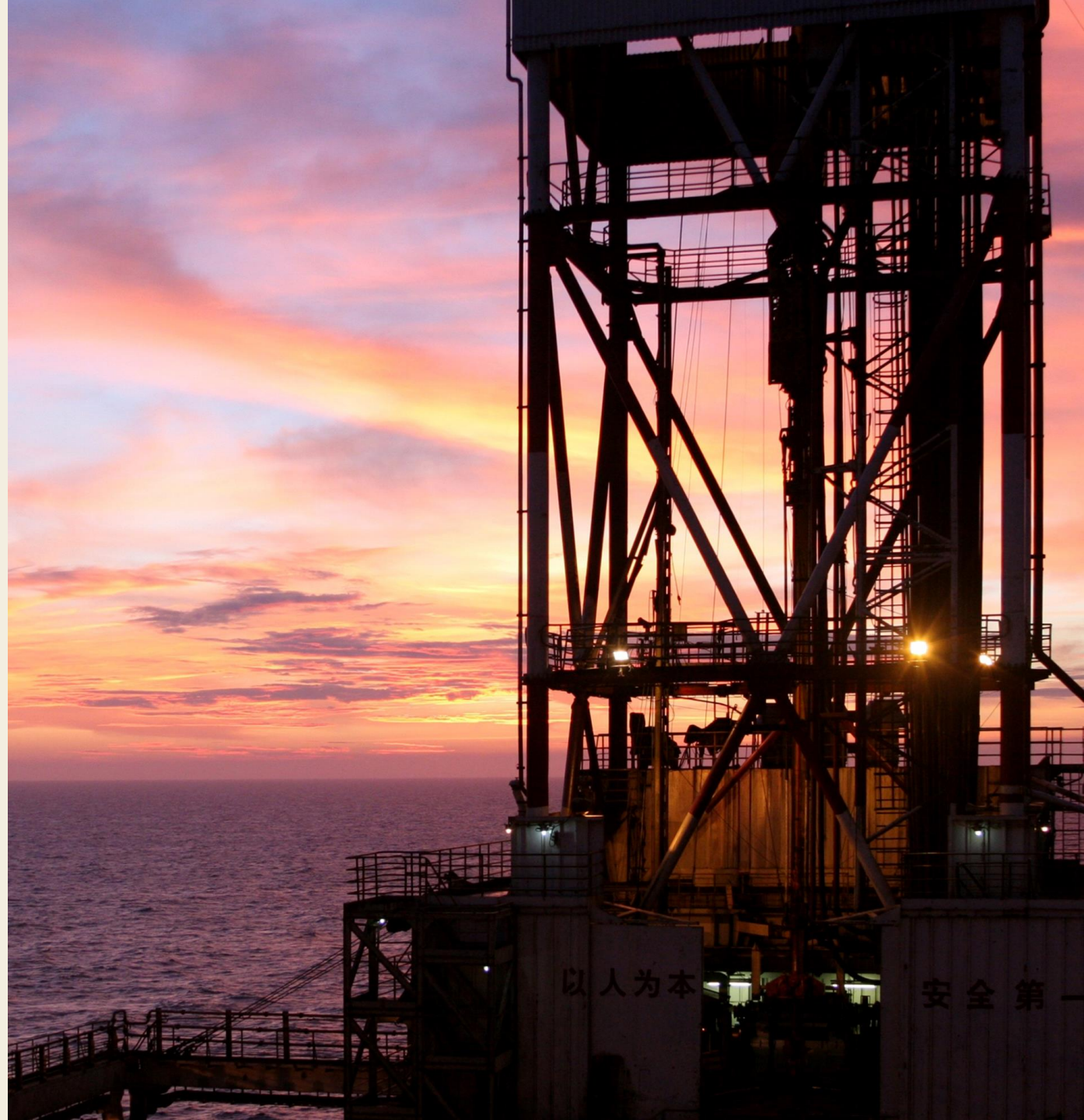
INFILL & APPRAISAL OPPORTUNITIES

CHINA - BLOCK 22/12

- Production from the Group's interest in the Beibu Gulf fields was uninterrupted by COVID-19, with 907,886 barrels of oil produced. Crude oil sales were 833,071 barrels with cost recovery volumes of 2,474 barrels at a net realised price of US\$50 per barrel, excluding hedging.
- Cash operating costs were US\$11.38 per production barrel including workovers, currently below US\$10/bbl.
- Successful exploration drilling of the WZ6-12 M1 well, with the JV committed to develop the field through the existing WZ6-12 platform later in the 2020 calendar year.

Outlook

- Workover program underway with the objective of increasing production through replacement of downhole electrical submersible pumps and adding perforations of undrained oil zones
- Two well infill drilling program approved by the JV – wells into WZ6-12N and WZ6-12 M1 fields, increasing Horizon's 2P reserves by 0.5 mmbbls
- Potential for further infill, and nearfield appraisal/exploration opportunities to replace reserves and maintain the current production rates

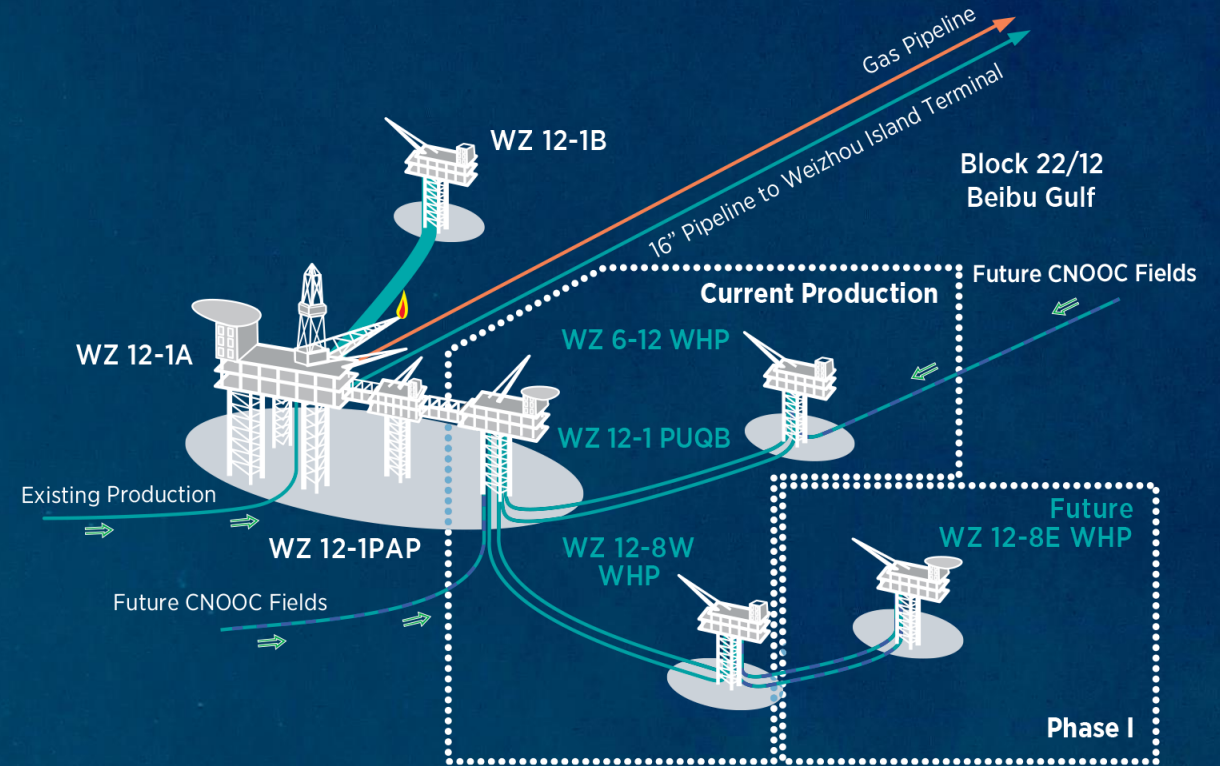


NEW DEVELOPMENT





CHINA - BLOCK 22/12

WZ 12-8E Project

- Basic engineering for the development has been completed, with CNOOC expert review endorsing the project.
- Provides a hub for the development of the remaining discovered resources in Block 22/12 – including WZ12-8E, 12-3 and 12-10-1 fields, and access to further prospective oil accumulations. First phase of the development is expected to recover 0.6 mmbbls 2P reserves net to Horizon.
- The development of WZ12-8E is planned with a new wellhead platform tied back to the existing WZ12-8W platform. The new platform will be leased by the joint venture, reducing upfront capital costs.
- FID by foreign JV partners, with CNOOC FID for the development expected shortly.
- First oil is expected to commence in early calendar year 2022.
- Total development costs are linked to oil prices, Horizon's share is forecast to be approximately US\$15 million, with the majority phased throughout the 2021 and 2022 calendar years.



NEW ZEALAND

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

2P Reserves: 3.8 mmbbls
2C Resources: 5.3 mmbbls

As at 30 June 2020



TASMAN SEA

MANAIA
MAARI
PMP 38160

TUI

MAUI

TORU

OAONU

KAPUNI

KUPE

WAIHAPA
A-NGAERE

NEW
ZEALAND

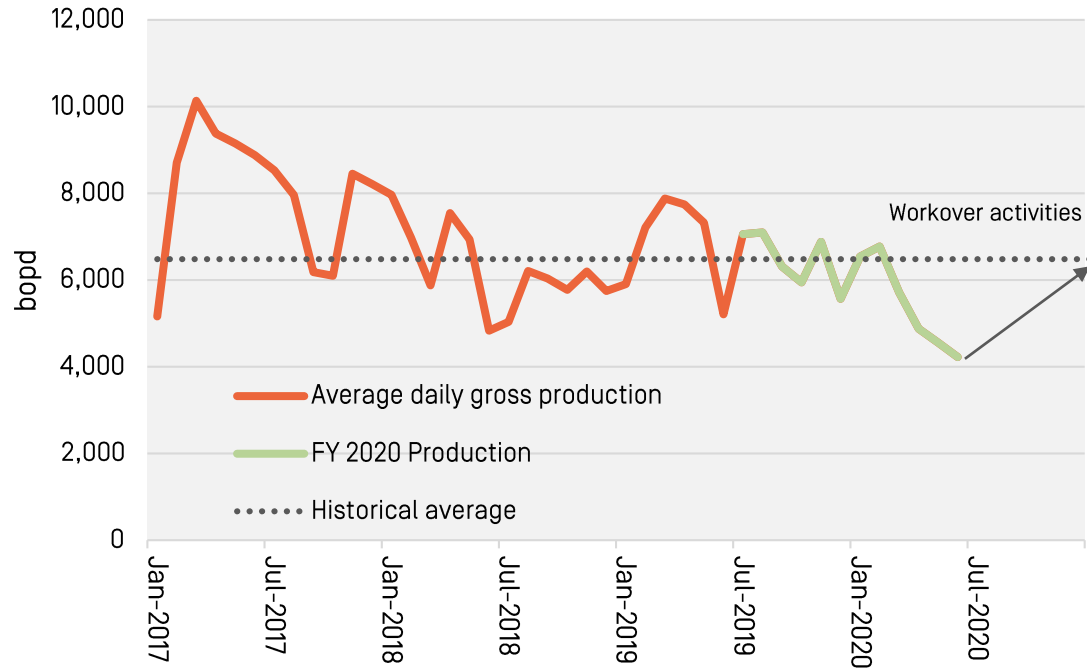
RIMU

20KM

STABLE, LONG-LIFE PRODUCTION

NEW ZEALAND – MAARI/MANAIA

MAARI/MANAIA PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production mmbbls	Average Daily Gross Production bopd
FY 2018	2.60	7,137
FY 2019	2.32	6,348
FY 2020	2.18	5,982
Average		6,489

- Gross daily production rate at year end approx. 4,000 bopd – impacted by the shut in of 3 wells with workovers underway to restore production over the coming months.
- Overall production decline rate reduced through continued water injection and production optimising 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% of Horizon cashflow

FY19 production sustained above FY18 prior to well shut ins – 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 – approximately US\$25/bbl

PRODUCTION/COST OPTIMISATION

NEW ZEALAND – MAARI/MANAIA









- Production from the Group's interest in Maari and Manaia fields was 567,676 barrels of oil. Temporary shut-ins of 3 production wells late in the year impacted production, with the Operator advancing plans to workover these wells over the coming months. Crude oil sales were 594,450 barrels at a net realised oil price of US\$56 per barrel, excluding hedging.
- Cash operating costs were reduced below US\$25/bbl produced through cost savings initiatives implemented by the Operator.
- 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. Whilst the transaction continues to remain subject to joint venture and New Zealand government approvals, OMV and Jadestone progressed plans for operatorship transition.

Outlook

- Restore production through successful workover of shut-in wells.
- Continued optimisation of cost structure, with further innovation anticipated by the new Operator, Jadestone, to maximise production and reduce costs.

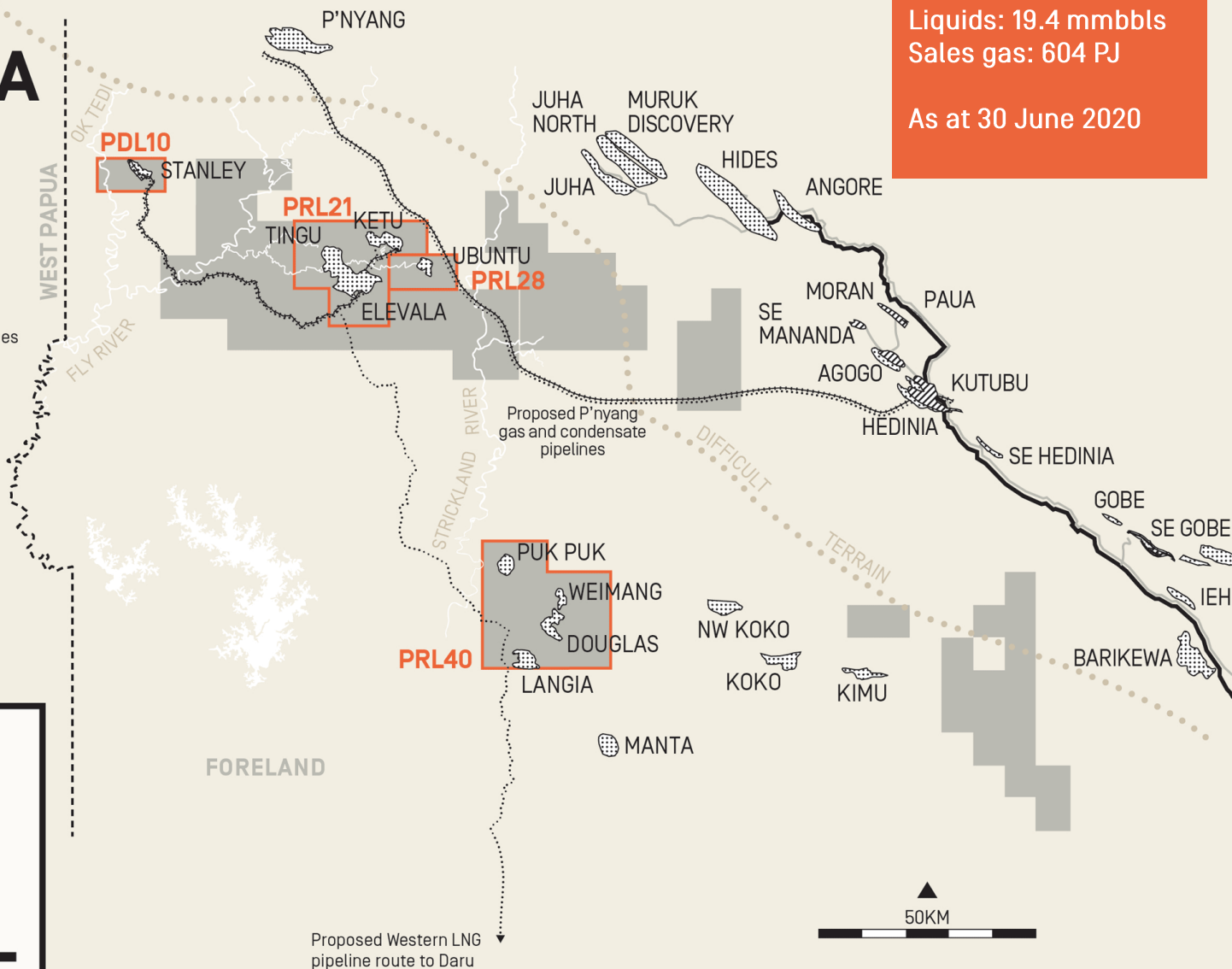
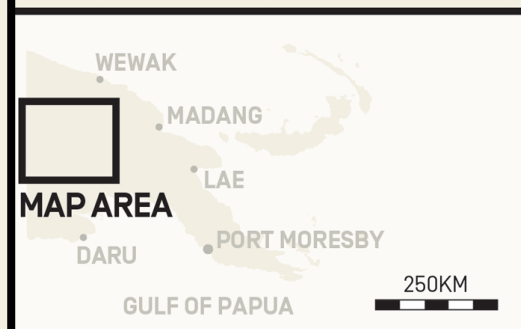


PAPUA NEW GUINEA

-  Oil Field
-  Gas Field
-  Oil Pipeline
-  Proposed Oil Pipeline
-  Gas Pipeline
-  Proposed Gas Pipeline
-  Horizon Development/Retention Licences
-  Horizon Prospecting Licences

2C Resources:
Liquids: 19.4 mmbbls
Sales gas: 604 PJ

As at 30 June 2020



PNG UPDATE

- In Papua New Guinea, Horizon 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.
- Arran Energy acquired Repsol's interests in PNG, assuming operatorship of PDL 10 and PRL 40, and outlining its Stanley development proposal. The JV was encouraged by the receipt of correspondence withdrawing the PDL 10 and PL 10 licence cancellation notices. During the period, activities to optimise and refine the engineering basis for a condensate development at Elevala and Ketu continued.
- 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 rationalising the cost base of its PNG operations and impairing its PNG assets down to US\$5.8 million.
- Investigation into PNG bribery allegations concluded with no breach of Australian foreign bribery laws established.

Outlook

- Optionality in PNG with two possible gas – condensate projects under consideration.



OUTLOOK

RESILIENT IN A LOW OIL PRICE ENVIRONMENT – A PLATFORM FOR ORGANIC AND INORGANIC GROWTH

Strong Operating Cashflow

- Restore and enhance production at Maari and Beibu fields through workovers and infill drilling
- Oil price recovery – free cashflow increases at a rate of approximately US\$8 million for every US\$10/bbl increase in oil price
- Innovation by anticipated new Maari operator, Jadestone, to maximise production and reduce costs

Strengthen Balance Sheet

- Continued strong cashflow generation allowing for further reduction in debt
- Near term investment in China infill drilling and WZ12-8E development to drive longer term balance sheet strength

Drive Growth

- Execute WZ12-8E development combined with pursuit of further infill, appraisal and exploration opportunities in China
- Pursue inorganic growth opportunities
- Assess and refine opportunities to realise value in PNG

Sustainability

- Focus on continued safe operations
- Further enhance climate-change resilience reporting

COMPLIANCE STATEMENTS

Disclaimer

Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Horizon Oil Limited, industry growth or other trend projections and any estimated company earnings are or may be 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.

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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 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.

Reserves Disclosure

Unless otherwise stated, all petroleum reserves and resource estimates refer to those estimates as set out in Horizon's Reserves and Resources Statement as at the balance date (i.e. 30 June) as most recently released to ASX. Horizon 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 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 and the Society of Petroleum Engineers. Mr Douglas' qualifications include a Master of Reservoir Evaluation and Management from Heriot Watt University, UK and more than 23 years of relevant experience. Mr Douglas 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 2020 Reserves and Resources Statement and the Annual Financial Report for the year ended 30 June 2020.



Authorisation

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

FOR MORE INFORMATION PLEASE CONTACT US

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