

27 October 2020

The Manager
Company Announcements
ASX Limited
Exchange Centre

20 Bridge Street
Sydney NSW 2000

SALE OF PNG INTERESTS

Horizon advises that it has agreed to sell all of the shares in its wholly owned subsidiary Horizon Oil (PNG Holdings) Limited to Arran Energy Investments Pty Ltd (**Arran Energy**), resulting in the transfer of its entire asset portfolio in Papua New Guinea (**PNG**). On completion of the transaction, Horizon will cease to have any operations in PNG.

Arran Energy is a privately owned Australian company and an existing co-venturer with Horizon in PNG. The Arran Energy Group's assets in PNG currently include operated working interests in PDL 10 (Stanley) and PRL 40 (Puk Puk/Douglas) and non-operated interests in PRL 21 (Elevala/Ketu) and PRL 28 (Ubuntu).

On completion Horizon will receive cash consideration of US\$3.5 million, subject to customary completion adjustments. Completion of the transaction will occur on satisfaction of conditions, including waiver or expiry of pre-emptive rights periods under certain joint venture operating agreements, and is anticipated to occur in Q4 2020.

As part of the transaction, Horizon will release Osaka Gas Australia Pty Limited and certain of its related parties from obligations under the 2013 Asset Sale Agreement¹.

Chris Hodge, Horizon's CEO comments...

"PNG has been a big part of the Horizon story for many years and the decision to sell was not taken lightly. While undoubtedly a substantial, good quality resource, our ability to realise value in PNG was becoming increasingly long dated and uncertain, as was highlighted by the impairment write-downs taken earlier in the year.

Divestment of our PNG interests was carefully considered in the context of our overall corporate strategy and we are pleased to have agreed terms with Arran Energy. The transaction will provide Horizon with an opportunity to reset and optimise its asset portfolio and focus its efforts on securing a significant growth asset."

Authorisation

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

¹ As announced to the ASX on 23 May 2013, these contractual obligations include deferred consideration, comprising a US\$50 million payment on FID of an LNG project in which Osaka Gas is entitled to take its share of LNG in kind on an equity basis, and US\$80 million carry on development of such LNG project, together with potential production adjustments where threshold condensate production is exceeded.