



HALF-YEAR 2021 RESULTS PRESENTATION

24 FEBRUARY 2021

HY21 EXECUTIVE SUMMARY

STRONG CASHFLOW DRIVING VALUE FOR SHAREHOLDERS

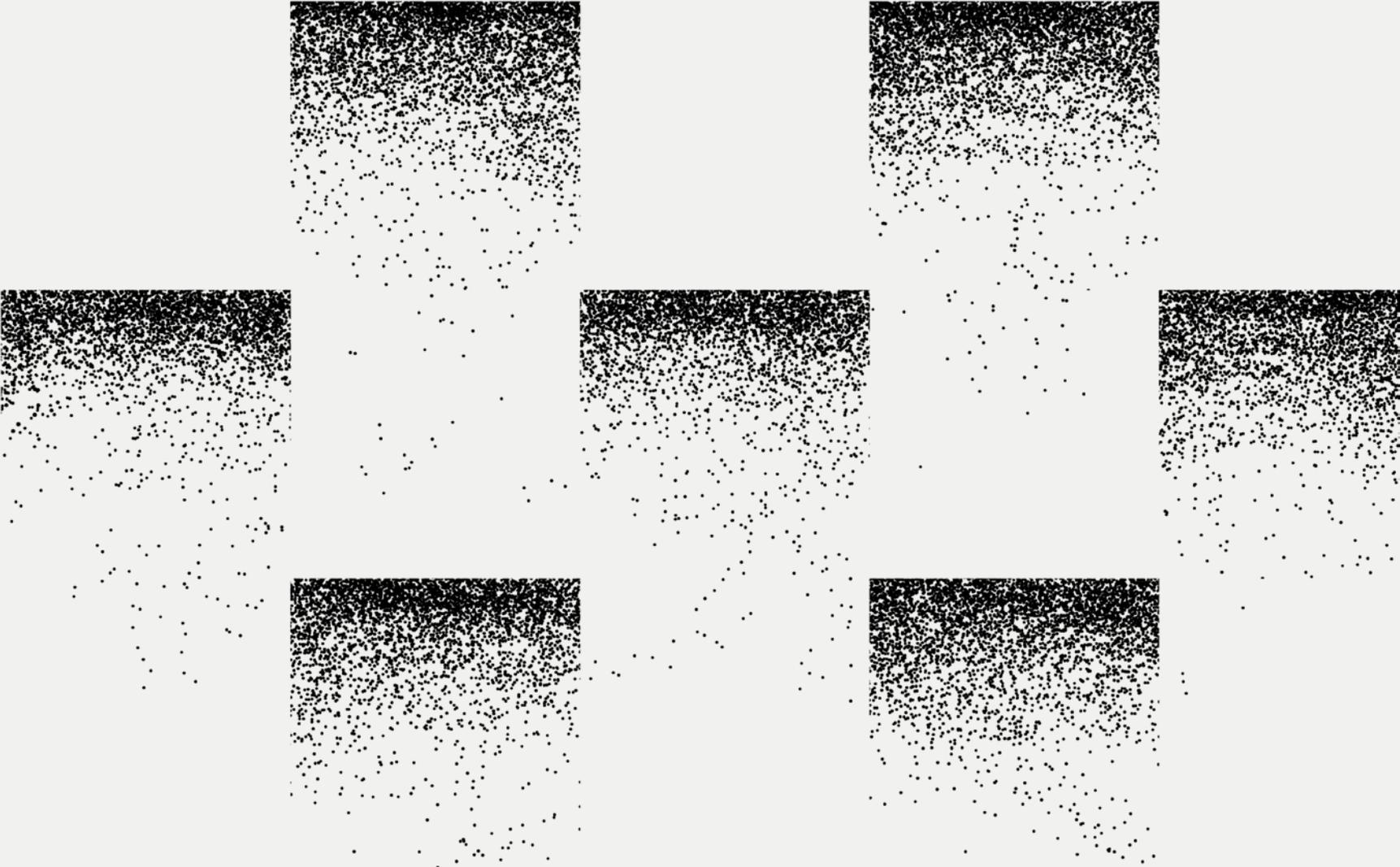
**NET CASH
US\$10 MILLION**

**INCREASING
PRODUCTION/
LOWER COSTS**

**INCREASING OIL
PRICE**

**SHAREHOLDER
VALUE**

FINANCIAL RESULTS



2021 HALF-YEAR HIGHLIGHTS

LOW COST, CASH GENERATIVE OIL PRODUCER

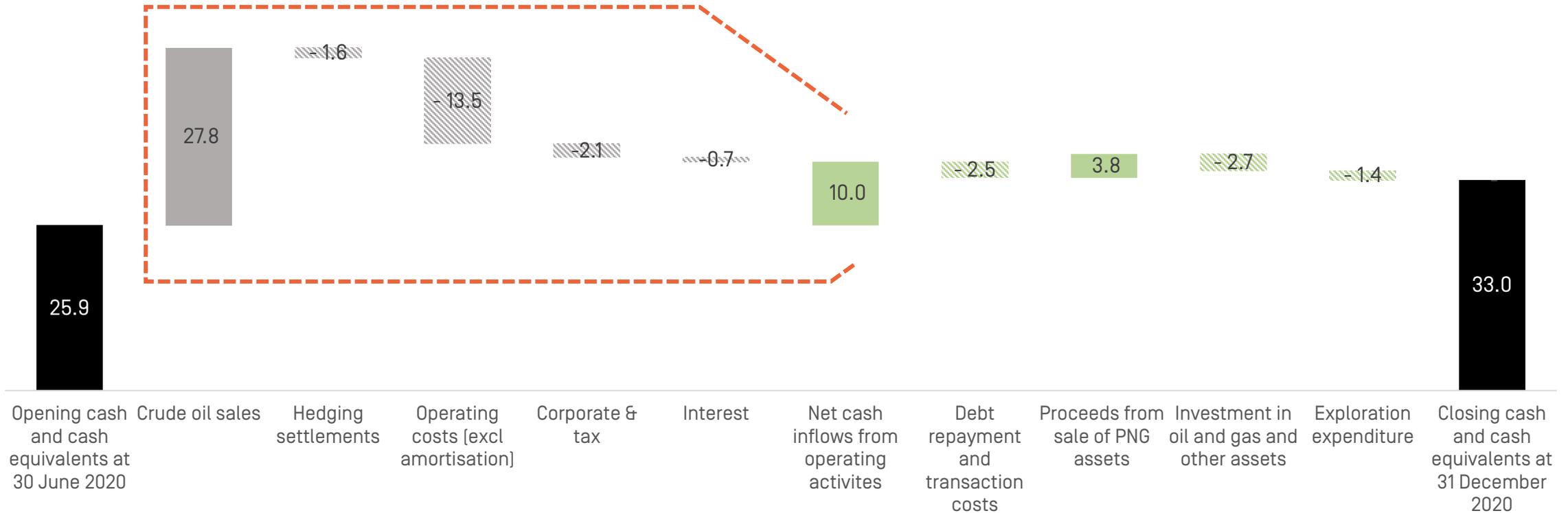
- **Cashflow positive during low oil prices** – cashflow from operating activities of US\$10.0 million
- **Strengthened balance sheet** – net cash of US\$10.0 million at 31 December 2020 an increase of US\$9.5 million during the half-year
- **Efficient operations** – continued rationalisation of operating costs <US\$20/bbl
- **China Beibu** – investment during the low oil price environment has resulted in increased production as oil price strengthens
- **Workovers** successfully and safely completed restoring production
- **Capital management initiatives** – return of capital to shareholders through on-market buy-back of up to 8% of issued shares
- **Environmental, Social & Governance [ESG]** – continued focus with no losses of containment, strong safety record [TRIFR 1.37]

The 2021 Half-Year results were achieved in a low oil price environment & demonstrate the resilience of Horizon's cashflow and base business

	6 months to 31 Dec 2020	12 months to 31 Dec 2020
Production Volumes	0.6 mmbbbls	1.4 mmbbbls
Sales Volumes	0.6 mmbbbls	1.3 mmbbbls
Revenue [USD]	\$26 million	\$58 million
EBITDAX [USD]	\$ 11 million	\$31 million
Underlying Profit after tax [USD]	\$0.4 million	[\$0.6 million]
Statutory Profit [USD]	\$4.7 million	\$12.3 million
Net Cash [USD]	\$10 million at 31 Dec 20	
Cash [USD]	\$33 million at 31 Dec 20	

POSITIVE CASHFLOW INCREASING NET CASH

US\$ MILLION



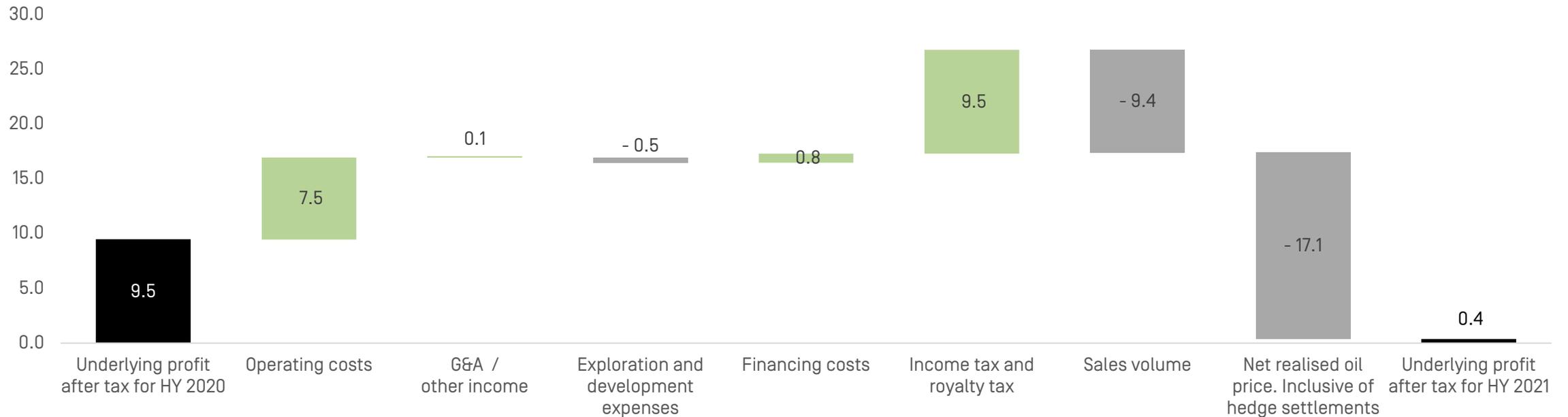
POSITIVE CASHFLOW
despite low oil price environment

DISCIPLINED SPENDING
investment in our low-cost producing China asset

REDUCED COSTS
rationalisation of operating costs and reduction in interest expenditure

REDUCED OPEX OFFSETS LOWER OIL PRICE

US\$ MILLION

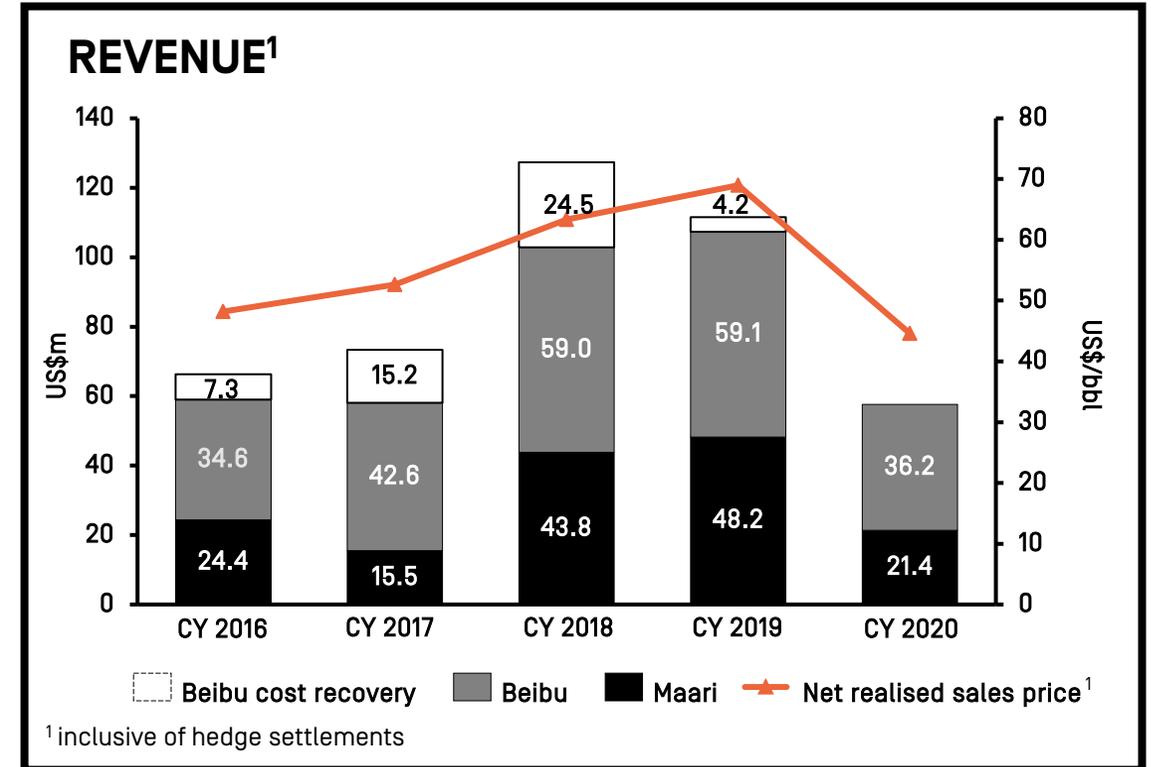
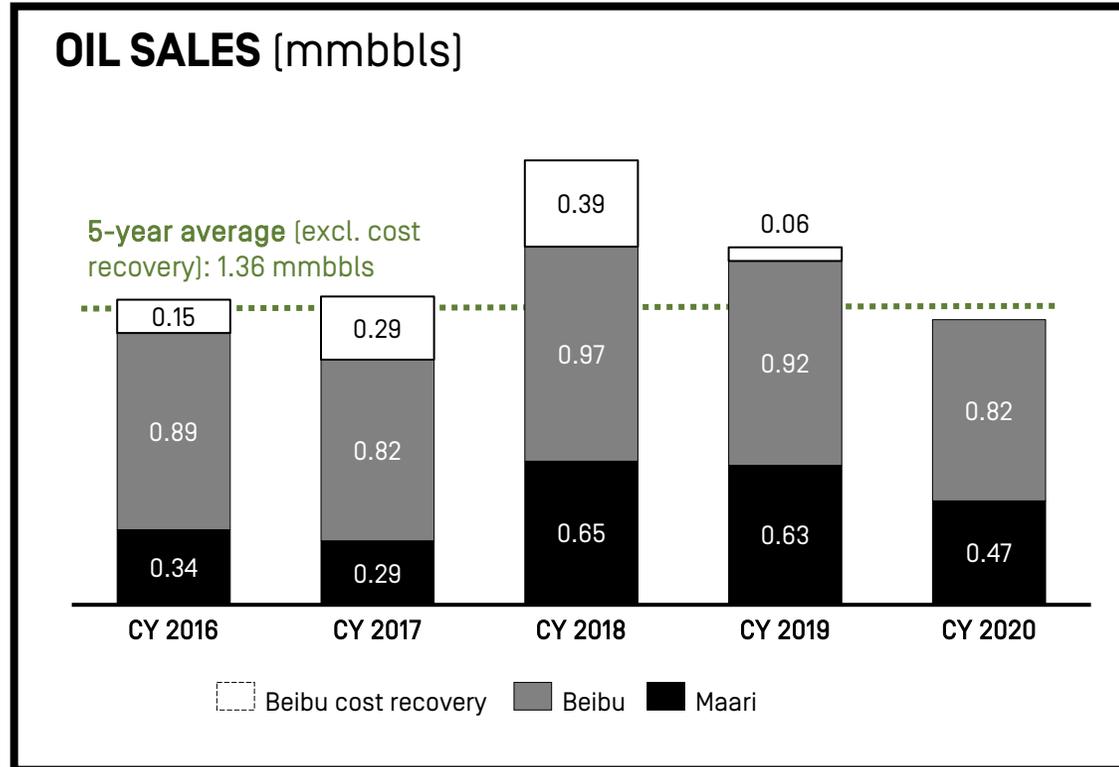


Lower revenue driven by anticipated recoupment of the Block 22/12 cost recovery entitlement

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

CONSISTENCY OF SALES VOLUMES

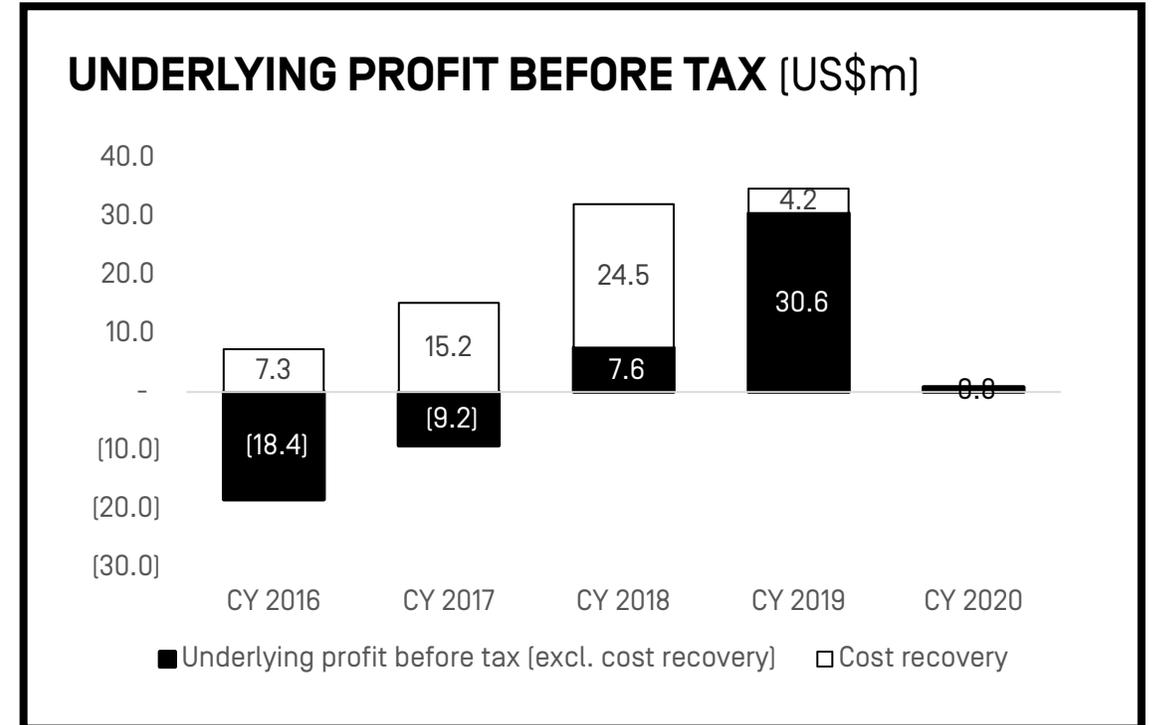
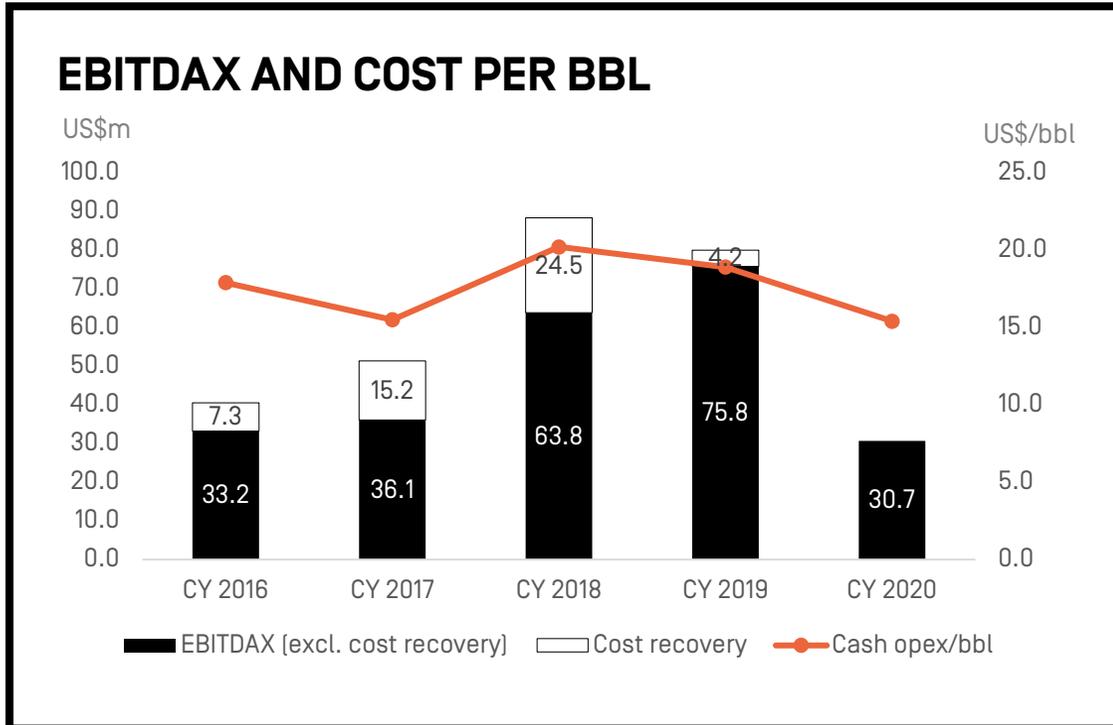


Oil sales volume exclusive of Beibu cost recovery approximates 5-year average

Oil sales impacted by Maari production disruptions, largely restored

Base sales revenue impacted by the low oil price environment

LOW COST PRODUCTION RETAINS PROFITABILITY

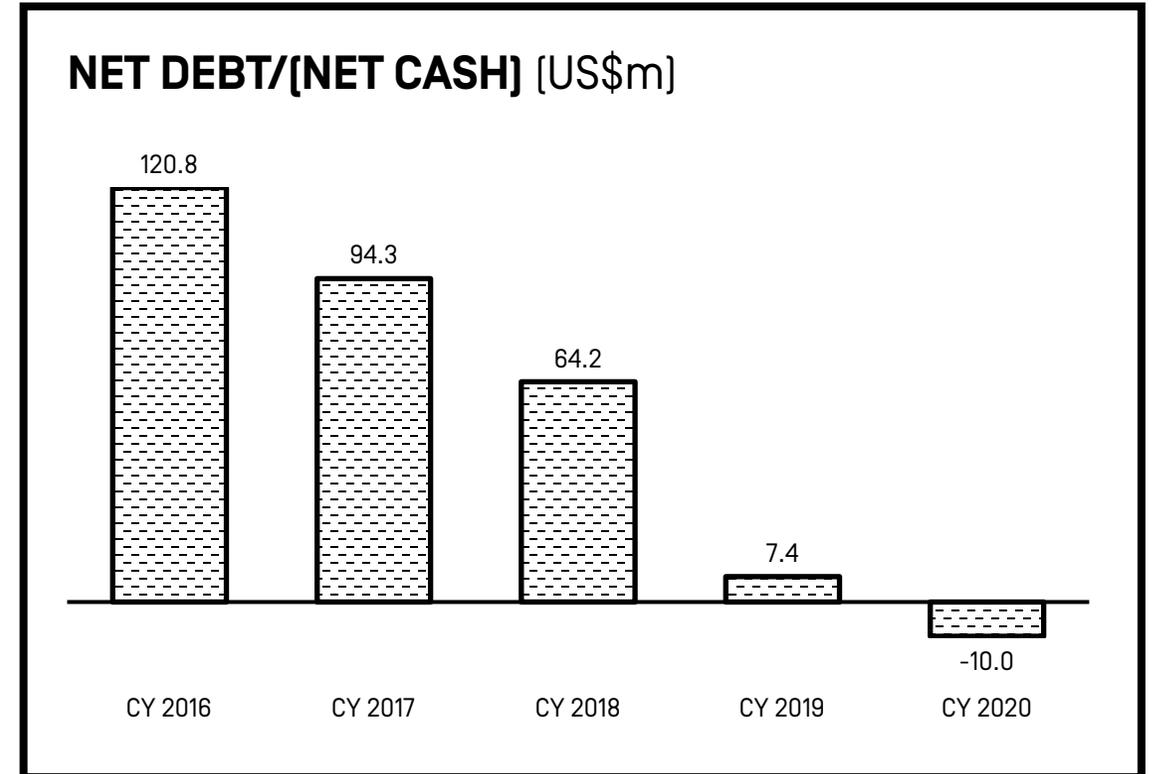
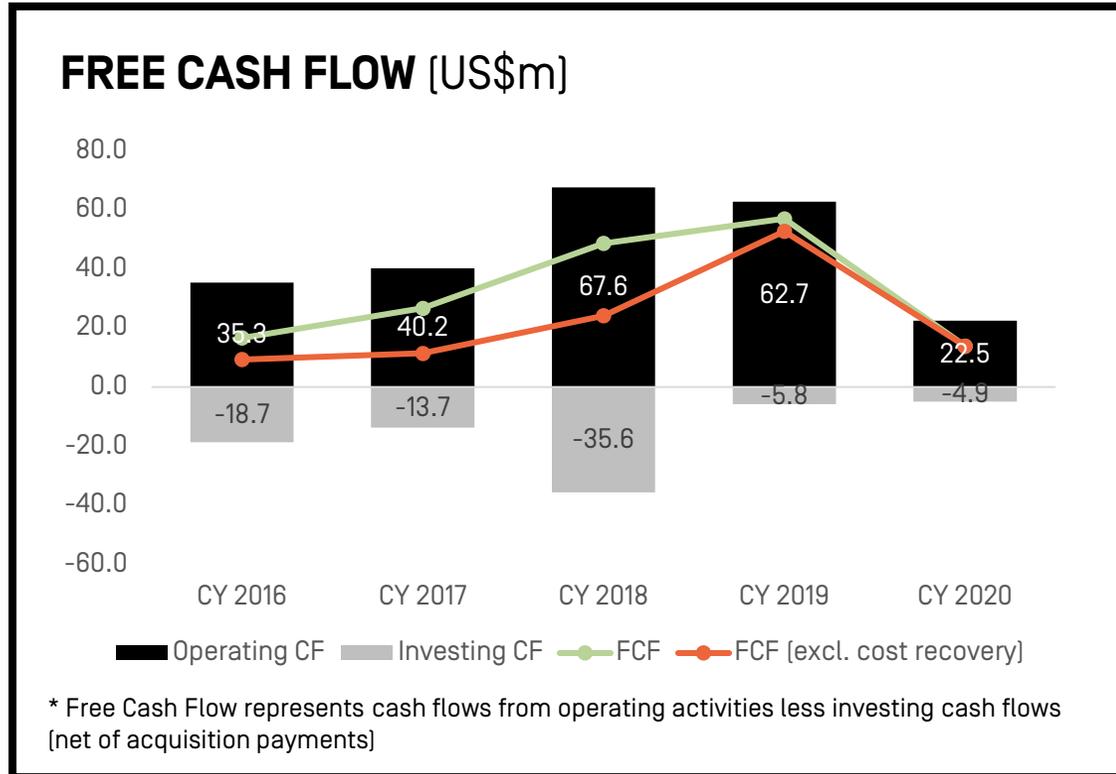


Continued strong EBITDAX despite low oil price, aided by low cost of production

Reduced cash operating costs, sustained below US\$20/bbl

Underlying profit despite low oil price with continued cost discipline

POSITIVE FREE CASHFLOW & INCREASED NET CASH POSITION

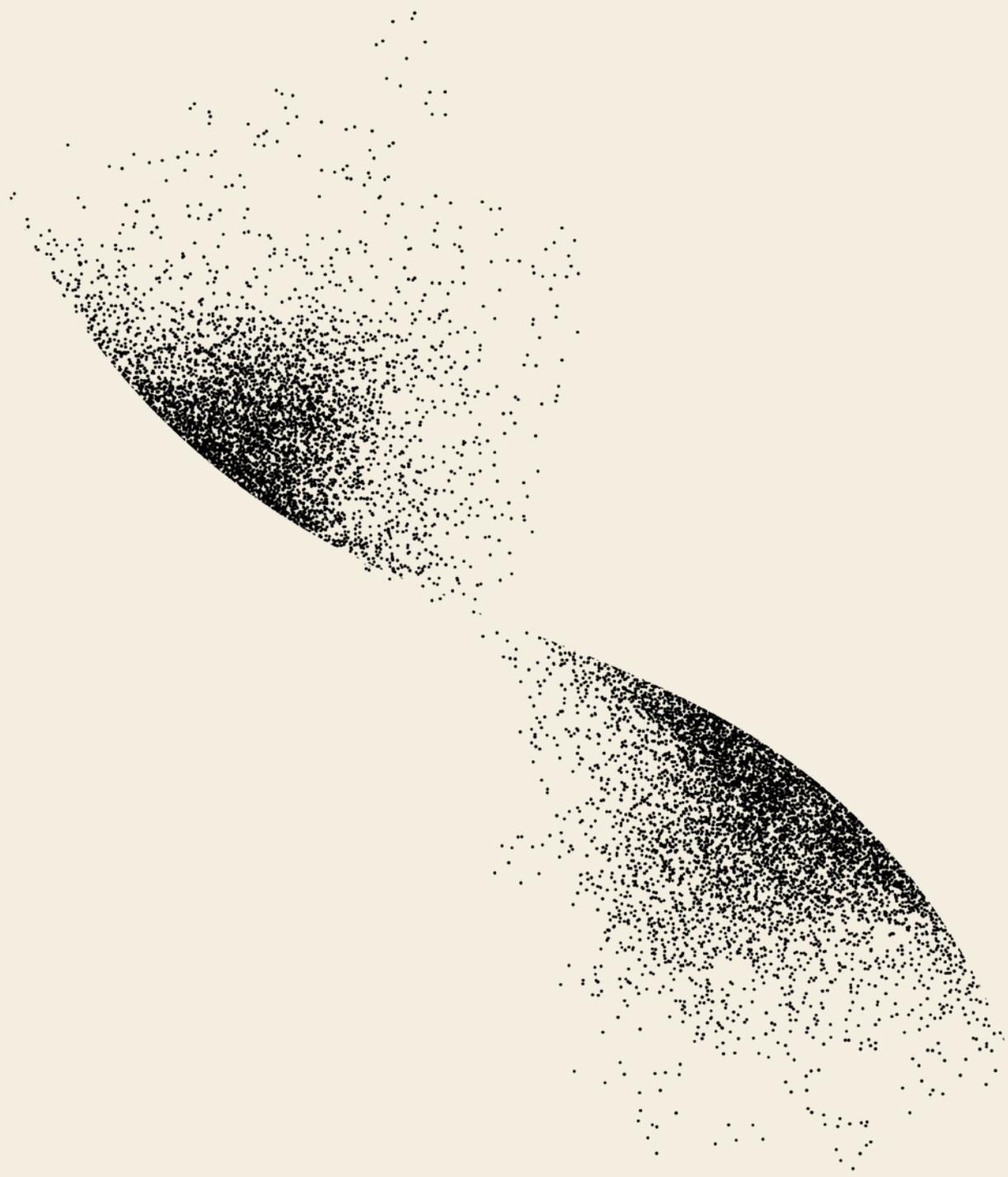


Positive free cash flow with disciplined investment in exploration and development activities

Low-cost production and PNG divestment ensured continued build in the net cash position despite low oil prices

Net cash of US\$10.0 million at 31 December 2020 an increase of US\$17.4 million over the calendar year

OUTLOOK & ASSET UPDATES



OPERATIONS

□ **CHINA**
BEIBU GULF

Block 22/12 [Beibu Gulf] 26.95% / 55%

- Asia Pacific focus
- Material joint venture interests
- High margin, long life oil production assets in China and New Zealand generating strong cashflow

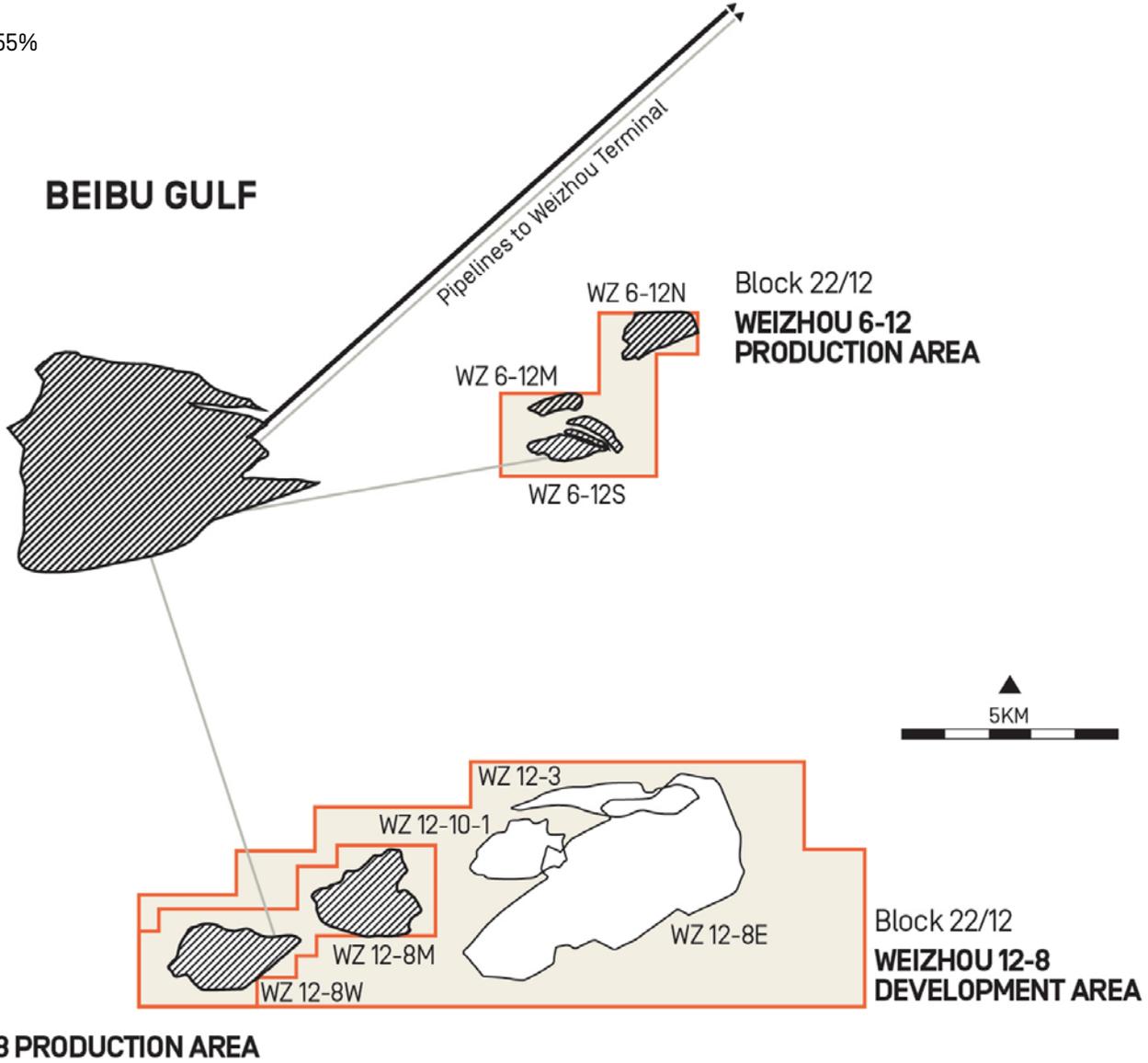
□ **NEW ZEALAND**
MAARI

PMP 38160 [Maari/Manaia] 26%

CHINA

Block 22/12 [Beibu Gulf] 26.95% / 55%

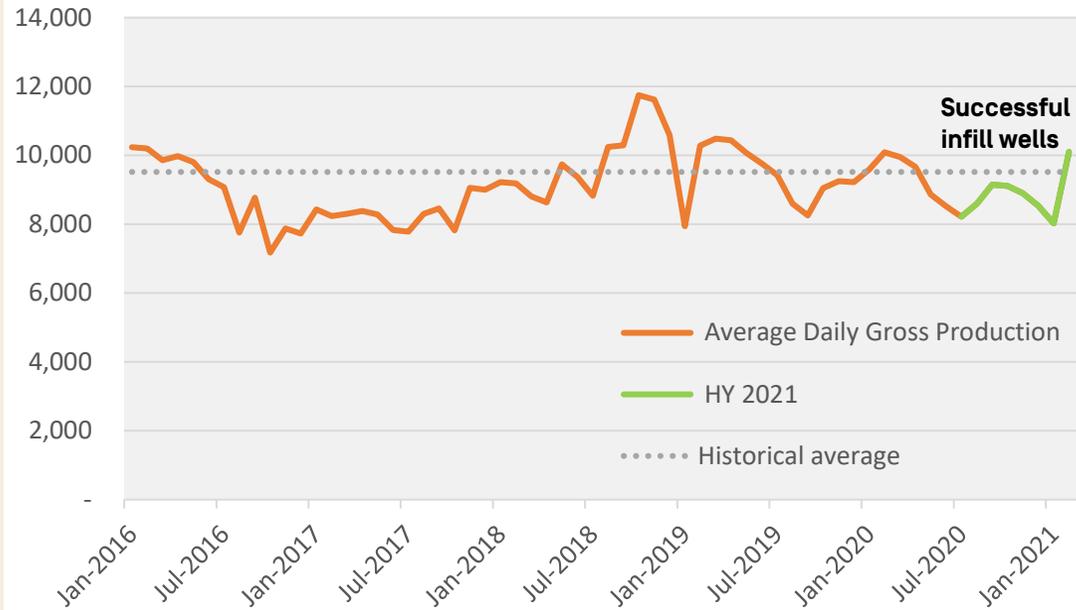
- Oil Field
- Discovered Oil Field
- Oil Pipeline
- Gas Pipeline
- Production Area



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
CY 2016	3.28	8,981
CY 2017	3.04	8,326
CY 2018	3.60	9,857
CY 2019	3.43	9,399
CY 2020	3.33	9,117
Average	3.37	9,136

- Current gross daily production rate back above 10,000 bopd following successful infill wells in WZ 6-12 fields.
- Production rates maintained since first production over 8 years ago through infill and nearfield drilling, installation of additional water handling capacity and production optimising well workovers.
- JV evaluating infill well opportunities, which together with the WZ12-8E field development, seeks to maintain production levels.

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 – less than US\$12/bbl for CY2020

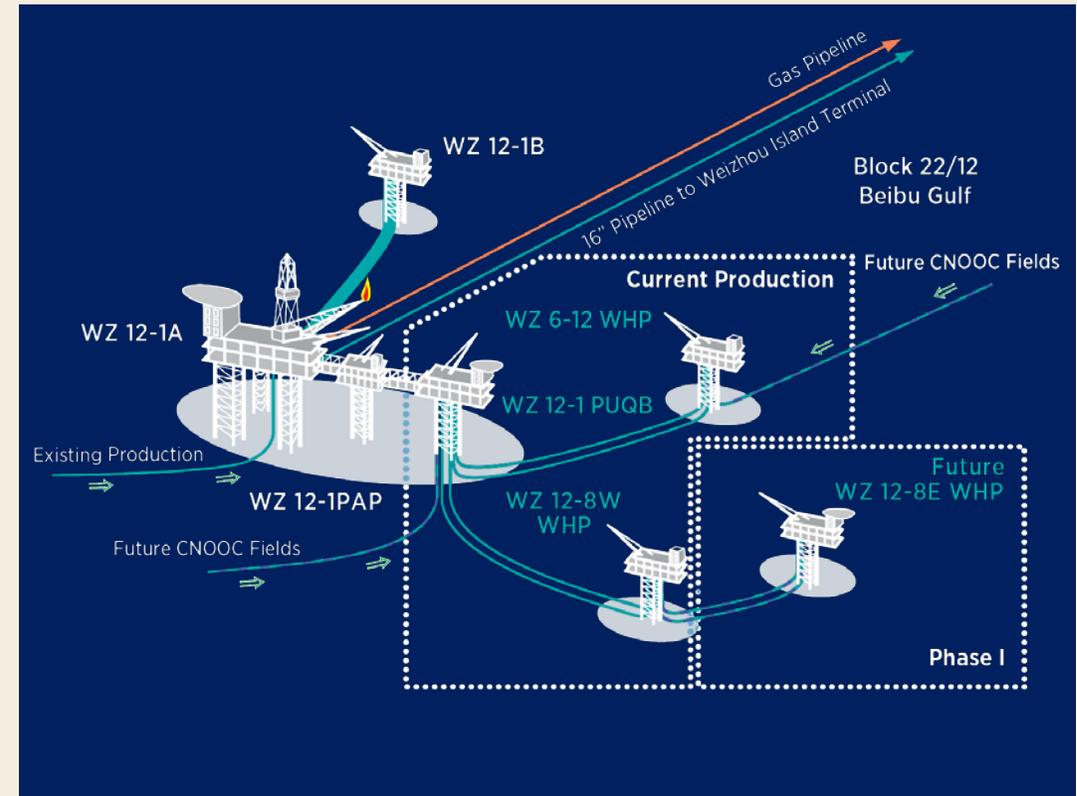
Current WZ6-12 and WZ12-8W field abandonment costs prepaid in sinking fund

NEW DEVELOPMENT

CHINA - BLOCK 22/12

WZ 12-8E Project

- Final investment decision made in October 2020 with the fabrication of the wellhead platform progressing well.
- First oil is expected in early calendar year 2022 with gross oil production from the first phase expected to average a first-year oil rate of 4,000 bopd.
- Provides a hub for the development of the remaining discovered resources in Block 22/12 – including WZ12-8E and 12-3 fields, with access to further prospective opportunities. 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.
- Total development costs are linked to oil prices, Horizon's total share is estimated 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

PMP 38160 (Maari/Manaia) 26%



MAUI



TASMAN SEA

OAONUUI

KAPUNI



WAIHAPA A-NGAERE

NEW ZEALAND

RIMU



KUPE



AUCKLAND

MAP AREA

TASMAN SEA

WELLINGTON

500KM



MAARI

MANAIA

PMP 38160

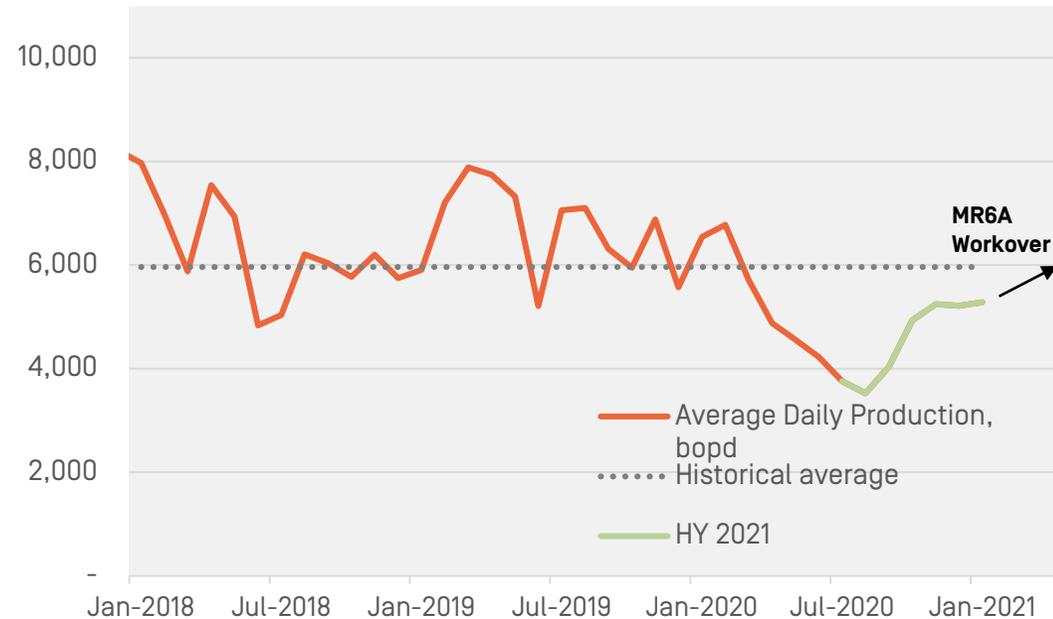


20KM

STABLE, LONG-LIFE PRODUCTION

NEW ZEALAND – MAARI/MANAIA

MAARI/MANAIA PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production, mmbbls	Average Daily Gross Production, bopd
CY 2018	2.28	6,256
CY 2019	2.44	6,675
CY 2020	1.81	4,957
Average	2.18	5,963

- Gross daily production rate currently approx. 5,500 bopd
- Workover of MR6A well (1H CY2021) – expected to restore gross production to above 6,000 bopd.
- Overall production decline rate reduced through continued water injection and well optimisation.

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

CY20 production impacted by COVID led deferrals of workovers of three producing wells

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

Cash operating costs reduced by 20% during CY2020 - less than US\$25/bbl

OUTLOOK

RESILIENT IN A LOW OIL PRICE ENVIRONMENT – A PLATFORM TO DRIVE SHAREHOLDER VALUE

STRONG OPERATIONAL CASHFLOWS

- Oil price recovery – free cashflow increases at a rate of approximately US\$8 million for every US\$10/bbl increase in oil price
- Sustain cost rationalisation efforts with a combined cost of production <US\$20/bbl produced
- Targeting US\$25-35 million cashflow from operating activities

STRENGTHENED BALANCE SHEET

- De-gearing through the required repayment of ~US\$15 million of the Syndicated Revolving Cash Advance Facility during CY2021
- Continued investment in organic growth - WZ6-12 infill wells, WZ12-8E development, others under consideration [Requiring US\$10-15m over CY2021]

DRIVE SHAREHOLDER VALUE

- Execute capital management initiatives
- Maximise value of base business
- Deliver suitable growth opportunities

ENVIRONMENTAL SOCIAL GOVERNANCE

- Focus on continued safe operations
- Development of an ESG Action Plan to drive the continuous improvement of our sustainability [or non-financial] performance over the next 3 years

FY21 GUIDANCE

RECOVERING OIL PRICE TO AID INCREASED CASH GENERATION

PRODUCTION VOLUME

[Net Working Interest Volumes]

1.3 – 1.4 mmbbls

SALES VOLUME

1.2 – 1.3 mmbbls

REVENUE

US\$55 - 60 million

EBITDAX

US\$25 - 35 million

The above Guidance represents forward looking statements. Such statements relate to future events and expectations, such as oil price movements, 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.

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.

While every effort is made to provide accurate and complete information, Horizon accepts no responsibility for any loss, damage, cost or expense incurred by you as a result of any error, omission or misrepresentation in information in this presentation.

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 from continuing operations adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments)
- Underlying profit represents the profit from continuing operations adjusted for the unrealised movement in the value of options issued under the subordinated loan facility, unrealised movements and gains associated with financial derivatives 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.

Amounts in this presentation may not cast due to rounding differences.

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.

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, the Annual Financial Report for the year ended 30 June 2020, ASX Announcements and the Half Year Financial Report for the period ended 31 December 2020.



Authorisation

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

FOR MORE INFORMATION PLEASE CONTACT US

CHRIS HODGE

P +61 2 9332 5000
info@horizonoil.com.au

Horizon Oil Limited

Level 6, 134 William Street
Woolloomooloo NSW 2011
Australia
horizonoil.com.au