



Horizon Oil Limited ACN 009 799 455
Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting **(EGM)** of shareholders of Horizon Oil Limited ACN 009 799 455 (**Horizon** or the **Company**) will be held on:

Date: Friday, 7 October 2022

Time: 10:00am (Sydney time)

Shareholder registration will be available from 9:30am (Sydney time).

Venue: Clifton Venues
Level 13/60 Margaret Street
Sydney NSW 2000

ATTENDANCE AT THE EGM

Horizon continues to monitor the ongoing risks arising in relation to the COVID-19 pandemic. In the interests of the health and safety of shareholders, staff and other stakeholders, Horizon may be required to impose certain restrictions on attendance at, or make alternative arrangements for, the EGM to ensure that it is held in a safe and permissible manner.

In the event that it is necessary or appropriate for Horizon to make alternative arrangements for the EGM, information in relation to any alternative arrangements will be announced via the ASX.

BUSINESS

1 Share capital reduction to shareholders

To consider and, if thought appropriate, to pass the following resolution as a **special** resolution:

“That, for the purposes of Part 2J.1 of the Corporations Act 2001 (Cth) and all other purposes, approval is given for the ordinary share capital of the Company to be reduced by approximately A\$21.3 million by way of an equal capital reduction, as described in the Explanatory Notes.”

Note: further information in relation to this resolution is set out in the Explanatory Notes.

By order of the Board

Vasilios Margiankakos
Company Secretary
25 August 2022

KEY DATES

Eligibility to attend and vote

You will be eligible to attend and vote at the meeting if you are registered as a holder of Horizon shares at 7.00pm [Sydney time] on Wednesday 5 October 2022.

If more than one joint holder of shares is present at the EGM [whether personally, by proxy or by attorney or by representative] and tenders a vote, only the vote of the joint holder whose name appears first on the Company's share register will be counted.

Last date to submit Proxy Form

Your completed Proxy Form must be received by no later than 10.00am [Sydney time] on Wednesday, 5 October 2022.

MEETING NOTES

The Chairman intends to vote all undirected proxies on, and in favour of, the resolution set out in this Notice.

The Chairman will call a poll for the proposed resolution. Please refer to the Explanatory Notes for further information on the proposed resolution.

QUESTIONS

Questions at the meeting

Shareholders may direct questions during the meeting to the Chairman about the business being conducted at the meeting.

Questions ahead of the meeting

Questions can be submitted ahead of the meeting and by no later than Friday, 30 September 2022 using the following methods:

Online at: www.investorvote.com.au

To access this site, you will need your six digit Control Number, your holder number (SRN / HIN) and PIN located on your Proxy Form

By Mail to: The Company Secretary
Level 4, 360 Kent Street
Sydney NSW Australia 2000

HOW TO VOTE

Shareholders can vote on the item of business by:

- attending the meeting; or
- appointing a proxy, representative or attorney to attend the meeting and vote on their behalf.

APPOINTING A PROXY

1. A Proxy Form is attached.
2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies.
3. If you are a member entitled to attend and vote, you are entitled to appoint a proxy to attend and vote on your behalf. If you are a member entitled to attend and cast two or more votes, you are entitled to appoint no more than two proxies. Where two proxies are appointed, you may specify

the number or proportion of votes that each may exercise, failing which, each may exercise half of the votes. A proxy need not be a member of the Company.

4. If you want to appoint one proxy, please use the Proxy Form provided. If you want to appoint two proxies, please follow the instructions on the Proxy Form.
5. The Chairman intends to put the resolution set out in this Notice of Meeting for decision by poll. On a poll, shareholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and eligible to vote has one vote and if a proxy has been appointed, that proxy will have one vote on a show of hands. Under the *Corporations Act 2001* (Cth) (**Corporations Act**), if a shareholder appoints two proxies, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.
6. If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the EGM. The representative should bring to the EGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at www.computershare.com.au.
7. If you appoint the Chairman of the meeting as your proxy, and you fail to provide a voting direction in respect of the item of business noted on the Proxy Form (which you may do by ticking 'For', 'Against' or 'Abstain' opposite the item, as applicable, on the Proxy Form), you are expressly authorising the Chairman of the meeting to vote in favour of the item.
8. To be effective, the Proxy Form and any original power of attorney (if any) under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority) must be received by the Share Registry of the Company by no later than 10.00am [Sydney time] on Wednesday 5 October 2022. Proxies must be received before that time by one of the following methods:

Online: www.investorvote.com.au

To access this site, you will need your six digit Control Number, your holder number (SRN / HIN) and PIN located on your Proxy Form

By Mobile: Scan the QR Code on your Proxy Form and follow the prompts

By Mail: Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001 Australia

By fax: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

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For all enquiries call 1300 850 505 [within Australia] or +61 3 9415 4000 [outside Australia].

To be valid, a Proxy Form must be received by the Share Registry of the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

CHAIRMAN'S DEEMED APPOINTMENT AS PROXY

There are some circumstances where the Chairman of the meeting will be taken to have been appointed as a shareholder's proxy for the purposes of voting on the resolution even if the shareholder has not expressly appointed the Chairman of the meeting as their proxy. This will be the case where:

- the appointment of the proxy specifies the way the proxy is to vote on a particular resolution; and
- the appointed proxy is not the Chairman of the meeting; and
- a poll is called on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy attends the meeting but does not vote on the resolution.

UNDIRECTED PROXIES

If you appoint the Chairman of the meeting as your proxy (including by default) and you do not specify how the proxy is to vote, you expressly authorise the Chairman to exercise your proxy.

Explanatory Notes

The explanatory notes that follow provide important information regarding the item of business proposed for the Extraordinary General Meeting of shareholders of Horizon Oil Limited ACN 009 799 455 (**Horizon** or the **Company**) to be held on Friday, 7 October 2022 at 10:00am (Sydney time) at Clifton Venues, Level 13/60 Margaret Street Sydney (**EGM**).

Resolution 1 – Share Capital Reduction to shareholders

Summary

The Company proposes to undertake a reduction of its share capital in accordance with Part 2J.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**) of an amount equal to approximately A\$21.3 million, being A\$0.0135 per ordinary share (**Share Capital Reduction**).

As part of the Share Capital Reduction, the Company will make a cash payment of A\$0.0135 per ordinary share to each shareholder of the Company who is recorded on the Company's share register as at 7.00pm (Sydney time) on Thursday, 13 October 2022 (**Record Date**). Accordingly, if approved, the Company proposes to distribute an aggregate amount of approximately A\$21.3 million to shareholders under the Share Capital Reduction.

It is intended that the Share Capital Reduction will be paid in conjunction with the payment of a Conduit Foreign Income (**CFI**) unfranked dividend of A\$0.0165 per ordinary share totalling approximately A\$26.1 million (**Dividend**), which will be paid to each shareholder of the Company who is recorded on the Company's share register as at 7.00pm (Sydney time) on the Record Date.

Together, the Share Capital Reduction (if approved) and the Dividend comprise a combined distribution of A\$0.03 per share, totalling approximately A\$47.4 million. As set out in the Timetable included in these Explanatory Notes (see below), the payment date for the Share Capital Reduction and the Dividend is Thursday, 20 October 2022 (**Payment Date**).

As the Dividend, in conjunction with the Share Capital Reduction, forms part of the overall distribution to shareholders (see further details below), it has been referred to in these Explanatory Notes. However, the Dividend itself does not require shareholder approval and accordingly it is not part of the resolution being voted on at this EGM.

Whilst the Record Date and Payment Date for each of the Dividend and Share Capital Reduction have been aligned, the payment of the Dividend is **not** dependent on the outcome of the Share Capital Reduction resolution, and will be paid irrespective of whether or not the Share Capital Reduction resolution is passed at the EGM.

Consistent with the requirements of the Corporations Act, the Company is seeking shareholder approval to undertake the Share Capital Reduction as an equal reduction for the purposes of section 256B(2) of the Corporations Act. In accordance with article 8.3 of the Company's constitution, the Share Capital Reduction will require approval by a special resolution of shareholders.

If shareholders approve the Share Capital Reduction, funds will be distributed on the payment date via cheque or electronic funds transfer to shareholders of the Company who are recorded on the Company's share register on the Record Date (**Eligible Shareholders**). Shareholders can update their payment details by completing the attached payment details form, online at www.computershare.com.au/easyupdate/HZN, or by contacting the Company's Share Registry, before the Record Date.

The Share Capital Reduction will relate to the Company's ordinary shares only and will apply to each Eligible Shareholder in proportion to the number of ordinary shares they hold on the Record Date. The terms of the Share Capital Reduction will also be the same for each Eligible Shareholder. Accordingly, the Share Capital Reduction will be an "equal reduction" for the purposes of section 256B(2) of the Corporations Act.

Any fraction of a cent payable to any Eligible Shareholder in respect of that shareholder's aggregate holding of shares in the Company on the Record Date will be rounded up to the nearest whole cent.

The amount allocated to the Share Capital Reduction reflects the terms on which the Company has applied to the Australian Taxation Office (**ATO**) for a Class Ruling, which is further described in the "Taxation" section below. In summary, the Company expects that a Class Ruling will confirm that the proposed Share Capital Reduction will not constitute a dividend for tax purposes with the result that, for most Eligible Shareholders, no Australian tax event should arise as a result of its implementation. Nevertheless, it remains possible that the views of the Commissioner may differ to the views outlined below.

Please refer to the "Taxation" section below for more information regarding the tax implications of the Share Capital Reduction for Eligible Shareholders.

The Share Capital Reduction, if implemented, is not expected to have any effect on the control of the Company.

Directors' Recommendation

Having regard to the matters outlined below, the Directors consider that implementing the Share Capital Reduction (including, as it is contemplated, in conjunction with the payment of the Dividend):

- will not materially prejudice Horizon's ability to pay its creditors; and
- is in the best interests of the Company as a whole.

The Directors **unanimously recommend** that shareholders vote in favour of the resolution to approve the Share Capital Reduction.

Rationale

The Share Capital Reduction is being undertaken to return a portion of the Company's excess capital equitably and efficiently to ordinary shareholders.

The excess capital relates to accumulated cash reserves referable to, among other things, stronger commodity prices. As a result, Horizon is proposing to make the Share Capital Reduction (in conjunction with the Dividend) with the primary objectives being to:

- manage its capital structure by returning excess capital; and
- facilitate the introduction of new gearing into the group as required to finance future projects.

In determining to proceed with the Share Capital Reduction (and the Dividend), the Board considered the Company's financial performance and position and capital requirements.

Having regard to the matters outlined above, the Board considers that proceeding with the Share Capital Reduction (and the Dividend) is in the Company's best interests and that it will facilitate an efficient return of surplus capital to Eligible Shareholders.

Reasons a shareholder may consider voting against the Share Capital Reduction:

- Following implementation of the Share Capital Reduction, the capital and cash reserves of the Company will be reduced, however, the Board consider the amount of cash remaining is sufficient for Horizon's requirements.
- You may disagree with the recommendation of the Board with respect to the Share Capital Reduction and believe it is not in your best interests.

Effect of the Share Capital Reduction on the Company and its share price

Following the implementation of the Share Capital Reduction, the Company's share capital will be reduced by approximately A\$21.3 million.

The Share Capital Reduction will not impact the number of shares held by Eligible Shareholders, nor will it impact any shareholder's voting power in the Company.

However, the Company's shares may trade at a lower price following the 'ex' date for the Share Capital Reduction than they would have done had the Share Capital Reduction not been approved. This is due to the outflow of funds to Eligible Shareholders and the consequent reduction in shareholders' funds. However, there can be no guarantee or assurance as to how the share price will fluctuate in the future and no forecast is made of future share prices.

ASX Listing Rule 7.25 provides that an entity must not reorganise its capital if the effect of doing so would be to decrease the price at which its main class of securities would be likely to trade after the reorganisation to an amount less than 20 cents. Further, under the rule, an entity with a trading price of less than 20 cents would not be permitted to reorganise its capital if the result is likely to be any decrease in its trading price. Accordingly, the Company has sought, and been granted, a waiver of ASX Listing Rule 7.25 from ASX to the extent necessary to permit the Company to undertake the Share Capital Reduction.

Effect of the Share Capital Reduction on the financial position of the Company

The Share Capital Reduction will be funded from the Company's existing cash reserves.

As a guide to assist shareholders, a pro forma consolidated statement of financial position of the Company and its controlled entities for the year ended 30 June 2022 is included below. The pro forma consolidated statement of financial position assumes that the Share Capital Reduction (and the Dividend) was paid on that date.

Basis of preparation

The pro forma consolidated statement of financial position has been derived from the Financial Report of the Company and its controlled entities for the year ended 30 June 2022, which report has been reviewed by the Company's external auditor. The pro forma consolidated statement of financial position does not contain all the disclosures that are usually provided in a financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The pro forma consolidated statement of financial position:

- assumes that the Share Capital Reduction was paid, on the relevant reference date of 30 June 2022;
- assumes that the Dividend of A\$0.0165 cents per share as determined by the Board on 25 August 2022 was paid on 30 June 2022;
- does not include cashflows for the period 1 July 2022 to 30 September 2022;
- assumes a draw-down of the US\$20 million debt facility, which was extended on 28 July 2022 (as announced on the ASX on 29 July 2022); and
- uses an exchange rate of 0.70 Australian Dollars to 1 United States Dollar when converting Australian Dollar denominated amounts into United States Dollars.

In summary, on a pro-forma basis, the Company will have a strong balance sheet following the implementation of the Share Capital Reduction (and payment of the Dividend) with sufficient capacity to meet the near term requirements of the business.

Historical and pro forma consolidated statement of financial position

	REPORTED AS AT 30 JUNE 2022	IMPACT OF NEW DEBT FACILITY	ADJUSTMENT FOR DIVIDEND	ADJUSTMENT FOR PROPOSED SHARE CAPITAL REDUCTION	PRO FORMA POSITION AFTER DISTRIBUTIONS
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
CURRENT ASSETS					
Cash and cash equivalents	44,086	18,823	(18,237)	(14,921)	29,751
Receivables	18,087	-	-	-	18,087
Inventories	4,183	-	-	-	4,183
Current tax receivable	763	-	-	-	763
Derivative financial instruments	162	-	-	-	162
Intangible assets	1,202	-	-	-	1,202
Other assets	420	-	-	-	420
Total current assets	68,903	18,823	(18,237)	(14,921)	54,568
NON-CURRENT ASSETS					
Deferred tax assets	6,618	-	-	-	6,618
Plant and equipment	62	-	-	-	62
Oil and gas assets	106,879	-	-	-	106,879
Total non-current assets	113,559	-	-	-	113,559
Total assets	182,462	18,823	(18,237)	(14,921)	168,127
CURRENT LIABILITIES					
Payables	26,596	-	-	-	26,596
Current tax payable	8,841	-	-	-	8,841
Borrowings	1,177	10,884	-	-	12,061
Derivative financial instruments	156	-	-	-	156
Total current liabilities	36,770	10,884	-	-	47,654
NON-CURRENT LIABILITIES					
Payables	111	-	-	-	111
Deferred tax liability	13,038	-	-	-	13,038
Borrowings	-	7,939	-	-	7,939
Provisions	33,317	-	-	-	33,317
Total non-current liabilities	46,466	7,939	-	-	54,405
Total liabilities	83,236	18,823	-	-	102,059
Net assets	99,226	-	(18,237)	(14,921)	66,068
EQUITY					
Contributed equity	159,343	-	-	(14,921)	144,422
Reserves	12,093	-	-	-	12,093
Current Year Profit Reserve	24,326	-	(18,237)	-	6,089
Accumulated losses	(96,536)	-	-	-	(96,536)
Total equity	99,226	-	(18,237)	(14,921)	66,068

Legal requirements for Share Capital Reduction

Equal reduction

The Share Capital Reduction will be an “equal reduction” for the purposes of section 256B(2) of the Corporations Act because it:

- relates only to the ordinary shares of the Company;
- applies to each Eligible Shareholder in proportion to the number of ordinary shares they hold; and
- is on the same terms for each Eligible Shareholder.

Fair and reasonable

Section 256B(1)(a) of the Corporations Act requires that the Share Capital Reduction must be fair and reasonable to the Company’s shareholders as a whole.

The Board considers that the Share Capital Reduction is fair and reasonable to all shareholders as it will be available and apply to all Eligible Shareholders equally, in proportion to the number of shares they hold as at the Record Date.

Material prejudice

Section 256B(1)(b) of the Corporations Act provides that the Share Capital Reduction must not materially prejudice the Company’s ability to pay its creditors.

The Board, having carefully reviewed the Company’s assets, liabilities and expected cash position, considers that the Share Capital Reduction (including in the context of the payment of the Dividend) will not materially prejudice the Company’s ability to pay its creditors.

The Board has also satisfied itself as to the solvency of the Company following the Share Capital Reduction (and the payment of the Dividend).

Please refer to “Effect of the Share Capital Reduction on the financial position of the Company” above for further information regarding the impact of the Share Capital Reduction (and the Dividend) on the Company’s ability to pay its creditors.

Shareholder approval

Shareholder approval is being sought at the EGM for the purposes of complying with the Corporations Act requirement that the Share Capital Reduction be approved by shareholders.

In accordance with article 8.3 of the Company’s constitution, the Share Capital Reduction will require approval by a special resolution of shareholders.

Accordingly, the resolution will be passed as a special resolution for the purposes of section 256C(1) of the Corporations Act and article 8.3 of the Company’s constitution if at least 75% of the votes cast by shareholders entitled to vote on the resolution are cast in favour.

As noted earlier, no shareholder resolution is required in respect of the Dividend.

In accordance with section 256C(5) of the Corporations Act, a copy of this Notice of Meeting (including these Explanatory Notes) has been lodged with the Australian Securities & Investments Commission.

Timetable

The table below sets out the proposed timing for the Share Capital Reduction. If there should happen to be any changes to this timetable then those changes will be announced to the ASX.

The key dates for the implementation of the Share Capital Reduction, if approved, are as follows:

EVENT	2022 DATE
EGM	7 October
Effective Date for Share Capital Reduction	10 October
Last date for trading of shares to be entitled to the Share Capital Reduction	11 October
Ex-date (shares traded from this date will not be entitled to the Share Capital Reduction or the Dividend)	12 October
Record date for Share Capital Reduction (and the Dividend)	13 October
Payment date for Share Capital Reduction (and the Dividend)	20 October

Please note that this timetable is indicative only and subject to change. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, Horizon reserves the right to amend this timetable at any time. Any changes to these key dates will be announced via ASX.

Taxation

The taxation implications for shareholders will depend on their particular circumstances. All shareholders should therefore seek their own professional advice in relation to their tax position. The Company has applied for an ATO Class

Ruling in connection with the Share Capital Reduction to confirm the Australian tax consequences for certain Australian tax resident shareholders who hold their shares on capital account for tax purposes.

It is anticipated that, in broad terms, the Share Capital Reduction will not constitute a dividend for tax purposes, such that there should be no immediate tax liability for most shareholders relating to the Share Capital Reduction. Instead, the tax cost base of shares is reduced, thereby deferring any tax payable by shareholders until they dispose of the shares.

The Company expects the above to be confirmed in a Class Ruling to be issued by the ATO after payment of the Share Capital Reduction. Nevertheless, it remains possible that the views of the Commissioner may differ to the views contained in this summary, and no such reliance may be placed on the above confirmations by shareholders until a final Class Ruling is issued by the ATO. Shareholders should review the final Class Ruling which will be made available at <https://www.edocumentview.com.au/HZN2022EGM> once issued.

Any shareholder who is not an Australian tax resident shareholder or who does not hold their shares on capital account for tax purposes should seek specific advice in relation to the tax consequences under their own local laws.

No adverse tax consequences are expected to arise for the Company in relation to the Share Capital Reduction.

Impact on securities held under Horizon's incentive plans

Short Term Incentive (STI) Plan Framework (STIP)

As part of its employee incentive arrangements and in accordance with the STIP, Horizon has awarded certain employees grants in the form of deferred equity (being, shares in the Company, the issue or transfer of which to the relevant employees are deferred for 12 months, subject to certain conditions remaining satisfied) (each, a **Deferred STI Right**).

Deferred STI Rights do not give any holders an entitlement to participate in the Share Capital Reduction. However, certain relevant holders will receive a distribution equivalent payment in the form of additional shares in the Company in respect of the Dividend, calculated in accordance with the STIP.

If the Share Capital Reduction is approved, the Deferred STI Rights will be adjusted in accordance with the STIP which provides that if the capital of the Company is reorganised the Deferred STI Rights will be adjusted to preserve the value of the equity component of the relevant STI award (ie the shares).

If the Share Capital Reduction is approved, the number of Deferred STI Rights will be adjusted to ensure a holder receives such number of additional shares which are required to preserve the value of the shares.

Below is the adjustment to the number of Deferred STI Rights currently on issue under the STIP and the impact of the Share Capital Reduction (if approved) and Dividend on the Deferred STI Rights.

DEFERRED SETTLEMENT DATE	NUMBER OF DEFERRED STI RIGHTS ON ISSUE ¹	ADDITIONAL DEFERRED STI RIGHTS DUE TO DIVIDEND [A\$0.0165] ^{2,3,4}	ADDITIONAL DEFERRED STI RIGHTS DUE TO SHARE CAPITAL REDUCTION DISTRIBUTION [A\$0.0135] ^{2,3,5}	TOTAL NUMBER OF DEFERRED STI RIGHTS ON ISSUE POST DISTRIBUTION ⁶
30/06/2023	2,371,092	311,737	255,057	2,937,886

¹ Of the total Deferred STI Rights on issue, 1,111,380 Deferred STI Rights may be subject to shareholder approval at the Company's 2022 Annual General Meeting.

² The value date of Deferred STI Rights on issue is the 10-day volume weighted average price (VWAP) for Horizon shares on 30 June 2022.

³ Adjustment calculation is Number of Deferred STI Rights on issue x (Distribution amount / 5 Day VWAP for the final 5 trading days of the performance period [i.e. to 30 June 2022]).

⁴ Of the adjusted Deferred STI Rights due to the Dividend, 146,117 may be subject to shareholder approval at the 2022 Annual General Meeting.

⁵ Of the adjusted Deferred STI Rights due to the Share Capital Reduction distribution, 119,550 may be subject to shareholder approval at the 2022 Annual General Meeting.

Long Term Incentive Plan (LTIP)

As part of its employee incentive arrangements and in accordance with the rules governing the Horizon LTIP, Horizon has awarded certain employees grants in the form of Share Appreciation Rights (SARs). SARs are the right to acquire an indeterminate number of shares or cash at the Board's discretion at a future date subject to meeting certain vesting conditions.

SARs do not give any holders any entitlement to receive any amount in respect of the Share Capital Reduction or the Dividend.

If the Share Capital Reduction is approved, the SARs will be reorganised in accordance with the terms of the LTIP and ASX Listing Rule 7.21, noting that:

- clause 10 of the LTIP rules provides that if the capital of the Company is reconstructed the SARs will be treated in accordance with the LTIP; and
- ASX Listing Rule 7.21 provides that an entity which has convertible securities (except options) on issue (note this includes performance rights) may only reorganise its capital if, in respect of the convertible securities, the number of securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary shares do not receive.

If the Share Capital Reduction is approved, the strike price for a SAR will be reduced by the amount of the Share Capital Reduction. The number of SARs will not change.

Below is a table showing the SARs currently on issue under the LTIP and the impact of the Share Capital Reduction (if approved) on the SARs.

EXPIRY DATE	PRE-SHARE CAPITAL REDUCTION STRIKE PRICE ^{1,2}	POST-SHARE CAPITAL REDUCTION STRIKE PRICE ^{1,2}	NUMBER
10/12/2022	A\$0.0153	A\$0.0018	33,634,710 ⁴
07/02/2024	A\$0.1139	A\$0.1004	6,453,777
26/11/2024	A\$0.0754	A\$0.0619	8,179,878
30/11/2025	A\$0.0330	A\$0.0195	3,720,681
30/12/2026	A\$0.0730	A\$0.0595	9,194,811
TOTAL			61,183,857

¹ The 'strike price' for SARs is the 10-day VWAP for Horizon shares at effective allocation date.

² No price is payable by a participant in the LTIP on the exercise of a SAR.

³ SARs will become exercisable subject to meeting vesting or performance conditions.

⁴ Of the 39,191,714 SARs on issue, 5,557,004 SARs were exercised and will be settled prior to the approval of the capital return and are therefore not adjusted.

Performance Rights Plan (PRP)

As part of its employee incentive arrangements and in accordance with the rules governing the Horizon PRP, Horizon has awarded certain employees grants in the form of share rights (**Share Rights**). Share Rights are the right to be allocated a share in the Company subject to the satisfaction of certain vesting conditions.

Share Rights do not give any holders any entitlement to receive any amount in respect of the Share Capital Reduction or the Dividend.

If the Share Capital Reduction is approved, the Share Rights will be reorganised in accordance with the terms of the PRP and ASX Listing Rule 7.21, noting that:

- Clause 10 of the PRP rules provides that if the capital of the Company is reorganised the number of Share Rights (or the number of shares in the Company subject to Share Rights, or both) will be reconstructed to the extent necessary to comply with, and in accordance with, the ASX Listing Rules, applying to a reorganisation of capital at the time of the reorganisation; and
- ASX Listing Rule 7.21 provides that an entity which has convertible securities (except options) on issue (note this includes performance rights) may only reorganise its capital if, in respect of the convertible securities, the number of securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary shares do not receive.

The terms of the Share Rights on issue include that the Share Price Hurdles are subject to the following adjustments:

- the relevant Share Price Hurdle will be increased by 10% on each anniversary of the Start Date (1 July 2022), commencing on the third anniversary of the Start Date;
- the relevant Share Price Hurdle will be decreased by an amount determined by the Board (in its absolute discretion) to account for any dividends or return of capital; and
- the relevant Share Price Hurdle will be increased or decreased (as applicable) by an amount determined by the Board in its absolute discretion) to account for any share consolidation or other re-organisation of capital of the Company.

If the Share Capital Reduction is approved, the Share Price Hurdle for a Share Right will be reduced by the amount of the Share Capital Reduction. The number of Share Rights on issue will not change.

Below is a table showing the Share Rights currently on issue under the PRP and the impact of the Share Capital Reduction (if approved) on the Share Rights.

SHARE RIGHT TRANCHE	SHARE PRICE HURDLE	SHARE RIGHTS ON ISSUE	ADJUSTED SHARE PRICE HURDLE POST DIVIDEND ⁵	ADJUSTED SHARE PRICE HURDLE POST SHARE CAPITAL REDUCTION ⁶
Tranche A	0.13	10,500,000 ¹	0.1135	0.10
Tranche B	0.16	8,400,000 ²	0.1435	0.13
Tranche C	0.18	6,300,000 ³	0.1635	0.15
Tranche D	0.20	4,200,000 ⁴	0.1835	0.17

¹ Of the Tranche A 10,500,000 Share Rights on issue, 7,000,000 are subject to shareholder approval at the 2022 Annual General Meeting

² Of the Tranche B 8,400,000 Share Rights on issue, 5,600,000 are subject to shareholder approval at the 2022 Annual General Meeting

³ Of the Tranche C 6,300,000 Share Rights on issue, 4,200,000 are subject to shareholder approval at the 2022 Annual General Meeting

⁴ Of the Tranche D 4,200,000 Share Rights on issue, 2,800,000 are subject to shareholder approval at the 2022 Annual General Meeting

⁵ The PRP rules allow for an adjustment to the Share Price Hurdle to account for any dividend

⁶ The PRP rules allow for an adjustment to the Share Price Hurdle to account for any return of capital

No voting exclusions

No voting exclusions apply to this resolution.

For further information on voting eligibility, please refer to the Key Dates and Meeting Notes sections of this Notice.

Implications if not approved

If the Share Capital Reduction is not approved, the Board will consider alternative means to distribute this surplus capital to shareholders. In the absence of identifying an efficient means to distribute this surplus capital to shareholders (in the Board's absolute discretion), this surplus capital will be applied to the future requirements of the business.

As noted above, the payment of the Dividend is **not** dependent on the outcome of the Share Capital Reduction resolution, and will be paid irrespective of whether or not the Share Capital Reduction resolution is passed at the EGM.

No other material information

Other than as set out in this Notice (including the Explanatory Notes), and any other information previously disclosed to the Company's shareholders, there is no other information that is known to the Board which may reasonably be expected to be material to the making of a decision by shareholders whether or not to vote in favour of the resolution to approve the Share Capital Reduction.

Further Information

If you would like any further information regarding the EGM please contact the Company's Share Registry, Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Registered Office

Horizon Oil Limited
ABN 51 009 799 455

Level 4, 360 Kent Street
Sydney NSW Australia 2000

Tel +61 2 9332 5000
www.horizonoil.com.au



ABN: 51 009 799 455

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact

HZN

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Horizon Oil Limited Extraordinary General Meeting

The Horizon Oil Limited Extraordinary General Meeting will be held on Friday, 7 October 2022 at 10:00am (Sydney time). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.edocumentview.com.au/HZN2022EGM and use the below information:



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your proxy appointment to be effective it must be received by 10:00am (Sydney time) on Wednesday, 5 October 2022.



ATTENDING THE MEETING IN PERSON

The meeting will be held at Clifton Venues, Level 13, 60 Margaret Street, Sydney NSW 2000.

You may elect to receive meeting-related or other documents, or request a particular document, in each case in either electronic or physical form, and may elect not to receive certain documents (including annual reports) by contacting Computershare at www.investorcentre.com/contact.



ABN: 51 009 799 455

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Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (Sydney time)** on **Wednesday, 5 October 2022**.

Proxy Form

How to Vote on the Item of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on the item your vote will be invalid on the item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting on your behalf you will need to provide the appropriate "Appointment of Corporate Representative" form. A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.edocumentview.com.au/HZN2022EGM using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related or other documents, or request a particular document, in each case in either electronic or physical form, and may elect not to receive certain documents (including annual reports) by contacting Computershare at www.investorcentre.com/contact.

Samples/00001/00002

MR SAM SAMPLE
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SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Horizon Oil Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Horizon Oil Limited to be held at Clifton Venues, Level 13, 60 Margaret Street, Sydney NSW 2000 on Friday, 7 October 2022 at 10:00am (Sydney time) ("**Meeting**") and at any adjournment or postponement of that meeting.

Step 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for the item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Share capital reduction to shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

<input type="text"/>	<input type="text"/>	<input type="text"/>	/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

<input type="text"/>	<input type="text"/>
Mobile Number	Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically



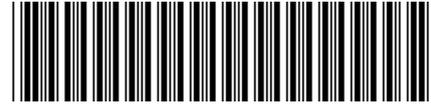
 **Online:**
www.investorcentre.com/contact

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne
Victoria 3001 Australia

Enquiries:

(within Australia) 1300 850 505
(international) +61 3 9415 4000

Securityholder Reference Number (SRN)



I 9999999999

I ND

 For your security keep your SRN/HIN confidential.



HZN

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Direct Credit

Use a **black** pen.
Print in **CAPITAL** letters
inside the grey areas.

A	B	C
---	---	---

1	2	3
---	---	---

A Request for Direct Crediting of Dividends

BSB number (eg. 063000)

Account number

Name in which account is held (eg. JOHN SMITH)

Name of Australian bank or financial institution

Name of branch or suburb or town

Type of account (eg. cheque, savings, etc.)

 **DO NOT USE YOUR CREDIT CARD NUMBER**
If you are unsure of your BSB number or account number, please check with your bank, building society or credit union.

B Sign Here - This section **must** be signed for your instructions to be executed.

I/We authorise you to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to payments of dividends to which I/we am/are entitled to be paid in cash, but do not override any previous Dividend Reinvestment Plan instructions.

Individual or Securityholder 1

Director

Securityholder 2

Director/Company Secretary

Securityholder 3

Sole Director and Sole Company Secretary

Date - Day / /

Month Year

Note: When signed under Power of Attorney, the attorney states that they have not received a notice of revocation. Computershare Investor Services Pty Limited needs to sight a certified copy of the Power of Attorney.

F P 0 0 1



How to complete this form

A Request for Direct Crediting of Dividends

Complete this section if you want your cash dividends paid directly into your nominated Australian bank, credit union or building society account. Until you advise otherwise, all future cash dividends will be paid into the nominated account.

IMPORTANT: DO NOT USE THE NUMBER QUOTED ON YOUR CREDIT CARD

If you do not complete this section or this form is incomplete, unsigned or invalid in any other way, you will continue to receive your dividends by cheque, but this does not override any previous Dividend Reinvestment Plan instructions.

Neither the company nor the registry will be responsible for any delays in crediting dividends to your nominated account as a result of transaction procedures or errors by any financial institution.

This instruction only applies to the specific holding identified by the SRN/HIN and the name appearing on the front of this form.

B Signature(s)

If you have chosen to have your cash dividends paid directly into your nominated Australian bank, credit union or building society account and you have completed Section A, you must sign this form as follows in the spaces provided:-

Joint Holding: where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

EP001

HZN

Please return the completed form to:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Australia

