

16 March 2023

The Manager
Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

HORIZON OIL LIMITED

OTCQB INVESTOR PRESENTATION

Attached please find Horizon's presentation to be hosted by the OTC Markets Group on 17 March 2023 AEST (16 March 2023 NY ET).

Authorisation

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

HORIZON

OTCQB WEBCAST
VIRTUAL INVESTOR
CONFERENCE



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 adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments),
- ▶ Underlying profit represents the profit under Australian Accounting Standards adjusted for unrealised non-cash financing costs associated with the revaluation of the options issued under the 2016 subordinated loan facility, gains on the remeasurement of derivative financial instruments and the profit/loss generated from discontinued operations, and
- ▶ Free Cash Flow represents Cashflow from Operating Activities less Investing cashflows.
- ▶ 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 2022 Reserves and Resources Statement contained in the 2022 Annual Report, and Block 22/12 WZ12-8E reserves as set out in the ASX announcement dated 9 February 2023. 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, the Chief Operating Officer 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 25 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 Horizon's 2022 Reserves and Resources Statement, the Annual Financial Report for the year ended 30 June 2022 and ASX Announcements.

HORIZON SNAPSHOT - DELIVERING ON STRATEGY



- ▶ Horizon is a low-cost oil producer producing ~5,000 bopd [net], highly leveraged to oil price and generating strong cashflows
- ▶ Two producing assets – non-operated interests in Block 22/12, Beibu Gulf, China [26.95%]; Maari project, New Zealand [26%]
- ▶ We have a strong balance sheet [net cash over US\$25m], and a history of returns to shareholders
- ▶ Disciplined approach to capital management with over 70% of free cashflow returned to shareholders over the past 2 years, with remaining funds largely reinvested in low risk, high value production growth opportunities within the Group's conventional oilfield assets



MAXIMISE FREE CASHFLOW¹

- ▶ Generated EBITDAX of US\$52.2 million in HY23, with net cash of US\$24.8 million
- ▶ Record production from Block 22/12 driving cashflow generation following successful WZ12-8E field development, infill drilling and workover campaign
- ▶ Record premiums achieved on Maari crude oil sales
- ▶ Continued strong cost control < US\$20/bbl



FURTHER DISTRIBUTIONS TO SHAREHOLDERS

- ▶ Completed AUD 3 cents per share in distributions in Oct 22 totaling ~USD30 million [~AUD47 million]
- ▶ Interim dividend announced of AUD 1.5 cents per share totaling ~USD16 million [~AUD 24 million] to be paid in April 2023



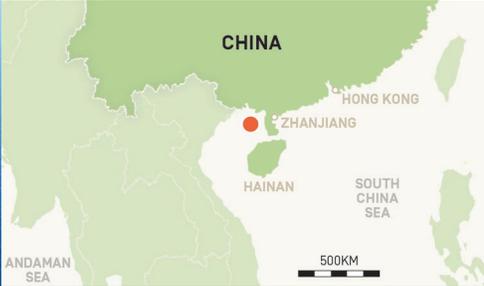
CONTINUE INVESTING IN PRODUCTION GROWTH

- ▶ ~US\$30 million net invested in successful WZ12-8E field development – driving production growth to record levels at Block 22/12 with recent reserves upgrade [total 2P developed oil reserves of 1.24 mmbbls [net] added before subtracting production]
- ▶ WZ6-12 workover and infill drilling program successfully completed with other Block 22/12 wells being matured
- ▶ Life extension studies to enhance Maari value

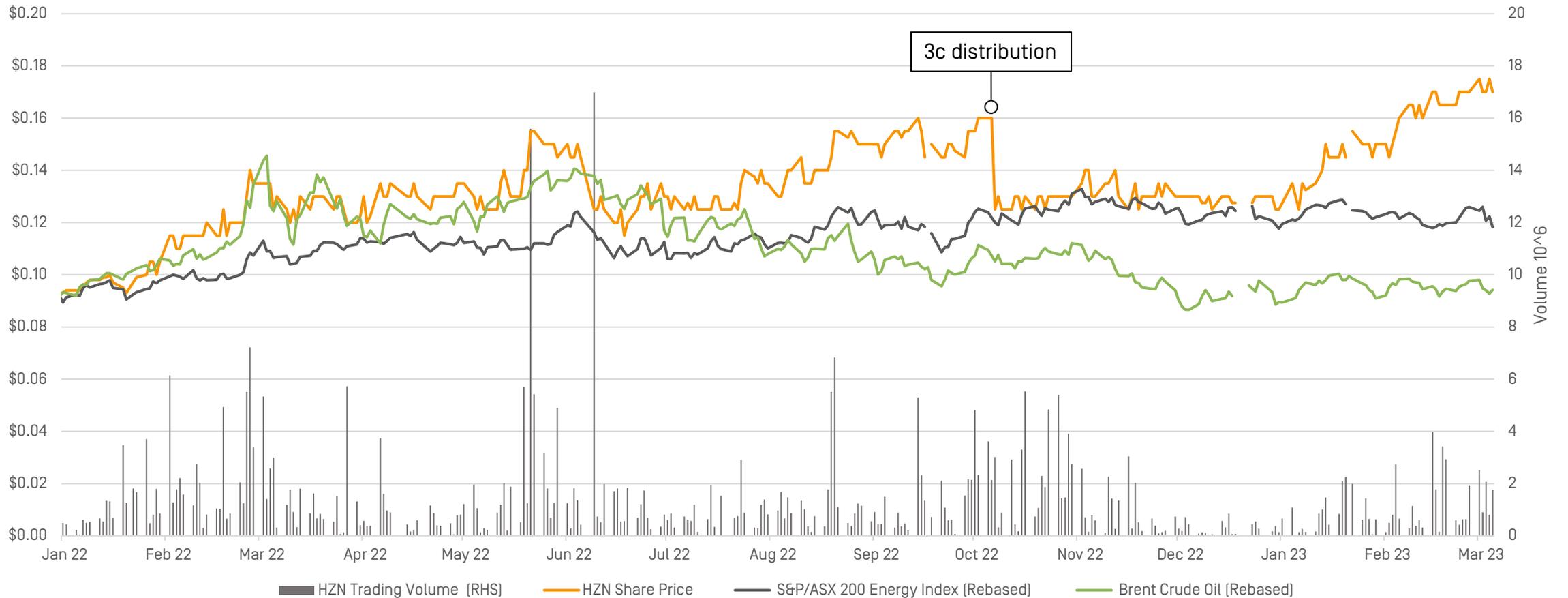
¹Free Cash Flow represents cash flows from operating activities less investing cash flows.

HORIZON'S PORTFOLIO



	BLOCK 22/12, BEIBU GULF, CHINA	MAARI, NEW ZEALAND
	 	 
Ownership	▶ 26.95%	▶ 26%
Partners	<ul style="list-style-type: none"> ▶ CN00C [51% - Operator] ▶ Roc Oil [19.6%] ▶ Oil Australia Pty Ltd. [2.45%] 	<ul style="list-style-type: none"> ▶ OMV [69% - Operator] ▶ Cue Energy [5%]
H1 FY23 production	▶ ~750,000bbls	▶ ~180,000bbls
Current net production	▶ ~4,000bopd	▶ ~1,000bopd
2P reserves	<ul style="list-style-type: none"> ▶ 6-12 & 12-8 Production Areas – 2.6 mmbbls [30 Jun 2022] ▶ 12-8E Production Area – 0.91 mmbbls [31 Dec 2022] 	▶ 2.6 mmbbls [30 Jun 2022]

SHARE PRICE PERFORMANCE



SHARE PRICE HIGHLY LEVERAGED TO THE OIL PRICE, OUTPERFORMING THE ASX 200 ENERGY INDEX

HY23 HALF-YEAR HIGHLIGHTS



LOW COST, CASH GENERATIVE PRODUCER

- ▶ Production growth – 40% increase in production over prior comparative period
- ▶ Revenue growth – 93% increase in revenue over prior comparative period driven by production growth and a 30% higher realised oil price
- ▶ Efficient operations – maintenance of low cash operating costs <\$20/bbl
- ▶ Increased profitability – 142% increase in statutory profit over prior comparative period
- ▶ Strong cashflow – EBITDAX of US\$52 million aiding an AUD 1.5 cent per share interim distribution
- ▶ Balance sheet strength – net cash of \$24.8 million at 31 December 2022 after paying US\$30 million to shareholders during the period

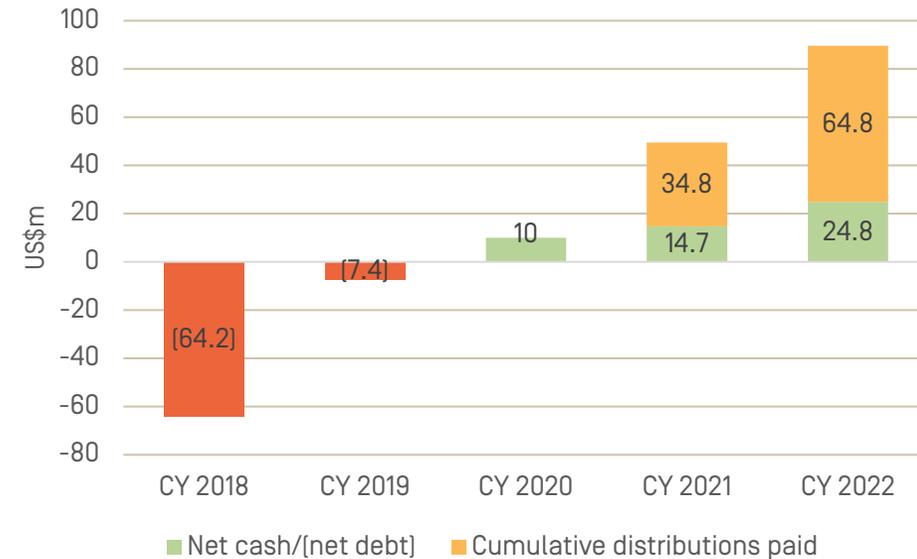
STRONG OPERATING CASHFLOW
supported by production growth and higher oil prices

DISCIPLINED SPENDING
investment in our low-cost producing Block 22/12 asset, with a short payback period

RETURN TO SHAREHOLDERS
AUD 3 cents per share paid in October 2022 with a further AUD 1.5 cent per share interim distribution

PRODUCTION GROWTH DRIVING SUSTAINED FREE CASHFLOW GENERATION

NET CASH/(NET DEBT)



HALF-YEAR 2023 OPERATIONAL AND ESG HIGHLIGHTS



OPERATIONAL



- ▶ WZ12-8E project successfully completed - oil from ten wells progressively brought into production since April 2022 – production results exceeded pre-drill expectations with significant reserve upgrade
- ▶ Successful infill drilling in other Block 22/12 fields further added to production during HY23
- ▶ Workovers optimise production across both China and NZ
- ▶ Horizon combined daily production rate averaged over 5,000 bopd net

ESG



- ▶ Strong safety record better than industry benchmarks
- ▶ Seed capital investment in carbon removal credit developer (Nobrac) to aid decarbonisation, hedge against Maari emission costs and provide investment returns
- ▶ Third Modern Slavery Statement submitted
- ▶ Continued focus on emission reductions and striving to make a positive impact in the communities where we operate

BLOCK 22/12, BEIBU GULF, CHINA: RECORD PRODUCTION FROM OUR FLAGSHIP ASSET

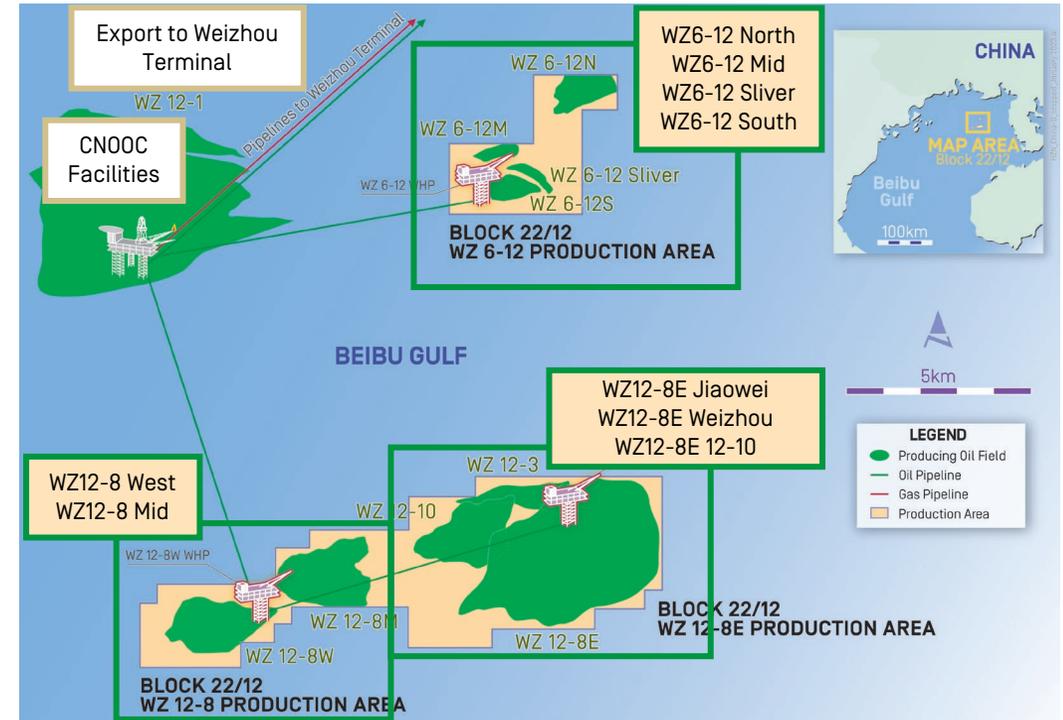


ASSET OVERVIEW

- ▶ Block 22/12, Beibu Gulf, China, 26.95%, commenced production in 2013
- ▶ Block 22/12 generates approximately 80% of Horizon operating cashflow
- ▶ Low cash operating costs – approximately \$11.50/bbl produced over HY23
- ▶ Record Block 22/12 production achieved, with daily oil rates reaching peak production of ~20,000 bopd gross (5,400 bopd net) in December, representing an approximate doubling of production rates since early 2022
- ▶ WZ6-12 and WZ12-8W field abandonment costs prepaid into a sinking fund, WZ12-8E field abandonment costs to be paid from production

RECENT HIGHLIGHTS

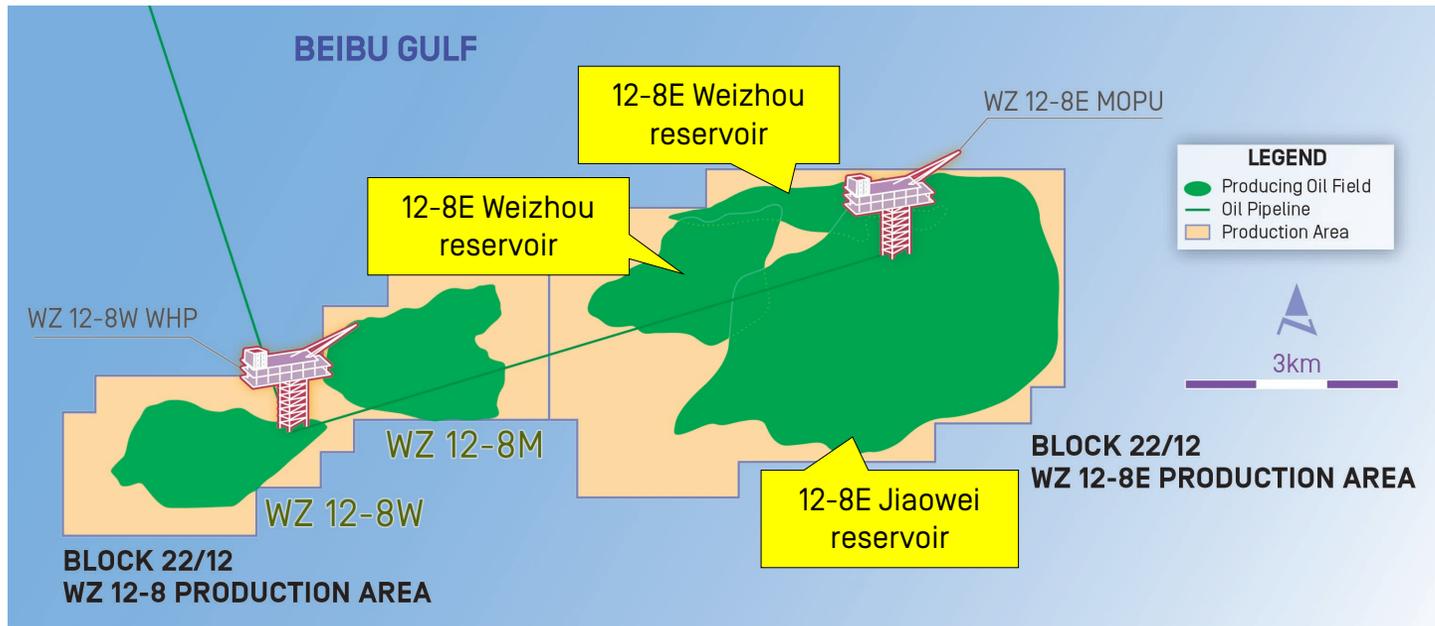
- ▶ Successfully completed a two well WZ6-12 drilling program, followed by a four well WZ12-8E Phase 2 drilling program, marking the end of a 10-month Block 22/12 drilling campaign
- ▶ The WZ12-8E development is on track to achieve payback of both Phase 1 and 2 developments in around 12 months of achieving first oil in April 2022
- ▶ JV is continuously identifying and evaluating infill well and infrastructure led appraisal opportunities which will support reserves replacement over the longer term



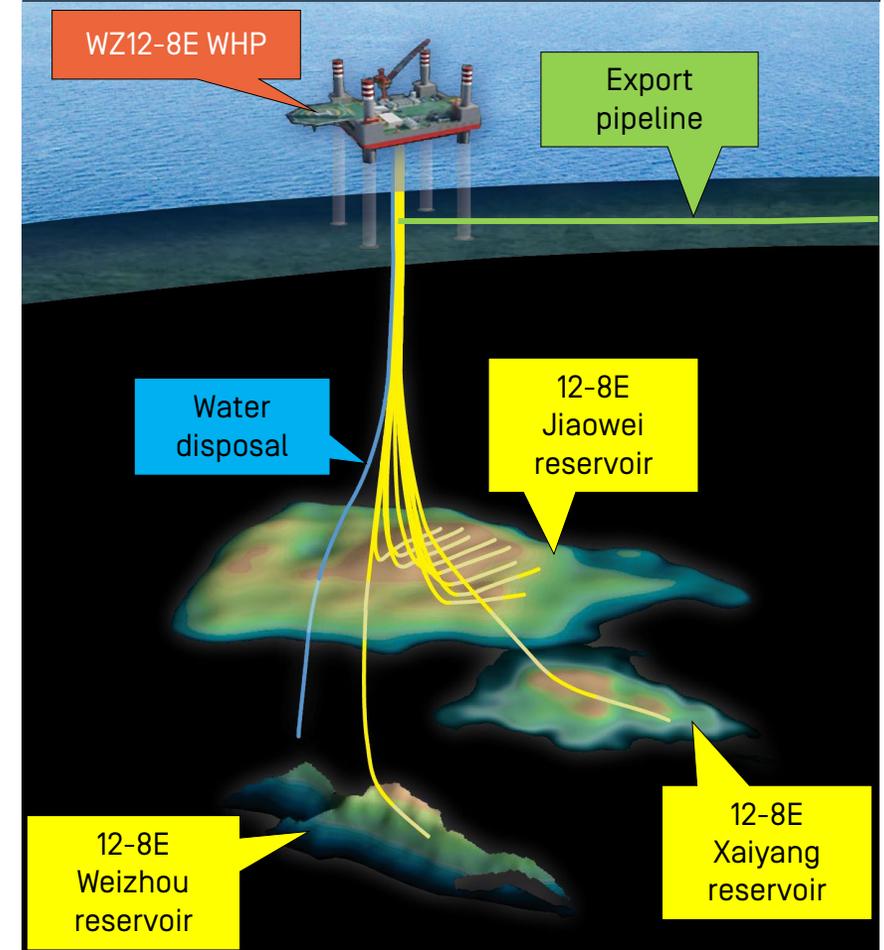
WZ12-8E DEVELOPMENT PROJECT SUMMARY

WZ12-8E DEVELOPMENT PROJECT

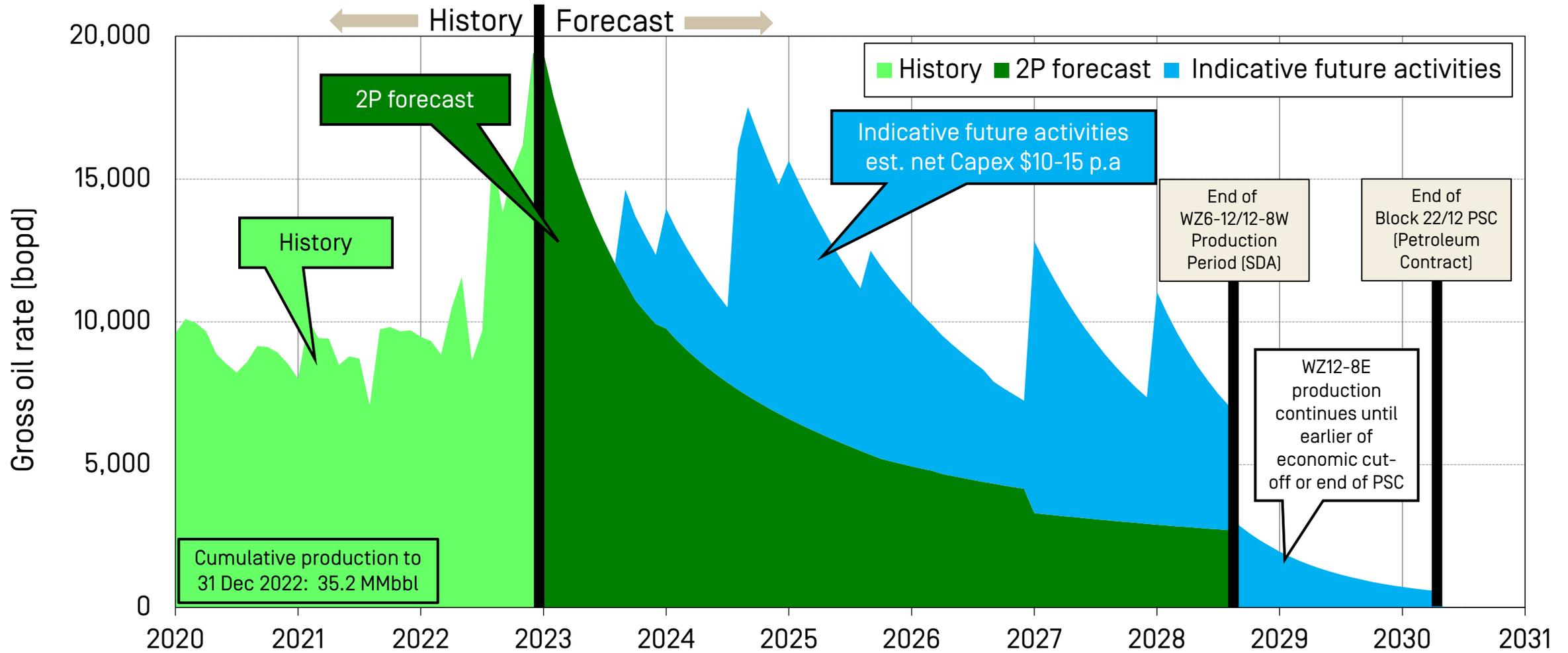
- ▶ Project commissioned and brought on to production in Apr 2022
- ▶ Eleven well (ten production, one water disposal) campaign across three hydrocarbon pools successfully drilled & completed by Jan 2023.
- ▶ Production performance has generally exceeded pre-drill expectations, leading to over 150% reserves increase (before subtracting production), from 0.49 to 1.24mmbbls Horizon net
- ▶ Platform within tie-back distance of further attractive appraisal and production targets



WZ12-8E PHASE 1 & 2 DEVELOPMENT

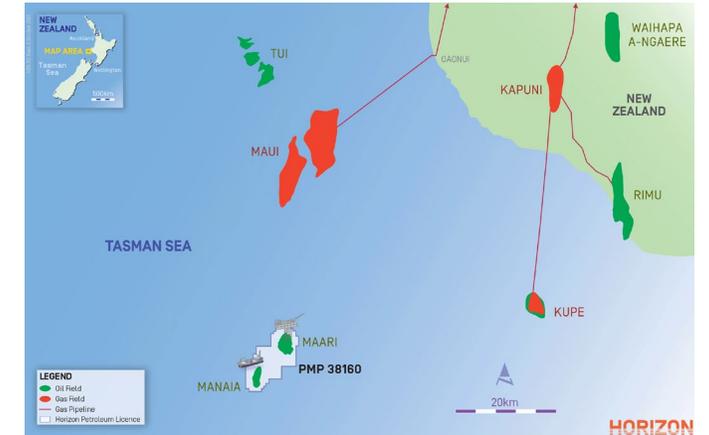
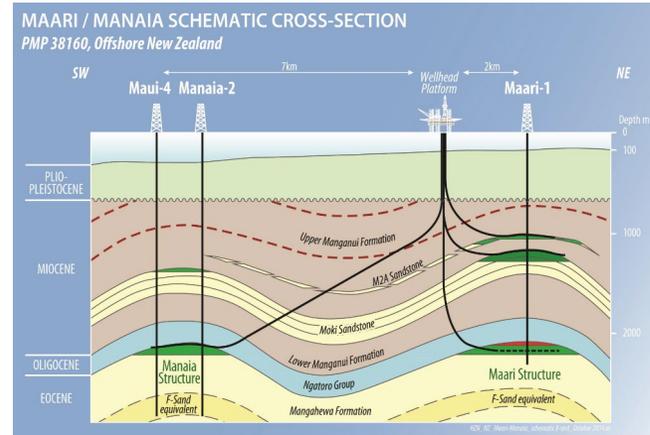


BLOCK 22/12: HISTORY & FORECAST (GROSS)



Future activities remain subject to further technical and economic evaluation, JV and regulatory approvals. All data on this slide (history, forecast, cumulative production) is gross unless otherwise stated.

MAARI: STABLE PERFORMANCE



CASHFLOW

- ▶ Maari/Manaia generates approximately 20% of Horizon operating cashflow
- ▶ Strong premiums received on Maari crude from deliveries into East Coast Australia oil market, reflective of increased regional oil demand.

PRODUCTION

- ▶ Commenced production in 2009
- ▶ CY23 work program focused on low-cost high-value well workovers and water injection optimisation

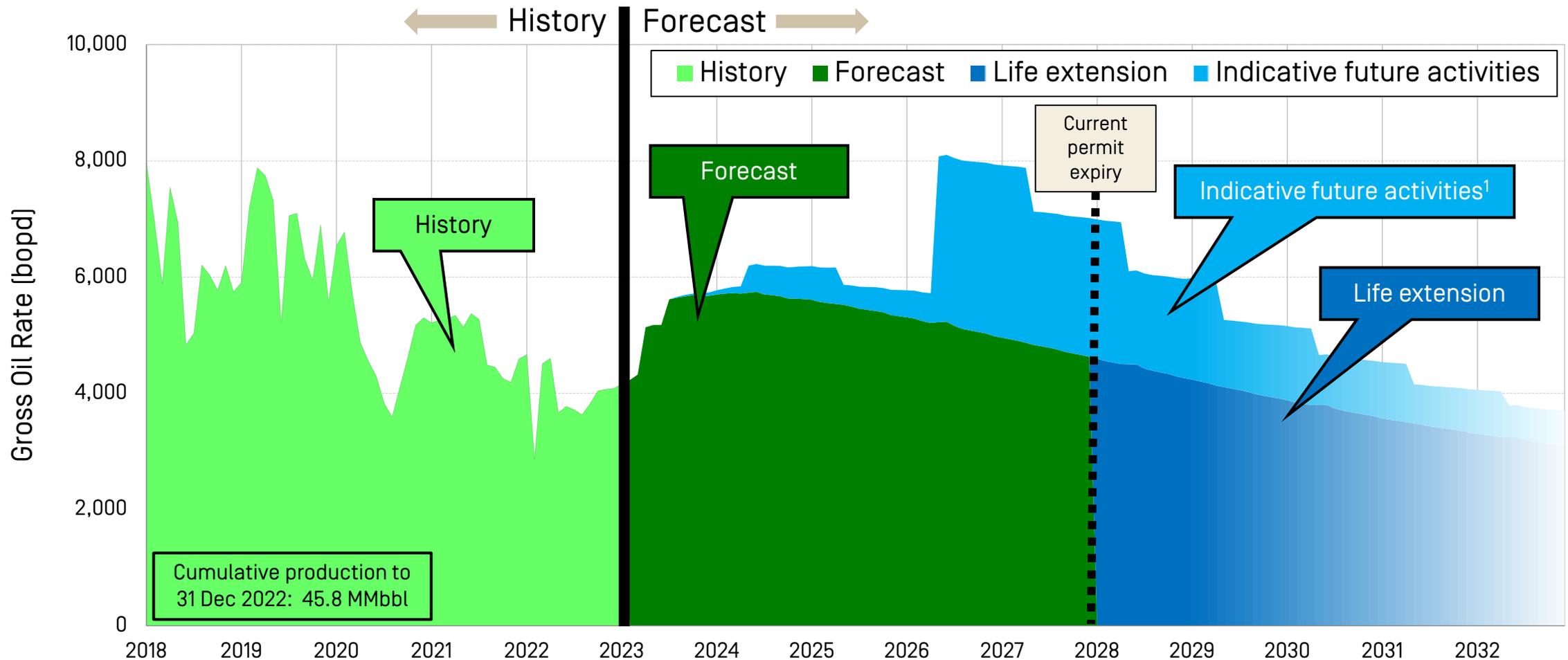
FIELD LIFE

- ▶ Production license and 2P reserves forecast to end of 2027, the potential for life extension beyond 2027 being evaluated
- ▶ Decommissioning estimate updated, studies continuing and funding planning initiated

COSTS

- ▶ Cash operating costs for FY2022 of \$34/bbl produced

MAARI: HISTORY & FORECAST (GROSS)



¹ Likely requires permit extension to be commercially viable
 Future activities remain subject to further technical and economic evaluation, JV and regulatory approvals.
 All data on this slide (history, forecast, cumulative production) is gross unless otherwise stated.

PLANS FOR THE NEXT 12 MONTHS¹



	2023												2024						
	Q1			Q2			Q3			Q4			Q1						
Block 22/12 possible infill drilling [between two and five wells] ¹																			Planning in progress
WZ12-8E possible water-handling capacity upgrade ¹																			Design in progress & ongoing
WZ12-8E possible Phase 3 ¹																			Preliminary planning in progress; subject to JV approval
Maari workovers [x3]																			Reinstate production from MN-1 and MR6a, and convert MR2A to a water injector
Maari life extension, opportunity framing and decommissioning studies																			Ongoing

¹ indicative only and remain subject to further technical and economic evaluation, JV and regulatory approvals



MAXIMISE FREE CASHFLOW¹

- ▶ Recent investment in Block 22/12 WZ12-8E development – Phase 1 & 2, and WZ6-12 infill and workover program to drive cashflow generation
- ▶ Maari MN-1, MR6a and MR2A workovers to restore and increase production
- ▶ Continued strong cost control
 - ▶ Cash operating costs to be maintained <US\$20/bbl



FURTHER DISTRIBUTIONS TO SHAREHOLDERS

- ▶ Regular distributions continue to be a priority
- ▶ Final dividend to be considered with the release of the full financial year results



CONTINUE INVESTING IN PRODUCTION GROWTH

- ▶ WZ12-8E field – consideration of a possible subsequent phase of development drilling
- ▶ Block 22/12 infill and appraisal opportunities being matured, and water handling upgrades being progressed
- ▶ Life extension studies to enhance Maari value
- ▶ Keeping an eye out for exceptional new business opportunities

¹Free Cash Flow represents cash flows from operating activities less investing cash flows.

A STRONG END TO THE FINANCIAL YEAR ANTICIPATED - DRIVEN BY CONTINUED STRONG PRODUCTION

Production
1.85 - 1.95
million barrels

- ▶ Production additions in Block 22/12 from WZ12-8E development and WZ6-12 infill wells and workovers driving higher production levels

Sales
1.85 - 1.95
million barrels

- ▶ Sales volumes forecast to be materially aligned with production for the period aided by the forecast timing of Maari liftings

Revenue
US\$155 - 165
million

- ▶ Revenue expected to be supported by continued higher oil prices
- ▶ Forecast assumes oil prices maintained at around US\$85/bbl

EBITDAX
US\$105 - 115
million

- ▶ Continued focus on cost control and other initiatives to maximise earnings

The above guidance represents forward looking statements. Such statements relate to future events, such as oil price movements, and as such involve known and unknown risks and uncertainties. Actual results, actions and development may differ materially from those expressed or implied by these forward looking statement depending on a variety of factors. Refer to disclaimer slide at the beginning of this presentation.

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