QUARTERLY REPORT

PERIOD ENDING 31 MARCH 2023 (ASX:HZN)

HIGHLIGHTS

Material interim distribution declared and paid to shareholders

- Dividend of AUD 1.5 cents per share, representing A$24 million paid to shareholders on 21 April 2023.

Continued strong production, revenue and cashflow generation

- Stable production in both Block 22/12 and Maari driving a 1.2% increase in production volumes during the quarter to 524,099 bbls (5,823 bopd net Horizon).
- Sales volumes increased 34% during the quarter to 520,331 bbls, owing to a Maari lifting which was deferred from the prior quarter.
- Revenue for the quarter increased by 24% to US$41.6 million (~A$62 million) (excluding hedge settlements) at an average realised oil price of ~US$80/bbl.
- Net operating cash flow[1] for the quarter increased 42% to US$34.1 million (~A$51 million).
- Cash operating costs of US$14.40/bbl produced for the quarter.
- Cash reserves increased to US$54.3 million, with an US$18 million increase in net cash to US$42.7 million at 31 March 2023. A further ~US$4 million of debt was repaid during the quarter, with the WZ12-8E Phase 1 and 2 development and drilling costs now substantially paid.
- 30,000 bbls of dated Brent swaps executed targeting the next forecast Maari lifting in June 2023 at a weighted average price of US$86.22/bbl.

Updated FY 23 guidance

- Production guidance unchanged at 1.85 – 1.95 mmbbls following continued strong production from Block 22/12.
- Sales, revenue and EBITDAX guidance updated to reflect a change in forecast timing of Maari liftings, owing to delays to Maari workovers, combined with lower realised oil prices received in February and March 2023:
    - Sales volumes reduced to 1.7 – 1.8 mmbbls (previously 1.85 – 1.95 mmbbls)
    - Revenue reduced to US$145 – 155 million (previously US$155 – 165 million)
    - EBITDAX reduced to US$95 – 105 million (previously US$105 – 115 million)

CHIEF EXECUTIVE OFFICER'S COMMENTARY

This has been another exceptional quarter for the Company, one which continues to highlight our continued leverage to the oil price, low-cost operations, strong cash generation and our ongoing distribution strategy. Average daily production over the period of ~5,800 bopd was realised from the Group's assets, with Block 22/12 performing strongly following the conclusion of the WZ6-12 and WZ12-8E Phase 2 drilling program in January 2023 and ongoing stable production from Maari.

The strong production helped drive revenue of US$41.6 million and materially increase the company's cash reserves to US$54.3 million, despite having repaid ~US$4 million of debt and settling ~US$12 million in development and drilling capex. As noted, we have updated guidance for sales volumes, revenue and EBITDAX due substantially to the forecast timing of Maari liftings. Importantly, our forecast production levels remain in-line with previous guidance with production from Block 22/12 fields continuing in-line with our forecasts.

It was pleasing to finalise payment of an interim distribution of AUD 1.5 cents per share earlier this month. This is the continuation of our distribution strategy which has seen us distribute a total of AUD 7.5 cents per share (~AUD 120 million) over the past 2 years whilst still investing in production growth. We continue to evaluate further capital management initiatives as we head towards financial year end.

Looking ahead to the next quarter, our focus is on continued investment in high returning production growth opportunities, with the Block 22/12 Joint Venture expected to approve and finalise preparations for a drilling program in the second half of this calendar year, designed to restore and enhance production. In New Zealand, we expect to restore production from the currently shut-in MN1 well, and increase water injection into the MR2A well, which should help to maintain oil rates from the main Maari Moki reservoir.

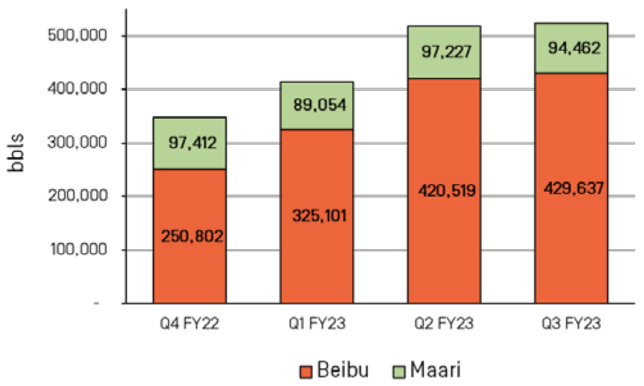
[1] Net operating income after operating expenditure, excluding extraordinary items.

Richard Beament
Chief Executive Officer

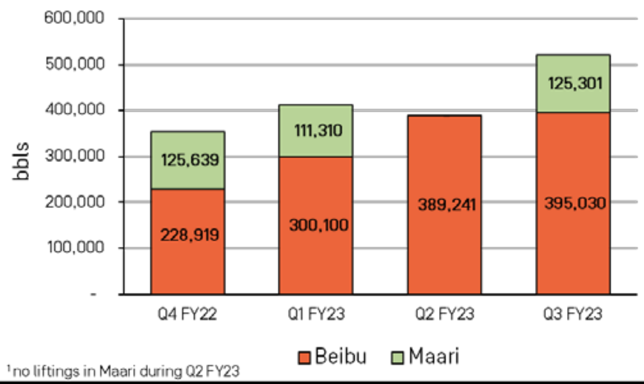
COMPARATIVE PERFORMANCE

PERIOD ENDING 31 MARCH 2023

OIL PRODUCTION (bbls)

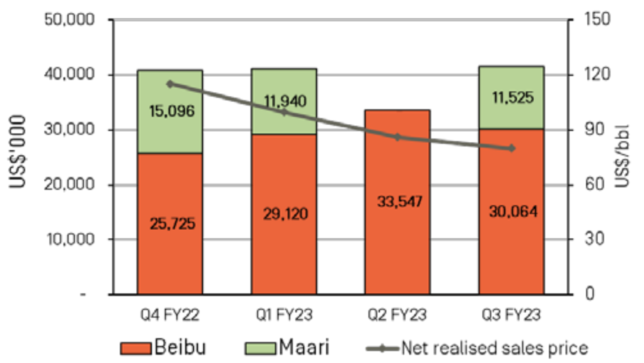


OIL SALES[1] (bbls)



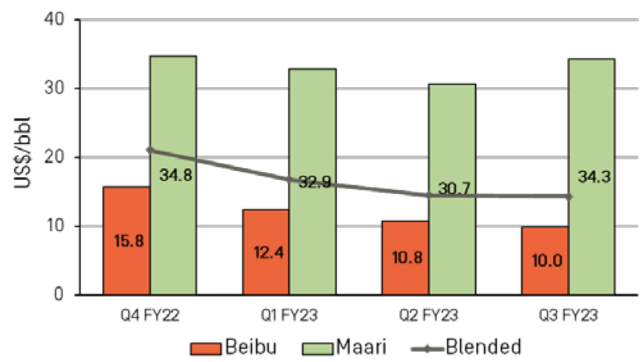
[1] no liftings in Maari during Q2 FY23

REVENUE[1,2] (US$'000)



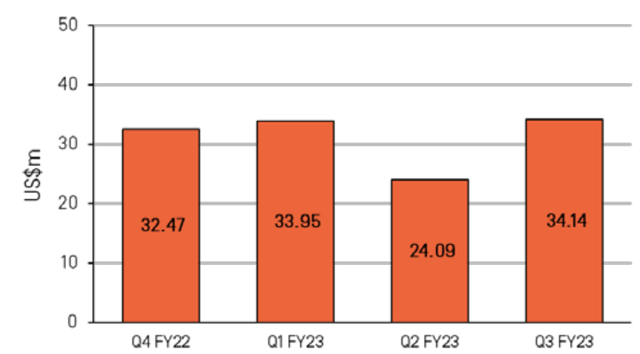
[1] excluding hedge settlements [2] no liftings in Maari during Q2 FY23

OPERATING EXPENDITURE[1] (US/bbl)



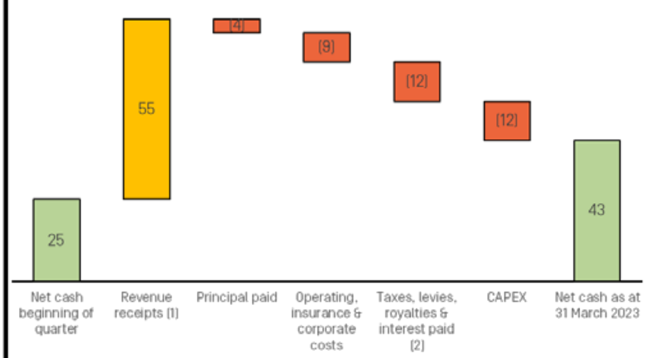
[1] excluding workover expenditures

OPERATING CASH FLOW[1] (US$m)



[1] operating cash flow represents cash in-flows from revenue less operating expenditure

NET CASH (US$m)



[1] Cash receipts generally have a one-month lag from the point of revenue recognition.
[2] Quarterly China income tax and special oil gain levy, Maari quarterly income tax and royalty payment.

Note: Financial results contained in this quarterly on pages 2 and 3 are unaudited.

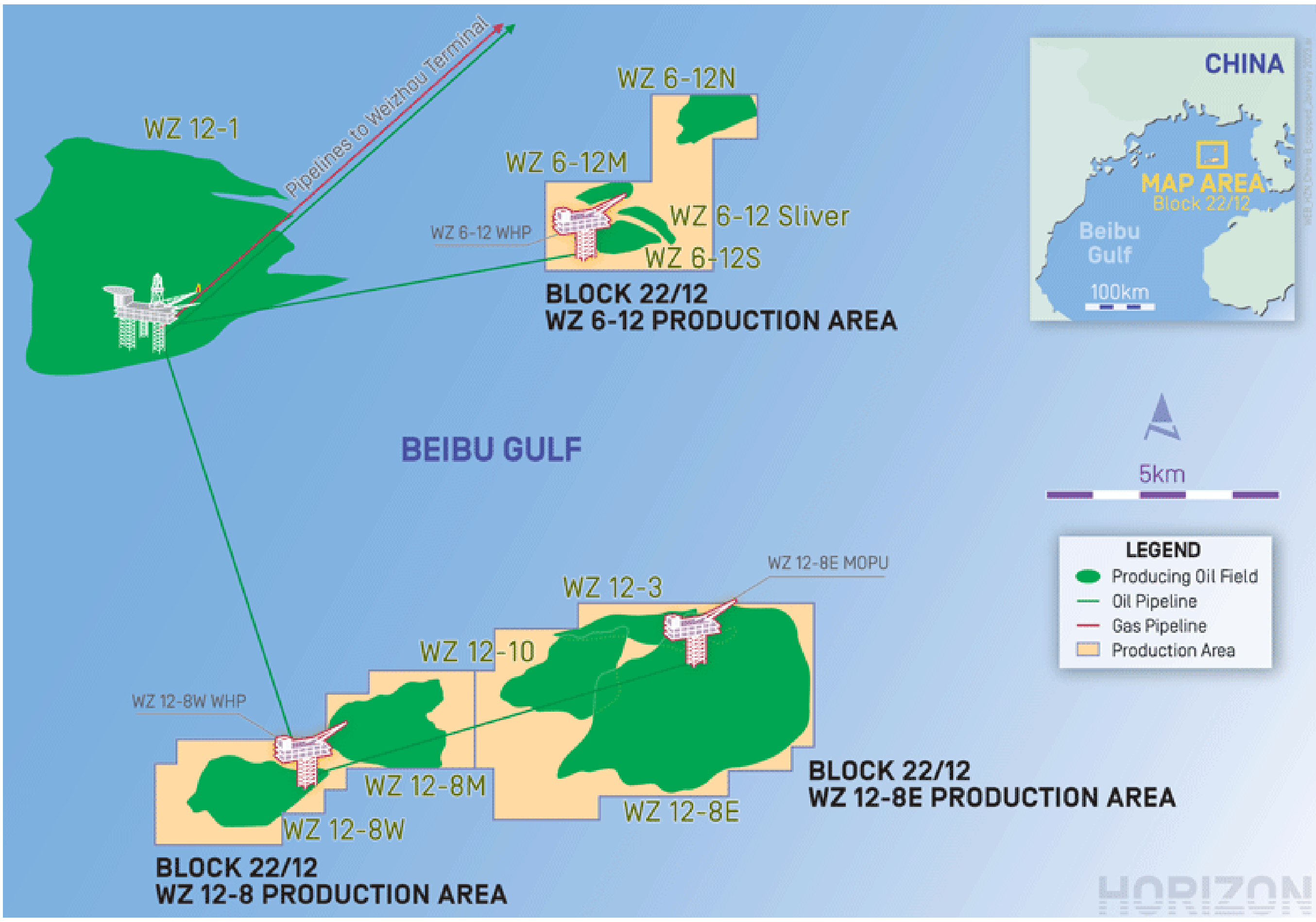
FINANCIAL SUMMARY

Production	Q3 FY2023 bbls	Q2 FY2023 bbls	CHANGE %	FINANCIAL YTD 2023 bbls
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Crude oil production	429,637	420,519	2.2%	1,175,256
Crude oil sales	395,030	389,241	1.5%	1,084,371
PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND				
Crude oil production	94,462	97,227	(2.8%)	280,744
Crude oil inventory on hand	70,938	110,625	(35.9%)	70,938
Crude oil sales	125,301	-	100%	236,611
TOTAL PRODUCTION				
Crude oil production	**524,099**	**517,746**	**1.2%**	**1,456,000**
Crude oil sales	**520,331**	**389,241**	**33.7%**	**1,320,982**
PRODUCING OIL AND GAS PROPERTIES	**US$'000**	**US$'000**		**US$'000**
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Production revenue[1]	30,064	33,547	(10.4%)	92,731
Operating expenditure	4,276	4,526	(5.5%)	12,846
Workovers	9	1,698	(99.5%)	1,785
Special oil gain levy	1,383	2,443	(43.4%)	7,063
PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND				
Production revenue[1]	11,525	-	100%	23,465
Operating expenditure	3,241	2,989	8.5%	9,159
Workovers	23	442	(94.8%)	1,414
Inventory adjustment[2]	2,559	(4,786)	>(100%)	(552)
Total Producing Oil and Gas Properties				
Production revenue[1]	**41,589**	**33,547**	**24.0%**	**116,196**
Oil hedging settlements	**103**	**199**	**(48.3%)**	**1,194**
Total revenue (incl. hedging gains)	**41,692**	**33,746**	**23.5%**	**117,390**
Direct production operating expenditure	7,549	9,655	(21.8%)	25,204
Net operating cash flow[3]	**34,143**	**24,091**	**41.7%**	**92,186**
EXPLORATION AND DEVELOPMENT				
PMP 38160 (Maari and Manaia), New Zealand	690	707		2,040
Block 22/12 (Beibu Gulf), offshore China	2,047	15,010		20,167
Total capital expenditure	**2,737**	**15,717**		**22,207**
Cash on hand	**54,339**	**40,414**		**54,339**
Senior debt facility[4]	**11,594**	**15,663**		**11,594**
Net Cash[4]	**42,745**	**24,751**		**42,745**

1 Represents gross revenue excluding hedge gains and losses.
2 Represents an accounting adjustment for cost of crude oil inventory sold or produced during the period (includes amortisation of $0.8 million).
3 Represents total revenue less direct production operating expenditure (including workover costs).
4 Represents principal amounts drawn down at 31 March 2023.
5 Amounts may not cast due to the rounding of balances.

PRODUCTION

Block 22/12, Beibu Gulf, offshore China (Horizon: 26.95%)



Horizon's Beibu Gulf fields continue to produce extremely well, with gross oil production increasing 2.2% to an average of 17,713 bopd (Horizon net 26.95%: 4,774 bopd) for the quarter. This result was driven by increased WZ12-8E production offsetting natural reservoir decline from the other Block 22/12 fields. Total Block 22/12 production over the nine months to 31 March 2023 has averaged 15,916 bopd gross (Horizon net 4,289 bopd).

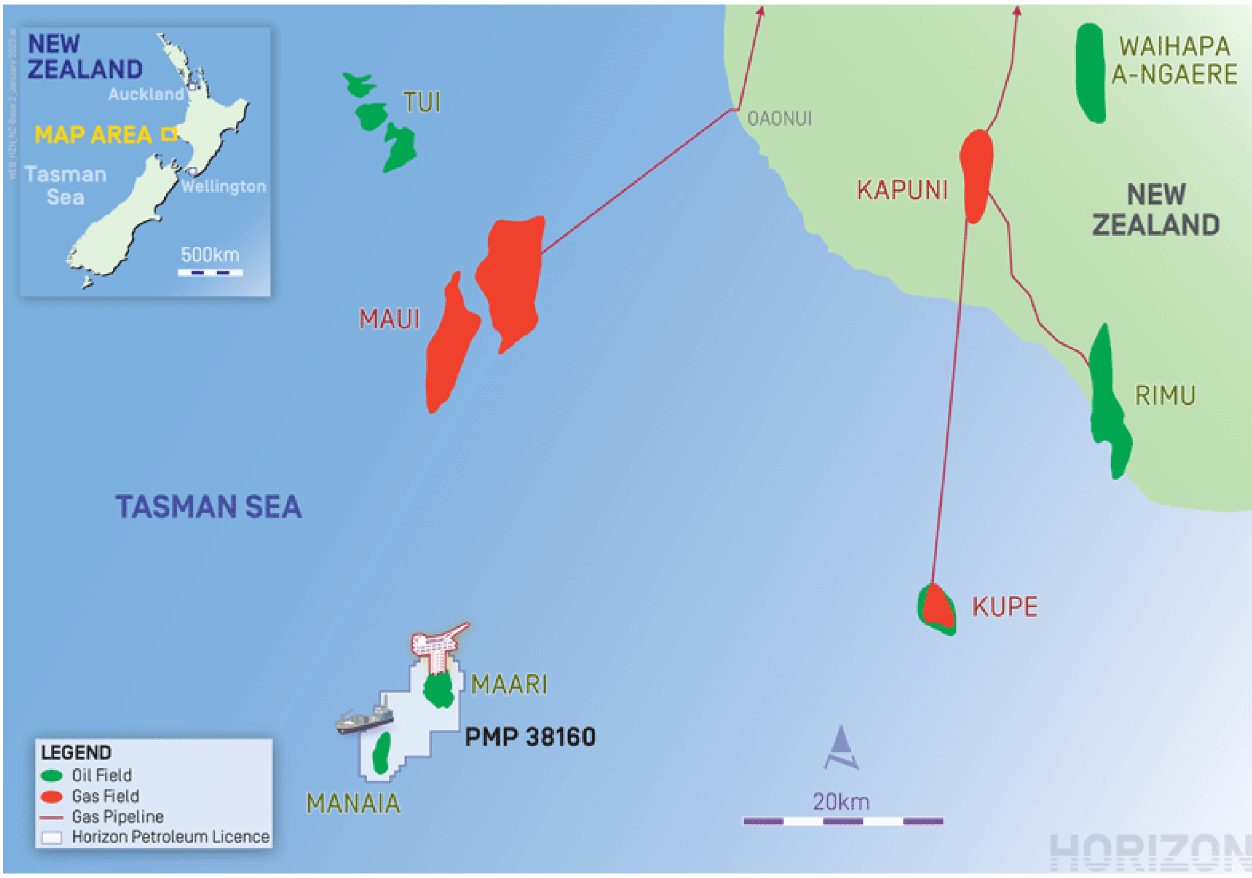
Net sales for the quarter increased 1.5% to 395,030 bbls, generating revenue of US$30.1 million for the quarter. Year to date sales for the 2023 financial year was 1,084,371 bbls, generating revenue of US$92.7 million.

Cash operating costs for the quarter were US$9.95/bbl (produced) with the 2023 financial year averaging US$10.93/bbl produced, excluding the costs of workovers.

The Block 22/12 Joint Venture continues to evaluate and mature further infill drilling targets and well workovers with a view to executing a drilling program in the second half of this year. The Joint Venture are also focussed on evaluating liquid handling capacity initiatives across the Project area with the aim of reducing overall oil production decline.

As planned, following the successful completion of the WZ12-8E field development and completion of the Phase 1 and 2 drilling programs, operatorship of the WZ12-8E field was handed over from Roc Oil to CNOOC's Weizhou Operating Company (WOC) on 1 April 2023. WOC currently operate the WZ6-12 and 12-8 fields, such that all Block 22/12 producing fields are now operated by WOC.

PMP 38160, Maari/Manaia fields, Taranaki Basin, offshore New Zealand [Horizon: 26%]



Maari gross oil production for the quarter was stable, averaging 4,037 bopd (Horizon net 26%: 1,050 bopd), with production for the 2023 financial year to date averaging 3,941 bopd (Horizon net 26%: 1,024 bopd).

Production for the quarter was impacted by scheduled maintenance and the ongoing shut-in of the MN1 and MR6A wells. The MN1 workover is currently underway following shut-in owing to a downhole issue in late December 2022. The Maari Joint Venture continues to advance plans for the permanent conversion of the MR2 water injection well, which aims to allow for increased water injection into the field to provide further pressure and displacement support to the producing wells. Plans are also progressing for a subsequent workover on the shut-in MR6A well with the aim of reinstating oil production.

Cash operating costs were impacted by the shut-in wells and averaged US$34.3/bbl produced for the quarter and US$32.62/bbl for the financial year to date, excluding the costs of workovers.

Year to date sales for the 2023 financial year were 236,611 bbls generating revenue of US$23.5 million. Crude oil inventory at 31 March 2023 was 70,938 bbls. Maari crude continues to attract strong premiums with the January 2023 lifting sold at a strong premium to the dated Brent oil price.

During the quarter, the Maari facilities underwent life extension inspections and works in order for the facilities to be certified for a further 5 years through to 2028. The operator expects to complete all outstanding inspections and works during the next quarter. The JV is also assessing and prioritising value adding projects, including production enhancement and cost reduction opportunities with the aim of extending the field life past the current 2027 permit expiry.

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, 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. Mr Douglas' qualifications include a Master of Reservoir Evaluation and Management from the 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 they appear in this statement.

Authorisation

This ASX announcement is approved and authorised for release by the Company Secretary on 24 April 2023.

For more information please contact:

Horizon Oil Limited	T: +61 2 9332 5000	Level 4, 360 Kent St
Richard Beament CEO	F: +61 2 9332 5050	Sydney NSW 2000
	E: info@horizonoil.com.au	**www.horizonoil.com.au**