QUARTERLY REPORT

PERIOD ENDING 30 SEPTEMBER 2023 (ASX:HZN)

HIGHLIGHTS

Material distribution declared and paid to shareholders

- Dividend of AUD 2.0 cents per share declared during the quarter totalling ~US$21 million (~A$32 million). Dividend paid to shareholders subsequent to the period end on 25 October 2023.

Revenue and cashflow maintained

- Revenue from production for the quarter increased 1.5% to US$34.9 million (exclusive of hedge settlements) at an average realised oil price of ~US$89/bbl, with sales revenue and volumes enhanced during the quarter by an incremental cost recovery oil entitlement[1] in Block 22/12 amounting to ~US$2.6 million.
- Net operating cash flow[2] for the quarter increased 3.4% to US$27.2 million.
- Horizon's net working interest share of production and sales volumes for the quarter were 388,601 bbls and 391,090 bbls respectively.
- Overall production declined as anticipated, largely due to natural field decline at Block 22/12. A production increase of 12% at Maari following the successful MN1 well workover in the prior quarter largely offset production deferrals at Block 22/12 due to a scheduled maintenance campaign and precautionary typhoon shut down for part of July.
- Cash operating costs continued to be maintained below US$20/bbl for the quarter.
- Cash and net cash at 30 September 2023 was US$45.9 million with the repayment of all outstanding debt during the quarter. A further US$11.7 million pertaining to the Maari September lifting was received shortly after quarter end, ahead of settling the abovementioned US$21 million dividend.
- 50,000 bbls of dated Brent swaps executed predominately targeting the next forecast Maari lifting in December 2023 at a weighted average price of approximately US$90/bbl.

CHIEF EXECUTIVE OFFICER'S COMMENTARY

This was another strong quarter with the strengthening oil price delivering higher revenues and cashflow, offsetting the anticipated lower production levels. Block 22/12 production continued as expected despite some short-term maintenance and typhoon interruptions early in the quarter, and the JV continues to advance plans for an infill drilling program during calendar year 2024. The incremental revenue and sales volume at Block 22/12 from cost recovery this quarter was welcome – the result of strengthening oil prices and continued strong production from the WZ12-8E field. Assuming production and oil prices are maintained, cost recovery will add approximately US$4-5 million to pre-tax cashflows over the second half of the calendar year. Maari production was also very pleasing, increasing almost 12% on the prior quarter owing to the successful workover of the MN1 well in the prior quarter. Importantly, production at Maari has stabilised and been sustained following the workover at an average of over 5,200 bopd for some months. This, coupled with the recent FPSO class extension, provides the confidence to pursue an extension to the permit beyond the December 2027 licence expiry. Workover activity is ongoing at Maari aimed at further increasing production rates.

We were delighted to finalise and pay a distribution of AUD 2.0 cents per share subsequent to the end of the quarter. This was a continuation of our distribution strategy which has seen us distribute a total of AUD 9.5 cents per share (~AUD 150 million) over the past three years whilst still investing in production growth. Importantly, our balance sheet remains strong with debt fully repaid during the quarter and cash continuing to be replenished following payment of the substantial distributions.

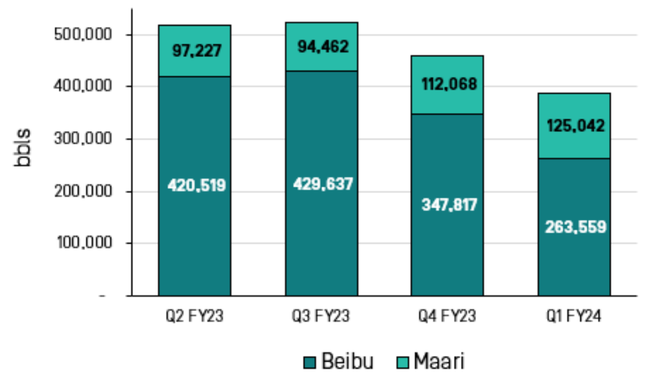
Richard Beament
Chief Executive Officer

[1] Cost recovery oil entitlement is a right under the Block 22/12 Petroleum Contract to additional oil production to compensate Horizon for historical exploration expenditure incurred in the Block. The current entitlement is associated with historical WZ12-8E exploration costs.
[2] Net operating cashflow represents total revenue less direct production operating expenditure (including workover costs).

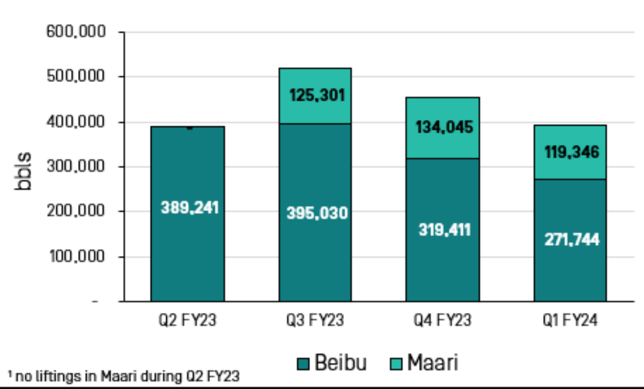
COMPARATIVE PERFORMANCE

PERIOD ENDING 30 SEPTEMBER 2023

OIL PRODUCTION (bbls)

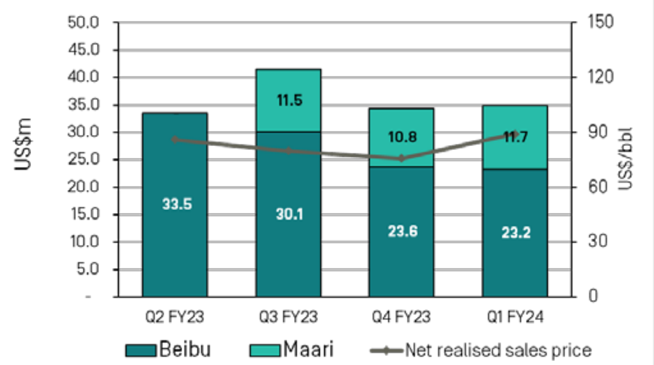


OIL SALES[1] (bbls)



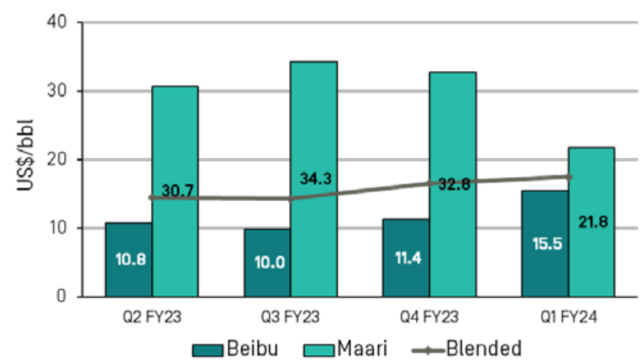
[1] no liftings in Maari during Q2 FY23

REVENUE[1,2] (US$m)



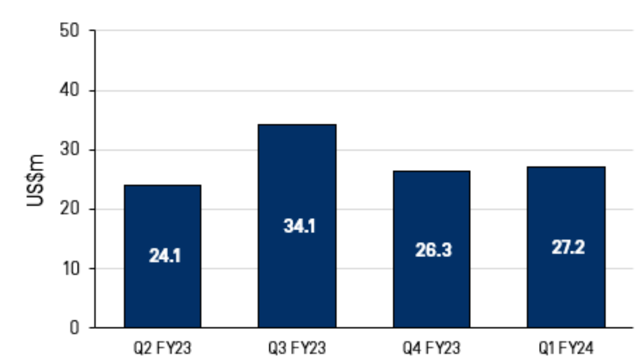
[1] excluding hedge settlements [2] no liftings in Maari during Q2 FY23

OPERATING EXPENDITURE[1] (US$/bbl)



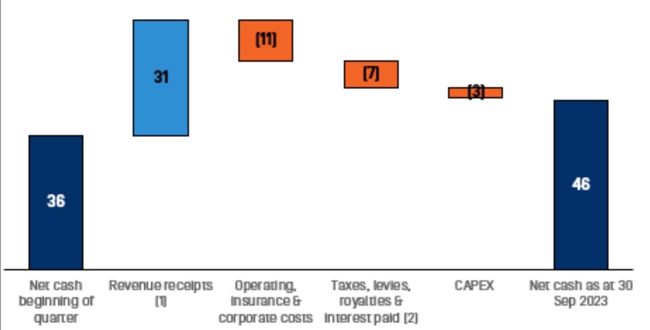
[1] excluding workover expenditures

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 are unaudited.

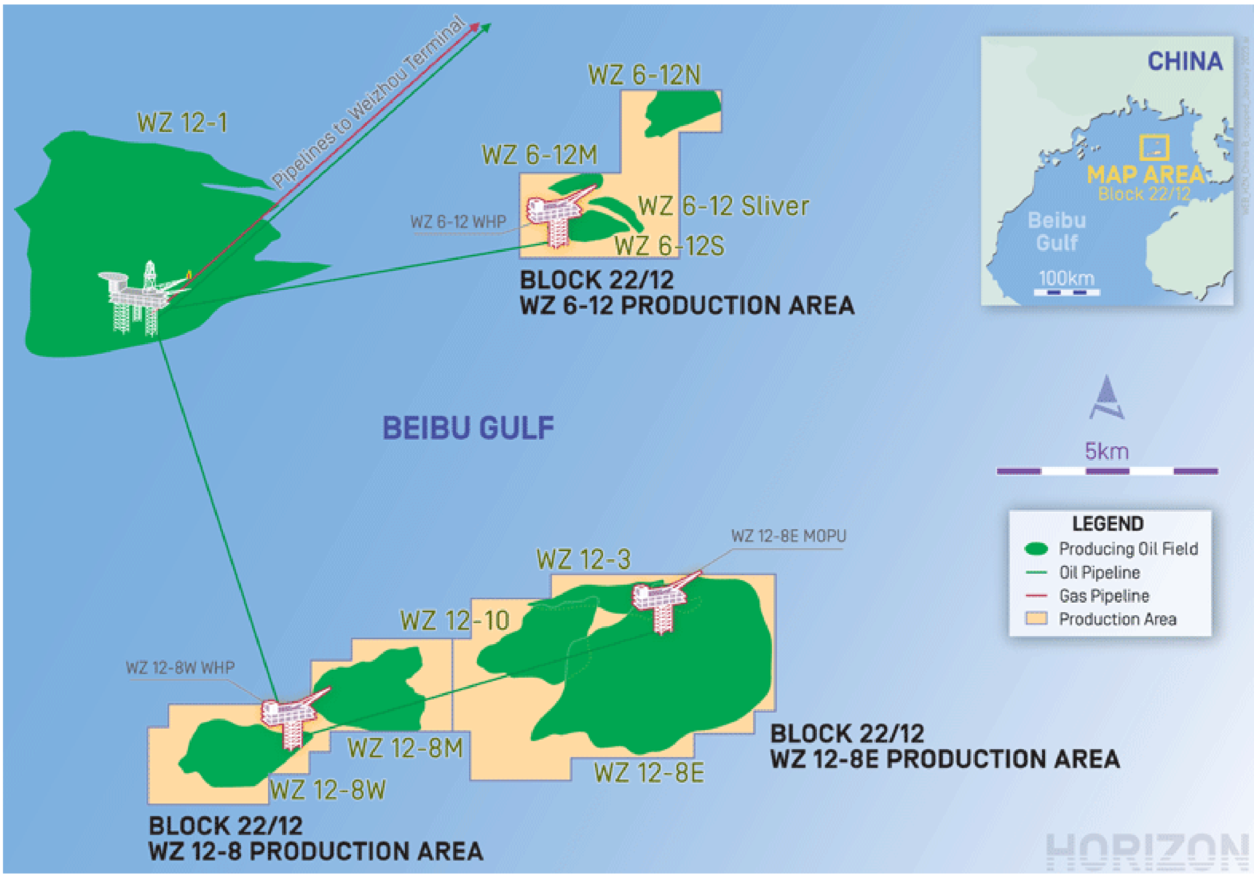
FINANCIAL SUMMARY

PRODUCTION	Q1 FY2024 bbls	Q4 FY2023 bbls	CHANGE %	CALENDAR YTD 2023 bbls
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Crude oil production[1]	263,559	347,817	(24.2%)	1,041,013
Crude oil sales	271,744	319,411	(14.9%)	986,185
PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND				
Crude oil production (NWI)[1]	125,042	112,068	11.6%	331,572
Crude oil inventory on hand	43,003	41,298	4.1%	43,003
Crude oil sales	119,346	134,045	(11.0%)	378,692
TOTAL PRODUCTION (NWI)[1]				
Crude oil production (NWI)[1]	**388,601**	**459,885**	**(15.5%)**	**1,372,585**
Crude oil sales	**391,090**	**453,456**	**(13.8%)**	**1,364,877**
PRODUCING OIL AND GAS PROPERTIES	**US$'000**	**US$'000**		**US$'000**
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Production revenue[2]	23,195	23,612	(1.8%)	76,871
Operating expenditure	4,090	3,957	3.3%	12,322
Workovers	261	164	59.3%	434
Special oil gain levy	1,734	963	80.1%	4,080
PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND				
Production revenue[2]	11,678	10,757	8.6%	33,960
Operating expenditure	2,726	3,677	(25.9%)	9,644
Workovers	16	635	(>100%)	674
Inventory adjustment[3]	28	1,363	(>100%)	3,950
TOTAL PRODUCING OIL AND GAS PROPERTIES				
Production revenue[2]	**34,873**	**34,369**	**1.5%**	**110,831**
Oil hedging settlements	**(595)**	**362**	**(>100%)**	**(130)**
Total revenue (incl. hedging gains/(losses))	**34,278**	**34,731**	**(1.3%)**	**110,701**
Direct production operating expenditure	7,093	8,433	(15.9%)	23,074
Net operating cash flow[4]	**27,185**	**26,298**	**3.4%**	**87,627**
EXPLORATION AND DEVELOPMENT				
PMP 38160 (Maari and Manaia), New Zealand	770	296		1,756
Block 22/12 (Beibu Gulf), offshore China	404	18		2,469
Total capital expenditure	**1,174**	**314**		**4,224**
Cash on hand	**45,897**	**43,591**		**45,897**
Senior debt facility[5]	**-**	**7,939**		**-**
Net Cash	**45,897**	**35,652**		**45,897**

1 Production amounts are shown on a net working interest basis (NWI).
2 Represents gross revenue excluding hedge gains and losses.
3 Represents an accounting adjustment for cost of crude oil inventory sold or produced during the period.
4 Represents total revenue less direct production operating expenditure (including workover costs).
5 All outstanding debt repaid at 31 July 2023.
6 Amounts may not cast due to the rounding of balances.

PRODUCTION

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



Gross oil production for the quarter averaged 10,630 bopd (Horizon net 26.95%: 2,865 bopd). Production declined as anticipated, largely due to natural decline across all of the main producing fields. In addition, there was approximately eight days of production deferral during July due to a scheduled annual maintenance campaign and a precautionary shutdown for Typhoon Tai Li which passed through the Beibu Gulf. Production resumed without incident, with current gross field production continuing to average approximately 10,700 bopd.

Net sales for the quarter were 271,744 bbls, generating revenue of US$23.2 million. Oil sales and revenue benefited from an incremental cost recovery oil entitlement[1] resulting in an additional ~US$2.6 million of revenue recorded for the quarter. As of 30 September 2023, Horizon's remaining cost recovery entitlement under the Petroleum Contract was approximately US$2 million which is expected to be recouped over the coming months.

Cash operating costs for the quarter were US$15.51/bbl (produced), excluding the costs of workovers.

The Block 22/12 Joint Venture continues to evaluate and mature further infill drilling targets with a view to executing a drilling program during calendar year 2024, subject to rig availability and joint venture approvals. The Joint Venture is also focussed on liquid handling capacity upgrade initiatives across the Project area with the aim of reducing overall oil production decline. Accordingly, an acid job was completed during the period on the A7 water disposal well at WZ12-8E resulting in increased water disposal rates.

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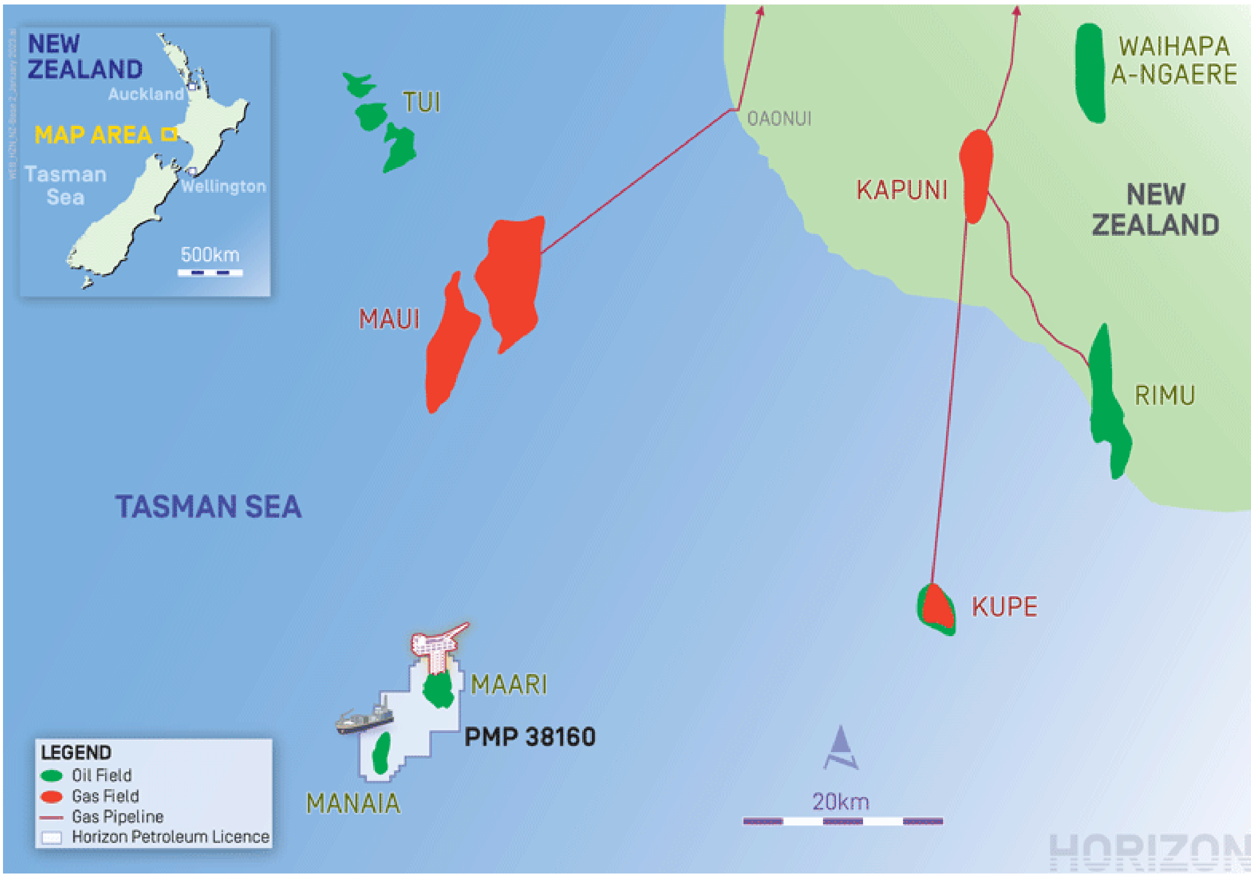
PMP 38160, Maari/Manaia fields, Taranaki Basin, offshore New Zealand (Horizon: 26%)



Gross oil production for the quarter increased by 11.6%, averaging 5,228 bopd (Horizon net 26%: 1,359 bopd), with the increase primarily attributable to the first full quarter of MN1 production benefit since being brought back online following a successful workover.

Cash operating costs substantially reduced following the successful workover of the MN1 well and averaged US$21.8/bbl produced for the quarter, excluding the costs of workovers.

Net sales for the quarter were 119,346 bbls, generating revenue of US$11.7 million. Crude oil inventory at 30 September 2023 was 43,003 bbls.

The Maari Joint Venture commenced works during the quarter on the conversion of MR2a to a permanent water injector, with the workover successfully completed in September. MR2a is expected to enable increased water injection into the Maari Moki field to provide further pressure and displacement support to the producing wells. Plans are also progressing on a workover on the currently shut-in MR6A well with the aim of reinstating oil production from the Maari Mangahewa and to exploit a previously unproduced Matapo Sandstone behind pipe opportunity. The workover is expected to be completed during the current quarter.

Subsequent to the end of the quarter, the Operator received the FPSO class extension certificate from the certifying authority ABS which allows the facility to continue to operate for a further five years through to April 2028, subject to meeting ongoing continuous survey requirements. This, together with the continued favourable production trends at Maari provides the joint venture with the confidence to pursue life extension beyond 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 26 October 2023.

For more information please contact:

Horizon Oil Limited
Richard Beament CEO

T: +61 2 9332 5000
F: +61 2 9332 5050
E: info@horizonoil.com.au

Level 4, 360 Kent St
Sydney NSW 2000
www.horizonoil.com.au