QUARTERLY REPORT

PERIOD ENDING 30 JUNE 2024 (ASX:HZN)

HIGHLIGHTS

PAYMENT OF INTERIM DISTRIBUTION

- Cumulative distributions paid over the past 3 years now stands in excess of A$170 million following the payment of the FY24 interim distribution (AUD 1.5 cents per share) on 26 April 2024. Further distributions under evaluation.

SUCCESSFUL COMPLETION OF BLOCK 22/12 INFILL DRILLING

- Four-well infill drilling program successfully completed under budget and ahead of schedule.
- Drilling program met objectives, with incremental production from the program to the end of the quarter of 2,300 bopd gross (620 bopd net), restoring Block 22/12 production back above the long-term field average of 10,000 bopd (gross). Further infill drilling planning underway for a potential CY25 program.

MEREENIE ACQUISITION

- During the quarter, the Company announced it had successfully completed the acquisition of a 25% non-operated participating interest in the OL4 and OL5 development licences, Northern Territory, Australia, which contain the producing Mereenie conventional oil and gas field.
- On 29 July 2024, the Mereenie joint venture entered into a long-term strategic gas sales agreement (GSA) with the Northern Territory Government (NTG). The new GSA covers the firm supply of gas for the six-year period from 1 January 2025 through until 31 December 2030 to underpin the domestic supply of gas to the Northern Territory. Together with an amended existing gas supply agreement with Arafura Rare Earths Limited (ARU), the Mereenie joint venture has now substantially contracted the forecast Mereenie Proved Developed Producing (PDP) gas production until the end of 2030 at current market prices.

STRONG CASHFLOW REPLENISHES CASH RESERVES

- Horizon's net working interest share of production and sales volumes for the quarter were 324,084 boe and 209,223 boe, with 2024 financial year production and sales volumes (excluding Mereenie pre-completion production of 2.6 PJs of gas and 0.05 mmbbls of oil back to the transaction effective date of 1 April 2023) of 1,426,687 boe and 1,301,155 boe, both within guidance. Overall production was down on the prior quarter, mainly due to workover activity at Maari to replace downhole ESPs[1] on two wells. Both wells have been successfully returned to production.
- Revenue from production for the quarter was US$16.5 million (inclusive of hedge settlements), which was impacted by the deferral of a Maari lifting from June to July resulting in ~116,000 bbls (net to HZN) of crude oil inventory being held at 30 June 2023. The deferred Maari lifting occurred during July 2024, with over 127,000 bbls (net to HZN) lifted, generating revenue in excess of US$9 million. Despite the deferred Maari lifting, FY24 revenue remained within guidance at US$111.5 million.
- Net operating cash flow[2] for the 2024 financial year was US$79.3 million excluding Mereenie pre-completion cashflows.
- Cash reserves were substantially replenished during the quarter to US$52.6 million following the ~US$16 million interim distribution paid to shareholders in April 2024.
- Net cash at 30 June was US$26.2 million following the US$26.4 million draw down on the new senior debt facility which was used to fully fund the initial completion payment associated with the Mereenie acquisition.

[1] ESP - Electric Submersible Pump
[2] Net operating cashflow represents total revenue less direct production operating expenditure (including workover costs).

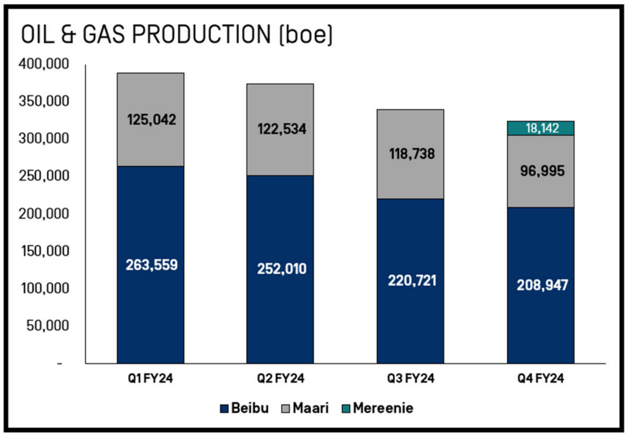
CHIEF EXECUTIVE OFFICER'S COMMENTARY

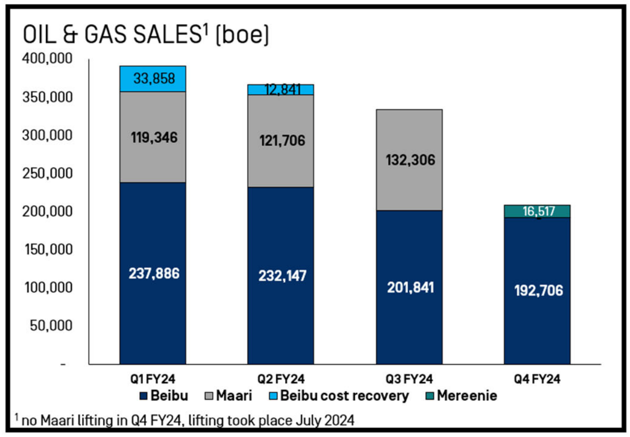
This was a pivotal quarter for the Company following the successful completion of the Mereenie acquisition which adds a third production asset to the portfolio. The subsequent signing of a long-term strategic gas supply agreement with the NT government so soon after completing the acquisition is a tremendous outcome and underscores the strategic merit of the acquisition and Mereenie's importance to domestic gas supply. During the quarter, the Block 22/12 joint venture once again completed a successful infill drilling campaign which has restored production back above the field long term average of 10,000 bopd (gross). The ability of the joint venture to efficiently convert contingent resources to developed reserves continues to unlock value for Horizon shareholders, and planning is underway for a potential CY25 infill drilling campaign. Whilst Maari had some routine ESP workovers during the quarter which impacted production, both wells were recently returned to production with the MR6A workover currently underway which is aimed at adding further production from expected existing and new oil zones. A licence extension application for Maari is well advanced and we expect it to be lodged over the coming months. If granted, this has the potential to take Maari production out beyond the end of the decade. The Company remains in a strong financial position with cash reserves replenished during the quarter following the payment of the AUD 1.5 cents per share interim distribution. With a strong balance sheet, robust production and sustained high oil prices further distributions are being evaluated.

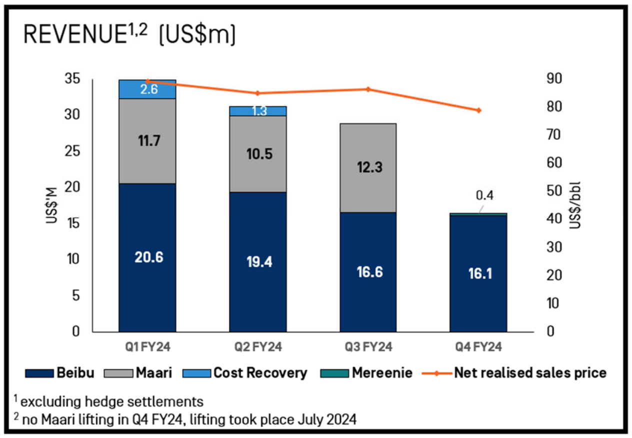
Richard Beament
Chief Executive Officer

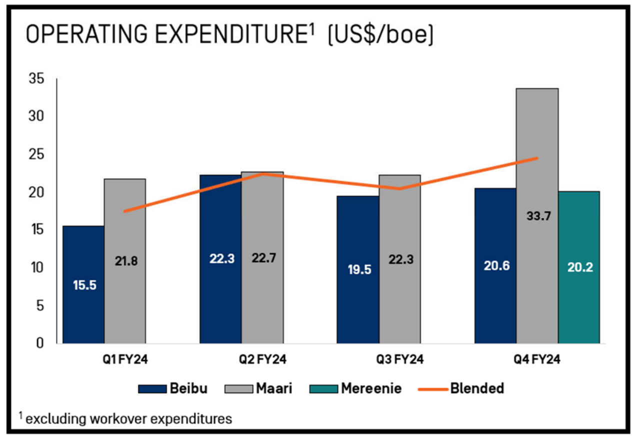
COMPARATIVE PERFORMANCE

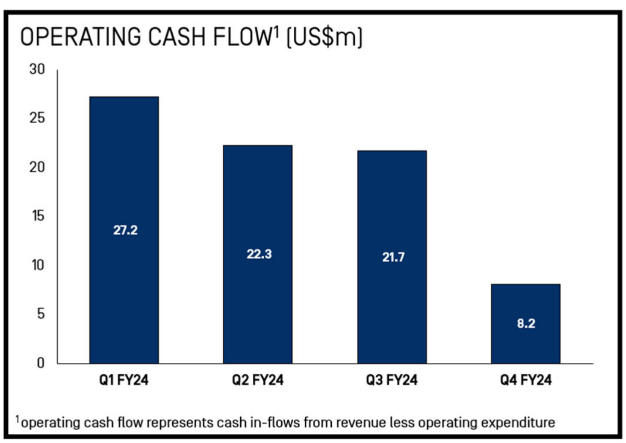
PERIOD ENDING 30 JUNE 2024

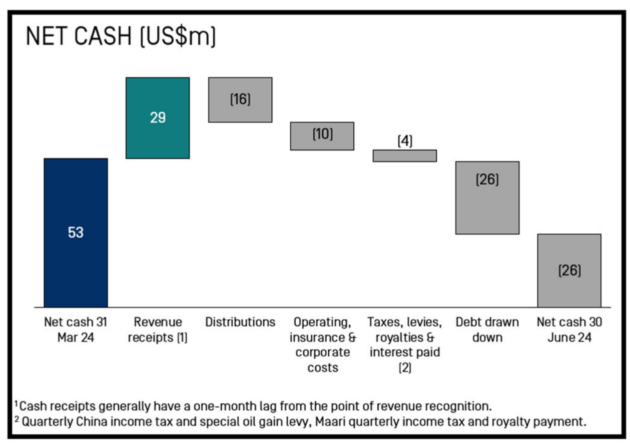












Notes:

(a) Financial results contained in this quarterly are unaudited.

(b) 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.

FINANCIAL SUMMARY

OIL PRODUCTION & SALES	Q3 FY24 bbls	Q3 FY24 bbls	CHANGE %	FY24 bbls
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Crude oil production (NWI)[1]	208,947	220,721	(5.3%)	945,236
Crude oil sales	192,706	201,841	(4.5%)	911,280
PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND				
Crude oil production (NWI)[1]	96,995	118,738	(18.3%)	463,309
Crude oil inventory on hand	116,501	21,990	>100%	116,501
Crude oil sales	-	132,306	≥(100%)	373,358
OL4 AND OL5, MEREENIE, ONSHORE AUSTRALIA[3]				
Crude oil production (NWI)[1]	1,435	-	N/A	1,435
Crude oil inventory on hand	3,063	-	N/A	3,063
TOTAL PRODUCTION & SALES				
Crude oil production	**307,377**	**339,459**	**(9.5%)**	**1,409,980**
Crude oil sales	**192,706**	**334,147**	**(42.3%)**	**1,284,638**

GAS PRODUCTION & SALES	Q4 FY24 PJ	Q3 FY24 PJ	CHANGE %	FY24 PJ
OL4 AND OL5, MEREENIE, ONSHORE AUSTRALIA[3]				
Gas production (NWI)[1]	0.1	-	N/A	0.1
Gas sales	0.1	-	N/A	0.1
TOTAL PRODUCTION & SALES				
Gas production	**0.1**	**-**	**N/A**	**0.1**
Gas sales	**0.1**	**-**	**N/A**	**0.1**

Notes:

1 Production amounts are shown on a net working interest basis (NWI).

2 Amounts may not cast due to the rounding of balances.

3 Mereenie values are reported from the date of completion of the acquisition at 11 June 2024, noting that the Company had an economic entitlement to production from the effective date of the transaction of 1 April 2023. Horizon's net economic interest in Mereenie production from the effective date to the completion date totalled 2.6 PJs of gas and 0.05 mmbbls of oil.

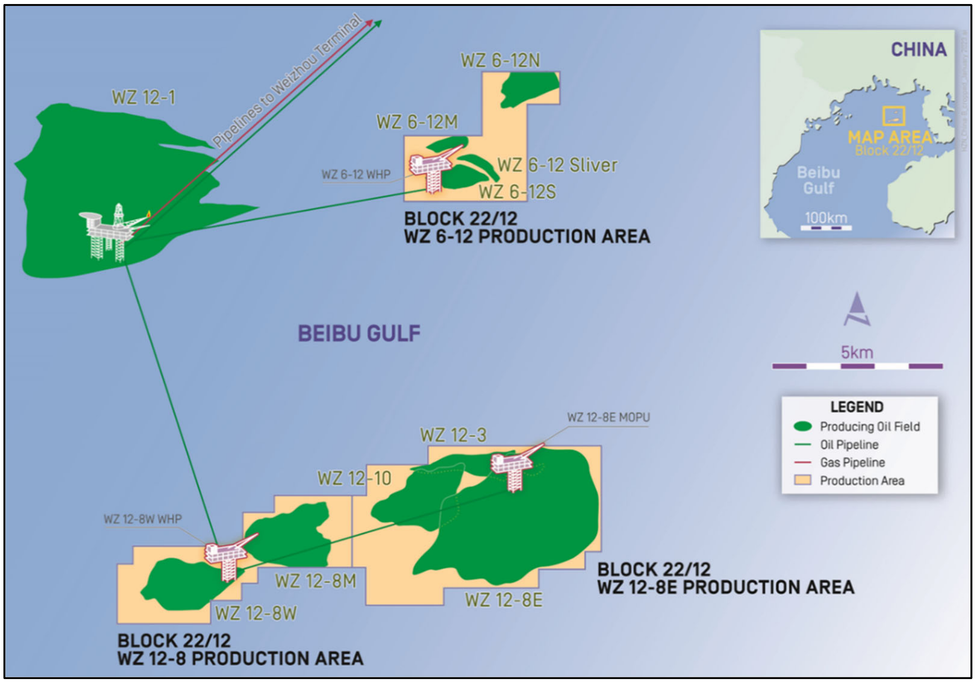
PRODUCING OIL AND GAS PROPERTIES	Q4 FY24 US$'000	Q3 FY24 US$'000	CHANGE %	FY24 US$'000
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Production revenue[1]	16,139	16,631	(3.0%)	76,707
Operating expenditure	4,298	4,307	(0.2%)	18,324
Workovers	223	215	3.7%	843
Special oil gain levy	1,102	1,063	3.7%	5,426
PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND				
Production revenue[1]	-	12,313	>(100%)	34,507
Operating expenditure	3,261	2,644	(23.3%)	11,413
Workovers	183	6	>100%	1,173
Inventory adjustment[2]	(5,642)	920	>(100%)	(4,773)
OL4 AND OL5, MEREENIE, ONSHORE AUSTRALIA[3]				
Production revenue	390	-	N/A	390
Operating expenditure	366	-	N/A	366
TOTAL PRODUCING OIL AND GAS PROPERTIES				
Production revenue[1]	**16,529**	**28,944**	**(42.9%)**	**111,604**
Oil hedging settlements	**(26)**	**(102)**	**(74.5%)**	**(139)**
Total revenue (incl. hedging gains/(losses))	**16,503**	**28,842**	**(42.8%)**	**111,465**
Direct production operating expenditure	8,331	7,172	16.2%	32,119
Net operating cash flow[4]	**8,172**	**21,670**	**>(100%)**	**79,346**
EXPLORATION AND DEVELOPMENT				
PMP 38160 (Maari and Manaia), New Zealand	373	318		1,577
Block 22/12 (Beibu Gulf), offshore China	5,577	161		6,496
Total capital expenditure	**5,950**	**479**		**8,073**
Cash on hand	**52,570**	**52,783**		**52,570**
Debt Facility[5]	**(26,404)**	**-**		**(26,404)**
NET CASH	**26,166**	**52,783**		**26,166**

Notes:

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.
3. Mereenie values are reported from the date of completion of the acquisition on 11 June 2024, noting that the Company had an economic entitlement to production from the effective date of the transaction of 1 April 2023 with a working capital adjustment received at completion covering the period to completion. Revenue reported for the quarter was impacted by the timing of oil sales which occurred prior to completion.
4. Represents total revenue less direct production operating expenditure (including workover costs).
5. Represents principal amounts drawn down at 30 June 2024.
6. Amounts may not cast due to the rounding of balances.

PRODUCTION

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



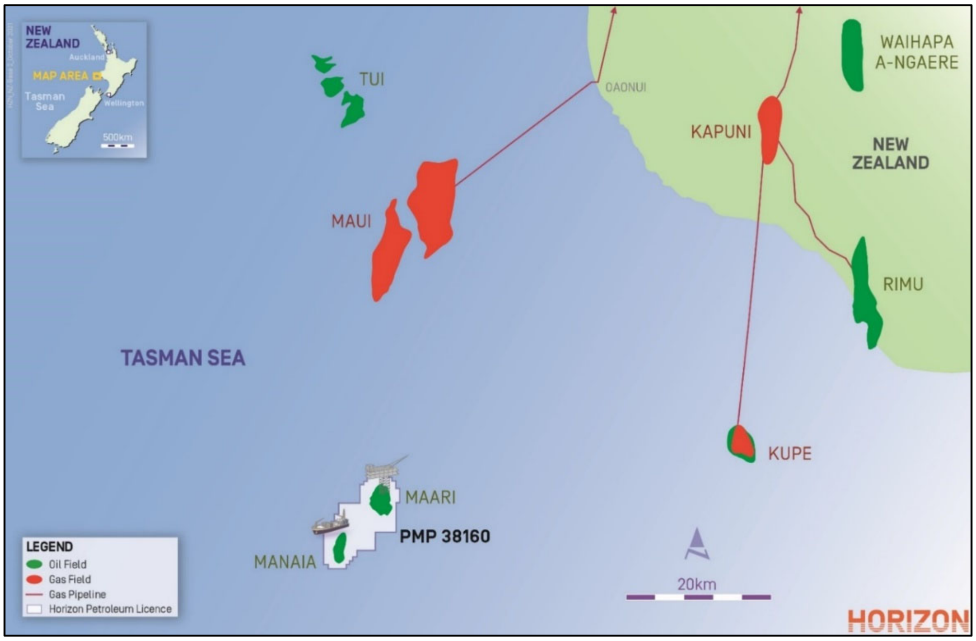
Gross oil production for the quarter averaged 8,520 bopd (Horizon net 26.95%: 2,296 bopd) with production from new infill wells towards the end of the quarter materially offsetting anticipated natural decline across all the main producing fields.

Net sales for the quarter were 192,706 bbls, generating revenue of US$16.1 million. Net sales for the 2024 financial year were 911,280 bbls, generating revenue of US$76.7 million. Cash operating costs for the quarter were US$20.6/bbl (produced), with the 2024 financial year averaging US$19.40/bbl (produced), excluding the costs of workovers.

During the quarter, a four well infill drilling campaign was commenced which was successfully completed by the end of July. All four wells were drilled and completed ahead of schedule and under budget, and to the end of the quarter had contributed incremental production rates of 2,300 bopd gross (620 bopd net). The drilling program has restored production back above the long-term field average with total Block 22/12 production on 30 June 2024 of 10,360 bopd gross (2,792 bopd net). These rates do not include the contribution from the last 12-8E infill well that came online on 13 July and is currently cleaning up, flowing at approximately 400 bopd gross (Horizon net 108 bopd).

The joint venture also continues to focus on 2025 work program activities, including liquid handling capacity upgrade initiatives and further infill drilling opportunities across the Project area.

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



Gross oil production for the quarter averaged 4,100 bopd (Horizon net 26%: 1,066 bopd). Quarterly production was impacted by electric submersible pump (ESP) failures in the MR8A and MR10 production wells (see below).

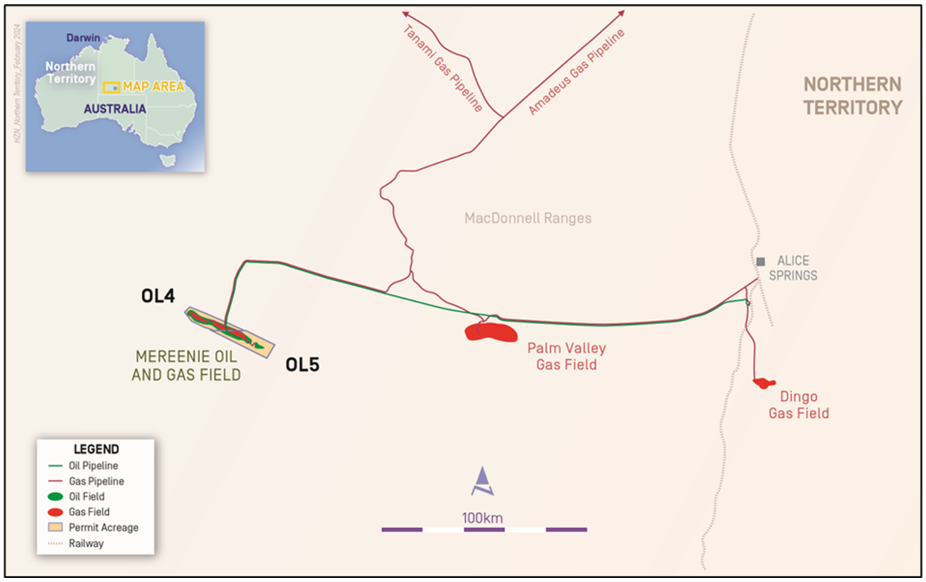
Cash operating costs averaged US$33.70/bbl produced for the quarter, with the 2024 financial year averaging US$24.70/bbl (produced), excluding the costs of workovers. Net sales for the 2024 financial year were 373,358 bbls, generating revenue of US$34.5 million. Net crude oil inventory at 30 June 2024 was 116,501 bbls, with a lifting of over 127,000 bbls (net to HZN) deferred to July 2024 which generated revenue in excess of US$9 million.

Production was impacted during the quarter by ESP failures in the MR8A and MR10 production wells, noting that both pumps materially exceeded their expected operational lifespans. Following completion of the workover unit repairs noted in the last quarter, the pumps were replaced and both wells were successfully brought back online. Both wells are currently cleaning up, with oil production expected to shortly return to pre-ESP failure rates.

Subsequent to the end of the quarter, the MR6A workover re-commenced, with the aim of reinstating oil production from the Maari Mangahewa and to exploit a previously unproduced Matapo Sandstone behind pipe opportunity.

Works to extend field life beyond the current December 2027 permit expiry continued during the quarter, including the preparation of licence extension documentation. The documentation is nearing completion and is planned to be lodged with the regulator within this current quarter.

OL4 and OL5, Mereenie, NT, Australia (Horizon: 25%)



On 11 June 2024, the Company advised that its acquisition of a 25% non-operated interest in the producing Mereenie oil and gas field completed. The effective date of the transaction was 1 April 2023, with revenues earned and costs incurred during the period from the effective date to completion adjusted against the initial cash consideration of A$42.5 million (~US$27.6 million). Horizon's share of production volumes during the approximate 14 month period between effective date and completion were 2.6 PJs of gas and 0.05 mmbbls of oil. Funding for the initial cash consideration was from a new A$42.5 million senior debt facility which was executed with Macquarie Bank as per Horizon's announcement on 4 June 2024. Financial close and drawdown of the facility occurred on 11 June 2024 to enable completion of the acquisition. Subsequent to the period end, the Company paid the first contingent milestone payment for the acquisition amounting to A$5 million (~US$3.3 million) following certain commercial milestones being achieved.

The acquisition was executed together with New Zealand Oil & Gas ("NZOG"), an incumbent Mereenie joint venture partner, who acquired a further 25% participating interest in OL4 and OL5 from Macquarie on identical terms. Central Petroleum remains as operator of the Mereenie joint venture and manages the gas sales function on behalf of Horizon, New Zealand Oil & Gas and Cue under a joint marketing agreement.

Gross production for the 3 weeks since completion of the transaction was 0.4PJ (Horizon net 25%: 0.1PJ) of gas and 5,740 bbls (Horizon net 25%: 1,435 bbls) of oil. Cash receipts from Mereenie over recent months have been impacted by the shutdown of the Northern Gas Pipeline (NGP) which has led to varied gas production, influenced by decreased buyer nominations. In April 2024, a Gas Supply Agreement (GSA) was announced with Power and Water Company (PWC) to supply gas to the NT on an as-available basis throughout 2024, substantially offsetting the impact of the NGP shutdown.

Subsequent to the end of the quarter, and in response to an expression of interest to buyers for gas supply during the 2025-2030 period, the Mereenie JV entered into a long-term strategic gas sales agreement (GSA) with the Northern Territory Government (NTG). The new GSA covers the firm supply of gas for the 6 year period from 1 January 2025 through until 31 December 2030 to underpin the domestic supply of gas to the Northern Territory. Together with an amended existing gas supply agreement with Arafura Rare Earths Limited (ARU), the Mereenie joint venture has now substantially contracted the forecast Mereenie Proved Developed Producing (PDP) gas production on a firm take or pay basis until the end of 2030 at current market prices, subject to the ARU GSA becoming unconditional. These gas sales agreements reduce the market dependency on the Northern Gas Pipeline (NGP) with the NTG GSA also including contingent offtake arrangements for firm gas nominations in 2025 if the NGP is offline. The NTG GSA also supports the drilling of two proposed infill wells at Mereenie with contingent offtake arrangements for firm gas nominations following successful drilling.

The JV continues to focus on additional 2024/25 work program activities, including helium recovery initiatives and further infill drilling opportunities with the proposed two well infill drilling program well advanced.

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 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 31 July 2024.

For more information please contact:

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