STRACHAN CORPORATE

AFSL: 259730

Horizon Oil Limited

OUTSTANDING DEVELOPMENT GROWTH PROFILE SUPPORTED BY STRONG CASH FLOW

Capital Structure

Shares	1302	m.
Partly Paids	1.5	m.
SARS	38.7	m.
Con Note	US$80	m @41.6 US cts
Options	14.9	m. Av 29 cts
Net Cash (est)	$ (189)	m.
Price	$ 0.095	
Market Cap	$ 124	m.
EV	$ 313	m.
EV/BOE 2P + 2C	$ 2.29	$US per BOE

Board

Fraser Ainsworth	Non Exec. Chairman
Brent Emmett	Managing Director, CEO
Gerrit De Nys	Non Exec. Director
J S Humphrey	Non Exec. Director
Andrew Stock	Non Exec. Director
Michael Sheridan	CFO, company secretary

Valuation

Asset	Value A$m	$ per Shr
Cash (est)	82	0.06
Project Debt	(162)	(0.12)
Con Note	(108)	(0.08)
Maari 10%	120	0.09
Beibu I 26.95%	80	0.06
Beibu I A 26.95%	74	0.06
Beibu II	53	0.04
PRL-4 30% → 23.3%	110	0.08
PRL-21 27% → 20.9%	271	0.20
Contingent Osaka Gas	61	0.05
Option cash	-	-
Other	(32)	(0.02)
Sub-total	550	0.41
Risk Adjusted Exploration Value		0.09
Total Value		0.50

Opinion*

Horizon Oil trades at a market price that is significantly below Strachan Corporate's 50 cps sum-of-the-parts, estimated valuation.

Strachan Corporate sees significant profit expansion, since the company's current production of ~4,400 BOPD is generated from developed oil and gas Reserves amounting to just 11% of its total Reserve base.

Investors can buy Horizon today at a price that represents US$2.33 per barrel of oil equivalent of 2P and 2C Reserves, which is at least 1/3rd of a realistic valuation.

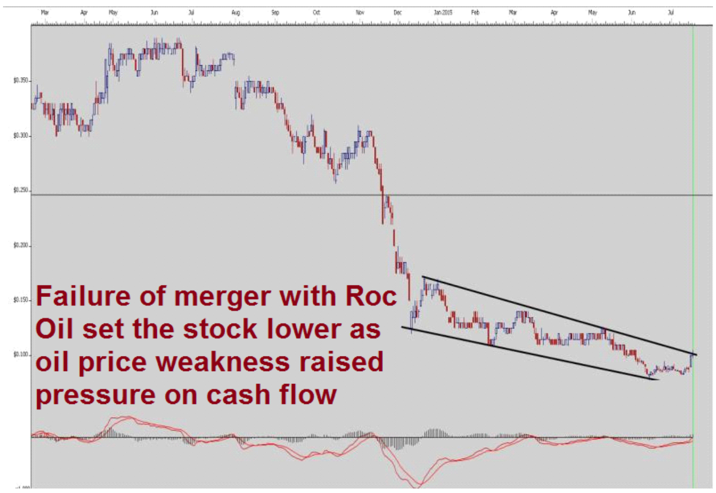
Peter Strachan.

*No recommendation is offered for this commissioned research.

Investment Drivers

- Horizon's undeveloped PNG gas and condensate Reserves hold substantial, unrecognised value for development. PNG's favourable fiscal regime sees modest royalty payments and 30% tax on assessable income from gas and condensate.
- The 6.6 mt pa PNG-LNG project is working to expand LNG capacity, incorporating third party gas and planning a gas pipeline from the P'nyang gas field that will pass within 30 km of Horizon's Forelands gas assets. Horizon's PNG Forelands gas assets have multiple paths to market, where an FID for LNG development will trigger a US$130 million payment to Horizon from Osaka Gas.
- Ongoing development of Phase II and newly discovered oilfields in Horizon's Beibu Gulf region should support the project's production profile over the coming 2-3 years while a cost recovery process will see Horizon boost its cash flow by about US$98 million by mid-2018.
- An appraisal/development well in the Beibu Gulf, scheduled for Q4 '15 is forecast to result in near-term production additions, with further development to follow in 2017.
- At the company's Taranaki Basin permits, rehabilitation of production wells within the Maari oilfield during H2 '15, is expected to lift production capacity above the current ~16,000 BOPD. Evaluation of a large exploration prospect in the south of its permit area could result in a wildcat exploration programme in 2017. Strachan Corporate estimates upside value of 25 cps for success at the +70 mmbbl Matariki prospect.
- The company is comfortably funded, with reduced capital and operating costs in a weak oil price environment. It has about US$60 million of cash and has potential additional debt capacity of US$50 million while current operating cash flow is boosted by 1,000 bbls per day of hedged oil sales at US$95.47/bbl until July 2016.

Horizon Oil – Price Performance



Source: Horizon

Introduction

Substantial, undeveloped oil and gas Reserves plus exploration appeal

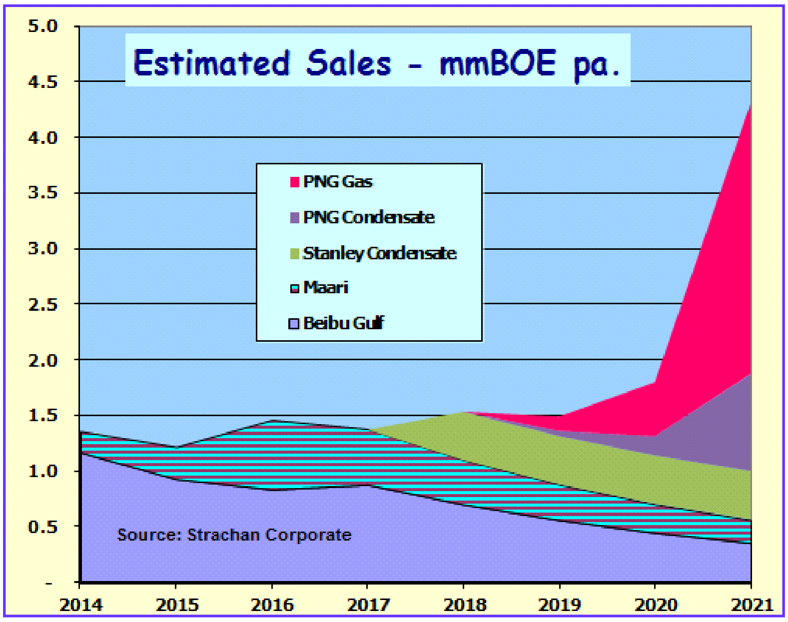
Horizon Oil produced a combined average of 3,590 barrels of oil per day (BOPD) from its 26.95% owned Beibu Gulf plus its 10% owned Maari oilfields during FY 2015 and in early July '15, production was running at ~4,400 BOPD. Strachan Corporate estimates that with the assistance of 1,000 bbls per day of hedged oil sales at US$95.47/bbl, Horizon will generate operating cash flow of around US$80 million during financial year 2016 and US$90 million in 2017 from ongoing production at close to 4,000 BOPD.

The company will make progress on development plans to meet basic capital spending obligations and if necessary, with the assistance of the draw-down of US$50 million of potential debt headroom on an established facility, repay US$80 million of convertible bond debt in mid-2016.

Permits	Equity	Asset	Comment
PNG			
PDL-10	30%	Stanley	To 23.25% on PNG back-in
PRL-21	27%	Elevala/Ketu	To 20.925% on PNG back-in
PPL-259	35%	Exploration	To 27.125% on PNG back-in
PPL-430	50%	Exploration	To 38.75% on PNG back-in
PPL-372	90%	Exploration	To 69.75% on PNG back-in
PPL-373	90%	Exploration	To 69.75% on PNG back-in
China			
B 22/12	26.95%	Beibu Gulf	Post CNOOC farm-in
New Zealand			
PMP 38160	10%	Maari/Manaia	Oil production
PMP 51513	21%	Matariki	Exploration prospects

Source: Company reports

Operating cash flow, cash on hand and debt facilities fund HZN after lowering capital spending commitments



Horizon holds large, undeveloped gas and condensate Reserves in the PNG forelands, with strong exploration appeal around existing project centres in China's Beibu Gulf, in PNG and in the Taranaki Basin around its Maari oilfield.

Having pushed average operating costs down to an expected US$12-14/bbl for FY '16, the company is optimising production from both its Maari oilfield in the Taranaki Basin and the Beibu Gulf production assets. Horizon aims to maintain its share of production at around 4,000 BOPD through FY 2016 and 2017 as Maari production expands during H2 '15 and new fields are brought on-line at Beibu Gulf in 2016/17. Horizon is currently achieving oil production of about 2,700 BOPD to its account from its Beibu Gulf project while at the 10% held Maari oilfield, its share of production is scheduled to lift towards 1,800 BOPD during H2 2015.

Hedged cash flow until July 2016

Horizon has cut corporate running costs, postponed capital and exploration spending and in the light of falling service and engineering costs, it is repricing proposed capital development works in China and PNG.

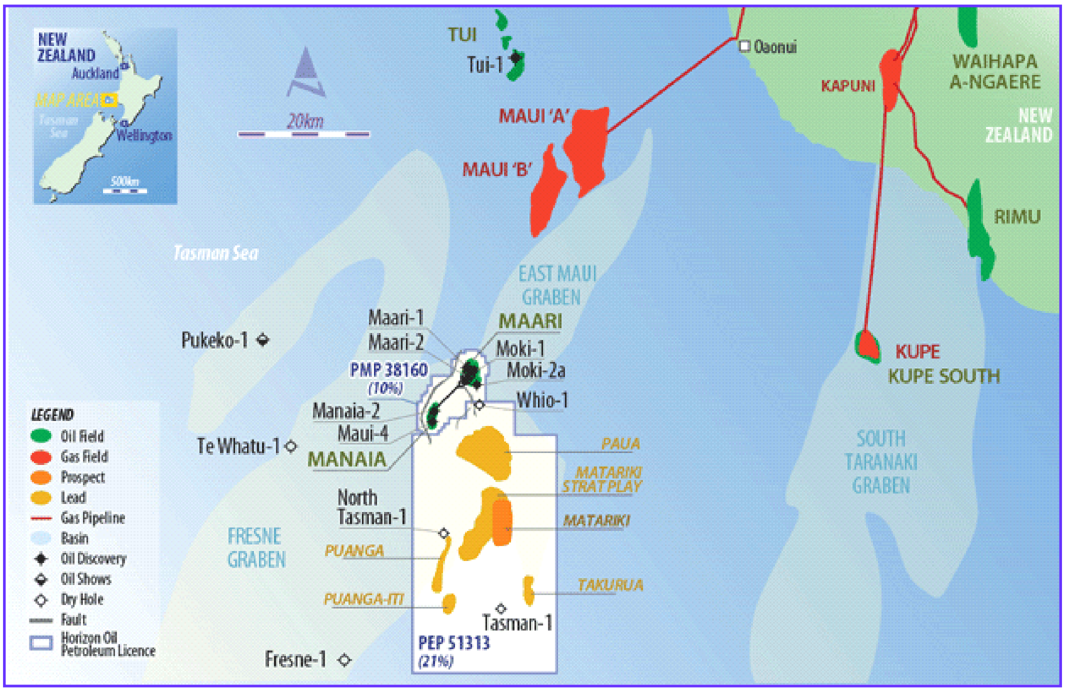
Maari Oilfield 10%

Production to be boosted by well rehabilitation work during H2 '15

In the Taranaki Basin, the company's Maari oilfield has boosted production to over 16,000 BOPD (1,600 BOPD to Horizon's account) and further work-over rehabilitation of existing wells, replacing pumps, cleaning scale and placing new perforations in some wells, holds potential to boost total output to 20,000 BOPD by late 2015.

Completion of the current mid-life upgrade of the Maari project by December '15 will provide the joint venture with the luxury of assessing exploration targets to the south, in a much lower cost exploration environment ahead of an expected recovery in the oil price during 2016.

Taranaki Basin Interests



Source: Horizon

Significant, near-field and regional exploration potential

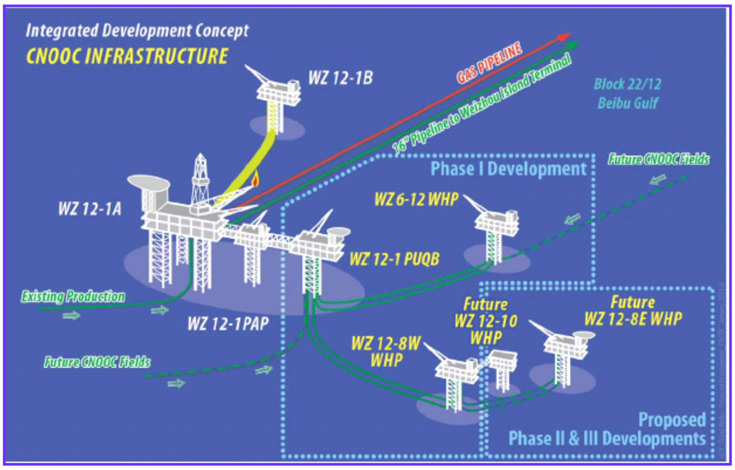
South of the Maari oilfield sits the large Matariki prospect with multiple play types. A target of over 100 mmbbls of oil has been estimated if all play types prove valid. Horizon has a 21% interest in PEP 51313 and with its partners has a two year drill-or-drop, window of opportunity. Strachan Corporate estimates that discovery of 74 mmbbls of oil at the Matariki prospect would be worth 25 cps to Horizon's interest.

Maari crude is sold at a small premium to the Brent crude benchmark price.

Beibu Gulf 26.95%

In China, oil production is proceeding at a relatively stable rate of around 10,000 BOPD from the Phase I Beibu Gulf project.

Beibu Gulf Development



Source: Horizon

The company has identified development opportunities at recently discovered oil pools located adjacent to existing and planned facilities in the Beibu Gulf. An appraisal-development well is planned for late 2015 at the 10-2 field to access a further 1.1 mmbbls of oil, adding ~2,000 BOPD to production capacity by mid 2016. Further development of the WZ 12-8 East field should achieve approval in early 2016, with access to 11.1 mmbbls (3 mmbbls to HZN's account) likely to be achieved during 2017, further supporting the project's production rate as output from existing wells decline.

Cash flow boosted by US$98 million of pre-development cost recovery through 2016/17

The China National Offshore Oil Corp (CNOOC) is expected to have recovered its development cost for the project by October 2015. Horizon will then be able to recover an estimated US$98 million of exploration costs incurred prior to CNOOC's involvement in the project. Under a complex formula, based on oil price and flow rates, Horizon will claim and increased share of cost recovery, boosting its revenue share to an estimated 37% during 2016 and up to 40% through 2017, compared with its 26.95% equity in the project. This mechanism should see Horizon's operating cash flow from Beibu Gulf remain between US$5 and US$6 million per month.

Phase II development to hold production steady for 2-3 years

Strachan Corporate estimates that Horizon should be able to hold production fairly stable at around 4,000 BOPD to generate an operating cash flow of US$80 million during FY 2015.

Papua New Guinea

Major asset focus

PNG runs a favourable taxation regime for petroleum. Royalties and a development levy amounting to 4% of well head value are deductable and corporate tax is charged at 30% of assessable income from gas or condensate and 45% from oil developments. Additionally, the PNG government retains an option to acquire a 22.5% interest in any development project by paying 22.5% of the sunk costs of project developers. In recent situations, the PNG government has paid cash for that right, after which it becomes an equal operating partner on a heads-up basis with initial contractors/proponents.

Attractive fiscal regime

Horizon's Forelands gas fields in PDL 10 and PRL 21 contain 1.44 Tcf of estimated Proven and Contingent gas Reserves along with about 118 mmbbls of associated condensate, plus excellent exploration upside on existing permits.

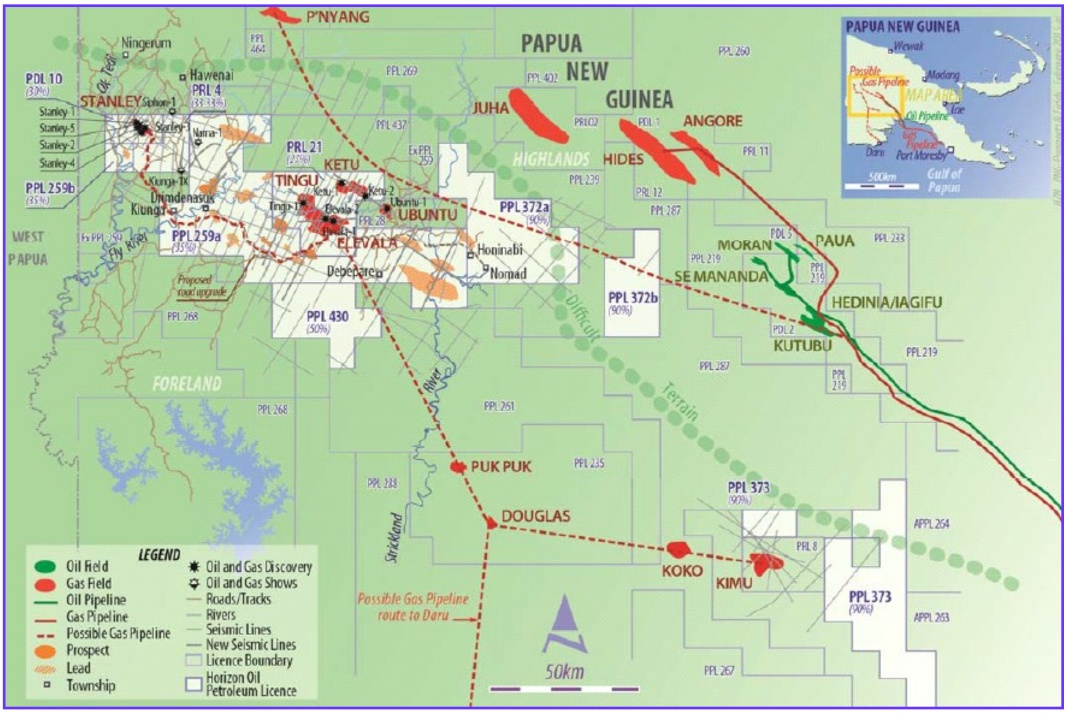
PDL-10/Stanley 30%

Stanley condensate project re-pricing capital works for approval late '15

In PNG, Horizon is taking advantage of a lower service and engineering cost environment to seek re-quotation on planned capital development work for a Stanley condensate stripping plant and associated facilities. Development of the Stanley condensate project through 2017/18 will be phased to meet domestic gas demand. Power generation for the local community could present a 5-8 mmcuft per day start-up, but addition of power generation for Ok Tedi and Freda River copper mines could boost demand to over 50 mmcuft per day lifting condensate output to over 1,500 bbls per day. Early work is complete with production wells ready for operation while a river tanker vessel with ocean-going capabilities for condensate transfer has been delivered and is now in use for charter mandates.

Horizon's PNG Assets and Proposed P'nyang Gas Pipeline

Source: Horizon



PRL-21 27% PPL-259 35%

Phased development of Stanley to match gas demand for power generation

Through its PNG Foreland permits, Horizon holds net interests of 380 Bcf plus 32 mmbbls of 2P + 2C gas and condensate Reserves and Resources respectively, plus a further 186 Bcf and 8 mmbbls of Prospective gas and condensate Resources respectively.

PNG's largest volume of uncommitted gas resource, operated by Horizon

The approximately 1 Tcf plus 60 mmbbl condensate gross Resource Elevala-Tingu and Ketu fields are currently slated for development after Stanley. They are strategically located just 8 to 30 kilometres southwest of a proposed pipeline, linking ExxonMobil/Oil Search's 2.6 Tcf P'nyang gas discovery to its Kutubu processing hub.

These permits hold in excess of 10 leads which will all need additional seismic data surveys to mature them towards drilling. A well drilled close to the Stanley field at the Nama prospect in the northwest of the PPL-259 permit in January '15, found thick sediments containing gas, but at that location reduced permeability of the sediments by post deposition silicification, resulted in a non-commercial outcome. This diagenetic alteration is thought to be localised and should not impact prospectivity over the rest of Horizon's permits.

PNG Gas - Commercial Options

US$130 m. receivable from Osaka Gas on LNG FID plus back-costs recovery on any PNG government participation

Strachan Corporate believes that funding and market uncertainty associated with commercialisation of PNG gas, along with perceived political risks associated with PNG, remain the main causes of concern for investors. However, multiple commercialisation options for gas are being pursued. Horizon will receive US$130 million on ratification of an LNG project financial investment decision. Further, if the PNG Government takes up an option to buy a 22.5% interest in any development, Horizon would receive its total share of back-costs on the permits with the aggregate of the two amounts likely to cover all, or a majority of the upstream development costs, enabling the company to fund field development.

Estimated 21 PJ pa for domestic power generation

Horizon has identified potential gas markets for power generation to supply local communities, the OK Tedi copper mine and the planned Frieda River copper-gold project. These opportunities would require a total of over 21 Pj pa of gas. In addition, gas export opportunities into West Papua have been sighted. A project to develop stand-alone power generation near existing fields, with transmission lines taking power to market has received favourable receptions from the PNG government. Horizon and its partners are working with potential third party, independent power project operators to scope-out a project for which gas from the Forelands would form a fuel source.

Mid-scale, barge mounted, near shore LNG could take 99 Pj pa

Horizon is also working with other gas developers in the Gulf of Papua to scope out a near-shore, 2-4 mt pa floating LNG project moored off Daru Island in the Gulf of Papua, about 400 kilometres south of its gas fields.

Horizon may toll process its resources, working with 3rd party providers of capital intensive downstream processing infrastructure. However, Strachan Corporate believes that a 1.9 mt pa LNG facility, processing clean gas could be built for about US$1.6 billion, with additional mooring and infrastructure requirements lifting total capital towards US$2 billion. Pipeline construction, additional field development and engineering costs could lift total costs to ~US$3 billion, excluding condensate stripping and gas processing costs, which would support a separate in-field, 17-20,000 bbl per day condensate stripping project.

Daru Is. LNG		
Annual capacity	1.9 mt pa	
Capex wells US$bn	$0.12	
Pipelines US$bn	$0.70	
Plant US$ bn.	$1.80	
Infr & Eng $US bn	$0.43	
Total Capex US$bn	$3.05	
Capex $US/tonne	$1,575	
Capex $US/Gj	$2.03	
Opex * $US/Gj	$4.25	
Shipping $US/Gj	$1.20	
Gas price US$/Gj	$13	$15
NPV$_8$ US$/GJ	$1.08	$1.75
NPV$_{10}$ US$/GJ	$0.73	$1.30

Several opportunities to toll process gas

High level modelling of an LNG gas project alone, indicates that at a gas price of US$13/Gj, which would equate to an oil price of US$85/bbl, gas would have a net present value of $US0.73 per Gj at a 10% pa discount rate and that the project would break even after all costs with gas price linked to a US$69/bbl oil price environment.

Clearly a 1.9 mt pa LNG project would be supported by production of ~17,000 barrels of condensate per day, which would form a separate project, depending on development structure agreed.

FID on any PNG-LNG option triggers US$130 m. payment from Osaka Gas

Alternatively, discovery of an estimated 2.6 Tcf of gas at P'nyang in the PNG highlands, to the north of Horizon's Forelands gas project area opens up an opportunity to develop Forelands gas as early feed into an expanded PNG-LNG project. Oil Search (OSH: ASX) says that it needs 4 Tcf of gas to underpin a 3rd processing unit at PNG LNG, so contracting with Forelands gas could achieve that total.

Osaka Gas is the largest buyer of PNG-LNG & natural partner for Train #3 expansion

Oil Search has revealed plans for a pipeline route from P'nyang, via PRL-21 to its processing hub at Kutubu. This line would run within 35 kilometres of the Tingu/Elevala field and just 10 kilometres from the Ketu field. Logic suggests that the best option for Forelands gas may well involve selling merchant gas to PNG-LNG for say US$5/Gj, which would likely establish an NPV of ~$1 per Gj, leaving the Foreland partners to develop a separate and significant condensate production project. Horizon Oil's strategic and joint venture partner Osaka Gas is the largest buyer of PNG LNG from ExxonMobil/Oil Search, providing an important link to access this Forelands raw material.

Proposed P'nyang-Kutubu gas line runs close to Horizon's gas

PNG Gas Market Timing

While the global LNG market is expected to expand by 2.5%-3% or 6-7 mt pa, it is currently fully supplied until 2022, with a queue of additional projects in North America, Russia, Australia, Tanzania and West Africa eyeing opportunities beyond this timeframe. Slotting Horizon's gas into this LNG market should be assisted by its partnership with Osaka Gas which will be a major customer for product from a PNG-LNG third processing unit expansion. Alternatively, Horizon will to find a partner willing to develop a ~2 million tpa, onshore-offshore LNG project in the Gulf of Papua. In the interim, small scale domestic gas supply or CNG development to power could provide an off-take alternative prior to the end of this decade.

Multiple LNG opportunities post 2021

Asian consumption is likely to prove critical for new LNG demand growth. New markets are emerging in Singapore, Vietnam, the Middle East, Bangladesh, Indonesia and the Philippines while China and India will be the main driver's post 2020. Timing and volume remain uncertain due to competing pipeline developments and energy substitution.

LNG for shipping and vehicle fuel will provide significant market expansion and Singapore is opening up a bunkering facility to cater for this new opportunity.

An abundance of low-priced natural gas in the U.S.A. is expanding the use of LNG as a transportation fuel. Some analysts predict that up to 160 mtpa of LNG will be needed for transport by 2035.

Finance and Risked Valuation

Horizon Oil entered FY 2016 with its share of oil production running at around 4,400 BOPD, after averaging 3,590 BOPD during 2015 and 4,037 BOPD through the June '15 quarter. Oil sales were made at US$59.6/bbl during the June '15 quarter pre-hedging, up from US$48.44/bbl in the March '15 quarter, bringing the average for FY '15 to US$68.90/bbl pre-hedging and US$85.59/bbl post hedging. Hedging activity added US$5.9 million to the value of the company's June quarter sales and US$20.3 million for the full year.

Steady oil production during FY '16

Horizon's Reserves

Project	Reserves mmBOE 2P	Reserves mmBOE 2C	Risk Adj Upside	Exploration
Maari/Manaia	4.6	0.8	3.0	
Beibu Gulf Light	5.5	4.3	3.0	
BG Heavy	0.7			
PPL 259				39.0
PDL 10 30% → 23.25% *	3.2	20	0.0	0.0
PRL 21 27% → 20.9% *		75	25.7	3.8
Taranaki				8.0
Totals	14.1	100.8	31.7	50.8

** post PNG Govt 22.5% farm-in*

Source: Horizon reports, Strachan Corporate

Solid, underpinning 2P + 2C oil and gas Reserves

Horizon holds 101 mmBOE of 2P plus 2C oil and gas Reserves and has a Prospective Resource target of a further 51 mmBOE.

At its current enterprise value of ~A$321 million or US$238 million, the company trades with an EV of US$2.33 per BOE or US$0.39 per Mcfe, which Strachan Corporate estimates to be 20%-25% of what might be considered a fair multiple.

Horizon – Exploration Matrix

Well	Equity	Target Pj	Target mmbbl	POS %	Discovery Value $/shr	HZN cost to drill $m	Risked NPV $m
Maari Upside	10%	0	8	20%	0.02	4	0
Beibu Upside	26.95%		8	70%	0.04	8	30
PRL-21 Upside	27%	150	12	40%	0.07	2	33
PPL-259 Upside	35%	531	22	25%	0.18	16	44
Matariki 51313	21%	0	74	7%	0.25	14	9

Source: Strachan Corporate

Exploration appeal

Horizon's Forelands permits hold significant exploration appeal. Drilling of the Nama prospect in 2014 found reservoir that had been diagenically silicified to restrict native permeability. This particular target was close to the sedimentary basement and its loss of reservoir quality may be the result of a localised event. In any case, Strachan Corporate estimates that high quality reservoirs found at neighbouring gas fields and numerous additional leads outlined within the company's permits hold promise for discovery of significantly more gas within the permits.

Strachan Corporate risks discovery of up to 681 Pj of gas plus 34 mmbbls of condensate in the PNG Forelands with discovery estimated to have a value of 25 cps to Horizon.

Adequate liquidity during FY '16, supported by oil price protection

Through FY 2016, Horizon will deliver 1,000 BOPD into oil hedges priced at US$95.47/bbl. If the Brent price averages US$60/bbl through FY '16, Horizon's sales will average around US$68.9/bbl post-hedging, which is in line with the average, pre-hedge price received during FY 2015.

Under this arrangement, Strachan Corporate estimates that the company's operating cash flow will run at ~US$80 million during FY 2016. Should the oil price average US$70/bbl during FY '16, hedged sales would average US$76.4/ bbl, resulting in cash generation of ~US$90 million for FY 2016.

Cash flows FY '16	US$m.	A$m.
Opening cash	$ 61	$ 84
Operating income (est)	$ 80	$ 109
Maari insurance claim	$ 8	$ 11
Sub-total	$ 149	$ 203
Admin	$ (8)	$ (11)
Interest	$ (8)	$ (11)
Tax payments	$ (5)	$ (7)
Capex	$ (33)	$ (45)
Note redemption	$ (80)	$ (109)
Net cash July '16	$ 15	$ 21
Additional liquidity	$ 50	$ 68
Total liquidity July '16	$ 65	$ 89

Source: Strachan Corporate

Horizon has back-up, expandable debt facilities offering the company a further potential US$50 million of liquidity which, with its expected operating cash flow and cash on hand, will enable the company to repay and replace US$80 million of convertible note debt in June 2016.

Sum-of-the-parts valuation is A$0.50 per share

Strachan Corporate assesses an asset valuation of 41 cps for Horizon with 68% of that total being reliant on the company's undeveloped, PNG gas and condensate Reserves. A further 9 cps of risked value is estimated for the company's exploration portfolio, which is not far away from the company's current market price.

Asset	mmBOE	Value A$m	$ per Shr	Comment
Cash (est)		82	0.06	@ Jun '15
Project Debt		(162)	(0.12)	Beibu, Other
Con Note		(108)	(0.08)	Redeem Jun '16
Maari 10%	4.6	120	0.09	
Beibu I 26.95%	3.2	80	0.06	
Beibu I A 26.95%	3.0	74	0.06	recent discoveries
Beibu II	4.2	53	0.04	Heavy oil
PRL-4 30% → 23.3%	23.6	110	0.08	$197m look-through
PRL-21 27% → 20.9%	75.3	271	0.20	Upgraded reserves
Contingent Osaka Gas		61	0.05	US$130 NPV (*35%)
Option cash		-	-	all above 21 cents
Other		(32)	(0.02)	Corporate
Sub-total			0.41	
Risk Adjusted Exploration Value			0.09	
Total Value			0.50	

Source: Strachan Corporate

Assessed underlying value of A$0.41 per share plus 9 cps of additional risked exploration value

Critically, Horizon has a US$130 million receivable from Osaka Gas, contingent on achieving FID for an LNG project on its Forelands gas assets. This payable alone amounts to 13.5 cps to Horizon's account, which Strachan Corporate discounts to A$61 million for its value as a future payment.

Cash Flow and NPV Assessment

Y/E 30 June $US		2014	2015	2016	2017	2018	2019	2020	2021
Oil Sales mmbbls pa									
Beibu Gulf		1.17	0.93	0.84	0.88	0.70	0.56	0.45	0.36
Maari		0.19	0.29	0.62	0.50	0.40	0.32	0.25	0.20
Stanley Condensate						0.44	0.44	0.44	0.44
PNG Condensate							0.05	0.17	0.87
PNG Gas							0.13	0.49	2.43
Total		1.36	1.21	1.46	1.37	1.54	1.49	1.80	4.31
BOPD			3,327	3,991	3,765	4,212	4,093	4,939	11,797
Revenue	$m.	139	104	95	124	149	137	145	272
EBITDAX	$m.	100	76	73	95	115	109	116	217
D&A		(39)	(34)	(36)	(33)	(37)	(36)	(43)	(73)
Exploration		(11)	(22)	(5)	(12)	(15)	(20)	(20)	(20)
EBIT	$m	**49**	**20**	**32**	**50**	**63**	**54**	**53**	**124**
Finance cost		(19)	(17)	(13)	(13)	(13)	(15)	(15)	(18)
Tax		(18)	(2)	(6)	(11)	(15)	(12)	(11)	(32)
Net Profit	$m.	13	1	13	26	35	27	26	74
EPS A$	cts			1.3	2.6	3.5	2.7	2.7	7.5
Op Cash Flow				54.9	70.2	87.0	74.4	81.0	179.3
Less corporate				(8.0)	(8.8)	(9.7)	(10.6)	(11.7)	(12.9)
Net post tax C/F				41.2	50.3	62.3	52.2	58.0	134.6
NPV	10%	$504							
		$0.38 $US per share							
	0.74	$0.51 A$ per share							

Prices US$/BOE		2015	2016	2017	2018	2019	2020	2021
Crude		$ 86	$ 65	$ 90	$ 100	$ 100	$ 100	$ 100
Condensate	90%		$ 59	$ 81	$ 90	$ 90	$ 90	$ 90
Gas BOE	40%		$ 26	$ 36	$ 40	$ 40	$ 40	$ 40

Source: Strachan Corporate

Strachan Corporate estimates cash flows from operations, based on certain development assumptions summarised in the product sales chart on page 2 and commodity price outlook summarised above. A terminal value equal to 3.33 times the post-tax cash flow in 2021 is calculated. Discounting all estimated post-tax cash flows produces a target value of US$504 million, which is currently A$681 million or A$0.51 per share, correlating to its assessed value of A$0.50 per share, based on a sum-of-the-parts valuation.

Board & Management

Fraser Ainsworth **Chairman**

Fraser is a former Managing Director of Sagasco Holdings Limited and Delhi Petroleum Pty Limited. Chairman of Tarac Australia Limited; Non-executive director of Envestra Limited.

Andrew Stock **Non Executive Director**

Andrew has over 36 years of experience in development, operations and commercial activities in energy industries in Australia and overseas. He is a former Director, Executive Projects and Executive General Manager for Major Development Projects for Origin Energy Limited.

Non-executive director of Geodynamics Limited and Silex Systems Limited; a Board Member of Alinta Holdings and the Clean Energy Finance Corporation and a member of the Engineering Faculty and Energy Advisory Boards at University of Adelaide.

Gerrit J de Nys **Non Executive Director**

Gerrit has 44 years experience in civil engineering, construction, oil field contracting and natural resource investment management. Director at SOCAM Development Limited and IMC Pan Asia Alliance Group subsidiaries.

Prof John Humphrey **Non Executive Director**

John is Executive Dean of the Faculty of Law at Queensland University of Technology. Director of Downer EDI Limited and Wide Bay Australia Limited and a former member of the Australian Takeovers Panel.

Brent Emmett **Chief Executive Office**

Brent has 40 years experience in petroleum exploration, E&P management and investment banking.

Alan Fernie **Manager Exploration and Development**

Alan has over 35 years experience in exploration, E&P management and business development. He worked with BP in 1975 in the North Sea and in the Middle East, China, South America and UK in several successful exploration and development projects.

Michael Sheridan **Chief Financial Officer / Company Secretary**

Michael has held senior finance and commercial roles in Australian and international oil and gas, mining and telecommunications companies.